

IN THE OPINION OF KUTAK ROCK LLP, BOND COUNSEL, INTEREST ON THE SERIES 2008B BONDS IS INCLUDABLE IN GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES, but is exempt from current State of California personal income taxes. In the opinion of Kutak Rock LLP, Bond Counsel, based on existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain covenants, interest on the Series 2008A Bonds is excluded from gross income for federal income tax purposes and is exempt from current State of California personal income taxes, except that no opinion is expressed as to the exclusion from gross income of interest on any Series 2008A Bond during any period during which such Series 2008A Bond is held by a person who is, within the meaning of Section 147(a) of the Internal Revenue Code of 1986, a “substantial user” of the facilities with respect to which the proceeds of the Series 2008A Bonds are used or is a “related person.” Bond Counsel expresses no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2008 Bonds, although Bond Counsel observes that interest on the Series 2008A Bonds is a specific preference item for purposes of calculating the federal individual and corporate alternative minimum taxable income. For a more complete description, see “TAX MATTERS” herein.

\$7,665,000

**California Enterprise Development Authority
Tax-Exempt Variable Rate Demand
Industrial Development Revenue Bonds, Series 2008A
(Pocino Foods Company Project)**

\$1,335,000

**California Enterprise Development Authority
Taxable Variable Rate Demand
Industrial Development Revenue Bonds, Series 2008B
(Pocino Foods Company Project)**

Dated: Date of Delivery**Price 100%****Due: November 1, 2033**

This cover page contains certain information for general reference only. It is not intended to be a summary of all factors relating to an investment in the Series 2008 Bonds. Investors should review the entire Official Statement before making any investment decisions. The Series 2008 Bonds are being offered solely on the basis of the Letter of Credit and the Support Letter of Credit and the financial strength of the Bank and the Support Letter of Credit Bank, and not the operations, financial strength or condition of the Borrower or any other security. This Official Statement does not describe the financial condition of the Borrower. Capitalized terms used on this cover page and not otherwise defined shall have the meanings set forth herein or in the hereinafter mentioned Indenture.

The Series 2008 Bonds described herein are issued by the California Enterprise Development Authority (the “Issuer”), a public agency of the State of California (the “State”), and an Indenture of Trust, dated as of November 1, 2008 (the “Indenture”), between the Issuer and Deutsche Bank National Trust Company, as trustee (the “Trustee”). It is anticipated that the Series 2008 Bonds will be issued and delivered on the date set forth below in fully registered form and, if and when issued, will be registered in the name of Cede & Co., as the registered owner and nominee for The Depository Trust Company, New York, New York (“DTC”). Purchases of beneficial interests in the Series 2008 Bonds will be made in book-entry-only form. Purchasers of beneficial interests (the “Beneficial Owners”) will not receive certificates representing their interests in the Series 2008 Bonds. So long as Cede & Co., as nominee for DTC, is the registered owner of the Series 2008 Bonds, all references herein to Registered Owner shall mean Cede & Co., and not the Beneficial Owners of the Series 2008 Bonds. Payments of principal, redemption price, interest and, with respect to tendered Series 2008 Bonds, purchase price of the Series 2008 Bonds, will be made directly to DTC by the Trustee or by Deutsche Bank National Trust Company, San Francisco, California, as tender agent for the Series 2008 Bonds (the “Tender Agent”), so long as DTC is the Registered Owner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants as more fully described herein. See APPENDIX B – “BOOK-ENTRY-ONLY SYSTEM.”

The Series 2008 Bonds are special, limited obligations of the Issuer payable (except to the extent payable from certain amounts held by the Trustee under the Indenture including the proceeds of the Series 2008 Bonds) solely from and secured by loan repayments from 2400 Company, LLC, a limited liability company duly organized and validly existing under the laws of the State (the “Borrower”), under a Loan Agreement, dated as of November 1, 2008, between the Issuer and the Borrower. In addition, the Series 2008 Bonds are further supported by an irrevocable, direct-pay letter of credit (the “Letter of Credit”) issued by:

City National Bank

(the “Bank”) as described herein and by an irrevocable, transferable Standby Letter of Credit (the “Support Letter of Credit”) issued by:

