IPFIA RESOLUTION NO. _____

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE IRVINE PUBLIC FACILITIES AND INFRASTRUCTURE AUTHORITY AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $40,000,000 AGGREGATE PRINCIPAL AMOUNT OF IRVINE PUBLIC FACILITIES AND INFRASTRUCTURE AUTHORITY REVENUE BONDS, 2011 SERIES A, APPROVING THE EXECUTION AND DELIVERY OF AN INDENTURE, THE CITY PURCHASE AGREEMENT, THE AUTHORITY PURCHASE AGREEMENT AND THE PREPARATION OF AN OFFICIAL STATEMENT AND OTHER MATTERS RELATED THERETO

WHEREAS, the City of Irvine, California (the City) authorized and issued its City of Irvine Assessment District No. 00-18 Improvement Bonds, Group Three (the AD No. 00-18 Group Three Bonds) for the purpose of financing certain capital facilities within Assessment District No. 00-18; and

WHEREAS, the City authorized and issued its City of Irvine Assessment District No. 87-8 Improvement Bonds, Group Five (the AD No. 87-8 Group Five Bonds) for the purpose of financing certain capital facilities within Assessment District No. 87-8; and

WHEREAS, the City of Irvine, California (the City) authorized and issued its City of Irvine Assessment District No. 93-14 Improvement Bonds, Group One (the AD No. 93-14 Group One Bonds) for the purpose of financing certain capital facilities within Assessment District No. 93-14; and

WHEREAS, the Irvine Public Facilities and Infrastructure Authority (the Authority) authorized and issued its Assessment Revenue Bonds, Series A (the Series A Authority Bonds) pursuant to an Indenture of Trust, dated as of January 1, 1999, by and between the Authority and Chase Bank of Texas, National Association, as Trustee (the Series A Authority Bonds Indenture) for the purpose of purchasing certain bonds issued for Reassessment District No. 99-1 and Reassessment District No. 99-2; and

WHEREAS, all of the above-described Bonds shall hereinafter be referred to collectively as the Prior Bonds; and

WHEREAS, in order to provide a portion of the moneys required to refund the Prior Bonds, the City has authorized the issuance of City of Irvine Limited Obligation Improvement Bonds, Reassessment District No. 11-2 (the Assessment Bonds), in an aggregate principal amount of not to exceed $40,000,000; and

WHEREAS, the Authority was established for the purpose, among others, of providing for the financing and refinancing of public capital improvements of the City, through the purchase by the Authority of obligations of the City pursuant to a bond purchase agreement; and

WHEREAS, the Authority desires to assist the City in refinancing the public improvements financed with the Prior Bonds by purchasing the Assessment Bonds from the City; and

WHEREAS, in order to provide the funds necessary to purchase the Assessment Bonds from the City, the Authority desires to authorize the issuance of the Irvine Public Facilities and Infrastructure Authority Revenue Bonds, 2011 Series A (the Bonds), in an aggregate principal amount of not to exceed $40,000,000; and

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof, premium, if any, and interest thereon, the Authority proposes to enter into an Indenture of Trust with The Bank of New York Mellon Trust Association, N.A., as trustee (such Indenture, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this resolution, being referred to herein as the Indenture); and

WHEREAS, the Authority proposes to purchase the Assessment Bonds pursuant to a Bond Purchase Agreement between the City and the Authority (such Bond Purchase Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this resolution, being referred to herein as the City Purchase Agreement); and

WHEREAS, the Authority has found and determined that the purchase of the Assessment Bonds by the Authority will result in substantial public benefits, namely, the interest savings with respect to the Assessment Bonds to be achieved by reason of the credit rating to be assigned to the Bonds; and

WHEREAS, Piper Jaffray & Co. (the Underwriter) has presented the Authority with a proposal, in the form of a Bond Purchase Agreement, to purchase the Bonds from the Authority (such Bond Purchase Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this resolution, being referred to herein as the Authority Purchase Agreement); and

WHEREAS, there have been prepared and submitted to this meeting forms of:

(a) the Indenture (attached hereto as Exhibit 1);

(b) the City Purchase Agreement (attached hereto as Exhibit 2);

(c) the Authority Purchase Agreement(attached hereto as Exhibit 3); and

(d) the Preliminary Official Statement (attached hereto as Exhibit 4) to be used in connection with the offering and sale of the Bonds (such Preliminary Official Statement in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this resolution, being referred to herein as the Preliminary Official Statement); and

WHEREAS, the Authority desires to proceed to issue and sell the Bonds and to authorize the execution of such documents and the performance of such acts as may be necessary or desirable to effect the offering, sale and issuance of the Bonds;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Irvine Public Facilities and Infrastructure Authority as follows:

Section 1. Subject to the provisions of Section 2 hereof, the issuance of the Bonds, in the aggregate principal amount of not to exceed $40,000,000, on the terms and conditions set forth in, and subject to the limitations specified in, the Indenture, is hereby authorized and approved. The Bonds shall be dated, shall bear interest at the rates, shall mature on the dates, shall be issued in the form, and shall be as otherwise provided in the Indenture, as the same shall be completed as provided in this resolution.

Section 2. The Indenture, in substantially the form submitted to this meeting and made a part hereof as though set forth herein, be and the same is hereby approved. The Chairperson of the Board of Directors, or such other member of the Board of Directors as the Chairperson may designate, the Secretary of the Authority, the Assistant Secretary of the Authority and the Fiscal Officer of the Authority (the Authorized Officers) are, and each of them is, hereby authorized and directed, for and in the name of the Authority, to execute and deliver the Indenture in the form submitted to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Indenture by such Authorized Officer; provided, however, that such changes, insertions and omissions shall not authorize an aggregate principal amount of Bonds in excess of $40,000,000, shall not result in a final maturity date of the Bonds later than September 2, 2026 and shall not result in a true interest cost on the Bonds in excess of 4.50%.

Section 3. The City Purchase Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein; be and the same is hereby approved. The Authorized Officers are, and each of them is, hereby authorized and directed, for and in the name of the Authority, to execute and deliver the City Purchase Agreement in the form presented to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the City Purchase Agreement by such Authorized Officer.

Section 4. The Authority Purchase Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved. The Authorized Officers are, and each of them is, hereby authorized and directed, for and in the name of the Authority, to execute and deliver the Authority Purchase Agreement in the form presented to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Authority Purchase Agreement by such Authorized Officer; provided, however, that such changes, insertions and omissions shall not result in an

aggregate underwriter's discount (not including any original issue discount) from the principal amount of the Bonds in excess of 1.00% of the aggregate principal amount of the Bonds.

Section 5. The Preliminary Official Statement, in substantially the form presented to this meeting and made a part hereof as though set forth in full herein, with such changes therein as may be approved by an Authorized Officer, be and the same is hereby approved, and the use of the Preliminary Official Statement in connection with the offering and sale of the Bonds is hereby authorized and approved. The Authorized Officers are, and each of them is, hereby authorized and directed, for and in the name of the Authority, to certify to the Underwriter that the Preliminary Official Statement has been deemed final for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission.

Section 6. The preparation and delivery of a final Official Statement (the Official Statement), and its use in connection with the offering and sale of the Bonds, be and the same is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as may be approved by an Authorized Officer, such approval to be conclusively evidenced by the execution and delivery thereof. The Authorized Officers are, and each of them is, hereby authorized and directed to execute the final Official Statement and any amendment or supplement thereto, for and in the name of the Authority.

Section 7. The Authorized Officers are hereby authorized and directed to investigate, or cause to be investigated, the availability and economic viability of bond insurance for the Bonds and, if such insurance is determined to be cost effective, to select a bond insurer and to negotiate the terms of such bond insurance.

Section 8. The Authorized Officers are, and each of them hereby is, authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the issuance of the Bonds and the transactions contemplated by the Indenture, the City Purchase Agreement, the Authority Purchase Agreement, the Official Statement and this resolution.

Section 9. All actions heretofore taken by the officers and employees of the Authority with respect to the issuance and sale of the Bonds, or in connection with or related to any of the agreements or documents referenced herein, are hereby approved, confirmed and ratified.

Section 10. This resolution shall take effect immediately upon its adoption.

Section 11. The City Clerk shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

APPROVED and ADOPTED by the Board of Directors of the Irvine Public Facilities and Infrastructure Authority on November 22, 2011.

_____

Its: _____

ATTEST:

By: _____
Sean Joyce

I, Sean Joyce, Secretary of the Irvine Public Facilities and Infrastructure hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted at a meeting of the Board of Directors of said Authority duly and regularly held on November 22, 2011, of which meeting all of the members of said Board of Directors had due notice and at which a majority thereof were present; and that at said meeting said resolution was adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Dated: _____, 2011

By: _____
Sean Joyce, Secretary

INDENTURE OF TRUST

by and between the

IRVINE PUBLIC FACILITIES AND INFRASTRUCTURE AUTHORITY

and

THE BANK OF NEW YORK MELLON TRUST COMPANY N.A.
as Trustee

Dated as of December 1, 2011

RELATING TO
IRVINE PUBLIC FACILITIES AND INFRASTRUCTURE AUTHORITY
ASSESSMENT REVENUE BONDS, 2011 SERIES A

EXHIBIT 1

INDENTURE OF TRUST

THIS INDENTURE OF TRUST (this "Indenture") dated as of December 1, 2011, is by and between the IRVINE PUBLIC FACILITIES AND INFRASTRUCTURE AUTHORITY, an instrumentality of the City of Irvine, a charter city (the "Authority"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized and existing under and by virtue of the laws of the United States of America, as trustee (the "Trustee").

W I T N E S S E T H:

WHEREAS, the Authority is an instrumentality of the City of Irvine (the "City") duly organized and existing under the provisions of Chapter 6 of Division 7 of Title 2 of the City of Irvine Municipal Code (the "Act"), and is authorized pursuant to Section 2-7-631 et seq. of the Act (the "Bond Law") to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations to provide financing or refinancing for public capital improvements of the City;

WHEREAS, the City of Irvine, California (the "City") authorized and issued its City of Irvine Assessment District No. 00-18 Improvement Bonds, Group Three (the "AD No. 00-18 Group Three Bonds") pursuant to an Indenture of Trust dated as of _____, by and between the City and the _____ (the "AD No. 00-18 Group Three Indenture") for the purpose of financing certain capital facilities within Assessment District No. 00-18;

WHEREAS, the City of Irvine, California (the "City") authorized and issued its City of Irvine Assessment District No. 87-8 Improvement Bonds, Group Five (the "AD No. 87-8 Group Five Bonds") pursuant to an Indenture of Trust dated as of _____, by and between the City and the _____ (the "AD No. 87-8 Group Five Indenture") for the purpose of financing certain capital facilities within Assessment District No. 87-8;

WHEREAS, the City of Irvine, California (the "City") authorized and issued its City of Irvine Assessment District No. 93-14 Improvement Bonds, Group One (the "AD No. 93-14 Group One Bonds") pursuant to an Indenture of Trust dated as of _____, by and between the City and the _____ (the "AD No. 93-14 Group One Indenture") for the purpose of financing certain capital facilities within Assessment District No. 93-14;

WHEREAS, the Irvine Public Facilities and Infrastructure Authority (the "Authority") authorized and issued its Assessment Revenue Bonds, Series A (the "Series A Authority Bonds") pursuant to an Indenture of Trust, dated as of January 1, 1999, by and between the Authority and Chase Bank of Texas, National Association, as Trustee (the "Series A Authority Bonds Indenture") for the purpose of purchasing certain bonds issued for Reassessment District No. 99-1 and Reassessment District No. 99-2; and

WHEREAS, all of the above-described Bonds shall hereinafter be referred to collectively as the "Prior Bonds");

WHEREAS, the City is issuing $_____ principal amount of its Limited Obligation Improvement Bonds, Reassessment District No. 11-2 (the "Assessment Bonds") under a Fiscal Agent Agreement, dated as of December 1, 2011, by and between the City and The Bank of New York Mellon Trust Company, N.A., as fiscal agent;

WHEREAS, the Authority has entered into an agreement with the City to acquire the Assessment Bonds;

WHEREAS, the Authority has determined at this time to issue its Assessment Revenue Bonds, 2011 Series A (the "Series A Bonds"), in the aggregate principal amount of $_____, all pursuant to and secured by this Indenture in the manner provided herein, for the purpose of providing the funds required to acquire the Assessment Bonds;

WHEREAS, the Bonds are to be secured by a pledge of and first lien on the revenues to be derived from the Assessment Bonds;

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and to secure the payment of the principal thereof and interest thereon, the Authority has authorized the execution and delivery of this Indenture;

WHEREAS, the Authority has determined that all acts and proceedings required by law necessary to make the Bonds, when executed by the Authority, authenticated and delivered by the Trustee, and duly issued, the valid, binding and legal special obligations of the Authority, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of the Indenture have been in all respects duly authorized;

NOW, **THEREFORE**, **THIS INDENTURE WITNESSETH**, that in order to secure the payment of the principal of and the interest and premium, if any, on all Bonds at any time issued and outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable considerations, the receipt whereof is hereby acknowledged, the Authority does hereby covenant and agree with the Trustee, for the benefit of the respective Owners from time to time of the Bonds, as follows:

ARTICLE I
DEFINITIONS; RULES OF INTERPRETATION

Section 1.01 **Definitions**. Unless the context otherwise requires, the terms defined in this Section 1.01 shall, for all purposes of this Indenture and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined.

"**Act**" means Chapter 6 of Division 7 of Title 2 of the City of Irvine Municipal Code, as amended from time to time.

"**Administrative Costs**" means the reasonable costs incurred to administer the Bonds, including the fees, costs and indemnifications due the Trustee or the City.

"**Administrative Costs Account**" means the account by that name established and held by the Trustee pursuant to Section 5.07.

"**Annual Debt Service**" means, for each Bond Year, the sum of (a) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of mandatory sinking fund redemptions), and (b) the principal amount of the Outstanding Bonds due in such Bond Year (including any mandatory sinking fund redemptions due in such Bond Year).

"**Assessment Bonds**" means the City of Irvine, Limited Obligation Improvement Bonds, Reassessment District No. 11-2, which are issued under and pursuant to the Fiscal Agent Agreement relating thereto.

"**Assessment Consultant**" means Willdan Financial Services, or any other consultant or firm of financial consultants appointed by the City and who or each of whom (a) is judged by the City to have experience with respect to the administration of assessment districts, (b) is in fact independent and not under the domination of the City or the Authority, (c) does not have any substantial interest, direct or indirect, with the City or the Authority, and (d) is not connected with the City or the Authority as an officer or employee of the City or the Authority, but who may be regularly retained to make reports to the City or the Authority.

"**Assessment Property**" means, as of any date of determination, any property on which assessments are levied to pay Assessment Bonds.

"**Assessment Reserve Fund**" means the reserve fund or account, or similar fund or account of whatever name, established under a Fiscal Agent Agreement as a reserve for the payment of debt service on the Assessment Bonds issues thereunder.

"**Assessment Reserve Requirement**" means with respect to an issue, series or group of Assessment Bonds, the amount specified in the Fiscal Agent Agreement pursuant to which such Assessment Bonds are issued as the amount to be maintained in the Assessment Reserve Fund for such issue, series or group of Assessment Bonds.

"**Assessment Revenues**" means, with respect to any Assessment Property, for any period of calculation, the scheduled assessment installments payable during such period with respect to assessments levied on such Assessment Property to pay Assessment Bonds.

"**Authority**" means the Irvine Public Facilities and Infrastructure Authority, an instrumentality of the City, duly organized and existing under the City's charter, and any successor thereto.

"**Authorized Representative**" means (a) with respect to the Authority, its Executive Director, Assistant Executive Director or Treasurer, or any other Person designated as an Authorized Representative of the Authority by a Written Certificate of the Authority filed with the City and the Trustee, and (b) with respect to the City, its City Manager, Assistant City Manager, Director of Administrative Services, or Manager of Fiscal Services, or any other Person designated as an Authorized Representative of the City in a Written Certificate of City filed with the Authority and the Trustee.

"**Beneficial Owner**" means, whenever used with respect to a Book-Entry Bond, the person whose name is recorded as the beneficial owner of such Book-Entry Bond or a portion of such Book-Entry Bond by a Participant on the records of such Participant or such person's subrogee.

"**Bond Counsel**" means a firm of nationally recognized bond counsel selected by the City and acceptable to the Authority.

"**Bond Law**" means Section 2-7-631 et seq. of the Act, as amended from time to time.

"**Bonds**" means the Irvine Public Facilities and Infrastructure Authority Assessment Revenue Bonds issued hereunder, and includes the Series A Bonds.

"**Bond Year**" means each twelve-month period beginning on September 3 in any year and extending to the next succeeding September 2, both dates inclusive; except that the first Bond Year shall begin on the Closing Date and end on September 2, 2012.

"**Book-Entry Bonds**" means the Bonds registered in the name of the nominee of DTC, or any successor securities depository for the Bonds, as the registered owner thereof pursuant to the terms and provisions of Section 2.09.

"**Business Day**" means any day other than (a) a Saturday, Sunday or legal holiday, (b) a day on which banking institutions in the State of California or in any state in which the Office of the Trustee is located are authorized or required by law (including executive order) to close, or (c) a day on which the New York Stock Exchange is closed.

"**Cede & Co.**" means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Book-Entry Bonds.

"**City**" means the City of Irvine, and any successor thereto.

"Code" means the Internal Revenue Code of 1986.

"**Commercial/Industrial Property**" means any parcel of real property zoned for commercial or industrial use.

"**Continuing Disclosure Agreement**" means the Continuing Disclosure Agreement, dated as of December 1, 2011, by and between the City and Willdan Financial Services, as originally executed or as the same may from time to time be amended in accordance with the terms thereof.

"**Costs of Issuance**" means, with respect to a Series of Bonds, all items of expense directly or indirectly payable by or reimbursable to the Authority relating to the authorization, issuance, sale and delivery of such Bonds, including but not limited to printing expenses, rating agency fees, filing and recording fees, initial fees, expenses and charges of the Trustee and its counsel, including the Trustee's first annual administrative fee, fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of such Bonds and any other cost, charge or fee in connection with the original issuance of such Bonds.

"**Costs of Issuance Fund**" means the fund by that name established and held by the Trustee pursuant to Section 3.03.

"**DTC**" means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors as securities depository for the Book-Entry Bonds, including any such successor appointed pursuant to Section 2.09.

"**Event of Default**" means any of the events specified in Section 7.01.

"Fiscal Agent" means The Bank of New York Mellon Trust Company, N.A., as Fiscal Agent under the Fiscal Agent Agreement, or any successor thereto as fiscal agent thereunder.

"**Fiscal Agent Agreement**" means the Fiscal Agent Agreement, dated as of December 1, 2011, by and between The Bank of New York Mellon Trust Company, N.A., as fiscal agent, as originally executed or as the same may from time to time be amended or supplemented in accordance with the terms thereof, relating to the Assessment Bonds

"**Fiscal Year**" means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period hereafter selected and designated as the official fiscal year period of the Authority designated in a Written Certificate of the Authority delivered to the Trustee.

"**Indenture**" means this Indenture, as originally executed or as it may from time to time be amended or supplemented by any Supplemental Indenture.

"**Independent Financial Consultant**" means any financial consultant or firm of such financial consultants appointed by the Authority and who, or each of whom (a) is judged by the Authority to have experience with respect to the financing of public capital improvement projects, (b) is in fact independent and not under the domination of the Authority or the City, (c) does not have any substantial interest, direct or indirect, with the Authority or the City, other than as Original Purchaser, and (d) is not connected with the Authority as an officer or employee of the Authority or the City, but who may be regularly retained to make reports to the Authority or the City.

"**Information Services**" means Financial Information, Inc.'s "Daily Called Bond Service", One Cragwood Road, 2nd Floor, South Plainfield, New Jersey 07308, Attention: Editor; Mergent Incorporated, 580 Kingsley Park Drive, Fort Mill, South Carolina 29715; Standard & Poor's Corporation "Called Bond Record," 25 Broadway, 3' Floor, New York, New York 10004; and, in accordance with then current guidelines of the Securities and Exchange

Commission, such other addresses and/or such other services providing information with respect to called bonds as the Authority may designate in a Written Certificate of the Authority delivered to the Trustee.

"**Interest Account**" means the account by that name established and held by the Trustee pursuant to Section 5.02.

"**Interest Payment Date**" means March 2 and September 2 in each year, commencing March 2, 2012, so long as any Bonds remain Outstanding.

"**Maximum Annual Debt Service**" means the largest Annual Debt Service for any Bond Year, including the Bond Year the calculation is made.

"**Moody's**" means Moody's Investors Service, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall no longer perform the functions of a securities rating agency for any reason, then the term "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

"**Office**" means the principal corporate trust office of the Trustee in Houston, Texas or such other office as may be specified to the Authority by the Trustee in writing.

"**Original Purchaser**" means Piper Jaffray & Co., as the original purchaser of the Series A Bonds.

"**Outstanding**", when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 12.09) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except:

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

(b) Bonds with respect to which all liability of the Authority shall have been discharged in accordance with Section 10.02, including Bonds (or portions of Bonds) disqualified under Section 12.09; and

(c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to this Indenture.

"**Owner**" or "**Bond Owner**", whenever used herein with respect to a Bond, means the Person in whose name the ownership of such Bond is registered on the Registration Books.

"**Participant**" means any entity which is recognized as a participant by DTC in the book-entry system of maintaining records with respect to Book-Entry Bonds.

"**Participating Underwriter**" has the meaning ascribed thereto in the Continuing Disclosure Agreement.

"**Permitted Investments**" means any of the following to the extent then permitted by the general laws of the State of California:

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

(2) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

Export-Import Bank
Farm Credit System Financial Assistance Corporation
Rural Economic Community Development Administration (formerly the Farmers Home Administration)
General Services Administration
U.S. Maritime Administration
Small Business Administration
Government National Mortgage Association (GNMA)
U.S. Department of Housing & Urban Development (PHA's)
Federal Housing Administration Federal Financing Bank;

(3) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

Senior debt obligations rated "Aaa" by Moody's and "AAA" by S&P issued by the Federal National Mortgage Association
(FNMA) or Federal Home Loan Mortgage Corporation (FHLMC)
Obligations of the Resolution Funding Corporation (REFCORP)
Senior debt obligations of the Federal Home Loan Bank System
Senior debt obligations of other Government Sponsored Agencies approved by Ambac;

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

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

(6) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P, including those for which the Trustee or an affiliate receives compensation with respect to such money market fund;

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

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

(B)(i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph A(2) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(8) General obligations of states with a rating of at least "A2/A" or higher by both Moody's and S&P;

(9) Investment agreements supported by appropriate opinions of counsel, with notice to S&P; and

The value of the above investments shall be determined as follows:

(1) As to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times): the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination;

(2) As to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service;

(3) As to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and

(4) As to any investment of deposit and bankers acceptances: the value thereof established by prior agreement between the Authority and the Trustee.

"**Person**" means an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"**Principal Account**" means the account by that name established and held by the Trustee pursuant to Section 5.02.

"**Principal Prepayments**" means any amounts received by the Trustee representing a redemption (other than a mandatory sinking fund redemption) of the Assessment Bonds pursuant to a Fiscal Agent Agreement, consisting of the principal amount of the Assessment Bonds being redeemed and the premium paid upon such redemption; but excluding the amount of regularly scheduled payments (including mandatory sinking fund payments) of principal of and interest on the Assessment Bonds paid concurrently therewith.

"**Program Fund**" means the fund by that name established and held by the Trustee pursuant to Section 3.04.

"**Purchase Agreement**" means the Bond Purchase Agreement, dated December 1, 2011, by and between the City and the Authority, pursuant to which the Assessment Bonds are acquired by the Authority.

"**Record Date**" means (a) the 15th calendar day of the month preceding each Interest Payment Date, whether or not such day is a Business Day, and (b) any date established by the Trustee pursuant to Section 2.02(c) as a Record Date for the payment of defaulted interest on the Bonds, if any.

"**Redemption Account**" means the account by that name established and held by the Trustee pursuant to Section 5.01(c).

"**Redemption Fund**" means the redemption fund or account, or other similar debt service fund or account by whatever name, established under a Fiscal Agent Agreement for the payment of debt service on the Assessment Bonds issued thereunder.

"**Redemption Price**" means the aggregate amount of principal of and premium, if any, on the Bonds upon the redemption thereof pursuant hereto.

"**Registration Books**" means the records maintained by the Trustee for the registration of ownership and registration of transfer of the Bonds pursuant to Section 2.04.

"**Representation Letter**" means the Letter of Representations from the Authority to DTC, or any successor securities depository for the Book-Entry Bonds, in which the Authority

makes certain representations with respect to issues of its securities for deposit by DTC or such successor depository.

"**Reserve Fund**" means the reserve fund or account, or similar fund or account of whatever name, established under a Fiscal Agent Agreement as a reserve for the payment of debt service on the Assessment Bonds issued thereunder.

"**Reserve Requirement**" shall be as defined in the "Fiscal Agent Agreement."

"**Revenue Fund**" means the fund by that name established and held by the Trustee pursuant to Sections 5.01 and 5.02.

"**Revenues**" means all amounts derived from or with respect to the Assessment Bonds, including but not limited to all payments of principal thereof, premium, if any, and interest thereon.

"**S&P**" means Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors and assigns, except that if such entity shall no longer perform the functions of a securities rating agency for any reason, then the term "S&P" shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

"**Securities Depositories**" means The Depository Trust Company, 55 Water Street, 25th Floor, New York, New York 10041-0099, Fax-(212) 855-5004; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Authority may designate in a Written Certificate of the Authority delivered to the Trustee.

"**Series**" means the initial series of Bonds executed, authenticated and delivered on the date of initial issuance of the Bonds and identified pursuant to this Indenture as the Series A Bonds.

"**Series A Bonds**" means the Irvine Public Facilities and Infrastructure Authority Assessment Revenue Bonds, 2011 Series A issued hereunder.

"**Series A Closing Date**" means the date on which the Series A Bonds are delivered to the Original Purchaser, being _____.

"**Surplus Account**" means the account by that name established and held by the Trustee pursuant to Sections 5.02 and 5.07.

"**Tax Certificate**" means the Tax Certificate executed by the Authority at the time of issuance of the Assessment Bonds relating to the requirements of Section 148 of the Code, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

"**Trustee**" means The Bank of New York Mellon Trust Company, N.A., a national banking association organized and existing under the laws of the United States of America, or any successor thereto as Trustee hereunder, appointed as provided in Section 8.01.

"**Written Certificate**" and "**Written Request**" of the Authority or the City mean, respectively, a written certificate or written request signed in the name of the Authority by its Authorized Representative or in the name of the City by its Authorized Representative. Any such certificate or request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

Section 1.02 Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

Section 1.03 Indenture Constitutes Contract. In consideration of the purchase and acceptance of any and all of the Bonds issued hereunder by those who shall hold the same from time to time, this Indenture shall be deemed to be and shall constitute a contract among the Authority, the Trustee and the Owners of the Bonds. The pledge made in this Indenture and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Authority shall be for the equal benefit, protection and security of the Owners of any and all of the Bonds. All of the Bonds, without regard to the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, except as expressly provided in or permitted by this Indenture.

ARTICLE II
THE BONDS

Section 2.01 Authorization of Bonds. The Authority hereby authorizes the issuance of the Bonds hereunder and under the Bond Law, which shall constitute limited obligations of the Authority payable solely from the Revenues and other amounts pledged hereunder, for the purpose of providing the moneys to finance the acquisition by the Authority of Assessment Bonds. The Bonds may consist of one or more Series of varying denominations, dates, maturities, interest rates and other provisions, all issued and to be issued pursuant to this Indenture and the Bond Law, subject to the provisions and conditions contained herein. The Bonds shall be designated generally as the "Irvine Public Facilities and Infrastructure Authority

Assessment Revenue Bonds", each Series thereof to bear such additional designation as may be necessary or appropriate to distinguish such Series from every other Series of Bonds.

Section 2.02 <u>Terms of Series A Bonds</u>.

(a) An initial series of Bonds is hereby created and such Bonds are designated as the "Irvine Public Facilities and Infrastructure Authority Assessment Revenue Bonds, 2011 Series A". The aggregate principal amount of 2011 Series A Bonds that may be issued and Outstanding under this Indenture shall not exceed $_____, except as may be otherwise provided in Section 2.08.

(b) The Series A Bonds shall be issued in fully registered form without coupons in denominations of $5,000 or any integral multiple thereof, so long as no Series A Bond shall have more than one maturity date. The Series A Bonds shall be dated as of _____, shall mature on September 2 in each of the years and in the amounts, and shall bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) at the rates, as follows:

Maturity Date (Sept. 2)	Principal Amount	Interest Rate
	$	%

(c) Interest on the Series A Bonds shall be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) a Series A Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it shall bear interest from such Interest Payment Date, (ii) a Series A Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from _____, or (iii) interest on any Series A Bond is in default as of the date of authentication thereof, in which event interest thereon shall be payable from the date to which interest has been paid in full, payable on each Interest Payment Date. Interest shall be paid on each Interest Payment Date to the Persons in whose names the ownership of the Series A Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below. Interest on any Series A Bond which is not punctually paid or duly provided for on any Interest Payment Date shall be payable to the Person in whose name the ownership of such Series A Bond is registered on the Registration Books at the close of business on a special Record Date to be established by the Trustee for the payment of such defaulted interest to be fixed by the Trustee, notice of which shall be given to such Owner not less than ten days prior to such special Record Date. Interest shall be paid by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Series A Bond Owners at their respective addresses shown on the Registration Books as of the close of

business on the preceding Record Date, except that in the case of an Owner of $1,000,000 or more in aggregate principal amount of Bonds, upon the written request of such Owner to the Trustee, received at least ten days prior to a Record Date, specifying the account or accounts to which such payment shall be made, payment of interest shall be made by wire transfer of immediately available funds on the following Interest Payment Date.

(d) The principal of and premium, if any, on the Series A Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof at the Office of the Trustee. Payment of principal of and premium, if any, on any Series A Bond shall be made only upon presentation and surrender of such Series A Bond at the Office of the Trustee.

(e) The Series A Bonds shall be initially issued registered in the name of "Cede & Co.," as nominee of the Depository Trust Company, New York, New York, and shall be evidenced by one Series A Bond maturing on each maturity date, to be in a denomination corresponding to the total principal designated to mature on such date. Registered ownership of the Series A Bonds, or any portion thereof, may not thereafter be transferred except as set forth in Section 2.09.

The Series A Bonds shall be in substantially the form set forth in Exhibit A hereto, with appropriate or necessary insertions, omissions and variations as permitted or required hereby.

Section 2.03 **Transfer and Exchange of Bonds.** Any Bond may, in accordance with its terms, be transferred upon the Registration Books by the Person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and shall deliver a new Bond or Bonds for a like aggregate principal amount of the same Series and maturity, in any authorized denomination. The Trustee shall require the Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of the same Series and maturity, of other authorized denominations. The Trustee shall require the payment by the Bond Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Trustee shall not be obligated to make any transfer or exchange of Bonds of a Series pursuant to this Section 2.03 during the period established by the Trustee for the selection of Bonds of such Series for redemption, or with respect to any Bonds selected for redemption.

Section 2.04 **Registration Books.** The Trustee will keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the Bonds, which shall be open to inspection during regular business hours and upon 24 hours notice by the Authority and 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 such records, the ownership of the Bonds as hereinbefore provided.

Section 2.05 **Execution of Bonds.** The Bonds shall be executed in the name and on behalf of the Authority with the facsimile signature of its Chairman (or any duly authorized deputy to the Chairman) or the Executive Director of the Authority attested by the manual or facsimile signature of its Secretary. The Authority's seal, if any, or a facsimile thereof, may be reproduced, imprinted or impressed on the Bonds. The Bonds shall then be delivered to the Trustee for authentication by it. In case any of the officers who shall have signed or attested any of the Bonds shall cease to be such officer or officers of the Authority before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee, or issued by the Authority, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Authority as though those who signed and attested the same had continued to be such officers of the Authority, and also any Bonds may be signed and attested on behalf of the Authority by such Persons as at the actual date of execution of such Bonds shall be the proper officers of the Authority although at the nominal date of such Bonds any such Person shall not have been such officer of the Authority.