Federal Home Loan Bank of San Francisco

(the “Support Letter of Credit Bank”). The Letter of Credit will be initially issued in an amount equal to the aggregate principal amount of the Series 2008 Bonds plus 45 days’ interest thereon calculated at the rate of twelve percent (12%) per annum. The Letter of Credit, unless extended, will initially expire on November 19, 2013 and will permit the Trustee to draw thereunder amounts sufficient to pay (a) the principal of the Series 2008 Bonds when due at maturity, upon earlier redemption or upon acceleration; (b) regularly scheduled interest on the Series 2008 Bonds or payment of interest on a date established for the redemption or acceleration of the Series 2008 Bonds; and (c) the purchase price of Series 2008 Bonds tendered or subject to mandatory tender and not remarketed. The Support Letter of Credit will be initially issued in an amount equal to the aggregate principal amount of the Series 2008 Bonds plus 45 days’ interest thereon calculated at the rate of 12% per annum. The Support Letter of Credit, unless extended, will initially expire on November 19, 2013. The Support Letter of Credit will permit the Trustee to draw thereunder an amount sufficient to pay the outstanding principal of and accrued interest on the Series 2008 Bonds in the event the Bank does not timely honor a draw under, or repudiates, the Letter of Credit.

From and including the date of initial authentication and delivery thereof, the Series 2008 Bonds will bear interest at a rate which is determined on a weekly basis (the “Weekly Interest Rate”) by Gates Capital Corporation, as Remarketing Agent. The Series 2008 Bonds will continue to bear interest at a Weekly Interest Rate unless, at the option of the Borrower and upon the satisfaction of certain conditions, the interest rate on the Series 2008 Bonds is converted to a fixed rate to maturity (the “Fixed Interest Rate”). On the effective date of the Fixed Interest Rate (the “Fixed Rate Date”) and on each date the Borrower exercises its option to substitute an alternate letter of credit for the then existing Letter of Credit and/or the Support Letter of Credit, the Series 2008 Bonds will be subject to mandatory tender for purchase. Prior to the Fixed Rate Date, the Series 2008 Bonds are subject to purchase on demand of the Registered Owners thereof on any Business Day (as defined herein) upon providing seven days’ irrevocable written notice to the Tender Agent in the manner described herein. The Series 2008 Bonds are also subject to optional and mandatory redemption prior to maturity as further described herein.

Prior to the Fixed Rate Date, the Series 2008 Bonds are issuable in fully registered form in denominations of \$100,000 or any multiple of \$5,000 in excess thereof. Prior to the Fixed Rate Date, interest on the Series 2008 Bonds is computed on the basis of a 365- or 366-day year, as appropriate, for the actual number of days elapsed, and is payable on the first Business Day of each month, commencing December 1, 2008. Principal of the Series 2008 Bonds is payable at the principal corporate trust office of the Trustee, as paying agent, in San Francisco, California, or at such other office as the Trustee may designate. Interest on the Series 2008 Bonds is payable by check or draft mailed to the Registered Owners thereof as of the record date described herein. Registered Owners of Series 2008 Bonds in an aggregate principal amount of \$1,000,000 or more may elect to receive payment of interest on such Series 2008 Bonds by wire transfer to an account in the continental United States in immediately available funds.

The Series 2008 Bonds and the Indenture under which they will be issued will state that the principal of such Series 2008 Bonds, the premium, if any, and the interest thereon shall not be deemed to constitute a debt or liability of the State or any political subdivision or agency of the State. The Series 2008 Bonds are special, limited obligations of the Issuer, and the Issuer shall under no circumstances be obligated to pay the Series 2008 Bonds except from the revenues and other funds pledged therefor under the Indenture. Neither the State nor any political subdivision or agency of the State shall be obligated to pay the principal of, premium, if any, purchase price of, or interest on, the Series 2008 Bonds or other costs incident thereto except from the revenues and funds pledged therefor. Neither the faith and credit nor the taxing power of the State or any political subdivision or agency of the State is pledged to the payment of the principal of, premium, if any, purchase price of, or interest on, the Series 2008 Bonds nor is the State or any political subdivision thereof in any manner obligated to make any appropriation for the payment thereof.

The Series 2008 Bonds are offered when, as and if issued and accepted by the Underwriter named below, subject to prior sale, withdrawal or modification of the offer without notice, and the approval of legality by Kutak Rock LLP, Los Angeles, California, Bond Counsel. Certain legal matters will be passed upon for the Bank by its Managing Counsel, Chris Carlson, Esq., for the Support Letter of Credit Bank by its in-house counsel, and for the Borrower by Chadbourne & Parke LLP, Los Angeles, California. It is expected that delivery of the Series 2008 Bonds will be made to DTC on or about November 19, 2008, in New York, New York.

Gates Capital Corporation

Dated: November 18, 2008

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2008 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

No broker, dealer, salesman or other person has been authorized by the Issuer or the Underwriter to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the Series 2008 Bonds made hereby and, if given or made, such other information or representations must not be relied upon as having been authorized by the Issuer or by the Underwriter. 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 any Series 2008 Bonds by any person in any jurisdiction in which such offer, solicitation or sale is not authorized, or in which the person making such offer, solicitation or sale is not qualified to do so or to any person to whom it is unlawful to make such offer, solicitation or sale. The information set forth herein has been furnished by the Borrower, the Bank, the Support Letter of Credit Bank and other sources which are believed to be reliable, but no representation as to the accuracy or completeness of such information is made by the Underwriter. The Issuer has furnished no information herein except that contained in the sections captioned "THE ISSUER" and "NO LITIGATION," but only to the extent the information in the later section relates to the Issuer. The information and expressions of opinion contained herein are subject to change without notice after the date hereof and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer, the Bank, the Support Letter of Credit Bank or the Borrower since the date hereof.

THE SERIES 2008 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), IN RELIANCE UPON THE EXEMPTION CONTAINED IN SECTION 3(A)(2) OF THE SECURITIES ACT. THE INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED (THE "TRUST INDENTURE ACT"), IN RELIANCE UPON AN EXEMPTION CONTAINED IN THE TRUST INDENTURE ACT.

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 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.

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

\$7,665,000

**Tax-Exempt Variable Rate Demand
Industrial Development Revenue Bonds,
Series 2008A (Pocino Foods Company Project)**

\$1,335,000

**Taxable Variable Rate Demand
Industrial Development Revenue Bonds, Series
2008B (Pocino Foods Company Project)**

SPECIAL SERVICES

Bond Counsel

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Los Angeles, California

Remarketing Agent

Gates Capital Corporation
New York, New York

Letter of Credit Bank

City National Bank
Los Angeles, California

Support Letter of Credit Bank

Federal Home Loan Bank of San Francisco
San Francisco, California

Tender Agent

Deutsche Bank National Trust Company
San Francisco, California

Trustee

Deutsche Bank National Trust Company
San Francisco, California

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OFFICIAL STATEMENT

\$7,665,000
California Enterprise Development Authority
Tax-Exempt Variable Rate Demand
Industrial Development Revenue Bonds,
Series 2008A (Pocino Foods Company Project)

\$1,335,000
California Enterprise Development Authority
Taxable Variable Rate Demand
Industrial Development Revenue Bonds,
Series 2008B (Pocino Foods Company Project)

INTRODUCTION

General

The purpose of this Official Statement, which includes the cover page and the appendices hereto, is to provide information in connection with the issuance and sale of \$7,665,000 aggregate principal amount of California Enterprise Development Authority Tax-Exempt Variable Rate Demand Industrial Development Revenue Bonds, Series 2008A (Pocino Foods Company Project) (the "Series 2008A Bonds") and \$1,335,000 aggregate principal amount of California Enterprise Development Authority Taxable Variable Rate Demand Industrial Development Revenue Bonds, Series 2008B (Pocino Foods Company Project) (the "Series 2008B Bonds" and together with the Series 2008A Bonds, the "Series 2008 Bonds"). The Series 2008 Bonds will be issued pursuant to the Constitution and laws of the State, particularly Chapter 5 of Division 7 of Title 1 of the State Government Code (commencing with Section 6500), as amended (the "Act"), an Indenture of Trust, dated as of November 1, 2008 (the "Indenture"), between the California Enterprise Development Authority (the "Issuer") and Deutsche Bank National Trust Company, as trustee (the "Trustee"), and a resolution of the Issuer adopted on September 25, 2008. The Series 2008A Bonds and the Series 2008B Bonds are being issued on a parity basis under the Indenture. The Series 2008 Bonds, together with any additional bonds of the Issuer authorized and issued by the Issuer, authenticated by the Trustee and delivered under the Indenture or pursuant to the terms of a supplemental indenture, are hereinafter referred to as the "Bonds."