Section 2.06 **Authentication of Bonds.** Only such of the Bonds as shall bear thereon a certificate of authentication substantially in the form set forth in Exhibit A hereto, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of or on behalf of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.07 **Temporary Bonds.** The Bonds may be issued in temporary form exchangeable for definitive Bonds when ready for delivery. Any temporary Bonds may be printed, lithographed or typewritten, shall be of such authorized denominations as may be determined by the Authority, shall be in fully registered form without coupons and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Authority and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Authority issues temporary Bonds it will execute and deliver definitive Bonds as promptly thereafter as practicable, and thereupon the temporary Bonds may be surrendered, for cancellation, at the Office of the Trustee and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.08 **Bonds Mutilated, Lost, Destroyed or Stolen.** If any Bond shall become mutilated, the Authority, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and Series in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and delivered to, or upon the order of, the Authority. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence and indemnity satisfactory to the Trustee shall be given, the Authority, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and Series in lieu of and in replacement for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall be about to mature, instead of issuing a

replacement Bond, the Trustee may pay the same without surrender thereof). The Authority may require payment by the Owner of a sum not exceeding the actual cost of preparing each replacement Bond issued under this Section and of the expenses which may be incurred by the Authority and the Trustee. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Authority whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Indenture with all other Bonds secured by this Indenture.

Section 2.09 Book-Entry Bonds.

(a) Except as provided in subparagraph (c) of this Section 2.09, the registered Owner of all of the Series A Bonds shall be DTC and the Series A Bonds shall be designated as Book-Entry Bonds and shall be registered in the name of Cede & Co., as nominee for DTC. Notwithstanding anything to the contrary contained in this Indenture, payment of interest with respect to any Book-Entry Bond registered as of each Record Date in the name of Cede & Co. shall be made by wire transfer of same-day funds to the account of Cede & Co. on the payment date for the Book-Entry Bonds at the address indicated on the record date or special record date for Cede & Co. in the Registration Books or as otherwise provided in the Representation Letter.

(b) The Book-Entry Bonds shall be initially issued in the form of separate single fully registered Book-Entry Bonds in the amount of each separate stated maturity of the Book-Entry Bonds. Upon initial issuance, the ownership of such Book-Entry Bonds shall be registered in the Registration Books in the name of Cede & Co., as nominee of DTC. The Trustee and the Authority may treat DTC (or its nominee) as to the sole and exclusive Owner of the Book-Entry Bonds registered in its name for the purposes of payment of the principal, Redemption Price or interest with respect to the Book-Entry Bonds, selecting the Book-Entry Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Owners of Book-Entry Bonds under this Indenture, registering the transfer of Book-Entry Bonds, obtaining any consent or other action to be taken by Owners of Book-Entry Bonds and for all other purposes whatsoever, and neither the Trustee nor the Authority shall be affected by any notice to the contrary. Neither the Trustee nor the Authority shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Book-Entry Bonds under or through DTC or any Participant, or any other person which is not shown on the Registration Books as being an Owner, with respect to the accuracy of any records maintained by DTC or any Participant; the payment by DTC or any Participant of any amount in respect of the principal, Redemption Price or interest with respect to the Book-Entry Bonds; any notice which is permitted or required to be given to Owners of Book-Entry Bonds under this Indenture; the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Book-Entry Bonds; or any consent given or other action taken by DTC as Owner of Book-Entry Bonds. The Trustee shall pay all principal, premium, if any, and interest with respect to the Book-Entry Bonds, only to DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to the principal, premium, if any, and interest with respect to the Book-Entry Bonds to the extent of the sum or sums so paid. Except under the conditions of (c) below, no person other than DTC shall receive an executed Book-Entry Bond for each separate stated maturity. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new

nominee in place of Cede & Co., and subject to the provisions herein with respect to record dates, the term "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

(c) In the event (i) DTC, including any successor as securities depository for the Book-Entry Bonds, determines not to continue to act as securities depository for the Book-Entry Bonds, or (ii) the Authority determines that the incumbent securities depository shall no longer so act, and delivers a written certificate to the Trustee to that effect, then the Authority will discontinue the book-entry system with the incumbent securities depository for the Book-Entry Bonds. If the Authority determines to replace the incumbent securities depository for the Book-Entry Bonds with another qualified securities depository, the Authority shall prepare or direct the preparation of a new single, separate fully registered Book-Entry Bond for the aggregate outstanding principal amount of Book-Entry Bonds of each maturity, registered in the name of such successor or substitute qualified securities depository, or its nominee, or make such other arrangement acceptable to the Authority, the Trustee and the successor securities depository for the Book-Entry Bonds as are not inconsistent with the terms of this Indenture. If the Authority fails to identify another qualified successor securities depository of the Book-Entry Bonds to replace the incumbent securities depository, then the Book-Entry Bonds shall no longer be restricted to being registered in the Registration Books in the name of the incumbent securities depository or its nominee, but shall be registered in whatever name or names the incumbent securities depository for the Book-Entry Bonds, or its nominee, shall designate. In such event the Trustee shall authenticate and deliver a sufficient quantity of Book-Entry Bonds as to carry out the transfers and exchanges provided in Sections 2.03, 2.07 and 2.08. All such Book-Entry Bonds shall be in fully registered form in denominations authorized by this Indenture.

(d) Notwithstanding any other provision of this Indenture to the contrary, so long as any Book-Entry Bond is registered in the name of DTC, or its nominee, all payments with respect to the principal, premium, if any, and interest with respect to such Book-Entry Bond and all notices with respect to such Book-Entry Bond shall be made and given, respectively, as provided in the Representation Letter.

(e) In connection with any notice or other communication to be provided to Owners of Book-Entry Bonds pursuant to this Indenture by the Authority or the Trustee with respect to any consent or other action to be taken by Owners, the Authority or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than 15 calendar days in advance of such record date to the extent possible.

ARTICLE III
ISSUANCE OF SERIES A BONDS; APPLICATION OF PROCEEDS ACQUISITION OF ASSESSMENT BONDS

Section 3.01 **Issuance of Series A Bonds.** Concurrently with the execution and delivery of this Indenture, the Authority shall execute and the Trustee shall authenticate the Series A Bonds and deliver the Series A Bonds to the Original Purchaser in the aggregate principal amount of $_____.

Section 3.02 **Application of Proceeds of the Series A Bonds.** On the Series A Closing Date, the amount of $_____, constituting the proceeds of sale of the Series A Bonds, shall be deposited in the Program Fund. In addition, the amounts from the sources itemized on Exhibit ___ shall also be deposited in the Program Fund.

Section 3.03 **Costs of Issuance Fund.** There is hereby established a separate fund to be known as the "**Costs of Issuance Fund**", which shall be held by the Trustee in trust. The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Written Request of the Authority stating (a) the Person to whom payment is to be made, (b) the amount to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment is a proper charge against the Costs of Issuance Fund, and (e) that such amounts have not been the subject of a prior disbursement from the Costs of Issuance Fund; in each case together with a statement or invoice for each amount requested thereunder. On such date or dates as may be specified in any Supplemental Indenture, all amounts remaining in the Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Interest Account.

Section 3.04 **Program Fund.** There is hereby established a separate fund to be known as the "Program Fund", which shall be held by the Trustee in trust. On the Series A Closing Date there shall be deposited in the Program Fund the amount specified in Section 3.02.

On the Series A Closing Date, the Trustee shall withdraw from the Program Fund the amount of $_____ and apply such amount to the purchase on such date of the Assessment Bonds, all pursuant to and in accordance with the provisions of the Purchase Agreement. In accordance with the Purchase Agreement, the ownership of the Assessment Bonds shall be registered in the name of the Trustee upon the acquisition thereof.

The Trustee shall credit all Assessment Bonds to the Program Fund and shall hold and administer the Program Fund so long as the Trustee is the registered owner of any Assessment Bond.

Section 3.05 **No Additional Bonds.** So long as any of the Bonds remain Outstanding, the Authority will not issue any additional bonds or obligations payable from Revenues prior to or on a parity with the Bonds except as necessary to refund and defease the Bonds.

ARTICLE IV
REDEMPTION OF BONDS

Section 4.01 **Redemption.**

(a) *Optional Redemption.* The Series A Bonds maturing on or after September 2, 20__ shall be subject to optional redemption in whole, or in part among maturities on such basis as shall be designated by the Authority in a Written Certificate of the Authority filed with the Trustee, on any Interest Payment Date on or after September 2, 20__, at the following respective Redemption Prices (expressed as percentages of the principal amount of the Series A Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

Redemption Dates	Redemption Price
September 2, 20__ and March 2, 20__	102%
September 2, 20__ and March 2, 20__	101
September 2, 20__ and thereafter	100

The provisions of this subsection (a) shall not be applicable to circumstances under which the Series A Bonds are subject to mandatory redemption pursuant to the following subsection (b) of this Section.

(b) *Mandatory Redemption From Principal Prepayments*. The Series A Bonds shall be subject to mandatory redemption, in whole, or in part, on any Interest Payment Date, from and to the extent of any Principal Prepayments with respect to the Assessment Bonds, at the following respective Redemption Prices (expressed as percentages of the principal amount of the Series A Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

Redemption Dates	Redemption Price
September 2, ____ through March 2, 20__	103 %
September 2, 20__and March 2, 20__	102
September 2, 20__ and March 2, 20__	101
September 2, 20__ and thereafter	100

The principal amount of Series A Bonds to be redeemed pursuant to this subsection (b) from any Principal Prepayments shall be the greatest principal amount of Series A Bonds, the Redemption Price of which is less than or equal to such Principal Prepayments, as specified in a Written Request of the Authority delivered to the Trustee. In the event that the Fiscal Agent shall mail notice of the redemption of any Assessment Bonds which will produce Principal Prepayments, the Trustee shall concurrently mail notice of the redemption of Series A Bonds pursuant to this subsection (b), such redemption to occur on the date fixed for such redemption of the Assessment Bonds. The proceeds of any such redemption of the Assessment Bonds shall be applied by the Trustee to pay the Redemption Price of Series A Bonds pursuant to this subsection (b) on the date of such redemption of the Assessment Bonds.

For purposes of the selection of Series A Bonds for redemption pursuant to this subsection (b), the Series A Bonds shall be selected for redemption among maturities by the Authority (evidenced pursuant to a Written Certificate of the Authority delivered to the Trustee at least 60 days prior to the redemption date or such later date as shall be acceptable to the Trustee) on such basis that the remaining payments of principal and interest on the Assessment Bonds, will be sufficient on a timely basis to pay debt service on the Series A Bonds, as shall be demonstrated in a report of an Independent Financial Consultant filed with the Trustee.

(c) *Mandatory Sinking Fund Redemption*. The Series A Bonds maturing on September 2, 20__ shall be subject to mandatory sinking fund redemption, in part, on September 2 in each year, commencing September 2, 20__, at a Redemption Price equal to the principal amount of the Series A Bonds to be redeemed, without premium, plus accrued interest thereon to

the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

Sinking Fund Redemption Date (September 2)	Principal Amount to be Redeemed

If some but not all of the Series A Bonds maturing on September 2, 20__ are redeemed pursuant to Section 4.01(a), the principal amount of Series A Bonds maturing on September 2, 20__ to be redeemed pursuant to Section 4.01(c) on any subsequent September 2 shall be reduced, by $5,000 or an integral multiple thereof, as designated by the Authority in a Written Certificate of the Authority filed with the Trustee, together with a certificate of an Independent Financial Consultant demonstrating that upon the proposed optional redemption of Series A Bonds, the Revenues attributable to the Outstanding Assessment Bonds will be sufficient in time and amount to pay when due the principal of and interest and premium, if any, on the Series A Bonds remaining Outstanding after such redemption; provided, however, that the aggregate amount of such reductions shall not exceed the aggregate amount of Series A Bonds maturing on September 2, 20__ redeemed pursuant to Section 4.01(a). If some but not all of the Series A Bonds maturing on September 2, 20__ are redeemed pursuant to Section 4.01(b), the principal amount of Series A Bonds maturing on September 2, 20__ to be subsequently redeemed pursuant to Section 4.01(c) on any subsequent September 2 shall be reduced by the aggregate principal amount of the Series A Bonds maturing on September 2, 20__ so redeemed pursuant to Section 4.01(b), such reduction to be allocated as nearly as practicable in amounts of $5,000 or integral multiples thereof, on such basis that the remaining payments of principal and interest on the Assessment Bonds will be sufficient on a timely basis to redeem Series A Bonds maturing on September 2, 20__ pursuant to Section 4.01(c) on each such September 2, as shall be demonstrated in a report of an Independent Financial Consultant filed with the Trustee.

The Series A Bonds maturing on September 2, 20__ shall be subject to mandatory sinking fund redemption, in part, on September 2 in each year, commencing September 2, 20__, at a Redemption Price equal to the principal amount of the Series A Bonds to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

Sinking Fund Redemption Date (September 2)	Principal Amount to be Redeemed

If some but not all of the Series A Bonds maturing on September 2, 20__ are redeemed pursuant to Section 4.01(a), the principal amount of Series A Bonds maturing on September 2, 20__ to be redeemed pursuant to Section 4.01(c) on any subsequent September 2 shall be

reduced, by $5,000 or an integral multiple thereof, as designated by the Authority in a Written Certificate of the Authority filed with the Trustee, together with a certificate of an Independent Financial Consultant demonstrating that upon the proposed optional redemption of Series A Bonds, the Revenues attributable to the Outstanding Assessment Bonds will be sufficient in time and amount to pay when due the principal of and interest and premium, if any, on the Series A Bonds remaining Outstanding after such redemption; provided, however, that the aggregate amount of such reductions shall not exceed the aggregate amount of Series A Bonds maturing on September 2, 20__ redeemed pursuant to Section 4.01(a). If some but not all of the Series A Bonds maturing on September 2, 20__are redeemed pursuant to Section 4.01(b), the principal amount of Series A Bonds maturing on September 2, 20__ to be subsequently redeemed pursuant to Section 4.01(c) on any subsequent September 2 shall be reduced by the aggregate principal amount of the Series A Bonds maturing on September 2, 20__ so redeemed pursuant to Section 4.01(b), such reduction to be allocated as nearly as practicable in amounts of $5,000 or integral multiples thereof, on such basis that the remaining payments of principal and interest on the Assessment Bonds will be sufficient on a timely basis to redeem Series A Bonds maturing on September 2, 20__ pursuant to Section 4.01(c) on each such September 2, as shall be demonstrated in a report of an Independent Financial Consultant filed with the Trustee.

Section 4.02 **Notice of Redemption.** The Trustee on behalf and at the expense of the Authority shall mail (by first class mail) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and to the Securities Depositories and to one or more Information Services, at least 30 but not more than sixty (60) days prior to the date fixed for redemption. Such notice shall state the date of the notice, the redemption date, the redemption place and the Redemption Price and shall designate the Series of Bonds, the CUSIP numbers, the Bond numbers and the maturity or maturities (except in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the Office of the Trustee for redemption at the Redemption Price, giving notice also that further interest on such Bonds will not accrue from and after the date fixed for redemption. Neither the failure to receive any notice so mailed, nor any defect in such notice, shall affect the sufficiency of the proceedings for the redemption of the Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption.

Section 4.03 **Selection of Bonds for Redemption.** Whenever provision is made in this Indenture for the redemption of less than all of the Bonds of a Series maturing on a particular date, the Trustee shall select the Bonds of such Series maturing on such date to be redeemed from all Bonds of such Series maturing on such date not previously called for redemption, by lot in any manner which the Trustee in its sole discretion shall deem appropriate and fair. For purposes of such selection, all Bonds shall be deemed to be comprised of separate $5,000 denominations and such separate denominations shall be treated as separate Bonds which may be separately redeemed.

Section 4.04 **Partial Redemption of Bonds.** Upon surrender of any Bonds redeemed in part only, the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of authorized denominations equal in aggregate principal amount representing the unredeemed portion of the Bonds surrendered.

Section 4.05 **Effect of Notice of Redemption.** Notice having been mailed as aforesaid, and moneys for the redemption (including the interest to the applicable date fixed for redemption and including any applicable premium), having been deposited with the Trustee in the Redemption Account, the Bonds shall become due and payable on said date, and, upon presentation and surrender thereof at the Office of the Trustee, said Bonds shall be paid at the Redemption Price thereof, together with interest accrued and unpaid to said date.

If, on said date fixed for redemption, moneys for the redemption of all the Bonds to be redeemed, together with interest to said date, shall be held by the Trustee so as to be available therefor on such date, and, if notice of redemption thereof shall have been mailed as aforesaid and not canceled, then, from and after said date, interest on said Bonds shall cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions hereof shall be canceled upon surrender thereof and the Trustee shall deliver a certificate of destruction to the Authority.

ARTICLE V
SECURITY OF BONDS; FLOW OF FUNDS; INVESTMENTS

Section 5.01 **Pledge and Assignment; Revenue Fund.**

(a) Subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, all of the Revenues and any other amounts (including proceeds of the sale of the Bonds) held in any fund or account established pursuant to this Indenture are hereby pledged by the Authority to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms and the provisions of this Indenture. Said pledge shall constitute a first lien on such assets.

(b) The Authority hereby transfers in trust and assigns to the Trustee, for the benefit of the Owners from time to time of the Bonds, all of the Revenues and all of the right, title and interest of the Authority in the Assessment Bonds, if any. The Trustee shall be entitled to and shall collect and receive all of the Revenues, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority and shall forthwith be paid by the Authority to the Trustee. The Trustee also shall be entitled to and may take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the City under and with respect to the Assessment Bonds.

(c) All Revenues (other than principal and premium represented by Principal Prepayments) shall be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the "Revenue Fund" which the Trustee shall establish, maintain and hold in trust. All Principal Prepayments received by the Trustee shall be deposited by the Trustee in the Redemption Account which the Trustee shall establish, maintain and hold in trust to be applied to the redemption of Bonds pursuant to the terms hereof. All Revenues deposited with the

Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in this Indenture.

Section 5.02 **Application of Revenue Fund.** The Trustee shall transfer from the Revenue Fund and deposit into the following respective accounts within the Revenue Fund (each of which the Trustee shall establish and maintain in trust separate and distinct from the other funds and accounts established hereunder), the following amounts at the following times in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(a) On each Interest Payment Date or redemption date, the Trustee shall transfer to the Interest Account an amount which, together with the amounts then on deposit therein, is sufficient to cause the aggregate amount on deposit in the Interest Account to equal the amount then required to make any payment of interest on the Bonds pursuant to Section 5.03.

(b) Following the foregoing transfer, on each September 2, commencing September 2, 2012, the Trustee shall transfer to the Principal Account an amount which, together with the amounts then on deposit therein, is sufficient to cause the aggregate amount on deposit in the Principal Account to equal the aggregate amount of principal then coming due and payable on the Bonds, whether as a result of the maturity thereof or as a result of the mandatory sinking fund redemption thereof.

(c) Following the foregoing transfers, on each September 3, the Trustee shall transfer to the Reserve Fund held pursuant to the Fiscal Agent Agreement an amount which, together with amounts then on deposit therein, is sufficient to cause the aggregate amount in the Reserve Fund to equal the Reserve Requirement.

(d) Following the foregoing transfers, on each September 3 the Trustee shall transfer to the Surplus Account all amounts remaining on deposit in the Revenue Fund.

Section 5.03 **Application of Interest Account.** Subject to the provisions of this Indenture, all amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it shall become due and payable. Any amounts on deposit in the Interest Account on any Interest Payment Date and not required to pay interest then due and payable on the Bonds shall be retained in the Interest Account and credited towards the payment of interest on the Bonds next coming due.

Section 5.04 **Application of Principal Account.** Subject to the provisions of this Indenture, all amounts in the Principal Account shall be used and withdrawn by the Trustee solely to pay the principal of the Bonds as it shall become due and payable, whether as a result of the maturity thereof or as result of the mandatory sinking fund redemption thereof.

Section 5.05 **Application of Redemption Account.** Subject to the provisions of this Indenture, all amounts deposited in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of redeeming Bonds in the manner and upon the terms and conditions set forth herein.

Section 5.06 Application of Surplus Account.

(a) Pursuant to the Fiscal Agent Agreement, the City will cause the Fiscal Agent thereunder to deliver to the Trustee on July 1 of each year, a written notification stating, with respect to the Assessment Bonds issued pursuant to such Fiscal Agent Agreement (i) the amount of the debt service payable on such Assessment Bonds on the following September 2, (ii) the amount on deposit in the Redemption Account established for such Assessment Bonds under the Fiscal Agent Agreement relating thereto as of such July 1, and (iii) the amount, if any, by which the amount on deposit in the Assessment Reserve Fund established for such Assessment Bonds under such Fiscal Agent Agreement on such July 1 is less than the Assessment Reserve Requirement therefor.

(b) Upon receipt of such notifications, the Trustee shall provide copies thereof to the Assessment Consultant, together with a copy of the Written Request of the City delivered by the City pursuant to subsection (c), below, and received by the Trustee on or prior to the preceding June 30. The Authority shall cause the Assessment Consultant to determine, based on the amount on deposit in the Surplus Account as of such July 1 (i) with respect to each issue, series or group of Assessment Bonds, the amount, if any, expected to be available to be transferred from the Surplus Account to the Fiscal Agent under the Fiscal Agent Agreement pursuant to which such Assessment Bonds are issued for deposit in the Assessment Reserve Fund established under such Fiscal Agent Agreement for such Assessment Bonds, and (ii) with respect to each issue, series or group of Assessment Bonds, the amount expected to be available to be transferred from the Surplus Account to the Fiscal Agent under the Fiscal Agent Agreement pursuant to which such Assessment Bonds are issued for deposit in the Redemption Fund established under such Fiscal Agent Agreement for such Assessment Bonds. The Authority shall cause the Assessment Consultant to deliver to the Trustee, no later than July 10, a written notification setting forth such determinations. Based on such notification, the Trustee shall, no later than July 15, with respect to each issue, series or group of Assessment Bonds, deliver to the Fiscal Agent under the Fiscal Agent Agreement pursuant to which such Assessment Bonds are issued a written notification stating the amount the Trustee expects to transfer from the Surplus Account to such Fiscal Agent for deposit on the following September 3 in the Assessment Reserve Fund and Redemption Fund, respectively, established for such Assessment Bonds under such Fiscal Agent Agreement.

(c) On or before June 30 of each year, the Authority may, pursuant to a Written Request of the City, direct the Trustee to transfer, on the following September 3, from the Surplus Account to the Administrative Costs Account an amount sufficient to pay Administrative Costs through the September 2 following such September 3. On September 1 of each year the Trustee shall deliver to each Fiscal Agent a written notification of the actual amounts to be transferred to such Fiscal Agent pursuant to clauses (ii) and (iii), below. On September 3 of each year, amounts on deposit in the Surplus Account shall be applied as follows:

(i) the amount, if any, specified in the Written Request of the Authority received on or prior to the preceding June 30 shall be transferred to the Administrative Costs Account;

(ii) if and to the extent necessary, there shall be transferred, with respect to each issue, series or group of Assessment Bonds to the Fiscal Agent under the Fiscal Agent Agreement pursuant to which such Assessment Bonds are issued for deposit in the Assessment Reserve Fund established under such Fiscal Agent Agreement for such Assessment Bonds relating thereto, a portion of the remainder of such amounts sufficient to cause the amount on deposit therein to be at least equal to the Assessment Reserve Requirement therefor; provided, however, that if the remainder of such amounts is not sufficient to make all such transfers in full, the remainder of said amounts shall be transferred for deposit in the Assessment Reserve Fund so established for each issue, series or group of Assessment Bonds pro rata based on the amount of the respective Assessment Reserve Requirement for each such issue, series or group of Assessment Bonds; and

(iii) the remainder of such amounts shall be transferred with respect each issue, series or group of Assessment Bonds, to the Fiscal Agent for deposit in the Redemption Fund established under the Fiscal Agent Agreement pursuant to which such Assessment Bonds are issued pro rata based on the respective amounts of scheduled debt service payable on each such issue, series or group of Assessment Bonds during the Bond Year immediately preceding such September 3; provided, however, that if, as of the prior July 1, the amount on deposit in the Redemption Fund established for an issue, series or group of Assessment Bonds under the Fiscal Agent Agreement pursuant to which such Assessment Bonds are issued was in excess of the debt service payable on such Assessment Bonds on the September 2 following such July 1, as shown by the written notification of the Fiscal Agent under such Fiscal Agent Agreement delivered pursuant to subsection (a) above, then the amount allocated for deposit in such Redemption Fund shall be reduced by an amount equal to such excess and, provided, further, that if the remainder of such amounts is not sufficient to make all such transfers in full, then the remainder of said amounts shall be transferred pro rata based on the amounts specified to be transferred pursuant to the preceding provisions of this clause (iii).

Section 5.07 **Administrative Costs Account.** The moneys in the Administrative Costs Account shall be used and withdrawn by the Trustee from time to time to pay Administrative Costs upon submission of a Written Request of the Authority stating (a) the Person to whom payment is to be made, (b) the amount to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment constitutes an Administrative Cost and is a proper charge against the Administrative Costs Account, and (e) that such amounts have not been the subject of a prior disbursement from the Administrative Costs Account; in each case together with a statement or invoice for each amount requested thereunder.

Section 5.08 **Investment of Moneys.** Except as otherwise provided herein, all moneys in any of the funds or accounts established pursuant to this Indenture shall be invested by the Trustee solely in Permitted Investments, as directed in writing by the Authority two Business Days prior to the making of such investment. All Permitted Investments shall be acquired subject to any restrictive instructions given to the Trustee pursuant to Section 6.10 and such additional limitations or requirements consistent with the foregoing as may be established by the Written Request of the Authority. Moneys in all funds and accounts shall be invested in Permitted Investments maturing not later than the date on which it is estimated that such moneys

will be required for the purposes specified in this Indenture. Absent timely written direction from the Authority, the Trustee shall invest any funds held by it in Permitted Investments described in clause (6) of the definition thereof.

Subject to the provisions of Section 6.10, all interest, profits and other income received from the investment of moneys in any fund or account established pursuant to this Indenture shall be retained therein; provided, however, that such interest, profits and other income shall be available for the payment of any rebate that may be owed under the Code, as specified in a Written Request of the Authority delivered to the Trustee.

Permitted Investments acquired as an investment of moneys in any fund established under this Indenture shall be credited to such fund. Except as otherwise provided in the following sentence, all investments of amounts deposited in any fund or account created by or pursuant to this Indenture shall be acquired, disposed of, and valued at fair market value.

The Trustee may act as principal or agent in the making or disposing of any investment. Upon the Written Request of the Authority, the Trustee shall sell or present for redemption, any Permitted Investments so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Permitted Investments is credited, and the Trustee shall not be liable or responsible for any loss resulting from any investment made or sold pursuant to this Section. If and to the extent necessary to pay principal of or interest on the Bonds, the Trustee shall sell or present for redemption any Permitted Investments credited to the Revenue Fund, or any account therein, and the Trustee shall not be liable or responsible for any loss resulting from any sale or redemption made for such purpose. For purposes of investment, the Trustee may commingle moneys in any of the funds and accounts established hereunder.

ARTICLE VI
PARTICULAR COVENANTS

Section 6.01 **Punctual Payment.** The Authority shall punctually pay or cause to be paid the principal, premium, if any and interest to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof, but only out of the Revenues and other assets pledged for such payment as provided in this Indenture and received by the Authority or the Trustee.

Section 6.02 **Extension of Payment of Bonds.** The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case, of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the Authority to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

Section 6.03 **Against Encumbrances.** The Authority shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other assets pledged or assigned under this Indenture while any of the Bonds are Outstanding.

Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, including other programs under the Bond Law, and reserves the right to issue other obligations for such purposes.

Section 6.04 **Power to Issue Bonds and Make Pledge and Assignment.** The Authority is duly authorized pursuant to law to issue the Bonds and to enter into this Indenture and to pledge the Revenues and other assets purported to be pledged under this Indenture in the manner and to the extent provided in this Indenture. The Bonds and the provisions of this Indenture are and will be the legal, valid and binding special obligations of the Authority in accordance with their terms, and the Authority and the Trustee (subject to the provisions of Articles VII and VIII) shall at all times, to the extent permitted by law, defend, preserve and protect said pledge and assignment of Revenues and other assets and all the rights of the Bond Owners under this Indenture against all claims and demands of all Persons whomsoever.

Section 6.05 **Accounting Records and Financial Statements.** The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with trust industry standards, in which complete and accurate entries shall be made of all transactions relating to the proceeds of the Bonds, the Revenues, the Assessment Bonds and all funds and accounts established pursuant to this Indenture. Such books of record and account shall be available for inspection by the Authority and the City, during regular business hours and upon 24 hours' notice and under reasonable circumstances as agreed to by the Trustee. The Trustee shall deliver to the Authority a monthly accounting of the funds and accounts it holds under this Indenture; provided, however, that the Trustee shall not be obligated to deliver such accounting for any fund or account that has a balance of zero.

Section 6.06 **Waiver of Laws.** The Authority shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in this Indenture or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Authority to the extent permitted by law.

Section 6.07 **Collection of Revenues.** The Trustee shall collect and cause to be paid to it all Revenues promptly as such Revenues become due and payable, and shall vigorously enforce and cause to be enforced all rights of the Trustee under and with respect to the Assessment Bonds.

Section 6.08 **Disposition of Assessment Bonds.** The Trustee shall not sell or otherwise dispose of the Assessment Bonds, or any interest therein, unless either (a) there shall have occurred and be continuing an Event of Default hereunder, or (b) the proceeds derived by the Trustee from such sale or other disposition are sufficient to enable the Trustee to redeem or defease all of the Outstanding Bonds in accordance with the terms hereof.

Section 6.09 **Amendment of Assessment Bonds**. Neither the Trustee nor the Authority shall consent or agree to consent to any amendment or modification of any Fiscal Agent Agreement or the Assessment Bonds, unless the Authority shall have obtained, and caused to be filed with the Trustee, (a) the report of an Independent Financial Consultant stating that such amendment or modification will not cause a reduction in the amount of Revenues required to pay debt service on the Bonds, and (b) an opinion of Bond Counsel stating that such amendment or modification will not materially adversely impair the interests of the Bond Owners hereunder, and will not cause interest on the Bonds to be includable in gross income of the Bond Owners for federal income tax purposes.

Section 6.10 **Tax Covenants.**

(a) The Authority and the City shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Assessment Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the Authority and the City shall comply with the requirements of the Tax Certificate, which is incorporated herein as if fully set forth herein. This covenant shall survive payment in full or defeasance of the Assessment Bonds.

(b) In the event that at any time the Authority is of the opinion that for purposes of this Section it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Trustee in any of the funds or accounts established hereunder, the Authority shall so instruct the Trustee in writing, and the Trustee shall act in accordance with such instructions.

(c) Notwithstanding any provisions of this Section, if the Authority shall provide to the Trustee an opinion of Bond Counsel to the effect that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Assessment Bonds, the Trustee may conclusively rely on such opinion in complying with the requirements of this Section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

Section 6.11 **Continuing Disclosure.** Pursuant to the Continuing Disclosure Agreement, the City has undertaken all responsibility for compliance with continuing disclosure requirements with respect to the Series A Bonds, and the Authority shall have no liability to the holders of the Series A Bonds or any other person with respect to such continuing disclosure requirements. The Trustee hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Indenture, failure of the City or the Trustee to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default.

Section 6.12 **Further Assurances.** The Authority will make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in this Indenture.

ARTICLE VII
EVENTS OF DEFAULT AND REMEDIES OF BOND OWNERS

Section 7.01 **Events of Default.** The following events shall be Events of Default:

(a) Failure to pay any installment of principal of any Bonds when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise.

(b) Failure to pay any installment of interest on any Bonds when and as the same shall become due and payable.

(c) Failure by the Authority to observe and perform any of the other covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, if such failure shall have continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the Authority by the Trustee or the Owners of not less than 25% in aggregate principal amount of the Bonds at the time Outstanding; provided, however, if in the reasonable opinion of the Authority the failure stated in the notice can be corrected, but not within such 30 day period, such failure shall not constitute an Event of Default.

(d) The Authority shall commence a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

Section 7.02 **Remedies Under Assessment Bonds.** If any Event of Default shall occur under Section 7.01(a) or (b) then, and in each and every such case during the continuance of such Event of Default, the Trustee may, upon notice in writing to the Authority, exercise any and all remedies available pursuant to law or granted with respect to the Assessment Bonds.