Pursuant to a loan agreement (the "Loan Agreement"), dated as of November 1, 2008, by and between the Issuer and 2400 Company, LLC, a limited liability company duly organized and validly existing under the laws of the State (the "Borrower"), the Issuer will loan the proceeds received from the sale of the Series 2008 Bonds to the Borrower to finance the construction, rehabilitation and improvement of certain real property and improvements and the acquisition and installation of certain manufacturing equipment, as described herein under "THE BORROWER, THE OPERATOR AND THE PROJECT." The Series 2008 Bonds will be supported by an irrevocable direct-pay letter of credit (the "Letter of Credit") issued by City National Bank (the "Bank"). Under the Letter of Credit, the Trustee will be permitted to draw an amount not exceeding the stated amount indicated in the Letter of Credit (the "Stated Amount") for the payments of principal of, purchase price of and interest on, the Series 2008 Bonds (other than Series 2008 Bonds owned by or for the account of the Borrower or the Bank ("Bank Bonds")), whether at maturity, prior redemption, upon acceleration, purchase, on an Interest Payment Date (as defined below) or otherwise. The Stated Amount of the Letter of Credit on any date will be based upon the aggregate principal amount of the Outstanding Series 2008 Bonds on or prior to such date and interest on such Series 2008 Bonds for 45 days calculated at a rate of twelve percent (12%) per annum, the maximum interest rate payable on the Series 2008 Bonds. In consideration for issuing the Letter of Credit, the Borrower will enter into a Reimbursement Agreement, dated as of November 1, 2008 (the "Reimbursement Agreement"), with the Bank. For a further description of the Letter of Credit and the terms of the Reimbursement Agreement, see "THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT."

The Bonds are further secured by an irrevocable, transferable Standby Letter of Credit (the “Support Letter of Credit”) issued by Federal Home Loan Bank of San Francisco (the “Support Letter of Credit Bank”). Under the Support Letter of Credit, the Trustee will be permitted to draw an amount not exceeding the stated amount indicated in the Support Letter of Credit to pay all of the outstanding principal amount of and accrued interest on the Series 2008 Bonds in the event the Bank does not honor a draw on the Letter of Credit or if the Bank repudiates the Letter of Credit. Of such stated amount, the amount available to be drawn under the Support Letter of Credit on any date will be based upon the aggregate principal amount of the outstanding Series 2008 Bonds on or prior to such date and interest on such Series 2008 Bonds for 45 days calculated at a rate of 12% per annum, the maximum interest rate payable on the Series 2008 Bonds. See “THE SUPPORT LETTER OF CREDIT.”

The Series 2008 Bonds are being offered solely on the basis of the Letter of Credit and the Support Letter of Credit and the financial strength of the Bank and the Support Letter of Credit Bank and are not being offered on the basis of the operations, financial strength or condition of the Borrower or any other security. This Official Statement does not describe the financial condition of the Borrower.

Certain Information Related to this Official Statement

This Official Statement includes brief descriptions of the Issuer, the Series 2008 Bonds, the Bank, the Letter of Credit, the Support Letter of Credit, the Reimbursement Agreement, the Loan Agreement and the Indenture. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Letter of Credit, the Support Letter of Credit, the Reimbursement Agreement, the Loan Agreement and the Indenture are qualified in their entirety by reference to such documents, and references herein to the Series 2008 Bonds are qualified in their entirety by reference to the form thereof included in the Indenture and the information with respect thereto included within the aforesaid documents, all of which are available for inspection at the office of the Trustee.

Any capitalized terms used in this Official Statement and not otherwise defined shall have the meanings ascribed to such terms as set forth in the Indenture.

During the period of the offering, copies of the forms of the Loan Agreement and the Indenture may be obtained from the Trustee at 101 California Street, 46th Floor San Francisco, California 94111, Attention: Corporate Trust Department, upon payment of reasonable copying and delivery expenses.

THE BORROWER, THE OPERATOR AND THE PROJECT

The Borrower and the Operator

The Borrower is 2400 Company, LLC, a California limited liability company. The Borrower will own the Project (as defined below) and lease the Project to Pocino Food Company, a California corporation (the “Operator”), a related corporation. The Operator has been in business since 1965. The Operator is a manufacturer of packaged and prepared meat products. The Operator produces salami, pepperoni, roast beef, pastrami and a variety of other cooked meat products for sale to retailers, food distributors and institutional purchasers.