Section 7.03 **Other Remedies.** In addition to rights under Section 7.02, the Trustee shall have the right:

(a) by mandamus, suit, action or proceeding, to compel the Authority and its members, officers, agents or employees to perform each and every term, provision and covenant contained in this Indenture and in the Bonds, and to require the carrying out of any or all such covenants and agreements of the Authority and the fulfillment of all duties imposed upon it by the Bond Law;

(b) by suit, action or proceeding in equity, to enjoin any acts or things which are unlawful, or the violation of any of the Bond Owners' or the Trustee's rights; or

(c) by suit, action or proceeding in any court of competent jurisdiction, to require the Authority and its members and employees to account as if it and they were the trustees of an express trust.

Section 7.04 **Application of Revenues and Other Funds After Default.** If an Event of Default shall occur and be continuing, all Revenues and any other funds then held or

thereafter received by the Trustee under any of the provisions of this Indenture shall be applied by the Trustee as follows and in the following order:

(a) To the payment of reasonable fees, charges and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under this Indenture;

(b) To the payment of the principal of and interest then due with respect to the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of this Indenture, as follows:

First: To the payment to the Persons entitled thereto of all installments of interest then due 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 of any Bonds which shall have become due, whether at maturity or by call for redemption, with interest on the overdue principal at the rate borne by the respective Bonds on the date of maturity or redemption, and, if the amount available shall not be sufficient to pay in full all the Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the Persons entitled thereto, without any discrimination or preference.

(c) Third: Any remaining funds shall be transferred by the Trustee to the Revenue Fund.

Section 7.05 Trustee to Represent Bond Owners. The Trustee is hereby irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to the Owners under the provisions of the Bonds, this Indenture, the Bond Law and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bond Owners, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee and such Owners under the Bonds, this Indenture, the Bond Law or any other law; and upon instituting such proceeding, the

Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Revenues and other assets pledged under this Indenture, pending such proceedings. All rights of action under this Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of the Owners of such Bonds, subject to the provisions of this Indenture.

Section 7.06 **Bond Owners' Direction of Proceedings.** Anything in this Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable satisfaction, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bond Owners not parties to such direction.

Section 7.07 **Limitation on Bond Owners' Right to Sue.** No Owner of any Bonds shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture, the Bond Law or any other applicable law with respect to such Bonds, unless (a) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default, (b) the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name, (c) such Owner or said Owners shall have tendered to the Trustee indemnity against the costs, expenses and liabilities to be incurred in compliance with such request, and (d) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture or the rights of any other Owners of Bonds, or to enforce any right under the Bonds, this Indenture, the Bond Law or other applicable law with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of this Indenture.

Section 7.08 **Absolute Obligation of Authority.** Nothing in Section 7.07 or in any other provision of this Indenture or in the Bonds contained shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective Owners of the Bonds at their respective dates of maturity, or upon call for redemption, as herein provided, but only out of the Revenues and other assets herein pledged

therefor and received by the Authority or the Trustee, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

Section 7.09 **Termination of Proceedings.** In case any proceedings taken by the Trustee or any one or more Bond Owners on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Bond Owners, then in every such case the Authority, the Trustee and the Bond Owners, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the Authority, the Trustee and the Bond Owners shall continue as though no such proceedings had been taken.

Section 7.10 **Remedies Not Exclusive.** No remedy herein conferred upon or reserved to the Trustee or to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

Section 7.11 **No Waiver of Default.** No delay or omission of the Trustee or of any Owner of the Bonds to exercise any right or power arising upon the occurrence of any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or to the Owners of the Bonds may be exercised from time to time and as often as may be deemed expedient.

ARTICLE VIII
THE TRUSTEE

Section 8.01 **Duties and Liabilities of Trustee.**

(a) *Duties of Trustee Generally*. The Trustee shall, prior to an Event of Default, and after the curing of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in this Indenture. The Trustee shall, during the existence of any Event of Default which has not been cured, exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) *Removal of Trustee*. The Authority may upon 30 days' prior written notice remove the Trustee at any time unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with subsection (e) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control

or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee and thereupon shall appoint a successor Trustee by an instrument in writing.

(c) *Resignation of Trustee*. The Trustee may at any time resign by giving written notice of such resignation by first class mail, postage prepaid, to the Authority, and to the Bond Owners notice of such resignation at the respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing. The Trustee shall not be relieved of its duties until such successor Trustee has accepted appointment.

(d) *Appointment of Successor Trustee*. Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee; provided, however, that under any circumstances the successor Trustee shall be qualified as provided in subsection (e) of this Section. If no qualified successor Trustee shall have been appointed and have accepted appointment within 45 days following giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Bond Owner (on behalf of himself and all other Bond Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice, if any, as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the Authority and to its predecessor Trustee a written acceptance thereof, and to the predecessor Trustee an instrument indemnifying the predecessor Trustee for any costs or claims arising during the time the successor Trustee serves as Trustee hereunder, and after payment by the Authority of all unpaid fees and expenses of the predecessor Trustee, such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Written Request of the Authority or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Authority shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the Authority shall mail or cause the successor Trustee to mail, by first class mail postage prepaid, a notice of the succession of such Trustee to the trusts hereunder to each rating agency which then maintains a rating on the Bonds and to the Bond Owners at the addresses shown on the Registration Books. If the Authority fails to mail such notice within 15 days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Authority.

(e) *Fiscal Agent To Act As Trustee Hereunder*. Notwithstanding anything herein to the contrary, so long as the Trustee shall be the owner of the Assessment Bonds, no

entity shall be qualified to act as the Trustee (or to act as any successor Trustee) except the entity acting as the Fiscal Agent. Upon any resignation or removal of the entity acting as the Fiscal Agent in accordance with the Fiscal Agent Agreement, such event shall automatically cause the resignation or removal of the Trustee hereunder; and upon the appointment of an entity to act as successor Fiscal Agent in accordance with the Fiscal Agent Agreement, such appointment shall automatically constitute the appointment of a successor Trustee hereunder. Under no circumstances shall the Trustee be removed or resign hereunder unless the entity acting as the Fiscal Agent shall be removed or resign as such under and pursuant to the Fiscal Agent Agreement.

In the event that the Trustee shall no longer be the owner of the Assessment Bonds, the Trustee appointed under the provisions of this Section 8.01 in succession to the Trustee shall be a trust company or bank having the powers of a trust company, having (or if such bank or trust company is a member of a bank holding company system, its parent bank holding company has) a combined capital and surplus of at least one hundred million dollars ($100,000,000), and subject to supervision or examination by federal or state agency. 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 agency above referred to, then for the purpose of this subsection 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.

In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

Section 8.02 **Merger or Consolidation.** Any bank or trust company into which the Trustee may be merged or converted or with which it may be consolidated or any bank or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank or trust company shall be eligible under subsection (e) of Section 8.01 shall be the successor to such Trustee, without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 8.03 **Liability of Trustee.**

(a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the Authority, and the Trustee shall not assume responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of this Indenture or of the Bonds or shall incur any responsibility in respect thereof, other than as expressly stated herein in connection with the respective duties or obligations herein or in the Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee makes no representations as to the validity or sufficiency of the Indenture or of any Bonds, or in respect of the security afforded by the Indenture and the Trustee shall incur no responsibility in respect thereof. The Trustee shall be under no responsibility or duty with respect to: (i) the issuance of the Bonds for value; (ii) the application of the proceeds thereof except to the extent that such proceeds are received by it in its capacity as Trustee; (iii) the application of any moneys paid to the Authority or others in

accordance with the Indenture except as the application of any moneys paid to it in its capacity as Trustee; or (iv) interest on any moneys received by it that, as a result of the absence of instructions from the Authority, or as a result of inadequate or incomplete instructions from the Authority, regarding the disposition of such moneys, have not been deposited by the Trustee in a fund or account established hereunder. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee shall not be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by the Indenture. The Trustee may become the Owner of Bonds with the same rights it would have if it were not Trustee, and, to the extent permitted by law, may act as depository for and permit any of 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 Bond Owners, whether or not such committee shall represent the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

(b) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

(c) 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 Bonds at the time 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 Indenture.

(d) No personal recourse may be taken, directly or indirectly, against any officer, director, agent or employee of the Trustee with respect to the obligations of the Trustee under this Indenture or any certificate or other writing delivered in connection therewith.

(e) In the event the Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of Bond Owners, each representing less than a majority of the aggregate principal amount of Bonds then outstanding, the Trustee, in its sole discretion, may determine what action, if any, shall be taken. The Trustee shall not be liable with respect to any such action taken or omitted to be taken by it in good faith.

(f) Except for information provided by the Trustee concerning the Trustee, the Trustee shall have no responsibility for any information in any offering memorandum or other disclosure material distributed with respect to the Bonds, and the Trustee shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

Section 8.04 **Right to Rely on Documents.** The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bonds or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel of or to the Authority, 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 and in accordance therewith; provided, however, the Trustee shall in no event delay any payment with respect to the Bonds in anticipation of any such opinion.

Whenever in the administration of the trusts imposed upon it by this Indenture 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) may be deemed to be conclusively proved and established by a Written Certificate of the Authority, and such Written Certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Written Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

Section 8.05 **Preservation and Inspection of Documents.** All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject during business hours and upon 24 hours' notice to the inspection of the Authority, the City and their agents and representatives duly authorized in writing.

Section 8.06 **Compensation and Indemnification.** In accordance with the Purchase Agreement, the City shall pay to the Trustee from amounts on deposit in the Administrative Costs Account or other available funds and from time to time all reasonable compensation for all services rendered under this Indenture, and also all reasonable expenses, charges, legal and consulting fees and other disbursements and those of its attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Indenture. The City has further agreed in the Purchase Agreement to indemnify and save the Trustee harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder and under any related documents, including the enforcement of any remedies and the defense of any suit, and which are not due to its negligence or its willful misconduct. Without limiting the generality of the foregoing, in performing its duties under the Continuing Disclosure Agreement and any other related agreements the Trustee shall be entitled to all of the rights, protection and immunities accorded to it as Trustee under this Indenture. The Trustee's immunities and protection from liability and its right to payment of compensation and indemnification in connection with performance of its duties and functions under this Indenture shall survive the Trustee's resignation or removal and the final payment of the Bonds. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages. The Trustee shall not be required to give any bond or surety with respect to the execution of its trusts, powers, rights or duties under this Indenture. The Trustee's immunities and protection from liability and its right to indemnification in connection with the performance of its duties and functions under this Indenture shall extend to the Trustee's officers, directors, employees and agents.

Section 8.07 **Provisions Affecting the Trustee.** Whether or not expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article VIII.

ARTICLE IX
MODIFICATION OR AMENDMENT

Section 9.01 Amendments Permitted.

(a) This Indenture and the rights and obligations of the Authority, the Owners of the Bonds and the Trustee may be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority and the Trustee may enter into with the written consent of the Owners of a majority in aggregate principal amount of all Bonds then Outstanding, which shall have been filed with the Trustee. No such modification or amendment shall (i) extend the fixed maturity of any Bonds, or reduce the amount of principal thereof, or reduce the interest rate borne thereby, or extend the time of payment, without the consent of the Owner of each Bond so affected, or (ii) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, without the consent of the Owners of all of the Bonds then Outstanding, or (iii) permit the creation of any lien on the Revenues and other assets pledged under this Indenture prior to or on a parity with the lien created by this Indenture or deprive the Owners of the Bonds of the lien created by this Indenture on such Revenues and other assets (except as expressly provided in this Indenture), without the consent of the Owners of all of the Bonds then Outstanding. It shall not be necessary for the consent of the Bond Owners to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the Authority and the Trustee of any Supplemental Indenture pursuant to this subsection (a), the Trustee shall mail a notice (the form of which shall be furnished to the Trustee by the Authority), by first class mail postage prepaid, setting forth in general terms the substance of such Supplemental Indenture, to the Owners of the Bonds at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

(b) This Indenture and the rights and obligations of the Authority, the Trustee and the Owners of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority and the Trustee may enter into without the consent of any Bond Owners for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Authority in this Indenture contained other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the Authority;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision contained in this Indenture;

(iii) to modify, amend or supplement this Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute;

(iv) to modify, amend or supplement this Indenture in such manner as to cause interest on the Bonds to be excludable from gross income for purposes of federal income taxation by the United States of America; and

(v) in any other respect whatsoever as the Authority may deem necessary or desirable, provided that such modification or amendment does not materially adversely affect the interests of the Bond Owners hereunder, in the opinion of Bond Counsel filed with the Authority and the Trustee.

Section 9.02 **Effect of Supplemental Indenture.** Upon the execution of any Supplemental Indenture pursuant to this Article, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Authority, the Trustee and all Owners of Bonds Outstanding 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 such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 9.03 **Endorsement of Bonds; Preparation of New Bonds.** Bonds delivered after the execution of any Supplemental Indenture pursuant to this Article may, and if the Authority so determines shall, bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand of the Owner of any Bonds Outstanding at the time of such execution and presentation of his Bonds for the purpose at the Office of the Trustee a suitable notation shall be made on such Bonds. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the Authority and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the Authority and authenticated by the Trustee, and upon demand of the Owners of any Bonds then Outstanding shall be exchanged at the Office of the Trustee, without cost to any Bond Owner, for Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amount of the same interest rate and maturity.

Section 9.04 **Amendment of Particular Bonds.** The provisions of this Article shall not prevent any Bond Owner from accepting any amendment as to the particular Bonds held by such Owner.

ARTICLE X
DEFEASANCE

Section 10.01 **Discharge of Indenture.**

(a) If the Authority shall pay or cause to be paid or there shall otherwise be paid (i) to the Owners of all or any portion of the Outstanding Bonds the principal thereof and the premium, if any, and interest thereon at the times and in the manner stipulated herein and therein, and (ii) all other amounts due hereunder, then such Owners of such Outstanding Bonds shall cease to be entitled to the pledge of and lien on the Revenues as provided herein, and all agreements and covenants of the Authority and the Trustee to such Owners hereunder shall thereupon cease, terminate and become void and shall be discharged and satisfied.

(b) Any Outstanding Bond shall be deemed to have been paid within the meaning and with the effect expressed in this Section 10.01 when the whole amount of the principal thereof and the premium, if any, and interest thereon shall have been paid or when (i) in case said Bond or portion thereof has been selected for redemption in accordance with Section 4.03 hereof prior to its stated maturity date, the Authority shall have given to the Trustee irrevocable instructions to give, in accordance with the provisions of Section 4.02 hereof, notice of redemption of such Bond, or portion thereof, (ii) there shall be on deposit with the Trustee, moneys, or Permitted Investments described in clause (1) of the definition thereof ("Defeasance Securities"), which Defeasance Securities shall not contain provisions permitting the redemption thereof other than at the option of the holder, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which shall be sufficient to pay when due the principal of and premium, if any, and interest on such Bond and due and to become due on said Bond or portion thereof on or prior to the redemption date or its stated maturity date, as the case may be, and (iii) in the event said Bond does not mature and is not to be redeemed within the next succeeding 60 days, the Authority shall have given the Trustee irrevocable instructions to give notice, as soon as practicable in the same manner as a notice of redemption given pursuant to Section 4.02 hereof, to the Owner of said Bond, or portion thereof, stating that the deposit of moneys or Defeasance Securities required by clause (ii) of this paragraph has been made with the Trustee and that said Bond, or portion thereof, is deemed to have been paid in accordance with this Section and stating such maturity date or redemption date upon which moneys are to be available for the payment of the principal of and premium, if any, and interest on such Bond, or portion thereof. Neither the moneys nor the Defeasance Securities deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and premium, if any, and interest on such Bond, or portions thereof. If payment of less than all of the Bonds is to be provided for in the manner and with the effect expressed in this Section, the Trustee shall select such Bonds, or portions thereof, in the manner specified in Section 4.03 hereof for selection for redemption of less than all of the Bonds in the principal amounts designated to the Trustee by the Authority.

(c) The Trustee may seek and is entitled to rely upon (i) an opinion of Bond Counsel reasonably satisfactory to the Trustee to the effect that the conditions precedent to a defeasance pursuant to this Section 10.01 have been satisfied, and (ii) such other opinions, certifications and computations, as the Trustee may reasonably request, of accountants or other financial consultants concerning the matters described in paragraph (b) of this Section 10.01.

(d) After the payment of all the principal of and premium, if any, and interest on all Outstanding Bonds and all other amounts due hereunder as provided in this Section, the Trustee shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence the discharge and satisfaction of the Indenture, and the Trustee shall pay over or deliver to the Authority all moneys or securities held by it pursuant hereto which are not required for the payment of the principal of and premium, if any, and interest on such Bonds and all other amounts due hereunder.

Section 10.02 **Payment of Bonds After Discharge of Indenture.** Notwithstanding any provisions of this Indenture, subject to the escheat laws of the State any moneys held by the Trustee in trust for the payment of the principal of, premium, if any, or interest on, any Bonds

and remaining unclaimed for two years after the date of deposit of such moneys shall be repaid to the Authority free from the trusts created by this Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Authority as aforesaid, the Trustee may (at the cost of the Authority) first mail, by first class mail postage prepaid, to the Owners of Bonds which have not yet been paid, at the respective addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Authority of the moneys held for the payment thereof.

ARTICLE XI
MISCELLANEOUS

Section 11.01 Liability of Authority Limited to Revenues. Notwithstanding anything in this Indenture or in the Bonds contained, the Authority shall not be required to advance any moneys derived from any source other than the Revenues and other assets pledged under this Indenture for any of the purposes in this Indenture mentioned, whether for the payment of the principal of or interest on the Bonds or for any other purpose of this Indenture. Nevertheless, the Authority may, but shall not be required to, advance for any of the purposes hereof any funds of the Authority which may be made available to it for such purposes.

The Bonds shall be limited obligations of the Authority and shall be payable solely from the Revenues and other assets pledged hereunder. The Bonds do not constitute a debt or liability of the City or of the State of California, or any political subdivision thereof, and neither the faith and credit nor the taxing power of the Authority, the City or the State, or any political subdivision thereof, is pledged to the payment of the principal of or interest on the Bonds.

Section 11.02 Successor Is Deemed Included in All References to Predecessor. Whenever in this Indenture either the Authority or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Authority or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 11.03 Limitation of Rights to Parties and Bond Owners. Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any Person other than the Authority, the Trustee, the City and the Owners of the Bonds, any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Authority, the Trustee, the City and the Owners of the Bonds.

Section 11.04 Waiver of Notice; Requirement of Mailed Notice. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the Person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver. Whenever in this Indenture any notice shall be required to be given

by mail, such requirement shall be satisfied by the deposit of such notice in the United States mail, postage prepaid, by first class mail.

Section 11.05 **Destruction of Bonds.** Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the Authority of any Bonds, the Trustee may, upon the Written Request of the Authority, in lieu of such cancellation and delivery, destroy such Bonds (in the presence of an officer of the Authority, if the Authority shall so require) as may be allowed by law, and deliver a certificate of such destruction to the Authority.

Section 11.06 **Severability of Invalid Provisions.** If any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Authority hereby declares that it would have entered into this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

Section 11.07 **Notices.** All notices or communications herein required or permitted to be given to the Authority or the Trustee shall be in writing and shall be deemed to have been sufficiently given or served for all purposes by being delivered or sent by telecopy or by being deposited, postage prepaid, in a post office letter box, to the addresses set forth below, or to such other address as may be provided to the other parties hereinafter listed in writing from time to time, namely:

If to the Authority:	Irvine Public Facilities and Infrastructure Authority c/o City of Irvine One Civic Center Plaza Irvine, California 92606-5208 Attention: Manager of Fiscal Services
If to the Trustee:	The Bank of New York Mellon Trust Company, N.A. _____ _____

Section 11.08 **Evidence of Rights of Bond Owners.** Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Bond Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Bond Owners in Person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any Person of Bonds transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and the Authority if made in the manner provided in this Section.

The fact and date of the execution by any Person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the Person signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The ownership of Bonds shall be proved by the Registration Books.

Any request, consent, or other instrument or writing of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in accordance therewith or reliance thereon.

Section 11.09 Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are known by the Trustee to be owned or held by or for the account of the Authority or the City, or by any other obligor on the Bonds, or by any affiliate of the Authority or the City or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not an affiliate of the Authority or the City or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

Section 11.10 Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest, principal or premium due on any date with respect to particular Bonds (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto, subject, however, to the provisions of Section 10.02 but without any liability for interest thereon.

Section 11.11 Funds and Accounts. Any fund or account required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with industry standards to the extent practicable, and with due regard for the requirements of Section 6.05 and for the protection of the security of the Bonds and the rights of every Owner thereof. The Trustee may establish such funds and accounts as it deems necessary or appropriate to perform its obligations hereunder.

Section 11.12 Payment on Non-Business Days. In the event any payment is required to be made hereunder on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day with the same effect as if made on such non-Business Day.

Section 11.13 **Waiver of Personal Liability.** No member, officer, agent or employee of the Authority shall be individually or personally liable for the payment of the principal of or premium or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or by this Indenture.

Section 11.14 **Execution in Several Counterparts.** This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 11.15 **Governing Laws.** This Indenture shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the Authority has caused this Indenture to be signed in its name by its officer thereunto duly authorized, and the Trustee, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

IRVINE PUBLIC FACILITIES AND
INFRASTRUCTURE AUTHORITY

By:_____

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee

By:_____
Authorized Officer

EXHIBIT A
FORM OF SERIES A BOND

No. _____ $_____

IRVINE PUBLIC FACILITIES AND INFRASTRUCTURE AUTHORITY
ASSESSMENT REVENUE BOND
2011 SERIES A

RATE OF INTEREST: MATURITY DATE: ORIGINAL ISSUE DATE:

CUSIP:

REGISTERED OWNER:

PRINCIPAL AMOUNT:

The IRVINE PUBLIC FACILITIES AND INFRASTRUCTURE AUTHORITY, an instrumentality of the City of Irvine (the "City") organized and existing under the Code of Ordinances of the City (the "Authority"), for value received, hereby promises to pay (but only out of the Revenues and other moneys and securities hereinafter referred to) to the Registered Owner identified above or registered assigns (the "Registered Owner"), on the Maturity Date identified above or on any earlier redemption date, the Principal Amount identified above in lawful money of the United States of America; and to pay interest thereon at the Rate of Interest identified above in like lawful money from the date hereof, which date shall be the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond (unless this Bond is authenticated on or before an Interest Payment Date and after the fifteenth calendar day of the month preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or prior to _____, in which event it shall bear interest from the Original Issue Date identified above; provided, however, that if, at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest hereon has previously been paid or made available for payment), payable semiannually on March 2 and September 2 in each year, commencing March 2, 2012 (the "Interest Payment Dates") until payment of such Principal Amount in full. The Principal Amount hereof is payable upon surrender hereof upon maturity or earlier redemption at the principal corporate trust office (the "Trust Office") of The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), in Houston, Texas. Interest hereon is payable by check of the Trustee mailed by first class mail on each Interest Payment Date to the Registered Owner hereof at the address of the Registered Owner as it appears on the Registration Books of the Trustee as of the close of business on the fifteenth calendar day of the month preceding such Interest Payment Date.

This Bond is one of a duly authorized issue of bonds of the Authority designated the "Irvine Public Facilities and Infrastructure Authority Assessment Revenue Bonds, 2011 Series A" (the "Series A Bonds"), limited in principal amount to $_____, secured by an

Indenture of Trust, dated as of December 1, 2011 (the "Indenture"), by and between the Authority and the Trustee. Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the owners of the Bonds, of the nature and extent of the Revenues (as that term is defined in the Indenture), of the rights, duties and immunities of the Trustee and of the rights and obligations of the Authority thereunder; and all of the terms of the Indenture are hereby incorporated herein and constitute a contract between the Authority and the Registered Owner hereof, and to all of the provisions of which Indenture the Registered Owner hereof, by acceptance hereof, assents and agrees.

The Bonds are authorized to be issued pursuant to the provisions of Chapter 6 of Division 7 of Title 2 of the City of Irvine Municipal Code (the "Act") and specifically Section 2-7-631 et seq. thereof (the "Bond Law"). The Bonds are special obligations of the Authority and, as and to the extent set forth in the Indenture, are payable solely from and secured by a first lien on and pledge of the Revenues and certain assets held by the Trustee as provided in the Indenture. All of the Bonds are equally secured by a pledge of, and lien upon, all of the Revenues and such assets, and the Revenues and such assets constitute a trust fund for the security and payment of the principal of and interest on the Bonds. The full faith and credit of the Authority is not pledged for the payment of the principal of or interest or redemption premiums, if any, on the Bonds. The Bonds are not secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the Authority or any of its income or receipts, except the Revenues and such assets as provided in the Indenture.

The Series A Bonds have been issued to provide a portion of the funds to acquire certain Assessment Bonds (the "Assessment Bonds") issued by the City, a charter city organized and existing under its charter and the laws of the State of California, in the aggregate principal amount of $_____. The Revenues which secure the Series A Bonds and from which the Series A Bonds are payable consist primarily of amounts derived from the Assessment Bonds, as more fully set forth in the Indenture.

The Series A Bonds maturing on or after September 2, ____, are subject to optional redemption in whole, or in part on such basis among maturities as shall be designated by the Authority and by lot within a maturity, on any Interest Payment Date on or after September 2, ____, at the following respective redemption prices (expressed as percentages of the principal amount of the Series A Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

Redemption Dates	Redemption Price
September 2, 20__ and March 2, 20__	102%
September 2, 20__ and March 2, 20__	101
September 2, 20__ and thereafter	100

The Series A Bonds shall be subject to mandatory redemption, in whole, or in part on any Interest Payment Date, from and to the extent of any prepayment of reassessments securing the Assessment Bonds, which prepayment results in a redemption of Assessment Bonds, as more particularly set forth in the Indenture, at the following respective redemption prices (expressed as

percentages of the principal amount of the Series A Bonds to be redeemed), plus accrued interest thereon to the date of redemption.

Redemption Dates	Redemption Price
September 2, ____ through March 2, 20__	103%
September 2, 20__ and March 2, 20__	102
September 2, 20__ and March 2, 20__	101
September 2, 20__ and thereafter	100

The Series A Bonds maturing on September 2, 20__ shall be subject to mandatory sinking fund redemption, in part, by lot, on September 2 in each year, commencing September 2, 20__, at a redemption price equal to the principal amount of the Series A Bonds to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts specified in the Indenture.

The Series A Bonds maturing on September 2, 20__ shall be subject to mandatory sinking fund redemption, in part, by lot, on September 2 in each year, commencing September 2, 20__, at a redemption price equal to the principal amount of the Series A Bonds to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts specified in the Indenture.

The Trustee on behalf and at the expense of the Authority shall mail (by first class mail) notice of any redemption to the respective owners of any Series A Bonds designated for redemption, at their respective addresses appearing on the Registration Books maintained by the Trustee, at least 30 but not more than 60 days prior to the redemption date; provided, however, that neither failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such Series A Bonds or the cessation of the accrual of interest thereon. The redemption price of the Series A Bonds to be redeemed shall be paid only upon presentation and surrender thereof at the Trust Office of the Trustee. From and after the date fixed for redemption of any Bonds, interest on such Bonds will cease to accrue.

The Series A Bonds are issuable as fully registered Bonds without coupons in denominations of $5,000 or any integral multiple thereof. Subject to the limitations and upon payment of the charges, if any, provided in the Indenture, fully registered Series A Bonds may be exchanged at the Trust Office of the Trustee for a like aggregate principal amount and maturity of fully registered Series A Bonds of other authorized denominations.

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Trust Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered Series A Bond or Series A Bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor. The Authority and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Authority and the Trustee shall not be affected by any notice to the contrary.

The Indenture and the rights and obligations of the Authority and of the owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time in the manner, to the extent, and upon the terms provided in the Indenture; provided that no such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or the amount of principal thereof without the express written consent of the owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) permit the creation of any lien on the Revenues and other assets pledged under the Indenture, or deprive the Bonds owners of the lien created under the Indenture on the Revenues and such other assets, without the consent of the owners of all outstanding Bonds.

The Indenture contains provisions permitting the Authority to make provisions for the payment of the interest on, and the principal and premium, if any, of the Bonds so that such Bonds shall no longer be deemed to be outstanding under the terms of the Indenture.

It is hereby certified that all things, conditions and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of California and by the Bond Law and the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Constitution or statutes of the State of California or by the Bond Law.

This Bond shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose, until the certificate of authentication hereon shall have been manually signed by the Trustee.

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the Fiscal Agent for registration, transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

IN WITNESS WHEREOF, the Authority has caused this Bond to be executed in its name and on its behalf by the facsimile signatures of its Chairman and Secretary all as of the Original Issue Date identified above.

IRVINE PUBLIC FACILITIES AND
INFRASTRUCTURE AUTHORITY

By:_____
Chairperson

[S E A L]
Attest:

By:_____
Secretary

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This is one of the Series A Bonds described in the within-mentioned Indenture and registered on the Registration Books.

Date:_____

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

By: _____
Authorized Signatory

ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto _____ whose address and social security or other tax identifying number is _____, the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated:

Signature Guaranteed:

_____

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

_____

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

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BOND PURCHASE AGREEMENT

by and between the

CITY OF IRVINE

and

IRVINE PUBLIC FACILITIES AND INFRASTRUCTURE AUTHORITY

Dated December 1, 2011

EXHIBIT 2

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BOND PURCHASE AGREEMENT

THIS BOND PURCHASE AGREEMENT, is entered into as of December 1, 2011 (this "Bond Purchase Agreement"), by and between the Irvine Public Facilities and Infrastructure Authority (the "Authority") and the City of Irvine (the "City").

W I T N E S S E T H:

WHEREAS, the City of Irvine, California (the "City") authorized and issued its City of Irvine Assessment District No. 00-18 Improvement Bonds, Group Three (the "AD No. 00-18 Group Three Bonds") pursuant to an Indenture of Trust dated as of _____, by and between the City and the Bank of New York Trust Company, N.A. (the "AD No. 00-18 Group Three Indenture") for the purpose of financing certain capital facilities within Assessment District No. 00-18; and

WHEREAS, the City of Irvine, California (the "City") authorized and issued its City of Irvine Assessment District No. 87-8 Improvement Bonds, Group Five (the "AD No. 87-8 Group Five Bonds") pursuant to an Indenture of Trust dated as of _____, by and between the City and the Bank of New York Trust Company, N.A. (the "AD No. 87-8 Group Five Indenture") for the purpose of financing certain capital facilities within Assessment District No. 87-8; and

WHEREAS, the City of Irvine, California (the "City") authorized and issued its City of Irvine Assessment District No. 93-14 Improvement Bonds, Group One (the "AD No. 93-14 Group One Bonds") pursuant to an Indenture of Trust dated as of _____, by and between the City and the Bank of New York Trust Company, N.A. (the "AD No. 93-14 Group One Indenture") for the purpose of financing certain capital facilities within Assessment District No. 93-14; and

WHEREAS, the Irvine Public Facilities and Infrastructure Authority (the "Authority") authorized and issued its Assessment Revenue Bonds, Series A (the "Series A Authority Bonds") pursuant to an Indenture of Trust, dated as of January 1, 1999, by and between the Authority and Chase Bank of Texas, National Association, as Trustee (the "Series A Authority Bonds Indenture") for the purpose of purchasing certain bonds issued for Reassessment District No. 99-1 and Reassessment District No. 99-2; and

WHEREAS, all of the above-described Bonds shall hereinafter be referred to collectively as the "Prior Bonds"); and

WHEREAS, the Authority is an instrumentality of the City duly organized and existing under the provisions of Chapter 6 of Division 7 of Title 2 of the City of Irvine Municipal Code (the "Act"), and is authorized pursuant to Section 2-7-631 et seq. of the Act to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations to provide financing or refinancing for public capital improvements of the City; and

WHEREAS, the City has determined that certain savings and efficiencies may be obtained by refunding the Prior Bonds of the City in the aggregate principal amount of $_____ (collectively, the "Prior Bonds"); and

WHEREAS, in order to provide a portion of the moneys required to refund the Prior Bonds, the City has authorized the issuance, pursuant to a Fiscal Agent Agreement, dated as of December 1, 2011 (the "Fiscal Agent Agreement"), by and between the City and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the "Fiscal Agent"), of the City of Irvine Limited Obligation Improvement Bonds, Reassessment District No. 11-2 (the "Assessment Bonds"), in the aggregate principal amount of $_____; and

WHEREAS, the Authority desires to assist the City in refinancing the public improvements financed with the Prior Bonds by purchasing the Assessment Bonds from the City; and

WHEREAS, in order to provide the funds necessary to purchase the Assessment Bonds from the City, the Authority has authorized the issuance, pursuant to an Indenture of Trust, dated as of December 1, 2011 (the "Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), of the Irvine Public Facilities and Infrastructure Authority Assessment Revenue Bonds, 2011 Series A (the "Authority Bonds"), in the aggregate principal amount of $_____; and

WHEREAS, the Authority and the City have found and determined that the sale of the Assessment Bonds to the Authority will result in substantial public benefits to the City, namely, the interest savings with respect to the Assessment Bonds to be achieved by reason of the credit rating to be assigned to the Authority Bonds; and

WHEREAS, the Authority Bonds are being purchased from the Authority pursuant to a Bond Purchase Agreement, dated December 1, 2011 (the "Authority Purchase Agreement"), by and between the Authority and Piper Jaffray & Co. (the "Underwriter"); and

WHEREAS, the Authority and the City desire to enter into this Bond Purchase Agreement providing for the sale of the Assessment Bonds by the City to the Authority and containing the other agreements herein set forth;

NOW, **THEREFORE**, in consideration of the mutual agreements herein contained, the Authority and the City agree as follows:

Section 1. Definitions. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Fiscal Agent Agreement.

Section 2. Purchase and Sale of Assessment Bonds.

(a) Upon the terms and conditions and upon the basis of the representations, warranties and agreements hereinafter set forth, the City hereby agrees to sell to the Authority, and the Authority hereby agrees to purchase from the City, all (but not less than all) of the $_____ aggregate principal amount of the Assessment Bonds. The Assessment Bonds shall have the maturities and shall bear interest as set forth in Exhibit A hereto.

(b) The Assessment Bonds and interest thereon shall be payable from annual Reassessments levied within the Districts (defined below) and collected in accordance with the Fiscal Agent Agreements and the proceedings relating thereto. The Assessment Bonds shall be

substantially in the form described in, and shall be executed, delivered and secured under and pursuant to, and shall be payable and subject to redemption as provided in, the Fiscal Agent Agreement. The proceeds of the Assessment Bonds, together with other available funds, will be used by the City to (i) refund the Prior Bonds, (ii) pay costs of issuance relating to the Assessment Bonds and the Authority Bonds, and (iii) fund the Reserve Funds established under the Fiscal Agent Agreement. The Fiscal Agent Agreement and this Bond Purchase Agreement are collectively referred to as the "Legal Documents".

(c) The City hereby ratifies, confirms and approves the Preliminary Official Statement of the Authority, dated _____, 2011, relating to the Authority Bonds, which contains certain information about the City, the City's Reassessment District No. 11-2 (the "District"), the Fiscal Agent Agreement and the Assessment Bonds (which, together with the cover page and all appendices thereto, is referred to herein as the "Preliminary Official Statement"), which Preliminary Official Statement the City deemed final and so certified as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), except for information permitted to be omitted therefrom by Rule 15c2-12. The City hereby agrees to assist the Authority in the preparation of a final official statement (the "Official Statement"), consisting of the Preliminary Official Statement, with such changes as may be made thereto with the approval of the Authority, the City and the Underwriter, so that the Authority may deliver or cause to be delivered to the Underwriter, no later than the earlier of the day prior to the Closing Date (as hereinafter defined) or seven business days after the date the Underwriter agrees to purchase the Authority Bonds, copies of the Official Statement in such reasonable quantity as the Underwriter shall request. The City hereby approves of the use and distribution by the Underwriter of the Official Statement in connection with the offer and sale of the Authority Bonds.

(d) The aggregate purchase price for the Assessment Bonds shall be $_____ (being the principal amount of the Assessment Bonds, less a purchaser's discount of $_____), which shall be payable solely from proceeds of sale of the Authority Bonds.

(e) At 8:00 a.m., California time, on _____, or at such other time or on such other date as the Authority, the City and the Underwriter may mutually agree upon (the "Closing Date"), at the offices of Rutan & Tucker, LLP in Costa Mesa, California, the City shall deliver or cause to be delivered to the Authority, the Assessment Bonds in the form of fully registered certificates of each maturity for each issue (which may be typewritten), registered in the name of the Trustee, as assignee of the Authority, duly executed and authenticated, and the other documents mentioned herein. The Authority shall accept such delivery and pay the purchase price of the Assessment Bonds as provided in subparagraph (d) above in immediately available funds (such delivery and payment being herein referred to as the "Closing").

Section 3. Representations and Warranties of the City. The City hereby makes to the Authority the representations and warranties made by the City to the Underwriter in the City's Representation Letter, dated _____ (the "Representation Letter"), the form of which is attached to the Authority Purchase Agreement, to the same extent as if such representations and warranties were set forth in full herein.

Section 4. Conditions to the Obligations of the Authority. The Authority has entered into this Bond Purchase Agreement in reliance upon the representations, warranties and agreements of the City contained herein and to be contained in the documents and instruments to be delivered on the Closing Date, and upon the performance by the City of its obligations hereunder, both as of the date hereof and as of the Closing Date. Accordingly, the Authority's obligations under this Bond Purchase Agreement to purchase, to accept delivery of and to pay for the Assessment Bonds shall be subject to the performance by the City of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing Date, and shall also be subject to the following conditions:

(a) The representations and warranties of the City contained herein shall be true, complete and correct on the date hereof and on and as of the Closing Date, as if made on the Closing Date;

(b) On the Closing Date, the Legal Documents shall be in full force and effect and shall not have been amended, modified or supplemented, and the Official Statement shall not have been amended, modified or supplemented, except in either case as may have been agreed to by both the Authority and the Underwriter;

(c) As of the Closing Date, all official action of the City relating to the Districts, the Assessment Bonds and the refunding of the Prior Bonds shall be in full force and effect, and there shall have been taken all such actions as, in the opinion of Rutan & Tucker, LLP, bond counsel ("Bond Counsel"), shall be necessary or appropriate in connection therewith, with the issuance of the Authority Bonds and the Assessment Bonds, and with the transactions contemplated by the Legal Documents, all as described in the Official Statement;

(d) Between the date hereof and the Closing Date, the market price or marketability, at the initial offering price or prices set forth in the Official Statement, of the Authority Bonds shall not have been materially adversely affected, in the reasonable judgment of the Underwriter, by reason of any of the following:

(i) an amendment to the Constitution of the United States or the constitution of the State of California (the "State") shall have been passed or legislation enacted (or resolution passed) by or introduced or pending legislation amended in the Congress or recommended for passage by the President of the United States, the Speaker of the House of Representatives, the President Pro Tempore of the Senate, the Chairman or ranking minority member of the Committee of Ways and Means of the House of Representatives or the Chairman or ranking minority member of the Committee on Finance of the Senate, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed) or press release issued or made (A) by or on behalf of the Treasury Department of the United States or the Internal Revenue Service, with the purpose or effect, directly or indirectly, of imposing federal income taxation upon such interest as would be received by the owners of the Authority Bonds, (B) by or on behalf of the State or the California Franchise Tax Board, with the purpose or effect, directly or indirectly, of imposing State personal income taxation upon such interest as would be received by the owners of the Authority Bonds, or (C) by or on behalf of the Treasury Department of the United States or the Internal Revenue Service or by or on behalf of the State

or the California Franchise Tax Board, with the purpose or effect, directly or indirectly, of changing the federal or State income tax rates, respectively;

(ii) the declaration of war or engagement in major military hostilities by the United States or the occurrences of any other national emergency or calamity relating to the effective operation of the government of the United States;

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

(iv) the imposition by the New York Stock Exchange or other national securities exchange or any governmental authority, of any material restrictions not now in force with respect to the Authority Bonds or obligations of the general character of the Authority Bonds, or the material increase of any such restrictions now in force;

(v) an amendment to the Constitution of the United States or the constitution of the State shall have been passed or legislation enacted (or resolution passed) by or introduced or pending legislation amended in the Congress or recommended for passage by the President of the United States, or an order, decree or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary or proposed) or press release issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Authority Bonds, or the Authority Bonds, including any or all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or that the Fiscal Agent Agreement is or the Indenture is not exempt from qualification under the Trust Indenture Act of 1939, as amended, or that the execution, offering or sale of obligations of the general character of the Authority Bonds, or of the Authority Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement, otherwise is or would be in violation of the federal securities laws as amended and then in effect;

(vi) the withdrawal or downgrading of any rating of the Authority Bonds by a national rating agency;

(vii) any event occurring, or information becoming known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(e) On the Closing Date, the Authority Bonds shall have been issued and delivered to the Underwriter and all of the conditions to closing contained in the Authority Purchase Agreement shall have either been satisfied or waived.

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

(i) Two copies of the Legal Documents, each duly executed and delivered by the respective parties thereto, with only such amendments, modifications or supplements as may have been agreed to in writing by the Authority and the Underwriter;

(ii) The approving opinion, dated the Closing Date and addressed to the City, of Bond Counsel approving, without qualification, the validity of the Assessment Bonds, and a letter of such counsel, dated the Closing Date and addressed to the Authority and the Underwriter to the effect that such opinion may be relied upon by the Authority and the Underwriter to the same extent as if such opinion were addressed to them;

(iii) Copies of the City Resolutions (as defined in the Authority Purchase Agreement), certified by the City Clerk;

(iv) The opinion of the City Attorney, dated the Closing Date and addressed to the Authority and the Underwriter, to the effect set forth in Section 3(e)(v) of the Authority Purchase Agreement;

(v) The opinion, dated the Closing Date and addressed to the City, the Underwriter and the Authority, of Counsel to the Trustee and the Fiscal Agent, The Bank of New York Mellon Trust Company, N.A., as trustee and dissemination agent;

(vi) A certificate, dated the Closing Date, signed by a duly authorized official of the City, in form and substance satisfactory to the Authority and the Underwriter, to the effect that the representations and warranties of the City contained in this Bond Purchase Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date;

(vii) A certificate, dated the Closing Date, signed by a duly authorized official of Escrow Agent, satisfactory in form and substance to the Authority and the Underwriter, to the effect set forth in Section 3(e)(x) of the Authority Purchase Agreement;

(viii) One certified copy of the general signing resolution of Escrow Agent authorizing the execution and delivery of the Indenture, the Fiscal Agent Agreement, the Escrow Agreements and the Continuing Disclosure Agreement by Escrow Agent;

(ix) A letter addressed to the City, the Underwriter and the Authority, dated the Closing Date, from _____, verifying the accuracy of the mathematical computations concerning the adequacy of the moneys to be paid to redeem the Prior Bonds, to pay when due at the stated maturity or call for redemption the principal of and interest and premium, if any, on the Prior Bonds; and

(x) Such additional legal opinions, certificates, proceedings, instruments or evidences thereof and other documents as the Authority, the Underwriter or Bond Counsel may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the representations of the City herein and of the statements and information contained in the Official Statement, and the due performance or satisfaction by Escrow Agent and the City at or prior to the Closing of all agreements then to be performed and

all conditions then to be satisfied by any of them in connection with the transactions contemplated hereby and by the Legal Documents.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Bond Purchase Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Authority, but the approval of the Authority shall not be unreasonably withheld. Receipt of, and payment for, the Assessment Bonds shall constitute evidence of the satisfactory nature of such as to the Authority. The performance of any and all obligations of the City hereunder and the performance of any and all conditions contained herein for the benefit of the Authority may be waived by the Authority in its sole discretion.

If the City shall be unable to satisfy the conditions to the obligations of the Authority to purchase, accept delivery of and pay for the Assessment Bonds contained in this Bond Purchase Agreement, or if the obligations of the Authority to purchase, accept delivery of and pay for the Assessment Bonds shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate, and neither the Authority nor the City shall be under further obligation hereunder, except that the respective obligations of the City and the Authority set forth in Section 5 hereof shall continue in full force and effect.

Section 5. Expenses. The Authority shall be under no obligation to pay, and the City shall pay (a) the cost of the preparation of the Assessment Bonds and the Authority Bonds, (b) the fees and disbursements of Bond Counsel, (c) the fees and disbursements of accountants, advisers and of any other experts or consultants retained by the City, and (d) any other expenses incident to the issuance of the Assessment Bonds and the Authority Bonds or the performance of the City's obligations hereunder.

Section 6. Benefits; Survival. This Bond Purchase Agreement is made solely for the benefit of the City, the Authority and the Underwriter, and no other person shall acquire or have any right hereunder or by virtue hereof. All of the City's representations, warranties and agreements contained in this Bond Purchase Agreement shall remain operative and in full force and effect regardless of (a) any investigations made by or on behalf of the Authority, or (b) delivery of and payment for the Assessment Bonds pursuant to this Bond Purchase Agreement. The agreements contained in this Section shall survive any termination of this Bond Purchase Agreement.

Section 7. Counterparts. This Bond Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 8. Governing Law. The validity, interpretation and performance of this Bond Purchase Agreement shall be governed by the laws of the State.

IN WITNESS WHEREOF, the Authority and the City have each caused this Bond Purchase Agreement to be executed by their duly authorized officers all as of the date first above written.

IRVINE PUBLIC FACILITIES AND INFRASTRUCTURE AUTHORITY

By: _____

CITY OF IRVINE

By: _____

EXHIBIT A

MATURITY SCHEDULE OF ASSESSMENT BONDS

Year (Sept. 2)	Principal	Interest Rate
	$	%

IRVINE PUBLIC FACILITIES AND INFRASTRUCTURE AUTHORITY
ASSESSMENT REVENUE BONDS, 2011 SERIES A

BOND PURCHASE AGREEMENT

_____, 2011

Board of Directors
Irvine Public Facilities and Infrastructure Authority
c/o City of Irvine
One Civic Center Plaza
Irvine, California 92606-5208

Ladies and Gentlemen:

Piper Jaffray & Co. (the "Underwriter") offers to enter into this Bond Purchase Agreement (this "Purchase Agreement") with the Irvine Public Facilities and Infrastructure Authority (the "Authority") with regard to the purchase and sale of the Bonds described herein, which will be binding upon the Authority and the Underwriter upon the Authority's acceptance hereof. All capitalized terms not otherwise defined herein shall have the meanings prescribed in the Indenture, the Fiscal Agent Agreement or the Official Statement (each defined below).

The Authority acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm's-length commercial transaction between the Authority and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and not as the agent, fiduciary or financial advisor of the Authority or the City of Irvine (the "City") and not as a municipal advisor (within the meaning of Section 15B of the Securities Exchange Act of 1934, (iii) the Underwriter has not assumed (individually or collectively) any advisory or fiduciary responsibility to the Authority or the City with respect to this Purchase Agreement, the offering of the Bonds or the discussions, undertakings and procedures leading thereto (irrespective of whether or not the Underwriter, or any affiliate of the Underwriter, has provided other services or is currently providing other services to the Authority or the City on other matters), (iv) the only obligations the Underwriter has to the Authority or the City with respect to the transactions contemplated hereby is set forth in this Purchase Agreement; (v) the Underwriter has financial and other interest that differ from those of the Authority and the City and (vi) the Authority and the City have consulted their own legal, accounting, tax, financial and other advisors, as applicable, to the extent each has deemed appropriate.

1. Purchase, Sale and Delivery of the Bonds.

(a) Upon the terms and conditions and upon the basis of the representations, warranties and agreements hereinafter set forth, including the simultaneous purchase of Limited Obligation Improvement Bonds Reassessment District No. 11-2 (the "Assessment Bonds" and "Reassessment District No. 11-2," respectively) of the City, the Underwriter hereby agrees to purchase from the Authority and the Authority agrees to sell to the Underwriter all (but not less than all) of the Authority's $_____ aggregate principal amount of Assessment Revenue Bonds, 2011 Series A (the "Bonds"), at the aggregate purchase price of $_____ (being the principal amount of the Bonds less an Underwriter's discount of

$_____). The Bonds will have the maturities and shall bear interest as set forth in Exhibit A hereto. The Bonds will be subject to redemption and such other terms as set forth in the Indenture of Trust, dated as of December 1, 2011 (the "Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), relating to the Bonds, and shall be issued in book-entry only form.

(b) The Bonds shall be issued and secured under the provisions of the Indenture, and shall be as described in the Indenture. Pursuant to a Resolution of the Authority adopted on November [22], 2011 (the "Authority Bond Resolution"), the Authority has authorized (i) the issuance of the Bonds, (ii) the execution and delivery of the Indenture, this Purchase Agreement, a Bond Purchase Agreement by and between the Authority and the City (the "Assessment Bond Purchase Agreement," and together with the Bonds, the Indenture and this Purchase Agreement, the "Authority Documents") and the Official Statement (as defined below), and (iii) the use of the Preliminary Official Statement of the Authority and the City dated November ___, 2011, relating to the Bonds, together with all appendices thereto (the "Preliminary Official Statement"), and the Official Statement in connection with the offering and sale of the Bonds. The Preliminary Official Statement and/or the Official Statement may be delivered in printed and/or electronic form to the extent permitted by applicable rules of the Municipal Securities Rulemaking Board ("MSRB") and as may be agreed to by the Authority and the Underwriter. The Authority confirms that it does not object to distribution of the Preliminary Official Statement or the Official Statement in electronic form. A copy of the most recent Preliminary Official Statement sent to a potential purchaser shall be sent by first class mail or electronically (or other equally prompt means) not later than the first business day following the day upon which each such request is received.

The proceeds from the sale of the Bonds will be used to purchase $_____ aggregate principal amount of the Assessment Bonds.

The Assessment Bonds are being issued by the City pursuant to the Refunding Act of 1984 for 1915 Improvement Act Bonds (Division 11.5 of the California Streets and Highways Code) (the "Act") and Chapter 5 of Division 7 of Title 2 of the City of Irvine Municipal Code and will be secured by certain unpaid reassessments (the "Assessments") levied by the City pursuant to the Act within Reassessment District No. 11-2. The Assessment Bonds are being issued to refund seven separate issues of fixed rate assessment bonds and one issue of pooled refunding bonds payable from two issues of fixed rate reassessment bonds (the "Refunded Bonds") of the City. Each such issue of fixed rate assessment bonds and fixed rate reassessment bonds is secured by the unpaid assessments levied on certain designated parcels within one of three previously established assessment districts of the City or two reassessment districts (collectively, the "Prior Assessment Districts"). The Prior Assessment Districts are Assessment District No. 00-18, Assessment District No. 87-8, Assessment District No. 93-14, Reassessment District No. 99-1 and Reassessment District No. 99-2. The Refunded Bonds are subject to optional redemption on [March 2, 2012.]

The Assessment Bonds are being issued by the City pursuant to the Act and a Fiscal Agent Agreement, dated as of December 1, 2011 (the "Fiscal Agent Agreement"), by and between the City and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the "Fiscal Agent").

Concurrently with the delivery of the Assessment Bonds, the City will cause a portion of the proceeds of the sale of the Assessment Bonds to be deposited into an escrow fund established under an Escrow Agreement, dated as of December 1, 2011 (the "Escrow Agreement"), by and between the City and The Bank of New York Mellon Trust Company, N.A., as Escrow Bank, to be applied to the payment and redemption of the Refunded Bonds.

The proceeds from the sale of the Assessment Bonds will be used principally to refund certain outstanding limited obligation improvement bonds of the City's previously-formed assessment districts.

Pursuant to a Resolution of the City adopted on _____, 2011 (the "Bond Resolution"), the City has authorized (i) the issuance of the Assessment Bonds, and (ii) the execution and delivery of the Fiscal Agent Agreement, the Assessment Bond Purchase Agreement and a Continuing Disclosure Agreement dated as of December 1, 2011 (the "Continuing Disclosure Agreement"), by and between the City and the Trustee. The Assessment Bonds will be secured by Assessments levied on the property within Reassessment District No. 11-2. In connection with the establishment of Reassessment District No. 11-2 and the Assessments imposed in connection therewith, the City adopted a resolution of intention to form Reassessment District No. 11-2 and a resolution approving an engineer's report and confirming the Assessments within Reassessment District No. 11-2 (the "Procedural Resolutions").

The Bond Resolution and the Procedural Resolutions are collectively referred to herein as the "City Resolutions." The Assessment Bond Purchase Agreement, the Assessment Bonds, the Fiscal Agent Agreement, the Escrow Agreement and the Continuing Disclosure Agreement are collectively referred to herein as the "City Documents."

(c) The Underwriter agrees to offer all the Bonds to the public initially at the prices (or yields) set forth in Exhibit A hereto and on the cover page of the Official Statement of the Authority and the City pertaining to the Bonds, dated December ___, 2011 (the "Official Statement," derived from the Preliminary Official Statement, together with all appendices thereto, and with such supplements thereto as are consented to in writing by the Authority, the City and the Underwriter, is herein called the "Official Statement"). Subsequent to the initial public offering of the Bonds, the Underwriter reserves the right to change the public offering prices (or yields) as it deems necessary in connection with the marketing of the Bonds. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices.

(d) The Authority and the City shall deliver to the Underwriter six (6) copies of the Official Statement manually executed on behalf of the Authority by the Chairperson and on behalf of the City by the City Manager. The Authority shall also deliver a sufficient number of copies of the Official Statement to enable the Underwriter to distribute a single copy of each Official Statement to any potential customer of the Underwriter requesting an Official Statement during the time period beginning when the Official Statement becomes available and ending on the End Date (defined below). The Authority shall deliver these copies to the Underwriter within seven (7) business days after the execution of this Purchase Agreement. The Underwriter covenants to file the Official Statement with the MSRB on a timely basis in order for the Underwriter to comply with the rules of MSRB and Rule 15c2-12(b)(4) under the Securities Exchange Act of 1934 and other regulatory requirements relating to the issuance and sale of the Bonds. The Authority authorizes the Underwriter to file, to the extent required by applicable SEC or MSRB rule, and the Underwriter agrees to file or cause to be filed, the Official Statement with the MSRB or its designee (including the MSRB's Electronic Municipal Market Access system) or other repositories approved from time to time by the SEC (either in addition to or in lieu of the filings referred to above). The term "End Date" means the later of such time as (i) the Authority delivers the Bonds to the Underwriter or (ii) the Underwriter does not retain an unsold balance of the Bonds for sale to the public. Unless the Underwriter gives notice to the contrary, the End Date shall be deemed the Closing Date.

Authorized officers of the Authority and of the City have certified to the Underwriter on behalf of the Authority and the City that such Preliminary Official Statement was deemed to be final as of its date for purposes of Rule 15c2-12, with the exception of certain final pricing and related information referred to in Rule 15c2-12. The Underwriter has distributed a single copy of each Preliminary Official Statement to potential customers on request.

(e) At 9:00 A.M., California time, on _____, 2011, or at such other time or on such earlier or later business day as shall have been mutually agreed upon by the Authority and the Underwriter (the "Closing Date"), the Authority will deliver (i) the Bonds to The Depository Trust Company ("DTC") utilizing DTC FAST delivery system registered in the name of Cede & Co., as nominee of DTC, and (ii) the closing documents hereinafter mentioned at the offices of Rutan & Tucker, LLP ("Bond Counsel"), or such other place to be mutually agreed upon by the Authority and the Underwriter. Subject to the provisions of this Purchase Agreement, the Underwriter will accept such delivery from the Authority. The Underwriter will pay the purchase price of the Bonds as set forth in Section 1(a) hereof by wire transfer of immediately available funds. The date of this payment and delivery, together with the delivery of the aforementioned documents, is herein called the "Closing."

2. Representations, Warranties and Agreements of the Authority. The Authority hereby represents and warrants to and agrees with the Underwriter that:

(a) The Authority is an instrumentality of the City duly organized and existing under the provisions of Chapter 6 of Division 7 of Title 2 of the City of Irvine Municipal Code, and is authorized pursuant to Section 2-7-631 *et seq.* of the City of Irvine Municipal Code (the "Bond Law") to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations to provide financing or refinancing for public capital improvements of the City;

(b) The Authority has, and at the Closing Date, will have, full legal right, power and authority (i) to adopt the Authority Bond Resolution; (ii) to execute, deliver and perform its obligations under the Bonds and the other Authority Documents, (iii) to issue, sell and deliver the Bonds to the Underwriter as provided herein, and (iv) to carry out, give effect to and consummate the transactions contemplated by the Bonds, the Authority Bond Resolution, the other Authority Documents and the Official Statement;

(c) The Authority is, and at the Closing Date will be, in compliance, in all respects, with the Bonds and the other Authority Documents;

(d) The Board of Directors of the Authority has duly and validly adopted the Authority Bond Resolution and approved the execution and delivery of the Bonds and the other Authority Documents, and the performance by the Authority of its obligations contained therein, and the taking of any and all action as may be necessary to carry out, give effect to and consummate the transactions contemplated by each of said documents. The Bonds and the other Authority Documents have been, or on or before the Closing Date will be, duly executed and delivered by the Authority, and, on the Closing Date, the Bonds, when authenticated and delivered to the Underwriter in accordance with the Indenture, and the other Authority Documents will constitute legally valid and binding obligations, enforceable against the Authority in accordance with their respective terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or similar laws or equitable principles relating to or limiting creditors' rights generally;

(e) The Authority is not, and at the Closing Date will not be, in breach of or in default under any applicable law or administrative rule or regulation of the State of California (the "State") or the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Authority is a party or is otherwise subject or bound, including the Authority Documents, a consequence of which could be to materially and adversely affect the ability of the Authority to perform its obligations under the Bonds or any other Authority Documents, or which, with the passage of time or the giving of notice or both, would constitute an event of default thereunder;

(f) The adoption of the Authority Bond Resolution and the execution and delivery of the Bonds and the other Authority Documents, and compliance with the provisions of each, did not and will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State or the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Authority is a party or is otherwise subject or bound, a consequence of which could be to materially and adversely affect the ability of the Authority to perform its obligations under the Bonds or any other Authority Documents;

(g) Except as may be required under the "blue sky" laws of any state, all approvals, consents, authorizations, elections and orders of or filings or registrations with any governmental authority, board, agency or commission having jurisdiction which would constitute conditions precedent to, or the absence of which would materially adversely affect, the ability of the Authority to perform its obligations under any of the Bonds or the other Authority Documents, have been obtained and are in full force and effect;

(h) The Bonds, the Indenture and the Authority Bond Resolution conform as to form and tenor to the descriptions thereof contained in the Preliminary Official Statement, and which will be contained in the Official Statement as of the Closing Date, and when delivered to and paid for by the Underwriter on the Closing Date as provided herein, the Bonds will be validly issued and outstanding;

(i) The Preliminary Official Statement provided to the Underwriter has been deemed final by the Authority, as required by Rule 15c2-12. As of the date thereof, the Preliminary Official Statement did not contain any untrue statement of a material fact or omit a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; the Official Statement does not and, as of the Closing Date, will not contain any untrue or any misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(j) Until the date which is 25 days after the End Date, if any event shall occur of which the Authority is aware, as a result of which it may be necessary to supplement the Official Statement in order to make the statements contained in the Official Statement, in light of the circumstances existing at such time, not misleading, the Authority shall forthwith notify the Underwriter of any such event of which it has knowledge and shall cooperate fully in furnishing any information available to it for any supplement to the Official Statement necessary, as required by subparagraph (k) of this Paragraph 2;

(k) After the Closing and until the date which is 25 days after the End Date (i) the Authority will not adopt any amendment of or supplement to the Official Statement to which the Underwriter shall object in writing or which shall be disapproved by counsel for the Underwriter, and (ii) if any event relating to or affecting the Authority shall occur as a result of which it is necessary, in the opinion of counsel for the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to an initial purchaser of the Bonds, the Authority will forthwith prepare and furnish to the Underwriter a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to counsel for the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to an initial purchaser of the Bonds, not misleading. The costs of preparing any necessary amendment or supplement to the Official Statement shall be borne by the Authority or the City. For the purposes of this section the Authority will furnish such information with respect to itself as the Underwriter may from time to time request;

(l) The Indenture will create a valid pledge of and lien upon all of the Revenues and any other amounts (including proceeds of the sale of the Bonds) held in any fund or account established pursuant to the Indenture, and a valid transfer in trust and assignment to the Trustee, for the benefit of the Owners from time to time of the Bonds, all of the Revenues and all of the right, title and interest of the Authority in the Assessment Bonds, if any, subject in all cases to the provisions permitting the application thereof for the purposes and on the terms and conditions set forth therein; and

(m) Except as is disclosed in the Preliminary Official Statement and the Official Statement, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body is pending, or to the knowledge of the Authority threatened in any way, affecting the existence of the Authority or the titles of its officers to their respective offices or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, or the application of the proceeds thereof, or the purchase of the Assessment Bonds pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Authority Bond Resolution, this Purchase Agreement or the other Authority Documents or any action on the part of the Authority contemplated by any of said documents, or in any way contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or the powers of the Authority or its authority with respect to the Authority Bond Resolution, the Bonds, this Purchase Agreement or the other Authority Documents, or any action on the part of the Authority contemplated by any of said documents or which would adversely affect the exemption of interest paid on the Bonds from federal income taxation or State personal income taxation, nor to the knowledge of the Authority is there any basis therefor;

(n) The Authority will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order for the Underwriter to qualify the Bonds for offer and sale under the "blue sky" or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate; provided, however, the Authority shall not be required to register as a dealer or a broker of securities or consent to the jurisdiction of any state of the United States, other than the State;

(o) Any certificate signed by any authorized official of the Authority authorized to do so shall be deemed a representation and warranty by the Authority to the Underwriter as to the statements made therein;

(p) During the period from the date hereof until the Closing Date, the Authority agrees to furnish the Underwriter with copies of any documents it files with any regulatory authority which are requested by the Underwriter;

(q) The Authority is not in default, nor has the Authority been in default at any time, as to the payment of principal or interest with respect to an obligation issued by the Authority or with respect to an obligation guaranteed by the Authority as guarantor; and

(r) The Authority will apply the proceeds from the sale of the Bonds as set forth in and for the purposes specified in the Indenture.

3. Conditions to the Obligations of the Underwriter.

The obligations of the Underwriter to accept delivery of and pay for the Bonds on the Closing Date shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the representations and warranties on the part of the Authority contained herein, as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other

officials of the Authority and other persons and entities made in any certificates or other documents furnished pursuant to the provisions hereof, to the performance by the Authority of its obligations to be performed hereunder at or prior to the Closing Date and to the following additional conditions:

(a) At the Closing Date, the Bonds, the other Authority Documents, the Assessment Bonds, the other City Documents, the Authority Bond Resolution and the City Resolutions, shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter, and there shall have been taken in connection therewith, with the issuance of the Bonds and the Assessment Bonds and with the transactions contemplated thereby, all such actions as, in the opinion of Bond Counsel, shall be necessary and appropriate;

(b) At the Closing Date, the Official Statement shall be in form and substance satisfactory to the Underwriter, the Authority and the City;

(c) At the time of the Closing Date, the Assessments on parcels within the Assessment District shall have been approved and confirmed by the City and recorded in the office of the Orange County Recorder;

(d) Between the date hereof and the Closing Date, the market price or marketability of the Bonds at the initial offering prices shall not have been materially adversely affected, in the judgment of the Underwriter (evidenced by a written notice to the Authority terminating the obligation of the Underwriter to accept delivery of and pay for the Bonds), by reason of any of the following:

(i) legislation introduced in or enacted (or resolution passed) by the Congress of the United States of America or recommended to the Congress by the President of the United States, the Department of the Treasury, the Internal Revenue Service, or any member of Congress, or favorably reported for passage to either House of Congress by any committee of such House to which such legislation has been referred for consideration, or a decision rendered by a court established under Article III of the Constitution of the United States of America or by the Tax Court of the United States of America, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Treasury Department or the Internal Revenue Service of the United States of America, with the purpose or effect, directly or indirectly, of imposing federal income taxation upon the interest as would be received by the holders of the Bonds or the Assessment Bonds;

(ii) legislation introduced in or enacted (or resolution passed) by the Congress of the United States of America, or an order, decree or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that the Bonds or the Assessment Bonds, obligations of the general character of the Bonds or the Assessment Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering or sale of the Bonds or the Assessment Bonds or of obligations of the general character of the Bonds or the Assessment Bonds, including any or all underwriting arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities laws as amended and then in effect;

(iii) a general suspension of trading in securities on the New York Stock Exchange, or a general banking moratorium declared by federal, State of New York or State officials authorized to do so;

(iv) the withdrawal or downgrading of any rating of any securities of the Authority or the City by a national rating agency;

(v) any amendment to the federal or State Constitution or action by any federal or State court, legislative body, regulatory body or other authority materially adversely affecting the tax status of Authority or the City, the property, income or securities (or interest thereon) of either, the validity or enforceability of the Assessments on parcels within the Reassessment District or the ability of the Authority to issue the Bonds or the City to issue the Assessment Bonds as contemplated by the Indenture, the Fiscal Agent Agreement and the Official Statement;

(vi) the entry of an order by a court of competent jurisdiction which enjoins or restrains the City from issuing permits, licenses or entitlements within the City, which order, in the reasonable opinion of the Underwriter, materially and adversely affects proposed developments within the Reassessment District in particular or the City in general;

(vii) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department or agency of the State or a decision by any court of competent jurisdiction within the State or any court of the United States shall be rendered which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of the Bonds;

(viii) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange which restrictions materially adversely affect the Underwriter's ability to market the Bonds; or

(ix) the United States has become engaged in hostilities which have resulted in a declaration of war or a national emergency or there has occurred any other outbreak or escalation of hostilities or a national or international calamity or crisis, financial or otherwise, the effect of such outbreak, calamity or crisis on the financial markets of the United States, being such as, in the reasonable opinion of the Underwriter, would affect materially and adversely the ability of the Underwriter to market the Bonds.