The Project

The proceeds of the Series 2008 Bonds loaned to the Borrower will be applied to pay the cost of, or reimburse the Borrower for, (1) refinancing \$5,500,000 California Infrastructure and Economic Development Bank Tax-Exempt and Taxable Variable Rate Demand Industrial Development Revenue Bonds, Series 2006A and B (the “Series 2006 Bonds”), the proceeds of which were used by the Borrower to

finance and refinance the cost of the (a) expansion and rehabilitation of the manufacturing facility located at 14250 Lomitas Avenue, City of Industry, California 91746 (the “Project Site”), (b) acquisition and installation of manufacturing equipment at the Project Site, and (c) payment of capitalized interest and certain costs of issuance in connection with the Series 2006 Bonds, (2) financing the cost of upgrading and making additional improvements at the manufacturing facility located at the Project Site, (3) financing the acquisition and installation of equipment at the Project Site (collectively, the “Facilities”) and (4) the payment of certain credit enhancement costs and costs of issuance in connection with the Series 2008 Bonds (collectively, the “Project”). The Project will be owned by the Borrower and leased by the Operator.

APPLICATION OF BOND PROCEEDS

The proceeds of the Series 2008 Bonds will be applied as follows:

Project Fund

Series 2008A Project Account	\$7,591,700.00
Series 2008B Project Account	1,280,000.00

Cost of Issuance Fund

Series 2008A Costs of Issuance Account	73,300.00
Series 2008B Costs of Issuance Account	<u>55,000.00</u>
Total	\$9,000,000.00

THE ISSUER

Under Chapter 5, Division 7, Title 1 of the California Government Code (the “Act”), the Issuer may issue bonds, notes or any other evidence of indebtedness, as well as enter into agreements to finance or refinance projects such as the Project.

The Issuer may sell and deliver obligations other than the Bonds. These obligations will be secured by instruments separate and apart from the Indenture and the Loan Agreement, and the holders of such other obligations of the Issuer will have no claim on the security for the Bonds. Likewise, the Holders of the Bonds will have no claim on the security for such other obligations that may be issued by the Issuer.

Neither the Issuer nor its independent contractors has furnished, reviewed, investigated or verified the information contained in this Official Statement other than the information contained in this section and in the section entitled “NO LITIGATION” (solely as it relates to the Issuer). The Issuer does not and will not in the future monitor the financial condition of the Borrower or otherwise monitor payment of the Bonds or compliance with the documents relating thereto.

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER. THE BONDS SHALL NOT CONSTITUTE OR GIVE RISE TO A GENERAL OBLIGATION OR LIABILITY OF THE ISSUER OR A CHARGE AGAINST ITS GENERAL CREDIT. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, ANY PUBLIC AGENCY THEROF OR ANY MEMBER OF THE ISSUER IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR PURCHASE PRICE OF OR INTEREST OR ANY REDEMPTION PREMIUM ON THE BONDS. THE ISSUER HAS NO TAXING POWER. PAYMENT OF THE PRINCIPAL OR PURCHASE PRICE OF OR INTEREST OR ANY REDEMPTION PREMIUM ON THE BONDS DOES NOT CONSTITUTE A

DEBT, LIABILITY OR OBLIGATION OF THE STATE, ANY PUBLIC AGENCY THEREOF OR ANY MEMBER OF THE ISSUER (OTHER THAN THE ISSUER). THE DIRECTORS, OFFICERS AND EMPLOYEES OF THE STATE OR OF THE ISSUER SHALL NOT BE INDIVIDUALLY LIABLE ON THE BONDS OR IN RESPECT OF ANY UNDERTAKINGS BY THE ISSUER UNDER THE INDENTURE.

DESCRIPTION OF THE SERIES 2008 BONDS

General

The Series 2008 Bonds will be issued in the aggregate principal amount, will be dated, and will mature as described on the front cover of this Official Statement, subject to redemption and optional and mandatory tender for purchase prior to maturity as hereinafter described.

The Series 2008 Bonds initially will be issued in fully registered form and will be registered in the name of Cede & Co., as the Registered Owner and nominee for The Depository Trust Company, New York, New York (“DTC”). DTC will represent to the Issuer that it will maintain a book-entry system for recording ownership interests of its participants (the “DTC Participants”) and that the ownership interest of a purchaser of a beneficial interest in the Series 2008 Bonds (a “Beneficial Owner”) will be recorded through book entries on the records of the DTC Participants. Beneficial Owners will not receive any certificates representing their interest in the Series 2008 Bonds, except as described herein. For more information concerning the book-entry system, see APPENDIX B – “BOOK-ENTRY-ONLY SYSTEM.”