(e) On or prior to the Closing Date, the Underwriter shall have received counterpart originals or certified copies of the following documents, in each case satisfactory in form and substance to the Underwriter, or shall have waived the receipt of such documents as a condition to the Underwriter's purchase of the Bonds:

(i) the Official Statement, executed on behalf of the Authority and the City;

(ii) fully executed copies of the Authority Documents (with a specimen copy of the Bonds), the City Documents (with a specimen copy of the Assessment Bonds) and the Representation Letter of the City, in the form attached hereto as Exhibit B (the "Representation Letter") and certified copies of the Authority Bond Resolution and the City Resolutions;

(iii) an approving opinion of Bond Counsel dated the Closing Date and substantially in the form included as APPENDIX B to the Official Statement, together with a letter or letters from such counsel, dated the Closing Date and addressed to the Underwriter and the Trustee, to the effect that the foregoing opinion may be relied upon by the Underwriter and the Trustee to the same extent as if such opinion were addressed to it;

(iv) a supplemental opinion of Bond Counsel, dated the Closing Date and addressed to the Underwriter, in form and substance satisfactory to the Underwriter and its counsel, to the effect that:

(A) the Bonds, the other Authority Documents, the Assessment Bonds and the other City Documents, other than the Indenture which shall be covered in the opinion of Bond Counsel referred to in Section 3(e)(iii), have been duly authorized, executed and delivered by the Authority and the City, respectively, and (assuming due authorization, execution and delivery by, and validity against, the other respective parties thereto) are valid and binding agreements of each, respectively, enforceable against the Authority and the City, respectively, in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights and by the application of equitable principles if equitable remedies are sought;

(B) the statements contained in the Official Statement, on the cover page and under the captions "INTRODUCTION," "THE BONDS," "SECURITY FOR THE BONDS," "CONTINUING DISCLOSURE," "CONCLUDING INFORMATION B Tax Matters" and in APPENDIX A B "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND FISCAL AGENT AGREEMENT," and insofar as such statements purport to summarize certain provisions of the Bonds, the Assessment Bonds, the Indenture, the Fiscal Agent Agreement and the Continuing Disclosure Agreement and such firm's opinion regarding certain federal tax matters relating to the Bonds, fairly and accurately summarize the information presented therein;

(C) the Bonds and the Assessment Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture and the Fiscal Agent Agreement are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended;

(D) the Bonds were validly issued under the provisions of the Bond Law and the Indenture, and the Assessment Bonds representing the unpaid Assessments were validly issued under the provisions of the Improvement Bond Act of 1915 (Sections 8500 and following, California Streets and Highways Code) and the Fiscal Agent Agreement; and

(E) all conditions precedent provided for in the indentures or fiscal agent agreements for the Refunded Bonds provided for in such indentures or fiscal agent agreements relating to the discharge and satisfaction of the obligations of the City have been satisfied; the provisions of the prior indentures or fiscal agent agreements with respect to the Refunded Bonds, the pledge of the Assessments and the other assets made under the prior indentures or fiscal agent agreements with respect to the Refunded Bonds, and all covenants, agreements and other obligations of the City under the Indenture with respect to the Refunded Bonds, have ceased, terminated, become void and become completely discharged and satisfied.

(v) an opinion, dated the Closing Date and addressed to the Underwriter, the Authority and the City, of Rutan & Tucker, LLP, as City Attorney and counsel to the Authority, in form and substance acceptable to the Underwriter and its counsel, to the effect that:

(A) the Authority is an instrumentality of the City, duly organized and validly existing under the provisions of Chapter 6 of Division 7 of Title 2 of the City of Irvine Municipal Code with full legal right, power and authority to adopt the Authority Bond Resolution, to issue the Bonds and to perform all of its obligations under the Bonds and the other Authority Documents;

(B) the City is a charter city, duly organized and validly existing pursuant to the Constitution and the laws of the State with full legal right, power and authority to adopt the City Resolutions, to issue the Assessment Bonds and to perform all of its obligations under the Assessment Bonds and the other City Documents;

(C) the preparation and distribution of the Preliminary Official Statement and the Official Statement and the execution and delivery of the Bonds and the other Authority Documents, have been duly approved by the Authority;

(D) the preparation and distribution of the Preliminary Official Statement and the Official Statement and the execution and delivery of the Assessment Bonds and the other City Documents, have been duly approved by the City;

(E) the execution and delivery by the Authority of the Bonds and the other Authority Documents have been duly authorized by all requisite action of the Board of Directors of the Authority, all conditions precedent to the execution and delivery by the Authority of the Bonds and the other Authority Documents have been fulfilled and the Bonds and the other Authority Documents constitute the legal, valid and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting the enforcement of creditors' rights in general and to the application of equitable principles if equitable remedies are sought;

(F) the execution and delivery by the City of the Assessment Bonds and the other City Documents have been duly authorized by all requisite action of the City Council of the City, all conditions precedent to the execution and delivery by the City of the Assessment Bonds and the other City Documents have been fulfilled and the Assessment Bonds and the other City Documents constitute the legal, valid and binding obligations of the City enforceable against the City in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting the enforcement of creditors' rights in general and to the application of equitable principles if equitable remedies are sought;

(G) to such firm's knowledge, and except as disclosed in the Preliminary Official Statement and the Official Statement, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body is pending or threatened in any way affecting the existence of the Authority or the City or the titles of the officers of each to their respective offices, or seeking to restrain or to enjoin the execution and delivery of the Authority Documents or the City Documents, or the issuance, sale or delivery of the Bonds or the Assessment Bonds, or the application of the proceeds thereof, or the purchase of the Assessment Bonds pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or the collection or application of the Assessments to pay the principal of and interest on the Assessment Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Assessment Bonds, this Purchase Agreement or any other Authority Document or any other City Document or any action of the Authority or the City contemplated by any of said documents, or in any way contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or the powers of the Authority or the City or their respective authority with respect to this Purchase Agreement, or any action on the part of the Authority or the City contemplated by any of said documents;

(H) the Authority is not in breach of or in default under any applicable law or administrative rule or regulation of the State or the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract,

agreement or other instrument to which the Authority is a party or is otherwise subject or bound, including the Authority Documents, a consequence of which could be to materially and adversely affect the ability of the Authority to perform its obligations under the Bonds or any other Authority Documents, or which, with the passage of time or the giving of notice or both, would constitute an event of default thereunder;

(I) the City is not in breach of or in default under any applicable law or administrative rule or regulation of the State or the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the City is a party or is otherwise subject or bound, including the City Documents, a consequence of which could be to materially and adversely affect the ability of the City to perform its obligations under the Assessment Bonds or any other City Documents, or which, with the passage of time or the giving of notice or both, would constitute an event of default thereunder;

(J) the adoption of the Authority Bond Resolution, and the execution and delivery of the Bonds and the other Authority Documents, and compliance with the provisions of each, did not and will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State or the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, ordinance, resolution, indenture, contract, agreement or other instrument to which the Authority is a party or is otherwise subject or bound, a consequence of which could be to materially and adversely affect the ability of the Authority to perform its obligations under the Bonds or any other Authority Documents;

(K) the adoption of the City Resolutions, and the execution and delivery of the Assessment Bonds and the other City Documents, and compliance with the provisions of each, did not and will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State or the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, ordinance, resolution, indenture, contract, agreement or other instrument to which the City is a party or is otherwise subject or bound, a consequence of which could be to materially and adversely affect the ability of the City to perform its obligations under the Assessment Bonds or any other City Documents;

(L) all approvals, consents, authorizations, elections and orders of or filings or registrations with any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the ability of the Authority to execute, deliver and perform its obligations under the Bonds or any other Authority Document have been obtained or made, as the case may be, and are in full force and effect;

(M) all approvals, consents, authorizations, elections and orders of or filings or registrations with any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the ability of the City to execute, deliver and perform its obligations under the Assessment Bonds or any other City Document have been obtained or made, as the case may be, and are in full force and effect; and

(N) the statements contained in the Official Statement, on the cover page and under the captions "INTRODUCTION," "THE PLAN OF FINANCE," "THE BONDS,",

"SECURITY FOR THE BONDS," "General," "The Reassessment District" and "Status of Public Improvements" within "THE REASSESSMENT DISTRICT," "CONTINUING DISCLOSURE," "The Bonds are Limited Obligations of the Authority," "The Aassessments are Not Personal Obligations of the Property Owners," "The Assessment Bonds are Limited Obligations of the City" and "Price Realized Upon Foreclosure" within "SPECIAL RISK FACTORS," and "Tax Matters" and "No Litigation" within "CONCLUDING INFORMATION," insofar as such statements purport to summarize certain provisions of the Bonds, the Assessment Bonds, the Authority Bond Resolution, the Indenture, the City Resolutions, the Fiscal Agent Agreement, the Escrow Agreement and the Continuing Disclosure Agreement, the Reassessment District and other matters, fairly and accurately summarize the information presented therein; provided, however, that no opinion need be expressed by such firm with respect to any financial or statistical information contained therein.

(vi) the opinion of Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel to the [Authority and the City], dated the Closing Date, addressed to the Authority, the City and the Underwriter, to the effect that based upon an examination which such firm has made, which shall be specified, without having undertaken to independently verify the accuracy, completeness or fairness of the statements contained in the Official Statement, during the course of such firm's representation of the Underwriter on such matter, no information came to the attention of the attorneys in such firm rendering legal services in connection with such representation which caused them to believe that the Official Statement as of its date (except for any financial, statistical, economic or engineering data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, any information about valuation, appraisals, absorption, archaeological or environmental matters, Appendices A and C thereto, or any information about book-entry, tax exemption or The Depository Trust Company, included therein, as to which such firm shall not be required to express any opinion or view) contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, together with a letter or letters from such firm, dated the Closing Date and addressed to the City, to the effect that the foregoing opinion may be relied upon by the City as described in such letter;

(vii) Underwriter's Counsel Opinion. An opinion, dated the date of the Closing, addressed to the Underwriter in form and substance acceptable to the Underwriter.

(viii) a certificate, dated the Closing Date and signed by a duly authorized official of the Authority and the City, certifying that (i) the representations and warranties of the Authority contained herein and the representations and warranties of the City contained in the City's Representation Letter are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; (ii) no event has occurred since the date of the Official Statement affecting the Authority or the City which should be disclosed in the Official Statement for the purposes for which it is to be used in order to make the statements and information contained in the Official Statement not misleading in any material respect; and (iii) the Authority has complied with all the agreements and has satisfied all the conditions on its part to be performed or satisfied under this Purchase Agreement at and prior to the Closing Date;

(ix) a certificate, dated the Closing Date and signed by a duly authorized official of Willdan Financial Services, certifying as to such matters as the Underwriter may reasonably request;

(x) the opinion of counsel to the Trustee, the Fiscal Agent, The Bank of New York Mellon Trust Company, N.A., as dissemination agent and The Bank of New York Mellon Trust Company, N.A., as escrow agent (together, "BNY Mellon"), dated the Closing Date, addressed to the

Underwriter, the Authority and the City, in form and substance acceptable to counsel for the Underwriter substantially to the following effect:

(A) BNY Mellon is a national banking association with trust powers, duly created and lawfully existing under the laws of the United States of America;

(B) BNY Mellon has duly authorized the execution and delivery of the Indenture, the Fiscal Agent Agreement, the Escrow Agreement and the Continuing Disclosure Agreement (collectively, the "BNY Mellon Documents");

(C) the BNY Mellon Documents have been duly executed and delivered by BNY Mellon, and assuming due, valid and binding authorization, execution and delivery by the other parties thereto, constitute the valid and binding agreements of BNY Mellon, enforceable against BNY Mellon in accordance with their respective terms, except as the enforceability thereof may be limited by the effect of bankruptcy, insolvency, reorganization, arrangement, moratorium or other similar laws relating to or affecting the rights of creditors generally, including, without limitation, laws relating to fraudulent transfers or conveyances, preferences and equitable subordination, or limitations imposed by general principles of equity;

(D) the acceptance by BNY Mellon of its duties and obligations under the BNY Mellon Documents and compliance with the provisions thereof will not conflict with or constitute a breach of or default under any law or administrative regulation to which BNY Mellon is subject, except where such breach or default would not have a material adverse effect on BNY Mellon's ability to perform its obligations under the BNY Mellon Documents; and

(E) no authorization, consent or other order of any State or federal government authority or agency having jurisdiction in the matter is required to be obtained by BNY Mellon for the valid execution or delivery of the BNY Mellon Documents, or for the performance by BNY Mellon of its obligations under the BNY Mellon Documents;

(xi) a certificate of BNY Mellon, dated the Closing Date, in form and substance acceptable to counsel for the Underwriter, to the following effect:

(A) BNY Mellon is a national banking association organized and existing under and by virtue of the laws of the United States of America, and has the full power and authority to accept and perform its duties under the BNY Mellon Documents;

(B) subject to the provisions of the Indenture, the Trustee will apply the proceeds from the Bonds to the purposes specified in the Indenture and subject to the provisions of the Fiscal Agent Agreement, the Fiscal Agent will apply the proceeds from the Assessment Bonds to the purposes specified in the Fiscal Agent Agreement;

(C) the Bonds and the Assessment Bonds have been duly authenticated by the Trustee and the Fiscal Agent, respectively;

(D) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body is pending or, to the best knowledge of BNY Mellon, threatened in any way affecting the existence of BNY Mellon, or seeking to restrain or to enjoin the execution and delivery of the BNY Mellon Documents, or the authentication of the Bonds and the Assessment Bonds, by BNY Mellon, or in any way contesting or affecting the validity or enforceability, as against BNY Mellon, of the BNY Mellon Documents or any action of BNY Mellon

contemplated by any of said documents, or in which an adverse outcome would materially and adversely affect the ability of BNY Mellon to perform its obligations under the BNY Mellon Documents;

(E) BNY Mellon is not in breach of or in default under any applicable law or administrative rule or regulation of the State or the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which BNY Mellon is a party or is otherwise subject or bound, a consequence of which could be to materially and adversely affect the ability of BNY Mellon to perform its obligations under the BNY Mellon Documents;

(F) the authentication of the Bonds and the Assessment Bonds, and the execution and delivery of the BNY Mellon Documents by BNY Mellon, and compliance with the provisions thereof, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State or the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, ordinance, resolution, indenture, contract, agreement or other instrument to which BNY Mellon is a party or is otherwise subject or bound, a consequence of which could be to materially and adversely affect the ability of BNY Mellon to perform its obligations under the BNY Mellon Documents; and

(G) within the scope of its fiduciary obligations under the Indenture, the Trustee agrees to cooperate with the Underwriter and its counsel, at the expense of the Underwriter, in endeavoring to qualify the Bonds for offering and sale under the securities or "blue sky" laws of such jurisdictions of the United States as the Underwriter may request; provided, however, that the Trustee will not be required to execute a special or general consent to service of process or qualify as a foreign corporation in connection with any such qualification in any jurisdiction in which it is not now so subject;

(xii) the no-arbitrage or tax certificate of the Authority, in form and substance acceptable to the Bond Counsel;

(xiii) evidence that the federal tax information Form 8038-G with respect to the Bonds has been prepared for filing and mailed; and

(xiv) evidence that any ratings described in the Official Statement are in full force and effect as of the Closing Date;

(xv) a copy of the Notices of Sale required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 8855(g) of the California Government Code;

(xvi) a letter addressed to the Underwriter, the Authority and the City, dated the Closing Date, from [_____], Certified Public Accountants (the "Verification Agent"), verifying that amounts on deposit under the Escrow Agreement will be sufficient to pay the principal of and interest on the Refunded Bonds until such Refunded Bonds are redeemed in whole; and

(xvii) such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the statements and information contained in the Official Statement, of the Authority's representations and warranties contained herein and the City's representations and warranties contained in the Representation Letter and the due performance or satisfaction by the

Authority and the City at or prior to the Closing Date of all agreements then to be performed and all conditions then to be satisfied by the Authority and the City in connection with the transactions contemplated hereby and by the Official Statement, the Authority Documents and the City Documents.

If any of the conditions to the obligations of the Underwriter contained in this section or elsewhere in this Purchase Agreement shall not have been satisfied when and as required herein, all obligations of the Underwriter hereunder may be terminated by the Underwriter at, or at any time prior to, the Closing Date by written notice to the Authority.

4. Expenses.

(a) The Underwriter shall be under no obligation to pay, and the Authority shall pay or cause to be paid, whether out of the proceeds of the Bonds or otherwise, all expenses incident to the performance of the Authority's and the City's obligations hereunder, including but not limited to: the cost of printing and delivering the Bonds to the Underwriter and the Assessment Bonds to the Authority; the cost of preparation, printing (and/or word processing and reproduction), distribution and delivery of the Authority Bond Resolution, the Resolutions and the cost of printing distribution and delivery of the Preliminary Official Statement and the Official Statement and all other agreements and documents contemplated hereby (and drafts of any thereof) in such reasonable quantities as requested by the Underwriter; and the fees and disbursements of BNY Mellon, Bond Counsel, any accountants, financial advisors or other engineers or experts or consultants the Authority or the City has retained in connection with the Bonds and the Assessment Bonds and any out-of-pocket disbursements of the Authority or the City to be paid from the proceeds of the Bonds or the Assessment Bonds.

(b) Whether or not the Bonds are delivered to the Underwriter as set forth herein, the Authority shall be under no obligation to pay, and the Underwriter shall pay the cost of preparation of any "blue sky" or legal investment memoranda and this Purchase Agreement, expenses to qualify the Bonds for sale under any "blue sky" or other state securities laws, the fees, if any, payable to the California Debt and Investment Advisory Commission on account of the Bonds, and all other expenses incurred by the Underwriter in connection with its public offering and distribution of the Bonds (except those specifically enumerated in paragraph (a) of this section), including the fees and disbursements of its counsel and any advertising expenses.

5. Notices. Any notices, requests, directions, instruments or other communications required or permitted to be given hereunder shall be in writing and shall be given when delivered, against a receipt, or mailed certified or registered, postage prepaid, to the Authority, the City and the Underwriter at the respective addresses below.

If to the Authority:

Irvine Public Facilities and Infrastructure Authority
c/o City of Irvine
One Civic Center Plaza
Irvine, California 92606-5208
Attention: Manager of Fiscal Services

If to the City:

City of Irvine
One Civic Center Plaza

Irvine, California 92606-5208
Attention: Manager of Fiscal Services

If to the Underwriter:

Piper Jaffray & Co.
1100 South Coast Highway, Suite 300A
Laguna Beach, CA 92651
Attention: Public Finance

provided, however, that all such notices, requests or other communications may be made by telephone and promptly confirmed by writing. The Authority, City and the Underwriter may, by notice given as aforesaid, specify a different address for any such notices, requests or other communications.

6. Parties in Interest. This Purchase Agreement is made solely for the benefit of the Authority and the Underwriter (including successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof.

7. Survival of Representation and Warranties. The representations and warranties of the Authority and the City set forth in or made pursuant to this Purchase Agreement shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing or termination of this Purchase Agreement and regardless of any investigations made by or on behalf of the Underwriter (or statements as to the results of such investigations) concerning such representations and statements of the Authority and the City and regardless of delivery of and payment for the Bonds.

8. Effective. This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the Authority and shall be valid and enforceable as of the time of such acceptance.

9. Applicable Law; Nonassignability. This Purchase Agreement shall be governed by the laws of the State. This Purchase Agreement shall not be assigned by the Authority or the Underwriter.

10. Execution of Counterparts. This Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same.

11. No Prior Agreements. This Purchase Agreement supersedes and replaces all prior negotiations, agreements and understandings between the parties hereto in relation to the sale of Bonds by the Authority and represents the entire agreement of the parties as to the subject matter herein.

12. Partial Unenforceability. Any provision of this Purchase Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Purchase Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK; EXECUTION PAGE FOLLOWS]

13. Capitalized Terms. Terms with initial capital letters not otherwise defined herein shall have the meanings assigned to them in the Indenture, the Fiscal Agent Agreement or the Official Statement.

Very truly yours,

PIPER JAFFRAY & CO.

By: _____
Authorized Signatory

ACCEPTED:

IRVINE PUBLIC FACILITIES AND INFRASTRUCTURE AUTHORITY

By:_____
Secretary

[EXECUTION PAGE OF BOND PURCHASE AGREEMENT]

Exhibit A

Maturity Schedule for the Bonds

Maturity (September 2)	Principal Amount	Interest Rate	Yield
2012	$	%	%
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			

REDEMPTION PROVISIONS

Optional Redemption

Provided that the Authority shall have provided to the Trustee a certificate of an Independent Financial Consultant demonstrating that upon the proposed optional redemption of Bonds, the Revenues attributable to the Outstanding Assessment Bonds will be sufficient in time and amount to pay when due the principal of and interest and premium, if any, on the Bonds remaining Outstanding after such redemption, the Bonds maturing on or after September 2, 20__, are subject to optional redemption in whole, or in part, among maturities on such basis as are designated by the Authority in a Written Certificate of the Authority filed with the Trustee, on any Interest Payment Date on or after September 2, 20__, at the following respective Redemption Prices (expressed as percentages of the principal amount of the Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

Redemption Dates	Redemption Price
September 2, 20__ and March 2, 20__	102%
September 2, 20__ and March 2, 20__	101
September 2, 20__ and thereafter	100

The terms for optional redemption of Bonds above are not applicable to circumstances under which the Bonds are subject to mandatory redemption from Principal Prepayments below.

Mandatory Redemption From Principal Prepayments

The Bonds are subject to mandatory redemption, in whole, or in part, on any Interest Payment Date, from and to the extent of any Principal Prepayments with respect to the Assessment Bonds, at the following respective Redemption Prices (expressed as percentages of the principal amount of the Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

Redemption Dates	Redemption Price
_____ 2, 2012 through March 2, 20__	103%
September 2, 20__ and March 2, 20__	102
September 2, 20__ and March 2, 20__	101
September 2, 20__ and thereafter	100

Mandatory Sinking Fund Redemption

The Bonds maturing on September 2, 20__ are subject to mandatory sinking fund redemption, in part, on September 2 in each year, commencing September 2, 20__, at a Redemption Price equal to the principal amount of the Bonds to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

Sinking Fund Redemption Date (September 2)	Principal Amount to be Redeemed
*	

* Maturity

EXHIBIT B

REPRESENTATION LETTER

The City of Irvine (the "City") hereby certifies in connection with the Bond Purchase Agreement (the "Purchase Agreement"), dated December ___, 2011, between Piper Jaffray & Co. and the Irvine Public Facilities and Infrastructure Authority, as follows (capitalized terms not otherwise defined herein shall have the meaning set forth in the Purchase Agreement):

The City hereby represents and warrants to and agrees with the Underwriter that:

(a) The City is a charter city of the State of California (the "State"), duly organized and validly existing pursuant to the Constitution and laws of the State;

(b) The City has, and at the Closing Date, will have, full legal right, power and authority (i) to adopt the City Resolutions, (ii) to execute, deliver and perform its obligations under the Assessment Bonds and the other City Documents, (iii) to issue, sell and deliver the Assessment Bonds to the Authority as provided in the Assessment Bond Purchase Agreement, and (iv) to carry out, give effect to and consummate the transactions contemplated by the Assessment Bonds, the City Resolutions, the other City Documents and the Official Statement;

(c) The City is, and at the Closing Date will be, in compliance, in all respects, with the Assessment Bonds and the other City Documents;

(d) The City Council of the City has duly and validly adopted the City Resolutions and approved the execution and delivery of the Assessment Bonds and the other City Documents, and the performance by the City of its obligations contained therein, and the taking of any and all action as may be necessary to carry out, give effect to and consummate the transactions contemplated by each of said documents. The Assessment Bonds and the other City Documents have been, or on or before the Closing Date will be, duly executed and delivered by the City, and, on the Closing Date, the Assessment Bonds, when authenticated and delivered to the Authority in accordance with the Fiscal Agent Agreement, and the other City Documents will constitute legally valid and binding obligations, enforceable against the City in accordance with their respective terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or similar laws or equitable principles relating to or limiting creditors' rights generally;

(e) The City is not, and at the Closing Date will not be, in breach of or in default under any applicable law or administrative rule or regulation of the State or the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the City is a party or is otherwise subject or bound, including the City Documents, a consequence of which could be to materially and adversely affect the ability of the City to perform its obligations under the Assessment Bonds or any other City Documents, or which, with the passage of time or the giving of notice or both, would constitute an event of default thereunder;

(f) The adoption of the City Resolutions and the execution and delivery of the Assessment Bonds and the other City Documents, and compliance with the provisions of each, did not and will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State or the United States of America, or of any department, division, agency or

instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the City is a party or is otherwise subject or bound, a consequence of which could be to materially and adversely affect the ability of the City to perform its obligations under the Assessment Bonds or any other City Documents;

(g) Except as may be required under the "blue sky" laws of any state, all approvals, consents, authorizations, elections and orders of or filings or registrations with any governmental authority, board, agency or commission having jurisdiction which would constitute conditions precedent to, or the absence of which would materially adversely affect, the ability of the City to perform its obligations under any of the Assessment Bonds or the other City Documents, have been obtained and are in full force and effect;

(h) The Assessment Bonds, the Fiscal Agent Agreement, the Escrow Agreement, the Continuing Disclosure Agreement and the City Resolutions conform as to form and tenor to the descriptions thereof contained in the Preliminary Official Statement, and which will be contained in the Official Statement as of the Closing Date, and when delivered to and paid for by the Authority on the Closing Date as provided in the Assessment Bond Purchase Agreement, the Assessment Bonds will be validly issued and outstanding;

(i) The Assessments levied on parcels within the Reassessment District constituting the security for the Assessment Bonds have been duly and lawfully levied under and pursuant to the Municipal Improvement Act of 1913 (Sections 10000 and following of the California Streets and Highways Code), the Improvement Bond Act of 1915 (Division 10 of the California Streets and Highways Code), as amended, Chapter 5 of Division 7 of Title 2 of the City of Irvine Municipal Code and Article XIIID of the Constitution of the State and the Proposition 218 Omnibus Implementation Act (Statutes of 1997, Chapter 38), and such Assessments on parcels within the Reassessment District constitute valid and legally binding liens on the parcels within the Reassessment District on which they have been levied;

(j) There are no outstanding assessment or reassessment liens levied by the City against any of the parcels within the Reassessment District which are senior to the reassessment liens referred to in paragraph (i) hereof, and the City has no present intention of conducting further proceedings leading to the levying of additional assessments or reassessments against any of the parcels within the Reassessment District;

(k) The Preliminary Official Statement provided to the Underwriter has been deemed final by the City, as required by Rule 15c2-12. As of the date thereof, the Preliminary Official Statement did not contain any untrue statement of a material fact or omit a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; the Official Statement does not and, as of the Closing Date, will not contain any untrue or any misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(l) Until the date which is 25 days after the End Date, if any event shall occur of which the City is aware, as a result of which it may be necessary to supplement the Official Statement in order to make the statements contained in the Official Statement, in light of the circumstances existing at such time, not misleading, the City shall forthwith notify the Underwriter of any such event of which it has knowledge and shall cooperate fully in furnishing any information available to it for any supplement to the Official Statement necessary, as required by subparagraph (m) below;

(m) After the Closing and until the date which is 25 days after the End Date (i) the City will not adopt any amendment of or supplement to the Official Statement to which the Underwriter shall object in writing or which shall be disapproved by counsel for the Underwriter, and (ii) if any event relating to or affecting the City shall occur as a result of which it is necessary, in the opinion of counsel for the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to an initial purchaser of the Bonds, the City will forthwith prepare and furnish to the Underwriter a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to counsel for the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to an initial purchaser of the Bonds, not misleading. The costs of preparing any necessary amendment or supplement to the Official Statement shall be borne by the Authority or the City. For the purposes of this section the City will furnish such information with respect to itself as the Underwriter may from time to time request;

(n) The Fiscal Agent Agreement will create a valid pledge of and lien upon all of the Assessments (including prepayments thereof), together with interest and any penalties thereon, and any other amounts (including the proceeds of the sale of the Assessment Bonds) held in any fund or account established pursuant to the Fiscal Agent Agreement, subject in all cases to the provisions permitting the application thereof for the purposes and on the terms and conditions set forth therein;

(o) Except as is disclosed in the Preliminary Official Statement and the Official Statement, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body is pending, or to the knowledge of the City threatened in any way, affecting the existence of the City or the titles of its officers to their respective offices or seeking to restrain or to enjoin the issuance, sale or delivery of the Assessment Bonds, or the application of the proceeds thereof, or the collection or application of the Assessments pledged or to be pledged to pay the principal of and interest on the Assessment Bonds, or in any way contesting or affecting the validity or enforceability of the Assessment Bonds, the City Resolutions, the Assessment Purchase Agreement or the other City Documents, or any action on the part of the City contemplated by any of said documents, or in any way contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or the powers of the City or its authority with respect to the Assessment Bonds, the City Resolutions, the Assessment Purchase Agreement, the Purchase Agreement or the other City Documents, or any action on the part of the City contemplated by any of said documents or which would adversely affect the exemption of interest paid on the Assessment Bonds from federal income taxation or State personal income taxation, nor to the knowledge of the City is there any basis therefor;

(p) The City will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order for the Underwriter to qualify the Bonds for offer and sale under the "blue sky" or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate; provided, however, the City shall not be required to register as a dealer or a broker of securities or consent to the jurisdiction of any state of the United States, other than the State;

(q) Any certificate signed by any authorized official of the City authorized to do so shall be deemed a representation and warranty by the City to the Underwriter as to the statements made therein;

(r) During the period from the date hereof until the Closing Date, the City agrees to furnish the Underwriter with copies of any documents it files with any regulatory authority which are requested by the Underwriter;

(s) The City is not in default, nor has the City been in default at any time, as to the payment of principal or interest with respect to an obligation issued by the City or with respect to an obligation guaranteed by the City as guarantor;

(t) The City will apply the proceeds from the sale of the Assessment Bonds as set forth in and for the purposes specified in the Fiscal Agent Agreement;

(u) The City will undertake, pursuant to the Fiscal Agent Agreement and the Continuing Disclosure Agreement, to provide certain annual financial information and information about the property in the Reassessment District, together with notices of the occurrence of certain events, if material. The form of the Continuing Disclosure Agreement is set forth in Appendix C to the Preliminary Official Statement and will also be set forth in the Official Statement, and the specific nature of the information to be contained in the Annual Report (as defined in the Continuing Disclosure Agreement) or the notices of material events is set forth in the Continuing Disclosure Agreement. ;

(v) (a) The purchase and sale of the Bonds pursuant to the Purchase Agreement is an arm's-length commercial transaction between the Authority and the Underwriter, (b) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and not as the agent, fiduciary or financial advisor of the Authority or the City and not as a municipal advisor (within the meaning of Section 15B of the Securities Exchange Act of 1934, (c) the Underwriter has not assumed (individually or collectively) any advisory or fiduciary responsibility to the Authority or the City with respect to the Purchase Agreement, the offering of the Bonds, the Assessment Purchase Agreement or the Assessment Bonds or the discussions, undertakings and procedures leading thereto (irrespective of whether or not the Underwriter, or any affiliate of the Underwriter, has provided other services or is currently providing other services to the Authority and the City on other matters) (d) the only obligations the Underwriter has to the Authority or the City with respect to the transactions contemplated hereby is set forth in the Purchase Agreement; (e) the Underwriter has financial and other interest that differ from those of the Authority and the City and (f) the Authority and the City have consulted their own legal, accounting, tax, financial and other advisors, as applicable, to the extent each has deemed appropriate.

Very truly yours,

CITY OF IRVINE

By: _____

City Manager

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER __, 2011

In the opinion of Rutan & Tucker, LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Bonds is not a preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "CONCLUDING INFORMATION—Tax Matters" herein.

NEW ISSUE - BOOK-ENTRY ONLY

RATING: S&P: ____
See "RATING" herein.
(See "CONCLUDING INFORMATION—Rating" herein)

$37,705,000*
IRVINE PUBLIC FACILITIES AND INFRASTRUCTURE AUTHORITY ASSESSMENT REVENUE BONDS, 2011 SERIES A

Dated: Date of Delivery **Due: September 2, as shown on inside cover page**

The $37,705,000* Irvine Public Facilities and Infrastructure Authority Assessment Revenue Bonds, 2011 Series A (the "Bonds") are being issued by the Irvine Public Facilities and Infrastructure Authority (the "Authority") pursuant to the provisions of Chapter 6 of Division 7 of Title II, Section 2-7-631 *et seq.* of the City of Irvine Municipal Code (the "Bond Law") and an Indenture of Trust, dated as of December 1, 2011 (the "Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Bonds are being issued to purchase an issue of limited obligation improvement bonds described herein (the "Assessment Bonds"). The Assessment Bonds are being issued by the City of Irvine (the "City") pursuant to the Refunding Act of 1984 for 1915 Improvement Act Bonds (Division 11.5 of the California Streets and Highways Code) (the "Act"), and will be secured by certain unpaid reassessments (the "Assessments") levied by the City pursuant to the Act within the reassessment district relating to such issue of Assessment Bonds. The Assessment Bonds are being issued to refund certain outstanding limited obligation improvement bonds and pooled limited obligation improvement bonds of certain of the City's previously-formed assessment districts and reassessment districts. See "THE PLAN OF FINANCE" herein.

The Bonds will be issued in book-entry form, initially registered in the name of Cede & Co., New York, New York, as nominee of The Depository Trust Company ("DTC"), New York, New York. Interest on the Bonds, payable at the rates set forth below, will be payable on September 2 and March 2 of each year, commencing March 2, 2012. Purchasers will not receive certificates representing their interest in the Bonds. Individual purchases will be in principal amounts of $5,000 or in any integral multiple of $5,000. Payments of principal and interest will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds.

The Bonds will mature on September 2 in the years and in the amounts as shown on the Maturity Schedule set forth below. The Bonds are subject to optional redemption and mandatory redemption from Principal Prepayments prior to maturity as set forth herein. See "THE BONDS—Redemption of the Bonds" herein.

The Bonds are payable solely from Revenues of the Authority, consisting initially of debt service payments on the Assessment Bonds received by the Trustee, as the owner of the Assessment Bonds. Debt service payments on the Assessment Bonds are calculated to be sufficient to permit the Authority to pay debt service on the Bonds when due. The City has determined that it will not obligate itself to advance funds from its treasury to cover any delinquency on the Assessment Bonds.

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE PAYABLE SOLELY FROM THE REVENUES AND OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE. THE BONDS DO NOT CONSTITUTE A DEBT OR LIABILITY OF THE CITY OR OF THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE AUTHORITY, THE CITY OR THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS. THE ASSESSMENT BONDS ARE LIMITED OBLIGATIONS OF THE CITY, PAYABLE SOLELY FROM THE ASSESSMENTS LEVIED WITHIN THE RELATED REASSESSMENT DISTRICT AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE FISCAL AGENT AGREEMENT PURSUANT TO WHICH SUCH ASSESSMENT BONDS ARE ISSUED. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY OR THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE ASSESSMENT BONDS.

This cover page contains information for reference only. It is not a summary of this issue. Investors must read the entire Official Statement, including the section entitled "SPECIAL RISK FACTORS", for a discussion of special factors which should be considered, in addition to the other matters set forth herein, in making an informed investment decision about the Bonds.

MATURITY SCHEDULE*
See Inside Cover Page

The Bonds are offered, when, as and if issued and accepted by the Underwriter, subject to approval as to their validity by Rutan & Tucker, LLP, Costa Mesa, California, Bond Counsel to the Authority, and subject to certain other conditions. Certain legal matters will be passed upon for the Authority and the City by Rutan & Tucker, LLP, Costa Mesa, California, City Attorney, and by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California as Disclosure Counsel. Certain legal matters will be passed on for the Underwriter by McFarlin & Anderson LLP, Laguna Hills, California. It is anticipated that the Bonds will be available for delivery in book-entry form through the facilities of DTC, on or about December __, 2011.

PIPER JAFFRAY & CO.

Dated: December __, 2011

* Preliminary, subject to change.

MATURITY SCHEDULE*

$ _____ Serial Bonds

Maturity (September 2)	Principal	Interest Rate	Yield	CUSIP No.†
2012				
2013				
2014				
2015				
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				

* Preliminary, subject to change.

† CUSIP data included here is subject to Copyright 2011, American Bankers Association. CUSIP data included herein is provided by the Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. and is provided for convenience of reference only. Neither the City, the Authority nor the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

IRVINE PUBLIC FACILITIES AND INFRASTRUCTURE AUTHORITY
and
CITY OF IRVINE
(Orange County, California)

MEMBERS OF THE AUTHORITY BOARD OF DIRECTORS AND CITY COUNCIL

Sukhee Kang, *Chairperson/Mayor*
Beth Krom, *Vice Chairperson/Mayor Pro Tempore*
Larry Agran, *Board Member/Councilmember*
Steven Choi, *Board Member/Councilmember*
Jeffrey Lalloway, *Board Member/Councilmember*

AUTHORITY OFFICERS AND CITY STAFF

Sean Joyce, *Authority Secretary/City Manager*
Sharon Landers, *Assistant City Manager*
Michele C. Lund, *Authority Treasurer/City Treasurer*
Sharie Apodaca, *Authority Assistant Secretary/City Clerk*
Philip D. Kohn (Rutan & Tucker, LLP), *Authority Counsel/City Attorney*
Gary Burton, *Director of Administrative Services*
Eric Tolles, *Director of Community Development*
Brian Fisk, *Director of Community Services*
Craig Reem, *Director of Public Affairs/Communications*
David L. Maggard, *Director of Public Safety*
Manuel Gomez, *Director of Public Works*
Donna Mullally, *Authority Fiscal Officer/Manager of Fiscal Services*

PROFESSIONAL SERVICES

Bond Counsel
Rutan & Tucker, LLP
Costa Mesa, California

Authority Counsel/City Attorney
Rutan & Tucker, LLP
Costa Mesa, California

Disclosure Counsel
Orrick, Herrington & Sutcliffe LLP
Los Angeles, California

Reassessment Consultant
Willdan Financial Services
Anaheim, California

Trustee
The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

Financial Advisor to the City
Fieldman, Rolapp & Associates
Irvine, California

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations, other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the Authority or the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been obtain from the Authority, the City and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation of such by the Authority or the City. The information and expressions of opinion stated herein are subject to change without notice. The delivery of this Official Statement shall not, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the City or the Reassessment District (as defined herein) since the date hereof.

The discussion and information herein relating to the Bonds, the Reassessment District, the Authority, and the City do not purport to be comprehensive or definitive. All references to the Bonds are qualified in their entirety by reference to the Indenture setting forth the terms and descriptions thereof. The summaries and references to any code, act, resolution, the Indenture or Fiscal Agent Agreement (as defined herein), and to other statutes and documents in this Official Statement do not purport to be comprehensive or definitive, and are qualified in their entirety by reference to each statute and document.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

CUSIP data included here is subject to Copyright 2011, American Bankers Association. CUSIP data included herein is provided by the Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. and is provided for convenience of reference only. Neither the City nor the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

The City maintains a website. However, the information presented on that website is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds.

IN CONNECTION WITH THIS BOND UNDERWRITING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS DESCRIBED HEREIN AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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INSERT LOCATION MAP

$37,705,000*
IRVINE PUBLIC FACILITIES AND INFRASTRUCTURE AUTHORITY
ASSESSMENT REVENUE BONDS, 2011 SERIES A

INTRODUCTION

This Official Statement, including the cover page, the inside cover page, the table of contents and the Appendices, is provided to furnish information in connection with the sale by the Irvine Public Facilities and Infrastructure Authority (the "Authority") of its $37,705,000* aggregate principal amount of Assessment Revenue Bonds, 2011 Series A (the "Bonds"). The Bonds will be issued by the Authority pursuant to the provisions of Chapter 6 of Division 7 of Title II, Section 2-7-631 *et seq.* of the City of Irvine Municipal Code (the "Bond Law") and an Indenture of Trust, dated as of December 1, 2011 (the "Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee").

The proceeds from the sale of the Bonds will be used to purchase $_____ aggregate principal amount of City of Irvine Limited Obligation Improvement Bonds, Reassessment District No. 11-2 (the "Assessment Bonds"). The Assessment Bonds are being issued by the City of Irvine (the "City") pursuant to the Refunding Act of 1984 for 1915 Improvement Act Bonds (Division 11.5 of the California Streets and Highways Code) (the "Act") and a Fiscal Agent Agreement, dated as of December 1, 2011 (the "Fiscal Agent Agreement"), by and between the City and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the "Fiscal Agent"), and will be secured by certain unpaid reassessments (the "Assessments") levied by the City pursuant to the Act within Reassessment District No. 11-2 (the "Reassessment District") of the City.

The proceeds from the sale of the Assessment Bonds will be used principally to refund certain outstanding limited obligation improvement bonds and pooled limited obligation improvement bonds of certain of the City's previously-formed assessment districts and reassessment districts. See "THE PLAN OF FINANCE" herein.

The Bonds are secured by all amounts derived from the Assessment Bonds issued by the City, and acquired by the Authority pursuant to the Indenture, including but not limited to all payments of principal thereof, premium, if any, and interest thereon (the "Revenues"). Pursuant to the Indenture, the Authority has assigned to the Trustee, for the benefit of the Owners from time to time of the Bonds, all of the Revenues and all right, title and interest of the Authority in the Assessment Bonds. See "SECURITY FOR THE BONDS" herein.

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM THE REVENUES AND OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE. THE BONDS DO NOT CONSTITUTE A DEBT OR LIABILITY OF THE CITY OR OF THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE AUTHORITY, THE CITY OR THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS.

The summaries and references to documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety to each document, statute, report or instrument. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Indenture.

---

* Preliminary, subject to change.

THE PLAN OF FINANCE

The Bonds are being issued in order to provide funds to purchase the Assessment Bonds. The Assessment Bonds are being issued to refund three separate issues of fixed rate assessment bonds and one issue of pooled refunding bonds payable from two issues of fixed rate reassessment bonds (the "Refunded Bonds") of the City. Each such issue of fixed rate bonds is secured by the unpaid assessments and reassessments levied on certain designated parcels within one of three previously established assessment districts and two reassessment districts (the "Prior Assessment Districts") of the City, as specified in the related indenture pursuant to which such bonds were issued. The Prior Assessment Districts are Assessment District No. 00-18, Assessment District No. 87-8, Assessment District No. 93-14, Reassessment District No. 99-1 and Reassessment District No. 99-2. The Reassessment District consists of a portion of the parcels within Assessment District Nos. 00-18, 87-8 and 93-14, and all of the parcels in Reassessment District Nos. 99-1 and 99-2, the assessments and reassessments on which secure the Refunded Bonds.

The following table sets forth the Prior Assessment District in which are located the parcels the assessments and reassessments levied on which secure such issue of Refunded Bonds and the outstanding principal amount of each issue of Refunded Bonds.

Table 1
City of Irvine
Reassessment District No. 11-2
Description of Refunded Bonds

Prior Assessment District No.	Outstanding Principal Amount
00-18 G3	$20,650,000
87-8 G5	2,410,000
93-14 G1	1,430,000
99-1	220,000
99-2	15,543,000[(1)]
Total	$40,253,000

(1) The outstanding principal amount to be refunded is net of approximately $10 million in surplus construction funds on deposit with respect to this Reassessment District No. 99-2 that will be used to redeem Series A Authority Bonds on March 2, 2012.

The Refunded Bonds include each of the following:

The City issued $27,220,000 of its City of Irvine Assessment District No. 00-18 Limited Obligation Improvement Bonds, Group Three (the "AD No. 00-18 Group Three Bonds") pursuant to an Indenture, dated as of October 1, 2001, by and between the City and BNY Western Trust Company, predecessor to The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "AD No. 00-18 Trustee"), as amended and supplemented by a First Supplemental Indenture, dated as of July 1, 2002 and a Second Supplemental Indenture, dated as of July 1, 2003, each by and between the City and the AD No. 00-18 Trustee (as so amended and supplemented, the "AD No. 00-18 Group Three Indenture") for the purpose of financing certain capital facilities within Assessment District No. 00-18. As of the date hereof, $20,650,000 of the AD No. 00-18 Group Three Bonds are outstanding.

The City issued $5,695,000 of its City of Irvine Assessment District No. 87-8 Limited Obligation Improvement Bonds, Group Five (the "AD No. 87-8 Group Five Bonds") pursuant to an Indenture, dated as of November 1, 1998, by and between the City and Chase Bank of Texas, National Association, predecessor to The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "AD No. 87-8 Trustee"), as amended and supplemented by a First Supplemental Indenture, dated as of July 1, 1999, a Second Supplemental Indenture, dated as of July 1, 2000, a Third Supplemental Indenture, dated as of June 1, 2001, a Fourth Supplemental Indenture, dated as of July 1, 2002, a Fifth Supplemental Indenture, dated as of July 1, 2003 and a Sixth Supplemental Indenture, dated as of March 1, 2004, each by and between the City and the AD No. 87-8 Trustee (as so amended and supplemented, the "AD No. 87-8 Group Five Indenture") for the purpose of financing certain capital facilities within Assessment District No. 87-8. As of the date hereof, $2,410,000 of the AD No. 87-8 Group Five Bonds are outstanding.

The City issued $1,905,000 of its City of Irvine Assessment District No. 93-14 Limited Obligation Improvement Bonds, Group One (the "AD No. 93-14 Group One Bonds") pursuant to an Indenture, dated as of September 1, 2000, by and between the City and Chase Manhattan Bank Trust Company, National Association, predecessor to The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "AD No. 93-14 Trustee"), as amended and supplemented by a First Supplemental Indenture, dated as of July 1, 2003, by and between the City and the AD No. 93-14 Trustee (as so amended and supplemented, the "AD No. 93-14 Group One Indenture") for the purpose of financing certain capital facilities within Assessment District No. 93-14. As of the date hereof, $1,430,000 of the AD No. 93-14 Group One Bonds are outstanding.

The Irvine Public Facilities and Infrastructure Authority (the "Authority") issued $66,240,000 aggregate principal amount of its Assessment Revenue Bonds, Series A (the "Series A Authority Bonds") pursuant to an Indenture of Trust, dated as of January 1, 1999, by and between the Authority and Chase Bank of Texas, National Association, predecessor to The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "Series A Authority Bonds Indenture") for the purpose of purchasing certain bonds issued for the City's Reassessment District No. 99-1 and Reassessment District No. 99-2. As of the date hereof, $24,560,000 of the Series A Authority Bonds are outstanding. The portion to be refunded by proceeds of the Bonds is expected to be net of approximately $10 million in surplus construction funds on deposit with respect to Reassessment District No. 99-2 that will be used to redeem Series A Authority Bonds on March 2, 2012.

Each of the issues of Refunded Bonds is subject to optional redemption on March 2, 2012. Concurrently with the delivery of the Assessment Bonds, the City will cause a portion of the proceeds of the sale of the Assessment Bonds to be deposited into an escrow fund (the "Escrow Fund") established under an Escrow Agreement, dated as of December 1, 2011, by and between the City and The Bank of New York Mellon Trust Company, N.A., as Escrow Bank, to be applied to the payment and redemption of the Refunded Bonds. Amounts in the Escrow Fund will be gross funded with cash, to be held uninvested, such that an amount sufficient will be available to pay the principal of and interest on the Refunded Bonds to and including March 2, 2012 and to pay the redemption price thereof on March 2, 2012, as verified by [Verification Agent] (the "Verification Agent"), an independent firm of certified public accountants. See "ESTIMATED SOURCES AND USES OF FUNDS."

ESTIMATED SOURCES AND USES OF FUNDS

Bonds

The sources and uses of proceeds of sale of the Bonds are as follows:

Sources	Total
Principal Amount of Bonds	
Less Underwriter's Discount	
Total Sources	
Uses	
Program Fund [1]	
Total Uses	

(1) Applied to the purchase of $_____ principal amount of Assessment Bonds.

Assessment Bonds

The sources and uses of proceeds of sale of the Assessment Bonds are as follows:

Sources	Total
Principal Amount of Assessment Bonds	
Less Purchaser's Discount	
Transfer from funds and accounts for Prior Assessment Bonds	
Total Sources:	
Uses	
Assessment Reserve Fund [1]	
Costs of Issuance Funds [2]	
Continuing Costs Accounts [3]	
Escrow Fund	
Total Uses:	

(1) An amount equal to the Assessment Reserve Requirement (as defined in the Fiscal Agent Agreement).
(2) To pay costs of issuance, including legal fees, and printing fees.
(3) Deposit to Continuing Costs Accounts of the Redemption Funds to pay administrative expenses.

THE BONDS

Description of the Bonds

The Bonds will be issued in fully registered form only, and when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only, in denominations of $5,000 or any integral multiple thereof within a single maturity. So long as DTC is acting as securities depository for the Bonds, payments of principal of and interest on the Bonds will be made to DTC. See APPENDIX D – "BOOK-ENTRY SYSTEM." The Bonds will be dated the date of delivery and will bear interest at the rates per annum and will mature, subject to the redemption provisions set forth below, on the dates and in the principal amounts, all as set forth on the inside cover page hereof.

Interest on the Bonds is payable semiannually on March 2 and September 2 of each year, commencing March 2, 2012 (each an "Interest Payment Date") to the Persons in whose names the ownership of the Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided in the Indenture. Such interest will be paid by check of the Trustee mailed by first class mail, postage prepaid on each Interest Payment Date to the Bond Owners at their respective addresses shown on the Registration Books as of the close of business on

the preceding Record Date, except that in the case of an Owner of $1,000,000 or more in aggregate principal amount of Bonds, upon the written request of such Owner to the Trustee, received at least ten days prior to a Record Date, specifying the account or accounts to which such payment will be made, payment of interest will be made by wire transfer of immediately available funds on the following Interest Payment Date. Interest on the Bonds will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

The principal of and premium, if any, on the Bonds will be payable in lawful money of the United States of America upon presentation and surrender thereof at the Office of the Trustee. Payment of principal of and premium, if any, on any Bond will be made only upon presentation and surrender of such Bond at the Office of the Trustee.

Redemption of the Bonds

Optional Redemption

The Bonds maturing on or after September 2, 20__, are subject to optional redemption in whole, or in part, among maturities on such basis as are designated by the Authority in a Written Certificate of the Authority filed with the Trustee, on any Interest Payment Date on or after September 2, 20__, at the following respective Redemption Prices (expressed as percentages of the principal amount of the Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

Redemption Dates	Redemption Price
September 2, 20__ and March 2, 20__	102%
September 2, 20__ and March 2, 20__	101
September 2, 20__ and thereafter	100

The terms for optional redemption of Bonds above are not applicable to circumstances under which the Bonds are subject to mandatory redemption from Principal Prepayments below.

Mandatory Redemption From Principal Prepayments

The Bonds are subject to mandatory redemption, in whole, or in part, on any Interest Payment Date, from and to the extent of any Principal Prepayments with respect to the Assessment Bonds, at the following respective Redemption Prices (expressed as percentages of the principal amount of the Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

Redemption Dates	Redemption Price
_____ 2, 2012 through March 2, 20__	103%
September 2, 20__ and March 2, 20__	102
September 2, 20__ and March 2, 20__	101
September 2, 20__ and thereafter	100

The principal amount of Bonds to be redeemed from Principal Prepayments with respect to the Assessment Bonds will be the greatest principal amount of Bonds, the Redemption Price of which is less than or equal to such Principal Prepayments, as specified in a Written Request of the Authority delivered to the Trustee. In the event that the Fiscal Agent shall mail notice of the redemption of any Assessment Bonds which will produce Principal Prepayments, the Trustee will concurrently mail notice of the redemption of Bonds from Principal Prepayments with respect to Assessment Bonds, such redemption to occur on the date fixed for such redemption of the Assessment Bonds. The proceeds of any such

redemption of the Assessment Bonds will be applied by the Trustee to pay the Redemption Price of Bonds on the date of such redemption of the Assessment Bonds.

For purposes of the selection of Bonds for mandatory redemption from Principal Prepayments with respect to Assessment Bonds, the Bonds will be selected for redemption among maturities by the Authority (evidenced pursuant to a Written Certificate of the Authority delivered to the Trustee at least 60 days prior to the redemption date or such later date as shall be acceptable to the Trustee) on such basis that the remaining payments of principal of and interest on the Assessment Bonds will be sufficient on a timely basis to pay debt service on the Bonds, as shall be demonstrated in a report of an Independent Financial Consultant filed with the Trustee.

Notice of Redemption

So long as DTC is acting as securities depository for the Bonds, notice of redemption, containing the information required by the Indenture, will be mailed by first class mail, postage prepaid, by the Trustee to DTC (not to the Beneficial Owners of any Bonds designated for redemption) at least 30 but not more than 60 days prior to the date fixed for redemption. Such notice will state the date of the notice, the redemption date, the redemption place and the Redemption Price and will designate the Series of Bonds, the CUSIP numbers, the Bond numbers and the maturity or maturities (except in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the Office of the Trustee for redemption at the Redemption Price, giving notice also that further interest on such Bonds will not accrue from and after the date fixed for redemption.

With respect to any notice of any optional redemption of Bonds, unless at the time such notice is given the Bonds to be redeemed will be deemed to have been paid within the meaning of the Indenture, such notice may state that such redemption is conditional upon receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys that, together with other available amounts held by the Trustee, are sufficient to pay the redemption price of, and accrued interest on, the Bonds to be redeemed, and that if such moneys will not have been so received said notice will be of no force and effect and the City will not be required to redeem such Bonds. In the event a notice of redemption of Bonds contains such a condition and such moneys are not so received, the redemption of Bonds as described in the conditional notice of redemption will not be made.

Neither the failure to receive any notice so mailed, nor any defect in such notice, will affect the sufficiency of the proceedings for the redemption of the Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption.

Selection of Bonds for Redemption

Whenever provision is made in the Indenture for the redemption of less than all of the Bonds maturing on a particular date, the Trustee will select the Bonds maturing on such date to be redeemed from all Bonds maturing on such date not previously called for redemption, by lot in any manner which the Trustee in its sole discretion deems appropriate and fair. For purposes of such selection, all Bonds will be deemed to be comprised of separate $5,000 denominations and such separate denominations will be treated as separate Bonds which may be separately redeemed.

Effect of Notice of Redemption

Notice having been mailed as aforesaid, and moneys for the redemption (including the interest to the applicable date fixed for redemption and including any applicable premium) having been deposited

with the Trustee in the Redemption Account, the Bonds will become due and payable on said date, and, upon presentation and surrender thereof at the Office of the Trustee, said Bonds will be paid at the Redemption Price thereof, together with interest accrued and unpaid to said date.

If, on said date fixed for redemption, moneys for the redemption of all the Bonds to be redeemed, together with interest to said date, is held by the Trustee so as to be available therefor on such date, and, if notice of redemption thereof has been mailed as aforesaid and not canceled, then, from and after said date, interest on said Bonds will cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of Bonds will be held in trust for the account of the Owners of the Bonds so to be redeemed.

Transfers and Exchange

So long as the Bonds remain in book-entry, transfer and exchange of any of the Bonds will be accomplished in accordance with the provisions of such book-entry system. In the event of termination of such book-entry system with respect to the Bonds, then any Bond may be transferred upon the Registration Books by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Whenever any Bond or Bonds are surrendered for transfer, the Authority will execute and the Trustee will authenticate and deliver a new Bond or Bonds for a like aggregate principal amount of the same maturity (and interest rate if a bifurcated maturity), in any authorized denomination. The Trustee will require the Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of the same maturity, of other authorized denominations. The Trustee will require the payment by the Bond Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Trustee will not be obligated to make any transfer or exchange of Bonds during the period established by the Trustee for the selection of Bonds for redemption, or with respect to any Bonds selected for redemption.

Debt Service Schedule

The schedule of annual debt service payments for the Bonds is as follows:

Year Ending September 2	Principal	Interest	Total
2012			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
Total:			

SECURITY FOR THE BONDS

General

The Bonds, including the Bonds, are limited obligations of the Authority payable solely from the Revenues and other assets pledged therefor under the Indenture. Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture, all of the Revenues and any other amounts [(including proceeds of the sale of the Bonds)] held in any fund or account established pursuant to the Indenture are pledged by the Authority to secure payment of the principal of, premium, if any, and interest on the Bonds. Said pledge constitutes a first lien on such assets. "Revenues" is defined in the Indenture to mean all amounts derived from or with respect to the Assessment Bonds, including but not limited to all payments of principal thereof, premium, if any, and interest thereon.

Pursuant to the Indenture, the Authority transfers in trust and assigns to the Trustee, for the benefit of the Owners from time to time of the Bonds, all of the Revenues and all of the right, title and interest of the Authority in the Assessment Bonds. Under the Indenture, the Trustee is entitled to and will collect and receive all of the Revenues, and any Revenues collected or received by the Authority will be deemed to be held, and to have been collected or received, by the Authority and will forthwith be paid by the Authority to the Trustee. The Trustee also will be entitled to and may take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the City under and with respect to the Assessment Bonds.

In accordance with the provisions of the Indenture, the Trustee, upon the issuance of the Assessment Bonds, will be the registered owner of the Assessment Bonds and will therefore receive from the Fiscal Agent the payments of the principal of and the premium, if any, and interest on the Assessment Bonds.

Pursuant to the Act, the City is required annually to transmit to the Auditor of the County of Orange (the "County") the respective amounts of individual installments on all unpaid Assessments, the sum of

which individual Assessment installments is sufficient to pay the principal of and interest on the Assessment Bonds as such principal and interest become due and payable. Said Assessment installments are then billed on the regular County property tax bills and are remitted to the City in accordance with established procedures for such remittances.

Assuming timely payment by the respective property owners of the obligations (including the Assessment installments) billed on the regular County property tax bills, and further assuming timely remittance by the County to the City of the amount of such Assessment installments thereby collected, the City will have sufficient funds from the Assessment installments to make timely payment to the Fiscal Agent of each March 2 interest payment and each September 2 principal and interest payment on the Assessment Bonds, as the same become due and payable. See "SPECIAL RISK FACTORS" herein for a discussion of factors which could affect the collection of Assessment installments. Debt service payments on the Assessment Bonds are calculated to be sufficient to permit the Authority to pay the principal of and interest on the Bonds when due.

The Reassessment District is included in the County's Teeter Plan, which is an alternative method for the distribution of secured property taxes to local agencies. If the County's Teeter Plan is terminated (or if the County fails to make payments to the City when due under the Teeter Plan), the failure of any owners to pay any Assessment installments in a timely manner could result in the unavailability of money to pay the principal of or interest on the Bonds when due. See "- Teeter Plan" below.

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM THE REVENUES AND OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE. THE BONDS DO NOT CONSTITUTE A DEBT OR LIABILITY OF THE CITY OR OF THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE AUTHORITY, THE CITY OR THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS.

Assessment Bonds

The Assessment Bonds are secured by the unpaid Assessments levied upon private property within the Reassessment District, pursuant to the Act. Such unpaid Assessments (together with interest thereon), and moneys in the Redemption Fund established for the Assessment Bonds constitute a trust fund for the redemption and payment of the principal of, premium, if any, and interest on the Assessment Bonds. Principal of, premium, if any, and interest on the Assessment Bonds are payable exclusively out of the Redemption Fund established under the Fiscal Agent Agreement pursuant to which such Assessment Bonds were issued. Pursuant to the Fiscal Agent Agreement, a reserve fund (the "Assessment Reserve Fund") has been established for the Assessment Bonds issued thereunder in the amount of the Assessment Reserve Requirement (as defined in the Fiscal Agent Agreement). See "Assessment Reserve Fund" herein for a detailed description of such Assessment Reserve Fund.

The Assessments levied within the Reassessment District and each installment thereof and any interest and penalties thereon constitute liens against the parcels of land on which they are levied until the same are paid. See "Priority of Lien" herein for a discussion of the priority of such liens. While there are no prior special assessment liens on any of the parcels of land within the Reassessment District, there are liens for special taxes and the recurring lien for general property taxes. See "THE REASSESSMENT DISTRICT—Direct and Overlapping Debt" herein.

Although the unpaid assessments within a reassessment district constitute liens on the parcels of land assessed within such reassessment district, they do not constitute a personal indebtedness of the

respective property owners. There is no assurance that present property owners will remain the property owners, that property owners will be financially able to pay their Assessments, or that property owners will in fact pay such Assessments even though financially able to do so.

Under provisions of the Act, Assessment installments sufficient to meet annual payments of principal of and interest on the Assessment Bonds are to be collected on the regular property tax bills sent by the County Tax Collector to owners of the parcels of land against which there are unpaid Assessments. Annual installments of Assessments are to be paid into the Redemption Fund for the Assessment Bonds, which will be held by the Fiscal Agent and used to pay the principal of and interest on such Assessment Bonds as they become due. The installment billed against each parcel of land within the Reassessment District each year represents a *pro rata* share of the total principal and interest coming due on all of the Assessment Bonds that year. The amount billed against each parcel of land within the Reassessment District is based on the percentage which the unpaid Assessment against the parcel bears to the total of unpaid Assessments within the Reassessment District, plus an administrative charge of the City. The failure of a property owner to pay an annual Assessment installment will not result in an increase in Assessment installments against other property in the Reassessment District.

In the event of delinquencies of a certain amount respecting any installment of an unpaid Assessment, and with respect to all delinquencies in certain circumstances, as prescribed in the Fiscal Agent Agreement, the City has covenanted to institute superior court foreclosure proceedings to enforce payment of such delinquencies. See "Covenant for Superior Court Foreclosure" herein.

ALL OBLIGATIONS OF THE CITY UNDER THE ASSESSMENT BONDS WILL NOT BE GENERAL OBLIGATIONS OF THE CITY, BUT WILL BE LIMITED OBLIGATIONS, PAYABLE SOLELY FROM THE REASSESSMENTS LEVIED WITHIN THE REASSESSMENT DISTRICT AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE FISCAL AGENT AGREEMENT PURSUANT TO WHICH SUCH ASSESSMENT BONDS ARE ISSUED. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY OR THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE ASSESSMENT BONDS.

Assessment Reserve Fund

The Fiscal Agent Agreement requires the establishment of an Assessment Reserve Fund in the amount of the Assessment Reserve Requirement. The Fiscal Agent Agreement defines "Reserve Requirement" to be, as of any date of any calculation, an amount equal to the least of (i) 10% of the original aggregate principal amount of the Assessment Bonds, (ii) Maximum Annual Debt Service on the Assessment Bonds, and (iii) 125% of Average Annual Debt Service on the Assessment Bonds. Upon the issuance of the Assessment Bonds, the amount specified for such purpose under the heading "ESTIMATED SOURCES AND USES OF FUNDS" will be deposited into the Assessment Reserve Fund established for the Assessment Bonds under the Fiscal Agent Agreement. Transfers will be made pursuant to the Fiscal Agent Agreement from the Assessment Reserve Fund for the Assessment Bonds issued thereunder to the Redemption Fund established thereunder in the event of a deficiency in such Redemption Fund. The amount so advanced will be reimbursed to the Assessment Reserve Fund for such Assessment Bonds from the proceeds of redemption or sale of the parcel for which payment or reimbursement of any delinquent Assessment was made from such Assessment Reserve Fund. If any Assessment is prepaid before final maturity of the Assessment Bonds, the City is authorized by the Fiscal Agent Agreement to reduce the amount in the Assessment Reserve Fund established thereunder and transfer to the Prepayment Account established thereunder an amount in the proportion in which the Assessment prepaid within the Reassessment District bears to the total original unpaid Reassessments levied within the Reassessment District.