The Series 2008 Bonds will be issued as fully registered Series 2008 Bonds, without coupons, in the denomination of (a) \$100,000 or any multiple of \$5,000 in excess thereof prior to the Fixed Rate Date, as defined below, and (b) \$5,000 or any integral multiple thereof after the Fixed Rate Date. The principal of and premium, if any, on the Series 2008 Bonds will be payable upon surrender at the principal corporate trust office of the Trustee, as paying agent and registrar for the Series 2008 Bonds (in such capacities, the “Paying Agent” and the “Registrar”) in San Francisco, California or at such other office as the Trustee may designate.

Prior to the date on which the Series 2008 Bonds begin to bear interest at the Fixed Interest Rate (the “Fixed Rate Date”), interest on the Series 2008 Bonds shall be computed on the basis of a 365- or 366-day year, as appropriate, for the actual number of days elapsed, and shall be payable on the first Business Day of each month, commencing December 1, 2008 (or, if any such day is not a Business Day, the next succeeding Business Day), and, after the Fixed Rate Date, on each May 1 and November 1 (each an “Interest Payment Date”). “Business Day” means a day which is not a Saturday, Sunday or legal holiday on which banking institutions in the State or the State of New York or in any state in which the principal office of the Bank, the Tender Agent or the Trustee or the office of the Bank designated for presentations under the Letter of Credit is located are closed or a day on which the New York Stock Exchange is closed. The Series 2008 Bonds shall bear interest from and including the applicable Interest Payment Date next preceding the date of registration thereof (unless such Bond is registered after a record date and on or before the next succeeding applicable Interest Payment Date, in which event it shall bear interest from and including such Interest Payment Date, or unless such Bond is registered prior to November 30, 2008 in which event it shall bear interest from and including the date of delivery). The monthly period during which interest accrues on the Series 2008 Bonds prior to the Fixed Rate Date, and thereafter the semiannual period during which interest accrues on the Series 2008 Bonds, is sometimes referred to as an “Interest Period.” With respect to any Interest Payment Date on or prior to the Fixed Rate Date, the record date for the payment of interest on the Series 2008 Bonds is the Business Day preceding the applicable Interest Payment Date and with respect to any Interest Payment Date after the

Fixed Rate Date, the record dates are the fifteenth day of the calendar month preceding each Interest Payment Date, whether or not such day is a Business Day (each a “Record Date”). Interest on Series 2008 Bonds will be payable by check or draft mailed on the applicable Interest Payment Date to the registered owners thereof (the “Registered Owners”) as of the close of business on the Record Date preceding the applicable Interest Payment Date, unless such interest is not punctually paid, in which event it shall be paid to the Registered Owners as of the close of business on the record date fixed by the Trustee for the payment of such interest. A Registered Owner of \$1,000,000 or more in aggregate principal amount of Series 2008 Bonds may submit to the Registrar a written request 15 days prior to the applicable Record Date that interest on such Series 2008 Bonds be payable by wire transfer to an account within the continental United States of immediately available funds to the Registered Owner of such Series 2008 Bonds. Series 2008 Bonds may be transferred or exchanged for Series 2008 Bonds of any other authorized denomination at the principal corporate trust office of the Trustee in San Francisco, California. The Registrar may make a charge for every such exchange or any transfer of Series 2008 Bonds sufficient to reimburse the Issuer and the Registrar.

The principal of the Series 2008 Bonds is payable on November 1, 2033 upon presentation and surrender of the Series 2008 Bonds at the principal corporate trust office of the Trustee in San Francisco, California.