Additional Authority Bonds for Refunding Only

In addition to the Bonds, the Authority may, subject to the requirements of the Bond Law, by Supplemental Indenture establish one or more Series of Bonds payable from the Revenues on a parity with the Bonds and secured by a lien upon and pledge of Revenues equal to the lien and pledge securing the Bonds, solely for the purpose of refunding Outstanding Bonds.

Additional Assessment Bonds

The Fiscal Agent Agreement provides that the City shall not issue any additional bonds, notes or other evidences of indebtedness payable from the Assessments.

Covenant for Superior Court Foreclosure

If a delinquency occurs in the payment of any Assessment installment securing the Assessment Bonds, the Fiscal Agent will have a duty only to transfer into the Redemption Fund for such Assessment Bonds from the Assessment Reserve Fund for such Assessment Bonds (but only to the extent funds are available therein) the amount necessary to pay principal of or interest on such Assessment Bonds when due. There is no assurance that sufficient funds will be available in the Assessment Reserve Fund for the Assessment Bonds for such purpose. The City has determined, pursuant to Section 8769 of the California Streets and Highways Code, that it will not obligate itself to advance funds from its treasury to cover any delinquency in the Assessments or payments on the Assessment Bonds.

The City has covenanted in the Fiscal Agent Agreement that it will within 150 days of a delinquency in the payment of Assessments securing the Assessment Bonds issued thereunder or interest thereon, or amounts to pay the continuing costs of such Assessment Bonds, forthwith undertake and diligently prosecute foreclosure proceedings in the manner prescribed in the Act to collect such delinquent amounts; *provided, however*, that if the amount collected is greater than 92.5% of the installment of such Assessments and interest thereon, and amounts to pay such continuing costs, to be collected, the City will not be required to undertake such foreclosure proceedings, unless it is determined that any single property owner is delinquent in excess of $7,000 in the payment of such amounts in which case it shall diligently institute, prosecute and pursue such foreclosure proceedings against such property owner as set forth in the Fiscal Agent Agreement.

Upon the redemption or sale of the real property responsible for such delinquencies, the City shall deposit in the Assessment Reserve Fund for the Assessment Bonds from the net proceeds of such redemption or sale, the amount of any delinquency advanced therefrom pursuant to the Fiscal Agent Agreement; provided, however, that if and to the extent that any such deposit would cause the amount on deposit in such Assessment Reserve Fund to exceed the Assessment Reserve Requirement therefor, such excess shall be deposited in the Redemption Fund established under the Fiscal Agent Agreement. The balance, if any, of such redemption or sale proceeds shall be disbursed as set forth in the judgment of foreclosure or as required by law.

Even though foreclosure is commenced and diligently prosecuted in accordance with the City's foreclosure covenant, neither the City nor the Authority can provide any assurance that, in the event such foreclosure progresses to the point of a foreclosure sale, there will be any bidder for the subject parcel or parcels. While assessed valuations would indicate that each of the parcels within the Reassessment District has sufficient value to assure meaningful bidding at such foreclosure sale, there is no assurance that such present value will not decline in the future, and neither the City nor the Authority is obligated to be a bidder at such foreclosure sale. In the absence of any outside bidder, the foreclosure sale may not produce money to the City in satisfaction of its foreclosure judgment from which to pay the principal of

or the interest on the Assessment Bonds secured by such delinquencies in the payments of Assessments. See "SPECIAL RISK FACTORS."

Priority of Lien

The unpaid Assessments levied within the Reassessment District and each installment thereof and any interest and penalties thereon constitute a lien against each of the respective parcels within the Reassessment District until the same are paid. Such lien is subordinate to all special assessment liens previously imposed upon the same property, but has priority over all private liens and over all special assessment liens which may thereafter be created against the same property. However, such lien is on a parity with the lien of general property taxes and any special taxes imposed, whether prior to the date hereof or in the future, against parcels within the Reassessment District pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the "Mello-Roos Act"), or other applicable legislation. While there are no prior special assessment liens on any of the parcels of land in the Reassessment District, there are liens for special taxes and the recurring lien for general property taxes. See "THE REASSESSMENT DISTRICT—Direct and Overlapping Debt" herein.

Teeter Plan

In 1993, the County implemented an alternate procedure for the distribution of certain property tax levies on the secured roll pursuant to Chapter 3, Part 8, Division 1 of the California Revenue and Taxation Code, commonly referred to as the "Teeter Plan." The Teeter Plan is a mechanism by which the County has elected to include taxes and assessments levied within assessment and reassessment districts within the Teeter Plan method of apportionment and distribution of taxes and assessments collected by the County for local government agencies. Pursuant to the Teeter Plan, the County apportions to the local agencies 100% of the amount of the taxes and assessments which are levied regardless of the amount collected from property owners. The County retains all penalties and interest which are collected with delinquent taxes and assessments. Thus, so long as the Assessments levied on parcels within the Reassessment District is subject to the Teeter Plan, the County is required to pay to the City 100% of the Assessments which are collected in each fiscal year.

The Assessments are allocated and distributed to the City in installments as they are collected, beginning in November and ending in January with respect to the first installment of the Assessments which is due on December 10 of each year, and beginning in March and ending in May with respect to the second installment of the Assessments which is due on April 10 of each year. The City will receive reports from the County Treasurer regarding delinquent Assessments in February and May of each year. Toward the end of July of each year, the City will receive a final distribution of all delinquent Assessments collected for the preceding fiscal year.

The City must comply with the following requirements, among others, in order to have its Assessments apportioned and distributed pursuant to the Teeter Plan: (a) it must participate in the County Treasurer's Special Tax Monitoring System, (b) it may not separately collect Assessments before August 1 following the end of each tax year, (c) if it collects Assessments separately after July 31 in any tax year, it must collect penalties and interest at the correct rates (i.e., 10% plus 1.5% of the principal amount per month after June 30) and forward such amounts together with the delinquent Assessments to the County Treasurer, and (d) it must comply with its covenants to initiate and prosecute judicial foreclosure proceedings with respect to delinquent Assessments.

The above-mentioned prohibition on the City separately collecting Assessments before August 1 following the end of each fiscal year could preclude the City from commencing Superior Court foreclosure proceedings to collect delinquent Assessments before that date. The City has covenanted,

however, that under certain circumstances it will commence such foreclosure proceedings by October 1 following the close of the fiscal year in which the delinquent Assessments were due. See "Covenant for Superior Court Foreclosure" herein.

To the extent that the County carries out the Teeter Plan as adopted, that sufficient funds exist to finance the Teeter Plan and that the Teeter Plan continues in existence, the County's Teeter Plan may help protect Bond Owners from the risk of delinquencies in the payment of the Assessment installments. However, no assurance can be given that the County will continue to include assessments and reassessments levied within assessment and reassessment districts in the Teeter Plan, and the County could decide to discontinue the inclusion of such assessments or reassessments in the Teeter Plan at any time, or to discontinue the Teeter Plan in its entirety. Furthermore, the County may elect to discontinue the Teeter Plan with respect to the City (or any other levying agency) if the delinquency rate in the Reassessment District in any year exceeds 3% of the total Assessments collected by the City in such year. The County has never discontinued the Teeter Plan with respect to any levying agency. The City was not required by law to participate in the Teeter Plan with respect to the Reassessment District and could withdraw at any time with the consent of the County.

METHOD OF REASSESSMENT

The amount of the Assessment was calculated for each of the individual parcels of land securing an issue, series or group of Refunded Bonds and reduced proportionally among those parcels securing such issue, series or group of Refunded Bonds.

THE REASSESSMENT DISTRICT

General

The Reassessment District consists of a portion of the parcels within Assessment District Nos. 00-18, 87-8 and 93-14 and all of the parcels in Reassessment District Nos. 99-1 and 99-2, the assessments and reassessments on which secure the Refunded Bonds.

The Reassessment District

The Reassessment District is comprised of approximately 3,864 assessed parcels. For the location of the Reassessment District within the City, see "APPENDIX E—REASSESSMENT DISTRICT BOUNDARY MAP."

Table 2
City of Irvine
Reassessment District No. 11-2
Description of Refunded Bonds

Prior Assessment District No.	Number of Parcels	Amount of Prior Assessment Lien	% of Total Assessment Lien [(1)]	Final Payment Date
0-18G3	1,156	$20,650,000	58.89%	2026
87-8G5	19	2,410,000	6.78	2024
93-14G1	18	1,430,000	4.06	2025
99-1	1	220,000	0.49	2015
99-2	2,670	15,543,000[(2)]	29.78	2022
Total	**3,864**	**$40,253,000**	**100.00%**	

(1) Represents total amount of the Assessments in the Reassessment District.
(2) The outstanding principal amount to be refunded is net of approximately $10 million in surplus construction funds on deposit with respect to this Reassessment District No. 99-2 that will be used to redeem Series A Authority Bonds on March 2, 2012.
Source: Willdan Financial Services.

The property within the Reassessment District is primarily residential.

The Assessments are levied within the Reassessment District by the City Council of the City (the "City Council") under the proceedings taken pursuant to Resolution No. [11-76], adopted by the City Council on November 22, 2011.

Status of Public Improvements

[The public improvements financed with the proceeds of the Refunded Bonds are substantially complete. Additionally, all in-tract improvements to the developed property within the Reassessment District are substantially complete.]

Land Uses and Development Status

The following Table 3 illustrates the land use categories of the parcels in the Reassessment District. As used in Table 3, the term "developed" means that a completed structure has been built on such parcel, as evidenced by the issuance by the City of a certificate of occupancy for such structure. The developed portion of the Reassessment District represents over 99% of the unpaid Assessments. The information in Table 3 reflects the County's 2011-12 property ownership records. Undeveloped property consists of one residential parcel [currently improved as a finished lot].

Table 3
City of Irvine
Reassessment District No. 11-2
Parcel Totals For Each Modified Land Use

	Total Parcels	Total Value	Assessment Amount	Value-to-Lien[(1)]	Percent of Total Assessment
Developed Residential	3,748	$2,379,335,181	$32,903,957	72.31	87.27%

	Total Parcels	Total Value	Assessment Amount	Value-to-Lien[1]	Percent of Total Assessment
Developed Commercial	26	48,098,400	2,616,154	18.39	6.94
Developed Industrial	89	182,512,667	2,117,750	86.18	5.62
Undeveloped Residential	1	985,000	67,138	14.67	0.17
TOTALS	3,864	$2,610,931,248	$37,705,000	69.25	100.00%

(1) The value to lien is based on the reassessment amount and does not include overlapping debt.
Source: Orange County Fiscal Year 2011-12 Secured Property Roll, as compiled by Willdan Financial Services.

Largest Landowners by Assessment Amount

The following Table 4 illustrates the largest landowners in the Reassessment District with over 1% of the remaining total Assessments, as measured by the total Assessment levied on property owned by such landowner. All other property owners have less than 1% of the remaining total Assessments. The information in Table 4 reflects the County's 2011-12 property ownership records.

Table 4
City of Irvine
Reassessment District No. 11-2
Owners With Percent of Total of Remaining Assessment Amount Greater than 1%

Property Owner	Total Parcels	Total Assessed Value	Remaining Assessment	Value-to-Lien [1]	% of Total Remaining Assessment	Land Use	Assessment District	Final Assessment Payment Year
Avant Garde Properties LLC	1	$ 6,286,150	$644,601	9.75	1.71%	Developed Industrial	AD 87-8G5	2024
M & G Prop LLC	1	5,650,000	438,517	12.88	1.16	Developed Industrial	AD 87-8G5	2024
Remaining Property Owners	3,862	2,598,995,098	36,621,882	70.97	97.13	Varies	Various	Varies
TOTAL	**3,864**	**$2,610,931,248**	**$37,705,000**	**69.25**	**100.00%**			

(1) The value to lien is based on the reassessment amount and does not include overlapping debt.
Source: Orange County Fiscal Year 2011-12 Secured Property Roll, as compiled by Willdan Financial Services.

Debt Service Coverage

The following Table 5 illustrates the estimated coverage for debt service on the Bonds from Revenues, consisting of the debt service on the Assessment Bonds.

Table 5
City of Irvine
Reassessment District No. 11-2
Estimated Debt Service Coverage from Revenues*

	Assessment Bond Revenues				
Bond Year	**Principal**	**Interest**	**Total Revenues**	**Bond Debt Service**	**Series A Bond Coverage**
2012	$ 3,095,000	$ 966,599	$ 4,061,599	$ 4,026,668	101%
2013	2,760,000	1,305,709	4,065,709	4,020,802	101
2014	2,810,000	1,252,165	4,062,165	4,025,846	101
2015	2,870,000	1,186,411	4,056,411	4,018,634	101
2016	2,915,000	1,108,634	4,023,634	3,994,588	101
2017	3,010,000	1,017,103	4,027,103	3,991,696	101
2018	2,825,000	914,763	3,739,763	3,713,433	101
2019	2,490,000	809,673	3,299,673	3,277,015	101
2020	2,600,000	710,322	3,310,322	3,290,901	101
2021	2,280,000	600,342	2,880,342	2,864,301	101
2022	2,035,000	500,022	2,535,022	2,521,945	101
2023	2,020,000	407,023	2,427,023	2,421,591	100
2024	2,120,000	310,063	2,430,063	2,417,024	101
2025	1,960,000	203,215	2,163,215	2,158,177	100
2026	1,915,000	101,687	2,016,687	2,014,197	100
Totals:	$37,705,000	$11,393,729	$49,098,729	$48,756,816	

Source: Willdan Financial Services and Piper Jaffray & Co.

* Includes debt service on Assessment Bonds. Preliminary, subject to change.

Property Tax and Assessment Payment Delinquency Status

The City reports that according to County records, as of November 3, 2011, owners of 20 of the taxable parcels of property in the Reassessment District were delinquent in their respective regular property tax payments for Fiscal Year 2010-11, representing a delinquency of .43%. Table 6 below summarizes prior year delinquencies in the payment of assessments by owners of real property on which assessments and reassessments securing the Refunded Bonds were levied from Fiscal Year 2006-07 through 2010-11.

Table 6
City of Irvine
Reassessment District No. 11-2
Fiscal Year End Summary of Delinquent Assessments

Fiscal Year	No. of Parcels Levied	No of Parcels Delinquent(1)	Annual Assessment	Assessment Delinquent(2)	Percent Delinquent	As of Date
2006-07	3,888	1	$7,289,000	$ 1,431	0.02%	
2007-08	3,888	3	7,049,000	3,252	0.05	
2008-09	3,888	10	7,188,000	14,539	0.20	
2009-10	3,888	13	7,291,000	18,031	0.25	
2010-11	3,888	91	6,226,667	90,998	1.46	

(1) The number of parcels delinquent as of _____.
(2) Amount does not include any penalties, interest or fees.
Source: Orange County Tax Collector's Office, as compiled by Willdan Financial Services.

Table 7
City of Irvine
Reassessment District No. 11-2
Current Summary of Delinquent Assessments

Fiscal Year	Number of Parcels Levied	Number of Parcels Delinquent (1)	Annual Assessment	Assessments Delinquent (2)	Percent Delinquent
2006-07	3,888	1	$7,289,000	1,431	0.02%
2007-08	3,888	3	7,049,000	3,252	0.05
2008-09	3,888	7	7,188,000	10,150	0.14
2009-10	3,888	7	7,291,000	12,930	0.18
2010-11	3,888	20	6,226,667	26,902	0.43

(1) The number of parcels delinquent as of November 3, 2011.
(2) Amount delinquent as of November 3, 2011. Amount does not include any penalties, interest or fees.
Source: Orange County Tax Collector's Office, as compiled by Willdan Financial Services.

The risk of delinquencies in the payment of Assessment installments may be reduced by the existence and implementation of the County's Teeter Plan. See "SECURITY FOR THE BONDS—Teeter Plan" herein for a detailed discussion of the County's Teeter Plan.

Estimated Value-to-Lien Ratios

According to the County's 2011-12 property ownership records, there were 3,864 parcels in the Reassessment District, all but one of which is developed. As shown above, more than 85%* of the parcels

located in the Reassessment District have a value-to-lien ratio of not less than 30 to 1.* In the aggregate, the parcels that comprise the Reassessment District have a total 2011-12 assessed value of $2,610,931,248. Total reassessments equal $37,705,000. This provides an overall value-to-lien ratio of approximately 69.25* to 1 (not including other outstanding public indebtedness applicable to taxable property in the Reassessment District) and approximately 24.5* times the sum of the principal amount of the Bonds, plus the amount of all the other outstanding public indebtedness allocable thereto, under the assumptions described in Table 9.

The $37,705,000* principal amount of Bonds constitutes direct debt for the taxable property in the Reassessment District. As set forth in Table 9 under "THE REASSESSMENT DISTRICT—Direct and Overlapping Debt" below, there is approximately $116.4 million of other outstanding public indebtedness applicable to taxable property in the Reassessment District. Thus, the estimated direct and overlapping debt allocable to the taxable property in the Reassessment District is approximately $106.4 million.*

The following tables illustrate the breakdown, by category of value-to-lien range, of the total number of property uses among the 3,864 parcels and the corresponding total Assessment amounts attributable thereto and value-to-lien by ownership. No property owner represents more than 1.71% of the annual Assessment installment.

Table 8
City of Irvine
Reassessment District No. 11-2
Value to Lien Ratios

Value to Lien	Number of Parcels	2011-12 Total Assessed Value	Assessment Lien	Percent of Assessment Lien
50.00:1 and Over	3,008	$1,967,121,303	$19,267,248	51.10%
40.00:1 to 49.99:1	500	394,827,465	8,569,204	22.72
30.00:1 to 39.99:1	239	161,377,441	4,533,550	12.02
20.00:1 to 29.99:1	73	32,725,825	1,183,004	3.14
10.00:1 to 19.99:1	39	41,614,695	2,716,804	7.21
Less than 10.00:1	5	13,264,519	1,435,190	3.81
Total	**3,864**	**$2,610,931,248**	**$37,705,000**	**100.00%**

Source: Orange County Fiscal Year 2011-12 Secured Property Roll, as compiled by Willdan Financial Services.

Neither the value-to-lien calculations nor the total reassessment amounts include parity obligations for the overlapping districts listed in Table 9 or for general property taxes. See "Direct and Overlapping Debt" herein.

Direct and Overlapping Debt

Estimated Debt

Contained within the Reassessment District are numerous overlapping local agencies providing public services. Some of such local agencies have outstanding bonds issued in the form of general obligation, special tax and special assessment bonds including the Irvine Ranch Water District, the Municipal Water District of Orange County, The Metropolitan Water District of Southern California, and others. Additional indebtedness could be authorized by the City or other public agencies at any time.

* Preliminary, subject to change.

Set forth in Table 9 is the existing authorized indebtedness payable from taxes and assessments that may be levied on property within the Reassessment District. No additional Assessment Bonds of an issue can be issued upon the security of the unpaid Assessments levied within the Reassessment District. However, other public agencies may issue additional indebtedness on property within the Reassessment District at any time. See "SECURITY FOR THE BONDS—Priority of Lien."

Table 9
City of Irvine
Reassessment District
Direct and Overlapping Debt

2011-12 Local Secured Assessed Valuations: $2,610,103,560

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	**% Applicable**	**Debt (12/1/11)**	
Metropolitan Water District of Southern California	0.145%	$325,987	
Saddleback Valley Unified School District	0.052	68,601	
Irvine Ranch Water District, I.D. No. 105	4.707	6,092,428	
Irvine Ranch Water District, I.D. No. 121	10.878	2,198,199	
Irvine Ranch Water District, I.D. No. 130	5.358	910,985	
Irvine Ranch Water District, I.D. No. 161	17.661	2,058,268	
Irvine Ranch Water District, I.D. No. 221	10.956	2,355,170	
Irvine Ranch Water District, I.D. No. 230	5.358	2,029,990	
Irvine Ranch Water District, I.D. No. 250	4.952	7,735,087	
Irvine Ranch Water District, I.D. No. 261	17.023	4,435,566	
Irvine Unified School District Community Facilities District No. 86-1	8.519	9,044,927	
Irvine Unified School District Community Facilities District No. 01-1	24.811	24,889,048	
Irvine Unified School District Community Facilities District No. 97-1	4.119	4,023,137	
City of Irvine Reassessment District 1999A	**100.000**	**25,778,000**	(1)
City of Irvine Reassessment District 87-8, Group 5	**100.000**	**2,410,000**	(1)
City of Irvine Reassessment District 93-14, Group 1	**100.000**	**1,430,000**	(1)
City of Irvine Reassessment District 00-18, Group 3	**100.000**	**20,650,000**	(1)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$116,435,393	
OVERLAPPING GENERAL FUND OBLIGATION DEBT:			
Orange County General Fund Obligations	0.692%	$1,815,643	
Orange County Pension Obligations	0.692	328,876	
Orange County Board of Education Certificates of Participation	0.692	131,480	
Tustin Unified School District Certificates of Participation	0.711	35,586	
Irvine Ranch Water District Certificates of Participation	4.362	3,550,668	
Municipal Water District of Orange County Water Facilities Corporation	0.819	99,468	
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		$5,961,721	
Less: MWDOC Water Facilities Corporation (100% self-supporting by revenue funds)		99,468	
TOTAL NET OVERLAPPING GENERAL FUND OBLIGATION DEBT		$5,862,253	
GROSS COMBINED TOTAL DEBT		$122,397,114	(2)
NET COMBINED TOTAL DEBT		$122,297,646	

(1) Excludes Bonds to be sold. [The City anticipates that the Bonds issued to refund these Refunded Bonds will be issued in a principal amount of approximately $37 million in consideration of approximately $10 million in surplus construction funds on deposit with respect to Reassessment District No. 99-2 that will be used to redeem Series A Authority Bonds on March 2, 2012.]

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2011-12 Assessed Valuation

Direct Debt ($50,268,000)..... 1.93%
Total Direct and Overlapping Tax and Assessment Debt 4.46%
Gross Combined Total Debt 4.69%
Net Combined Total Debt..... 4.69%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/11: $0

Source: California Municipal Statistics, Inc.

Community Facilities District No. 86-1

[Community Facilities District No. 86-1 of the Irvine Unified School District ("CFD No. 86-1"), which includes a portion of the Reassessment District, has authorized the issuance of bonded debt in the amount of $150,000,000 (the "CFD No. 86-1 Mello-Roos Bonds"), and the levy of special taxes against the property in CFD No. 86-1 to pay for debt service on the CFD No. 86-1 Mello-Roos Bonds, for certain costs of providing school facilities and sites, and for related incidental expenses. CFD No. 86-1 has issued $97,525,000 of the CFD No. 86-1 Mello-Roos Bonds pursuant to such authorization.] The Reassessment District's share of outstanding CFD No. 86-1 Mello-Roos Bonds is approximately $9 million.

The City cannot predict the extent to which CFD No. 86-1 will issue its authorized but currently unissued debt, the timing of any such issuance or the effect that the issuance of any such debt may have on the ratio of the total direct and overlapping debt to the appraised value of the parcels within the Reassessment District at the time the debt is issued.

Community Facilities District No. 01-1

[Community Facilities District No. 01-1 of the Irvine Unified School District ("CFD No. 01-1"), which includes a portion of the Reassessment District, has authorized the issuance of bonded debt in the amount of $_____ (the "CFD No. 01-1 Mello-Roos Bonds"), and the levy of special taxes against the property in CFD No. 01-1 to pay for debt service on the CFD No. 01-1 Mello-Roos Bonds, for certain costs of providing school facilities and sites, and for related incidental expenses. CFD No. 01-1 has issued $_____ of the CFD No. 01-1 Mello-Roos Bonds pursuant to such authorization.] The Reassessment District's share of outstanding CFD No. 01-1 Mello-Roos Bonds is approximately $24.8 million.

The City cannot predict the extent to which CFD No. 01-1 will issue its authorized but currently unissued debt, the timing of any such issuance or the effect that the issuance of any such debt may have on the ratio of the total direct and overlapping debt to the appraised value of the parcels within the Reassessment District at the time the debt is issued.

Community Facilities District No. 97-1

[Community Facilities District No. 97-1 of the Tustin Unified School District ("CFD No. 97-1"), which includes a portion of the Reassessment District, has authorized the issuance of bonded debt in the amount of $110,000,000 (the "CFD No. 97-1 Mello-Roos Obligations"), and the levy of special taxes against the property in CFD No. 97-1 to pay for debt service on the CFD No. 97-1 Mello-Roos Obligations, for certain costs of providing school facilities and sites, and for related incidental expenses.] The Reassessment District's share of outstanding CFD No. 97-1 Mello-Roos Obligations is approximately $4 million.

[Approximately _____ lots containing single family residences that are within the boundaries of the Reassessment District are also within the boundaries of CFD No. 97-1. The Authority is informed that CFD No. 97-1 issued $101,787,674.90 of special tax bonds (the "CFD No. 97-1 Bonds") in October 1998. Because the CFD No. 97-1 Bonds were not publicly sold, they are not reflected in Table 9.]

[Residential property within CFD No. 97-1 for which a building permit has been issued as of July 1 of the applicable fiscal year is, for purposes of the special tax formula, determined to be developed property. Developed property will be subject to the CFD No. 97-1 special tax levy whether or not the proceeds of such levy are required to pay debt service on CFD No. 97-1 Mello-Roos Obligations. All of the property within the Reassessment District within the boundaries of CFD No. 97-1 currently constitutes developed residential property for purposes of CFD No. 97-1. The special tax on developed

property within CFD No. 97-1 is a function of the density of the development. The special tax generally is $1,220 per unit for a single family detached unit with a lot size equal to or greater than 4,300 square feet, $816 per unit for a single family detached unit with a lot size less than 4,300 square feet, $436 per unit for single family attached unit, and $638 per unit for multifamily property. Other developed property is subject to a special tax of $4,694 per acre. All of the foregoing amounts escalate at 2% each year commencing July 1, 2012.]

The City cannot predict the extent to which CFD No. 97-1 will issue its authorized but currently unissued debt, the timing of any such issuance or the effect that the issuance of any such debt may have on the ratio of the total direct and overlapping debt to the value of the parcels within the Reassessment District at the time the debt is issued.

Irvine Ranch Water District

The Irvine Ranch Water District ("IRWD") has created 8 improvement districts, I.D. Nos. 105, 121, 130, 161, 221, 230, 250 and 261 (the "IRWD Improvement Districts"), that overlap the Reassessment District. IRWD has sold bonds on behalf of the IRWD Improvement Districts to provide regional and local water supply, reclaimed water supply, storage, transmission and distribution facilities and sewage collection, treatment and disposal facilities to serve residential and commercial development in such improvement districts. The IRWD Improvement Districts have an aggregate total of approximately $___ million in outstanding bonded indebtedness as of June 30, 2010 and a total of approximately $___ million in authorized but unissued bonded indebtedness. The IRWD Improvement Districts bonds are general obligation bonds payable from ad valorem taxes; the amount of the tax levy on each lot is based on the assessed valuation of the land (exclusive of improvements) constituting such lot. Because property is reassessed upon the conveyance to a new owner (upon conveyance, for example, from a master developer to a merchant builder and from a merchant builder to an individual homeowner), because there have been or will be many such conveyances within the IRWD Improvement Districts and because there is a significant lapse of time between the date on which the assessed value resulting therefrom is reflected on the County tax rolls, there is no reliable method for determining precisely the share of the outstanding or authorized but unissued bonded debt of the IRWD Improvement Districts allocable to the Reassessment District. As to each improvement district, the portion applicable to taxable property in the Reassessment District is shown in Table 9 above. Historically, IRWD has levied ad valorem taxes at rates substantially below those that would generate sufficient amounts to pay debt service on the IRWD Improvement Districts bonds in full; the difference has been paid from rates and charges collected by IRWD for water and sewer service. However, there can be no assurance that IRWD will continue such practice.

The Reassessment District's share of outstanding debt of the IRWD Improvement Districts is approximately $27.8 million. The Reassessment District's share of the authorized but unissued debt of the IRWD Improvement Districts is approximately $_____. The IRWD Improvement District's Bonds are general obligation bonds payable from ad valorem taxes; the amount of the tax levy on each parcel is based on the assessed valuation of the land only and not the improvements thereon.]

The City cannot predict the amount of authorized but unissued bonds for the IRWD Improvement Districts that will ultimately be issued by IRWD, nor can it predict when such debt would be issued or the debt service payments thereon.

Irvine Unified School District

[On August 7, 2001, the Board of Education of the Irvine Unified School District established CFD No. 01-1, authorized the levy of special taxes therein and authorized the incurrence of bonded

indebtedness thereby. The boundaries of CFD No. 01-1 overlap the Reassessment District. On June 12, 2003, CFD No. 01-1 issued $92,500,000 principal amount of Adjustable Rate Special Tax Bonds, Series 2003. Of this amount, approximately ___% or $___ million is allocable to taxable property in the Reassessment District. The authorized indebtedness for CFD No. 01-1 is $105,000,000, with a total of approximately $12,500,000 in authorized but unissued bonded indebtedness. The maximum authorized special tax for the Reassessment District varies from [$1,035 per subdivided lot to $2,960] per subdivided lot, subject to annual increase as provided in the Rate and Method of Apportionment of Special Tax, provided, among other things, that building permits have been issued for such lots. The City cannot predict the amount of additional bonds for CFD No. 01-1 that may ultimately be issued, nor can it predict when such debt would be issued or the debt service payments thereon.]

[The Reassessment District's share of outstanding debt of CFD No. 01-1 is approximately $_____. The Reassessment District's share of the authorized but unissued debt of CFD No. 01-1 is approximately $_____. CFD No. 01-1's Bonds are Mello-Roos special tax bonds payable from special taxes levied in CFD No. 01-1.]

The City cannot predict the amount or timing of future bond issues by IRWD, CFD No. 01-1 or any other public entity or the effect that the issuance of any additional debt may have on the ratio of the total direct and overlapping debt to the assessed value of any parcel of the assessable property within the Reassessment District at the time the debt is issued.

CONTINUING DISCLOSURE

The Authority has determined that no financial or operating data concerning the Authority (other than the balance in certain funds and accounts established under the Indenture) is material to any decision to purchase, hold or sell the Bonds, and the Authority will not provide any such information. The City has undertaken all responsibilities for any continuing disclosure to Bond Owners as described below, and the Authority shall have no liability to the Owners of the Bonds or any other person with respect to such disclosure.

The City has covenanted for the benefit of holders and beneficial owners of the Bonds (1) to provide certain financial information and operating data (the "Annual Report") relating to the City and the property in the Reassessment District not later than eight (8) months after the end of the City's Fiscal Year (which currently would be March 1), commencing with the report for the 2010-11 Fiscal Year, and (2) to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by Willdan Financial Services, as dissemination agent (the "Dissemination Agent") on behalf of the City with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system (the "EMMA System"), for purposes of Rule 15c2–12(b)(5) (the "Rule") adopted by the U.S. Securities and Exchange Commission ("SEC"). The notices of enumerated events will be filed by the Dissemination Agent on behalf of the City with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is set forth in APPENDIX C – "FORM OF CONTINUING DISCLOSURE AGREEMENT." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5). The City has not previously failed to comply in all material respects with any previous undertakings with respect to said rule to provide annual reports or notices of enumerated events.

SPECIAL RISK FACTORS

The following information should be considered by prospective investors in evaluating the Bonds. However, it does not purport to be an exhaustive listing of the risks and other considerations which may be relevant to an investment in the Bonds. In addition, the order in which the following information is

presented is not intended to reflect the relative importance of any such risks. If any risk factor materializes to a sufficient degree, it alone could delay or preclude payment of principal of or interest on the Bonds or both.

The Bonds are Limited Obligations of the Authority

Funds for the payment of the principal of and the interest on the Bonds are derived from debt service payments on the Assessment Bonds which are derived only from annual Assessment installments. While a modest coverage factor has been established in structuring the annual debt service on the Assessment Bonds (see "THE REASSESSMENT DISTRICT—Debt Service Coverage—Table 5" herein), the amount of annual Assessment installments that are collected by the City could be insufficient to pay principal of and interest on the Assessment Bonds due to non-payment of such annual Assessment installments levied or due to insufficient proceeds received from a judicial foreclosure sale of land within the Reassessment District following delinquency. The City's legal obligations with respect to any delinquent Assessment installments are limited to (1) payments from the Assessment Reserve Fund for the Assessment Bonds (depending on the location of the delinquent parcel) to the extent of funds on deposit therein, and (2) the institution of judicial foreclosure proceedings with respect to any parcels for which the Assessment installment is delinquent (see "SECURITY FOR THE BONDS—Covenant for Superior Court Foreclosure" herein). The City has determined that it will not obligate itself to advance funds from its treasury to cover any delinquency on the Assessments or payments on the Assessment Bonds. The Bonds cannot be accelerated in the event of any default.

The Assessments are Not Personal Obligations of the Property Owners

Under the provisions of the Act, Assessment installments will be billed to the owner of each parcel in the Reassessment District against which there is an unpaid Assessment, such billing to be made on the regular property tax bills sent to such owners. Such Assessment installments are due and payable at the same time and bear the same late charges and penalties as for non-payment of regular property tax installments.

The obligation to pay Assessment installments does not constitute a personal obligation of the current or subsequent owners of the respective parcels which are subject to the Assessment liens. Enforcement of Assessment payment obligations by the City is limited to judicial foreclosure in the Orange County Superior Court pursuant to Sections 8830 *et seq.* of the California Streets and Highways Code. There is no assurance that any current or subsequent owner of a parcel subject to an assessment lien will be able to pay the Assessment installments or that such owner will choose to pay such installments even though financially able to do so.

The Assessment Bonds are Limited Obligations of the City

The obligation of the City, as issuer of the Assessment Bonds, to advance the amount of delinquencies to the Trustee, as the registered holder of the Assessment Bonds, is strictly limited to funds on deposit in the Assessment Reserve Fund for the Assessment Bonds established and held by the City pursuant to the Fiscal Agent Agreement. Pursuant to Section 8769 of the California Streets and Highways Code, the City has expressly elected not to obligate itself to advance available funds from the City's treasury to make up deficiencies in the amount of Assessment installments collected.

Sustained failure by property owners to pay Assessment installments when due, combined with depletion of the Assessment Reserve Fund for the Assessment Bonds, and the inability of the City to sell parcels which have become subject to judicial foreclosure proceedings for amounts sufficient to cover the delinquent Assessment installments, will most likely result in the inability of the City to make full or

punctual payments of interest on or principal of any of the Assessment Bonds, which could result in a default on the Bonds.

Risks of Real Estate Secured Investments Generally

The Owners of the Bonds will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (i) adverse changes in local market conditions, such as changes in the market value of real property in the vicinity of the Reassessment District, the supply of or demand for competitive properties in such area, and the market value of property in the event of sale or foreclosure, (ii) changes in real estate tax rate and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to endangered species and hazardous materials) and fiscal policies, and (iii) natural disasters (including, without limitation, earthquakes, fires and floods), which may result in uninsured losses.

Foreclosure Shortfall

Pursuant to the Act, if a parcel which is included within the Reassessment District is foreclosed upon and cannot be sold at the foreclosure sale at a price equal to the amount of the judgment for delinquent Assessment installments with costs and interest thereon, the City may petition a court to authorize the sale of such parcel at a lesser Minimum Price or without a Minimum Price. "Minimum Price" as used in the Act is the amount equal to the delinquent installments of principal or interest of the assessment or reassessment, together with all interest penalties, costs fees, charges and other amounts more fully defined in the Act. The court may authorize a sale at less than the Minimum Price if it will not result in an ultimate loss to the Bond Owners or, under certain circumstances, if owners of 75% or more of the outstanding bonds consent to such sale. Any such sale would produce a shortfall in the aggregate Assessment installments payable with respect to such parcel and, absent payments from the County's Teeter Plan, and sufficient amounts on deposit in the Assessment Reserve Fund, could ultimately result in a default in the payment of principal on the Bonds. In any event, the City may not need to institute foreclosure proceedings so long as the County's Teeter Plan is in existence and such Teeter Plan continues to provide the City with full tax and assessment levies instead of actual tax collections. See "SECURITY FOR THE BONDS—Teeter Plan."

In comparing the aggregate value of real property within the Reassessment District and the principal amount of the Bonds and the Assessment Bonds, it should be noted that only parcels upon which there is a delinquent Assessment can be foreclosed, and the other parcels within the Reassessment District cannot be foreclosed upon as a whole to pay delinquent Assessments of the owners of such delinquent parcels. In any event, individual parcels may be foreclosed upon to pay delinquent installments of the Assessments levied only against such parcels.

Nonavailability of City Funds

If a delinquency occurs in the payment of any Assessment installment, the Fiscal Agent is required to transfer the amount of such delinquent installment from the Assessment Reserve Fund to the Redemption Fund. If the Assessment Reserve Fund is depleted and if there are additional delinquencies, the City is not required to transfer into the Redemption Fund the amount of the delinquency out of any other moneys of the City. The Reassessment District is included in the County's Teeter Plan. If the County's Teeter Plan is terminated (or if the County fails to make payments to the City when due under the Teeter Plan), the failure of any owners to pay Assessment installments in a timely manner could result in the unavailability of money to pay the principal of and interest on the Assessment Bonds and, accordingly, debt service on the Bonds as and when due. See "SECURITY FOR THE BONDS—Teeter Plan."

Bankruptcy and Foreclosure Delays

The payment of the Assessment installments and the ability of the City to foreclose the lien of a delinquent unpaid Assessment installment, as discussed under the caption "SECURITY FOR THE BONDS—Covenant for Superior Court Foreclosure," may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. In addition, the prosecution of a foreclosure action could be delayed due to crowded local court calendars, delays in the legal process and procedural delaying tactics. So long as the Reassessment District is included in the County's Teeter Plan and the City is paid under the Teeter Plan for all Assessments levied therein, the proceeds of any foreclosure sale of a taxable parcel of property in the Reassessment District will be paid to the County's Teeter Plan and not to the City.

The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified, as to the enforceability of the various legal instruments, by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the lien of the Assessments to become extinguished, the bankruptcy of a property owner or of a partner or other equity owner of a property owner, could result in the stay of the enforcement of the lien for the Assessments, a delay in prosecuting Superior Court foreclosure proceedings or adversely affect the ability or willingness of a property owner to pay the Assessment installments, and could result in the possibility of delinquent Assessment installments not being paid in full. In addition, the amount of any lien on property securing the payment of delinquent Assessment installments could be reduced if the value of the property were determined by the bankruptcy court to have become less than the amount of the lien, and the amount of the delinquent Assessment installments in excess of the reduced lien could then be treated as an unsecured claim by the court. Any such stay of the enforcement of the lien, or any such delay or non-payment would increase the likelihood of a delay or default in payment of the principal of and interest on the Assessment Bonds and, accordingly, debt service on the Bonds as and when due and the possibility of delinquent Assessment installments not being paid in full.

Teeter Plan Termination

In 1993, the County implemented its Teeter Plan, as an alternate procedure for the distribution of certain property tax and assessment levies on the secured roll. Pursuant to its Teeter Plan, the County has elected to provide local agencies and taxing areas, including the Reassessment District, with full tax and assessment levies instead of actual tax and assessment collections. In return the County is entitled to retain all delinquent tax and assessment payments, penalties and interest. Thus, the County's Teeter Plan may help protect Owners of the Bonds from the risk of delinquencies in the payment of Assessment installments. However, the County is entitled, and under certain circumstances could be required, to terminate its Teeter Plan with respect to all or part of the local agencies and taxing areas covered thereby. The City was not required by law to participate in the Teeter Plan with respect to the Reassessment District and could withdraw at any time with the consent of the County. A termination of the Teeter Plan with respect to the Reassessment District would eliminate such protection from delinquent Assessment installments. See "SECURITY FOR THE BONDS—Teeter Plan."

FDIC/Federal Government Interests in Properties

The City's ability to enforce the lien of an Assessment installment and to foreclose the lien of a delinquent Assessment installment, is limited with regard to properties in which the Internal Revenue

Service, the Drug Enforcement Agency, Federal Deposit Insurance Corporation (the "FDIC") or other similar federal government agencies has or obtains an interest.

Specifically, with respect to the FDIC, in the event that any financial institution making a loan which is secured by a parcel in the Reassessment District is taken over by the FDIC and the Assessment installment is not paid, the remedies available to the City may be constrained. The FDIC's December 10, 1996 Policy Statement regarding the payment of state and local real property taxes (the "Policy Statement") provides that taxes other than *ad valorem* taxes which are secured by a valid lien in effect before the FDIC acquired an interest in a property will be paid unless the FDIC determines that abandonment of its interests is appropriate. The Policy Statement provides that the FDIC generally will not pay installments of non-*ad valorem* taxes, such as the Assessment installments, which are levied after the time the FDIC acquires its fee interest, nor will the FDIC recognize the validity of any lien to secure payment except in certain cases where the Resolution Trust Corporation had an interest in property on or prior to December 31, 1995. Moreover, the Policy Statement provides that, with respect to lots on which the FDIC holds a mortgage lien, the FDIC will not permit its lien to be foreclosed upon by a taxing authority without its specific consent, nor will the FDIC pay or recognize liens for any penalties, fines or similar claims imposed for the non-payment of taxes or assessments.

With respect to property in California owned by the FDIC on January 9, 1997 and that was owned by the Resolution Trust Corporation ("RTC") on December 31, 1995, or that became the property of the FDIC through foreclosure of a security interest held by the RTC on that date, the FDIC will continue the RTC's prior practice of paying special taxes imposed pursuant to the Act if the taxes were imposed prior to the RTC's acquisition of an interest in the property. All other special taxes may be challenged by the FDIC.

The City is unable to predict what effect the FDIC's application of the Policy Statement would have in the event of a delinquency on a parcel within the Reassessment District in which the FDIC has an interest, although prohibiting the lien of the FDIC to be foreclosed at a judicial foreclosure sale would reduce or eliminate the persons willing to purchase a parcel at a foreclosure sale. Owners of the Bonds should assume that the Reassessment District will be unable to foreclose on any parcel owned by the FDIC. As of January 1, 2011, no property in the Reassessment District was owned by the FDIC.

Price Realized Upon Foreclosure

Section 8832 of the Streets and Highways Code prescribes the minimum price (the "Minimum Price") at which property may be sold in a judicial foreclosure resulting from delinquencies on assessment installments. The Minimum Price is the amount equal to the delinquent installments of principal and interest of the assessment, together with all interest, penalties, costs, fees, charges and other amounts more fully detailed in said Section 8832. However, Section 8836 of the Streets and Highways Code provides that the court may authorize a sale at less than the Minimum Price if the court makes certain determinations, based on the evidence introduced at the required hearing, which evidence must establish that no ultimate loss will result to the Bond Owners or that no other remedy is acceptable and at least 75% of the [Bond Owners' consent].

The Assessment lien upon property sold pursuant to this procedure at a lesser price than the Minimum Price would be reduced by the difference between the Minimum Price and the actual sale price. In addition, the court would permit participation by the Authority, as owner of all of the Assessment Bonds, in its consideration of the petition as necessary to its determination. Reference should be made to Section 8836 for the complete presentation of this provision.

If foreclosure proceedings do not result in full collection of delinquent Assessments, it is possible that owners of the Bonds may not receive payment of principal of or interest on the Bonds.

In any event, the City may not need to institute foreclosure proceedings so long as the County's Teeter Plan is in existence and such Teeter Plan continues to provide the City with full tax and assessment levies instead of actual tax collections. See "SECURITY FOR THE BONDS—Teeter Plan" for a detailed discussion of the County's Teeter Plan.

Direct and Overlapping Indebtedness

The ability or willingness of an owner of land within the Reassessment District to pay Assessment installments could be affected by the imposition of other taxes and assessments imposed upon the land. In addition, other public agencies whose boundaries overlap those of the Reassessment District could, without the consent of the City or the Authority, and in certain cases without the consent of the owners of the land within the Reassessment District, impose additional taxes or assessment liens on the property within the Reassessment District to finance public improvements or services to be located or provided inside of or outside of the Reassessment District. A statement of direct and overlapping indebtedness on land within the Reassessment District is included herein under the heading "THE REASSESSMENT DISTRICT—Direct and Overlapping Debt" herein.

Earthquakes

The Reassessment District is located in a seismically active area of Southern California and is subject to unpredictable seismic activity. There is no evidence that a ground surface rupture will occur in the event of an earthquake, but there is significant potential for destructive ground-shaking during the occurrence of a major seismic event. Known active faults that could cause significant ground shaking in the Reassessment District include, but are not limited to, the San Andreas Fault. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such an event. In the event of a severe earthquake, there may be significant damage to both property and infrastructure in the Reassessment District. As a result, a substantial portion of the property owners may be unable or unwilling to pay their Assessments installments when due. In addition, the value of land in the Reassessment District could be diminished in the aftermath of such an earthquake, reducing the resulting proceeds of foreclosure sales in the event of delinquencies in the payment of their Assessments installments.

Land Values

The value of land within the Reassessment District is an important factor in evaluating the investment quality of the Bonds. In the event that a property owner defaults in the payment of an Assessment installment, the City's only remedy is to judicially foreclose on that property. Prospective purchasers of the Bonds should not assume that the property within the Reassessment District could be sold for the assessed value described herein at a foreclosure sale for delinquent Assessment installments or for an amount adequate to pay delinquent Assessment installments.

The property values set forth in the various tables herein are the property values determined by the County Assessor for property tax purposes. These assessed value determinations may be subject to an appeal by the property owner. Assessment appeals are annually filed with the County Assessment Appeals Board for a hearing and resolution. At the time of filing, applicants are required to estimate an opinion of value. The resolution of an appeal may result in a reduction to the County Assessor's original taxable value and a tax refund to the applicant/property owner. Any reduction in assessed taxable values

of property within the Reassessment District would have an adverse impact on the value-to-lien ratios discussed in the tables herein.

The actual market value of the property is subject to future events such as downturn in the economy, occurrences such as earthquakes, droughts or floods or other events, all of which could adversely impact the value of the land in the Reassessment District which is the security for the Assessment Bonds, which secure the Bonds. As discussed herein, many factors could adversely affect property values or prevent or delay land development within the Reassessment District.

Hazardous Substances

One of the most serious risks in terms of the potential reduction in the value of a parcel within the Reassessment District is a claim with regard to a hazardous substance. In general, the owners and operators of a parcel within the Reassessment District may be required by law to remedy conditions of such parcel relating to release or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well known and widely applicable of these laws, but California laws with regard to hazardous substances are also similarly stringent. Under many of these laws, the owner or operator is obligated to remedy a hazardous substance condition of the property whether or not the owner or operator had anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the assessable property within the Reassessment District be affected by a hazardous substance, will be to reduce the marketability and value of such parcel by the costs of remedying the condition, because the prospective purchaser, upon becoming owner, will become obligated to remedy the condition just as the seller is so obligated.

Further, it is possible that liabilities may arise in the future with respect to any of the assessable property within the Reassessment District resulting from the current existence on the parcel of a substance currently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the current existence on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method in which it is handled. All of these possibilities could significantly affect the value of taxable parcels of property within the Reassessment District that is realizable upon a delinquency.

Neither the Authority nor the City has knowledge of any hazardous substances being located on the property within the Reassessment District.

Endangered Species

In recent years, there has been an increase in activity at the State and federal level related to the listing and possible listing of certain plant and animal species found in the State as endangered species. An increase in the number of endangered species is expected to curtail development in a number of areas. At present, the property within the Reassessment District is not known to be inhabited by any plant or animal species which either the California Fish and Game Commission or the United States Fish and Wildlife Service has listed as endangered or proposed for addition to the endangered species list. Notwithstanding this fact, new species are proposed to be added to the State and federal protected lists on a regular basis. Any action by the State or federal governments to protect additional species could negatively impact the ability to complete the development as planned. This, in turn, could reduce the likelihood of timely payment of the Assessment installments and would likely reduce the value of the land and the potential revenues available at a foreclosure sale for delinquent Assessments. See "SPECIAL RISK FACTORS—Land Values."

Cumulative Burden of Parity Taxes, Special Assessments and Development Costs

The Assessments and any penalties with respect thereto constitute a lien against the assessable property within the Reassessment District until they are paid. The lien of the Assessments is subordinate to all fixed special assessment liens previously imposed upon the same property, but has priority over all private liens and over all fixed special assessment liens which may thereafter be created against the property. Such lien is co-equal to and independent of the lien for general taxes and any lien imposed under the Mello-Roos Community Facilities Act of 1982, as amended. See "THE REASSESSMENT DISTRICT—Direct and Overlapping Debt" herein for a description of other special taxes or assessments secured by a lien on property within the Reassessment District. The City does not have control over the ability of other local government agencies to issue indebtedness secured by assessments or special taxes against all or a portion of the Reassessment District. In addition, the owners of taxable parcels of property in the Reassessment District may, without the consent or knowledge of the City, petition other public agencies to issue public indebtedness secured by assessments or special taxes. Any such assessments or special taxes may have a lien on such property on a parity with the Assessments.

Neither the City nor the Authority has control over the ability of other entities to issue indebtedness secured by special taxes or assessments payable from all or a portion of the property within the Reassessment District. In addition, the owners of property within the Reassessment District may, without the consent or knowledge of the City or the Authority, petition other public agencies to issue public indebtedness secured by special taxes or assessments. Any such special taxes may have a lien on such property on a parity with the lien of the Assessments.

California Constitution Article XIIIC and Article XIIID

On November 5, 1996, the voters of the State approved Proposition 218, the so-called "Right to Vote on Taxes Act." Proposition 218 added Articles XIIIC and XIIID to the State Constitution, which contain, among other things, a number of provisions affecting the ability of the City to levy and collect both existing and future taxes, assessments, fees and charges.

Under the Act, Section 9525(b) of the California Streets and Highways Code, the Assessments herein are not assessments within the meaning of, and may be ordered without compliance with the procedural requirements of, Article XIIID of the California Constitution. In addition, under Section 10400 of the California Streets and Highways Code, any challenge (including any constitutional challenge) to the proceedings or the assessment must be brought within 30 days after the date the assessment was levied.

[Article XIIID requires that, beginning July 1, 1997, the proceedings for the levy of any assessment by the City under the Municipal Improvement Act of 1913 (the "1913 Act") (including, if applicable, any increase in such assessment or any supplemental assessment under the Act) must be conducted in conformity with the provisions of Section 4 of Article XIIID. Because the City completed its proceedings for the levy of assessments in all but one of the Prior Assessment Districts prior to July 1, 1997, the provisions of Section 4 of Article XIIID do not apply to the unpaid Assessments which secure the Assessment Bonds. Additionally, Section 9525(b) of the California Streets and Highways Code makes clear that reassessments are not new assessments, and therefore, the provisions of Section 4 of Article XIIID do not apply to the unpaid Assessments which secure the Assessment Bonds. In addition, under Section 10400 of the California Streets and Highways Code, any challenge (including any constitutional challenge) to the proceedings or the assessment must be brought within 30 days after the date the assessment was levied.]

Article XIIIC removes limitations on the initiative power in matters of local taxes, assessments, fees and charges. Article XIIIC does not define the term "assessment", and it is unclear whether this term is intended to include assessments levied under the 1913 Act. Furthermore, this provision of Article XIIIC is not, by its terms, restricted in its application to assessments which were established or imposed on or after July 1, 1997. In the case of the unpaid Assessments which are pledged as security for the payment of the Assessment Bonds, the Act provides a mandatory, statutory duty of the City and the County Auditor to post installments on account of the unpaid Assessments to the property tax roll of the County each year while any of the Assessment Bonds are outstanding, in amounts equal to the principal of and interest on the Assessment Bonds coming due in the succeeding calendar year. Although the matter is not free from doubt, it is likely that a court would hold that Article XIIIC has not conferred on the voters the power to reduce or repeal the unpaid Assessments which are pledged as security for payment of a the Assessment Bonds or to otherwise interfere with performance of the mandatory, statutory duty of the City and the County Auditor with respect to the unpaid Assessments which are pledged as security for payment of such Assessment Bonds.

The interpretation and application of the Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination.

Ballot Initiatives and Legislative Measures

Proposition 218 was adopted pursuant to a measure qualified for the ballot pursuant to California's constitutional initiative process, and the State Legislature has in the past enacted legislation which has altered the spending limitations or established minimum funding provision for particular activities. From time to time, other initiative measures could be adopted by California voters or legislation enacted by the Legislature. The adoption of any such initiative or legislation might place limitations on the ability of the State, the City or local districts to increase revenues or to increase appropriations or on the ability of a landowner to complete the development of property.

No Acceleration

The Bonds do not contain a provision allowing for the acceleration of the Bonds or the Assessment Bonds in the event of a payment default or other default under the terms of the Bonds, the Assessment Bonds, the Indenture or the Fiscal Agent Agreement. There is no provision in the Act, the Indenture or the Fiscal Agent Agreement for acceleration of the Assessment installments in the event of a payment default by an owner of a taxable parcel of property in the Reassessment District or otherwise, or upon any adverse change in the tax status of interest on the Bonds or the Assessment Bonds. Pursuant to the Indenture, a Bond Owner is given the right for the equal benefit and protection of all Bond Owners to pursue certain remedies described in APPENDIX A – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND FISCAL AGENT AGREEMENT."

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the Internal Revenue Service. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar bonds or securities).

Loss of Tax Exemption

As discussed under the caption "CONCLUDING INFORMATION - Tax Matters" herein, the interest on the Bonds could become includable in gross income for federal income tax purposes, retroactive to the date of issuance of the Bonds, as a result of failure of the Authority or the City to comply with certain provisions of the Internal Revenue Code of 1986. Should such an event of taxability occur, the Bonds are not subject to early redemption and will remain Outstanding to maturity or until redeemed under the optional or mandatory redemption provisions of the Indenture.

THE AUTHORITY

The Authority is an instrumentality of the City, duly organized and existing under the provisions of the City's Charter, and is authorized pursuant to the Act to borrow money for the purpose of financing the acquisition and construction of the City's Civic Center, operations support, animal services facilities, and other infrastructure improvements in the City. The Authority was formed on April 11, 1985, pursuant to an Ordinance of the City.

The Authority is governed by a Board of Directors, which is comprised of five members. The members of the City Council of the City constitute the members of the Board of Directors of the Authority, and the Mayor is its Chairperson. The Authority and the City are financially interdependent and are managed by the governing boards and employees of the City. Separate financial statements of the Authority are not available.

THE CITY

The City of Irvine, California is a charter city and municipal corporation organized and existing under and by virtue of the Constitution and the laws of the State and its Charter. The City was incorporated December 28, 1971, and adopted its Charter in 1975. The City is located in Orange County, approximately 40 miles southeast of Los Angeles.

The City operates under a Charter, Council-Manager form of government. The City Council is the governing body of the City, and each of the four City Council members is elected in an at-large election for alternating four-year terms and the Mayor is elected every two years. The City Council appoints the City Manager who is responsible for implementing City Council policy. The City provides the following services through City employees or by contract with the private sector: public safety, public works, community development, community services, refuse collection, road and public facility maintenance, street lighting, public improvements and general administrative services.

CONCLUDING INFORMATION

Underwriting

The Bonds are being purchased through negotiation of Piper Jaffray & Co. (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a discount of $_____ from the principal amount thereof. Simultaneously with the purchase of the Bonds by the Underwriter, the Authority has agreed to purchase the Assessment Bonds from the City. The Underwriter's obligation to purchase the Bonds is contingent upon the Authority's purchase of the Assessment Bonds, the approval of certain legal matters by counsel and certain other conditions.

The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the public offering prices set forth on the inside cover hereof. The offering prices of the Bonds may be changed from time to time by the Underwriter.

The following two sentences have been provided by the Underwriter: The Underwriter and Pershing LLC, a subsidiary of the Bank of New York Mellon Corporation, entered into a distribution agreement (the "Distribution Agreement") that enables Pershing LLC to distribute certain new issue municipal securities underwritten by or allocated to the Underwriter, including the 2011 Bonds. Under the Distribution Agreement, the Underwriter will share with Pershing LLC a portion of the fee or commission paid to the Underwriter.

Legal Opinion

The law firm of Rutan & Tucker, LLP has been engaged by the Authority as Bond Counsel in connection with the issuance and sale of the Bonds. In addition, Rutan & Tucker, LLP serves as City Attorney pursuant to an on-going contract with the City.

As Bond Counsel to the Authority, Rutan & Tucker, LLP will render its legal opinion, as described below, which addresses, among other matters, the legality and validity of the Bonds and the exclusion of interest thereon from gross income for federal income tax purposes. Notwithstanding Rutan & Tucker, LLP's engagement by the City in any other capacity, such opinion of Rutan & Tucker, LLP as Bond Counsel is intended to be and is considered by Rutan & Tucker, LLP to be rendered objectively and without bias in favor of the City or any interests of the City. However, potential purchasers of the Bonds should be aware that the Authority will compensate Rutan & Tucker, LLP for its services as Bond Counsel contingent upon the successful issuance and sale of the Bonds and that the City has instructed and authorized Rutan & Tucker, LLP in its capacity as Bond Counsel and in its capacity as City Attorney to take all proper actions which Rutan & Tucker, LLP may take in such capacities to assist the City in completing the issuance and sale of the Bonds.

In no capacity has Rutan & Tucker, LLP advised the City to proceed with the issuance or sale of the Bonds; however, in its capacity as City Attorney and at the direction of the City, Rutan & Tucker, LLP has participated in the negotiation, drafting and review of documents and other aspects of the transaction with the City's legal position of primary importance. In the ordinary course, neither Rutan & Tucker, LLP nor the City considers this role to entail any actual conflict with the interests of purchasers of the Bonds or to compromise the objectivity of Rutan & Tucker, LLP's legal opinion as Bond Counsel as to any of the matters covered by its opinion. However, prospective purchasers of the Bonds and their advisors are encouraged to consider the possibility that in a default or other adverse situation involving the Bonds, the interests of the City and the interests of the owners of the Bonds are likely to be adverse, and that Rutan & Tucker, LLP, in its capacity as City Attorney, has negotiated, drafted and reviewed documents and other aspects of the transaction in light of such possibility.

The legality of the Bonds and certain other legal matters are subject to the approval of Bond Counsel. Bond Counsel will render an opinion with respect to the validity and enforceability of the Bonds and the Indenture, and a copy of such opinion will accompany each Bond. Such opinion will be subject to the various assumptions, exceptions and limitations stated therein. See "APPENDIX B—PROPOSED FORM OF BOND COUNSEL OPINION." Certain legal matters will be passed upon for the Authority and the City by Rutan & Tucker, LLP, Costa Mesa, California, City Attorney, and by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California as Disclosure Counsel. Certain legal matters will be passed on for the Underwriter by McFarlin & Anderson LLP, Laguna Hills, California. The fees of Bond Counsel are contingent upon issuance of the Bonds.

Tax Matters

In the opinion of Rutan & Tucker, LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix B hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount greater than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax exempt interest received, and a purchaser's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such purchaser. Owners of Premium Bonds should consult their tax advisors as to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Authority and the City have covenanted to comply with certain restrictions designed to insure that interest on the Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Bonds. Prospective Beneficial Owners are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

Certain requirements and procedures contained or referred to in the Indenture, the Fiscal Agent Agreement, the Tax Certificate, and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest on any Bond if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Rutan & Tucker, LLP.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Beneficial Owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Financial Advisor

Fieldman, Rolapp & Associates has acted as Financial Advisor solely to the City in connection with the issuance of the Bonds. The fees of the Financial Advisor are contingent upon issuance of the Bonds.

No Litigation

There is no action, suit, or proceeding pending or, to the best knowledge of the Authority, threatened at the present time restraining or enjoining the delivery of the Bonds or in any way contesting or affecting the validity of the Bonds or any proceedings of the Authority taken with respect to the issuance or sale thereof. A no litigation opinion rendered by the Authority Counsel will be required to be delivered to the Underwriter simultaneously with the delivery of the Bonds.

There is no action, suit, or proceeding pending or, to the best knowledge of the City, threatened at the present time in any way affecting the existence of the City or the titles of the officers to their respective offices, or seeking to restrain or to enjoin issuance, sale or delivery of the Bonds or the Assessment Bonds, or the application of the proceeds thereof, or the purchase of the Assessment Bonds pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or the collection or application of the Assessments to pay the principal of and interest on the Assessment Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Assessment Bonds or any action of the City contemplated with respect to the issuance or sale thereof. A no litigation opinion rendered by the City Attorney will be required to be delivered to the Underwriter simultaneously with the delivery of the Assessment Bonds.

Verification of Mathematical Computations

[Verification Agent] (the "Verification Agent"), an independent firm of certified public accountants, will deliver to the City its reports indicating that it has examined, in accordance with standards established by the American Institute of Certified Public Accountants, the information and assertions provided by the City and its representatives. Included in the scope of its examination will be a verification of the mathematical accuracy of the mathematical computations of the adequacy of the cash and the maturing principal amounts and the interest on the direct noncallable obligations of the United States of America deposited with the Escrow Agent to pay the interest, principal and redemption price coming due on the Refunded Bonds on and prior to their respective redemption dates as described in "THE PLAN OF FINANCE."

Rating

Standard & Poor's Ratings Services [will] assign the rating of "____" to the Bonds. Such rating reflects only the views of such organizations and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Miscellaneous

All of the preceding summaries of the Indenture, the Fiscal Agent Agreement, applicable legislation, agreements and other documents are made subject to the provisions of such documents and legislation and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the City for further information in connection therewith.

This Official Statement does not constitute a contract with the purchasers of the Bonds.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement have been authorized by the members of the Board of Directors of the Authority and by the members of the City Council of the City.

IRVINE PUBLIC FACILITIES AND INFRASTRUCTURE AUTHORITY

By:_____
Chairperson

CITY OF IRVINE

By:_____
City Manager

APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND FISCAL AGENT AGREEMENT

APPENDIX B

PROPOSED FORM OF BOND COUNSEL OPINION

Upon delivery of the Bonds, Rutan & Tucker, LLP, Bond Counsel to the Authority, proposes to render its approving opinion with respect thereto in substantially the following form:

APPENDIX C

FORM OF CONTINUING DISCLOSURE AGREEMENT

APPENDIX D

BOOK-ENTRY SYSTEM

The description that follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Bonds, payment of principal of and interest on the Bonds to Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Bonds, and other Bonds-related transactions by and between DTC, Participants and Beneficial Owners, is based on information furnished by DTC which the Authority and the City each believes to be reliable, but the City does not take responsibility for the completeness or accuracy thereof.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be

requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

NONE OF THE AUTHORITY, THE CITY OR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF BONDS FOR REDEMPTION.

DTC (or a successor securities depository) may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Authority. The Authority, in its sole discretion and without the consent of any other person, may terminate the services of DTC (or a successor securities depository) with respect to the Bonds. The Authority and the City undertake no obligation to investigate matters that would enable the Authority and the City to make such a determination. In the event that the book-entry system is discontinued as described above, the requirements of the Indenture will apply.

THE AUTHORITY, THE CITY AND THE UNDERWRITER CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, THE PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL, INTEREST OR PREMIUM, IF ANY, WITH RESPECT TO THE BONDS PAID TO DTC OR ITS NOMINEE AS THE REGISTERED OWNER, OR WILL DISTRIBUTE ANY REDEMPTION NOTICES OR OTHER NOTICES, TO THE BENEFICIAL OWNERS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE AUTHORITY, THE CITY AND THE UNDERWRITER ARE NOT RESPONSIBLE OR LIABLE FOR THE FAILURE OF DTC OR ANY PARTICIPANT TO MAKE ANY PAYMENT OR GIVE ANY NOTICE TO A BENEFICIAL OWNER WITH RESPECT TO THE BONDS OR AN ERROR OR DELAY RELATING THERETO.

APPENDIX E

REASSESSMENT DISTRICT BOUNDARY MAP

[To be Attached]

APPENDIX F

ASSESSMENT ROLL

[To be Attached]