Interest on the Series 2008 Bonds

Determination of the Weekly Interest Rate. Prior to the Fixed Rate Date, the interest rate borne by the Series 2008 Bonds will be determined for each weekly period, from and including Thursday in the week of determination thereof to and including the following Wednesday, by Gates Capital Corporation (the “Remarketing Agent”). The Weekly Interest Rate with respect to the Series 2008A Bonds shall be the rate determined by the Remarketing Agent (on the basis of the examination of Tax-exempt obligations comparable to the Series 2008A Bonds known to the Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the minimum interest rate which, if borne by the Series 2008A Bonds, would enable the Remarketing Agent to sell the Series 2008A Bonds on the date such rate becomes effective at a price equal to the principal amount thereof, plus accrued interest, if any (the “Series 2008A Weekly Interest Rate”). The Weekly Interest Rate with respect to the Series 2008B Bonds shall be the lowest interest rate, in the judgment of the Remarketing Agent (taking into consideration current transactions and comparable securities with which the Remarketing Agent is involved or of which it is aware and prevailing financial market conditions) at which the Remarketing Agent could remarket the Series 2008B Bonds on the date such rate becomes effective at par, plus accrued interest, if any (the “Series 2008B Weekly Interest Rate” and together with the Series 2008A Weekly Interest Rate, the “Weekly Interest Rate”). The Weekly Interest Rate will be determined by the Remarketing Agent as of the close of business on Wednesday in each calendar week, except that (a) with respect to any Wednesday that is not a Business Day, the interest rate shall be determined on the next preceding Business Day, and provided, further, that appropriate adjustments may be made for the initial interest period following the Date of Delivery of the Series 2008 Bonds; (b) if for any reason a Weekly Interest Rate is not established as aforesaid by the Remarketing Agent in any week, the Weekly Interest Rate for the first such week shall remain the last Weekly Interest Rate announced by the Remarketing Agent and the Weekly Interest Rate thereafter shall be the “Alternate Weekly Rate” (as defined below); and (c) if the Weekly Interest Rate determined by the Remarketing Agent in accordance with clause (a) above is held by a court to be invalid or unenforceable, then the Weekly Interest Rate shall be the Alternate Weekly Rate. The “Alternate Weekly Rate” with respect to the Series 2008A Bonds shall be the tax-exempt seven-day variable rate index most recently published by the Securities Industry and Financial Markets Association (“SIFMA”) (as of the date of this Official Statement, its Municipal Swap Index). The “Alternate Weekly Rate” with respect to the Series 2008B Bonds shall be the one-month London Interbank Offered Rate quoted in the Wall Street Journal (or its successor) on the Business Day immediately preceding the date such rate is to

be effective, plus ten basis points (.10%). In the event the Wall Street Journal (or its successor) no longer publishes the one-month London Interbank Offered Rate, the Remarketing Agent or the Trustee (to the extent the Remarketing Agent does not establish the Alternate Weekly Rate for the Series 2008B Bonds) shall use another financial newspaper which publishes such rate information. In no event, however, will the interest rate borne by the Series 2008 Bonds exceed twelve percent (12%) per annum or the maximum rate of interest which may be charged or collected pursuant to applicable provisions of federal or state law, whichever is lower.

Conversion to the Fixed Interest Rate. Subject to the terms and conditions of the Indenture, the Borrower may elect to have the interest rate on the Series 2008 Bonds converted from the Weekly Interest Rate to a Fixed Interest Rate for the remaining term of the Series 2008 Bonds (the “Fixed Interest Rate”) effective on any Interest Payment Date prior to the maturity of the Series 2008 Bonds. In the event the Borrower elects to convert the interest rate on the Series 2008 Bonds, all Series 2008 Bonds Outstanding under the Indenture will be converted pursuant to the provisions of the Indenture. The interest rate borne by the Series 2008 Bonds from and after the Fixed Rate Date shall be, except as otherwise provided in the Indenture, the rate determined by the Remarketing Agent, on or prior to, but not more than 15 days prior to, the Business Day preceding the Fixed Rate Date, to be the interest rate which, when borne by such Series 2008 Bonds, having due regard for prevailing financial market conditions, would equal the minimum interest rate necessary to enable the Remarketing Agent to remarket Series 2008 Bonds on the Fixed Rate Date at 100% of the principal amount thereof. In no event will the interest rate borne by the Series 2008 Bonds on or after the Fixed Rate Date exceed twelve percent (12%) per annum or the maximum rate allowable by law, whichever is lower. Under certain circumstances the Fixed Interest Rate for the Series 2008 Bonds shall be determined by the Remarketing Agent by reference to the “Alternate Fixed Rate” determined by the Remarketing Agent all as defined in and set forth in the Indenture.

The Trustee, at least 30 days prior to the Fixed Rate Date, shall cause an irrevocable notice to be mailed to all Registered Owners stating, among other things, (a) the proposed Fixed Rate Date, (b) requiring that the Registered Owners of all of the Outstanding Series 2008 Bonds tender such Series 2008 Bonds for purchase by the Tender Agent on the Fixed Rate Date, and (c) stating that all Outstanding Series 2008 Bonds not purchased on or before the Fixed Rate Date will be deemed purchased on the Fixed Rate Date at a price equal to the principal amount thereof, plus unpaid interest, if any, accrued to such date. See “Purchase of Series 2008 Bonds – Mandatory Purchase on Fixed Rate Date and Letter of Credit Substitution Date” below.

Purchase of Series 2008 Bonds

Purchase of Series 2008 Bonds Upon Demand of Registered Owner. The Series 2008 Bonds will be purchased at the option of the Registered Owners thereof under certain circumstances described below. Prior to the Fixed Rate Date, any Series 2008 Bonds shall be purchased by Deutsche Bank National Trust Company, San Francisco, California, as tender agent (the “Tender Agent”), on demand of the Registered Owner thereof on any Business Day at a purchase price equal to the principal amount thereof plus accrued interest to, but not including, the date of purchase (unless such date is an Interest Payment Date, in which case the purchase price will be the principal amount of such Series 2008 Bonds) upon:

- (a) delivery to the Tender Agent of an irrevocable written notice with respect to the Series 2008 Bonds to be purchased by 2:00 p.m., California time (if not received by 2:00 p.m., California time, it shall be deemed received on the next succeeding Business Day), which states (i) the name and address of the Registered Owner, (ii) the number or numbers of the Series 2008 Bond or Series 2008 Bonds to be purchased, (iii) the aggregate principal amount of the Series 2008 Bond or Series 2008 Bonds to be purchased, and (iv) the date on which the Series 2008

Bonds are to be purchased, which date shall be a Business Day not prior to the seventh calendar day next succeeding the date of delivery of such notice to the Tender Agent (the “Purchase Date”); and

(b) delivery of the Series 2008 Bond or Series 2008 Bonds to the Tender Agent at or prior to 10:00 a.m., California time, on the Purchase Date specified in the aforesaid notice of the Series 2008 Bond or Series 2008 Bonds to be tendered; provided, however, that any Series 2008 Bond for which a notice of the exercise of the purchase option has been given as provided in paragraph (a) above and which is not so delivered shall be deemed delivered on the Purchase Date and shall be purchased in accordance with the Indenture.

Mandatory Purchase on Fixed Rate Date and Letter of Credit Substitution Date. Upon conversion of the interest rate on the Series 2008 Bonds to the Fixed Interest Rate and on each date (the “Letter of Credit Substitution Date”) the Borrower exercises its option to substitute an alternate letter of credit (the “Alternate Letter of Credit”) for the then existing Letter of Credit as provided in the Loan Agreement, the Series 2008 Bonds are subject to mandatory tender for purchase by the Tender Agent at the principal amount thereof plus accrued interest, if any. See “THE LOAN AGREEMENT – Availability and Substitution of Letter of Credit.” The Fixed Rate Date and the Letter of Credit Substitution Date are also referred to herein as the “Mandatory Tender Date.” All Registered Owners of the Series 2008 Bonds are required to tender their Series 2008 Bonds for purchase by the Tender Agent on the Mandatory Tender Date. Any Series 2008 Bonds which on the Mandatory Tender Date have not been tendered for purchase (“Non-Tendered Bonds”) shall be deemed purchased by the Tender Agent on the Mandatory Tender Date at a price of the principal amount thereof plus unpaid interest accrued, if any, to such date. Replacement Series 2008 Bonds for Non-Tendered Bonds may be remarketed and delivered to new owners as instructed by the Borrower or the Remarketing Agent. The Tender Agent shall hold in trust for the owners of the Non-Tendered Bonds the purchase price thereof, and, after the Mandatory Tender Date, such owners will no longer be entitled to any of the benefits of the Indenture except for the payment of such purchase price.

Mandatory Purchase of Series 2008 Bonds in Lieu of Redemption for Reimbursement Agreement Default. The Series 2008 Bonds shall be subject to mandatory tender for purchase on a mandatory purchase date (the “Mandatory Purchase Date”) from the Holders by the Tender Agent for the account of the Bank in lieu of the redemption of the Series 2008 Bonds as provided below. Upon receipt of written notice from the Bank stating that an event of default has taken place under the Reimbursement Agreement and directing the Trustee to purchase the Series 2008 Bonds and to establish the Mandatory Purchase Date, which shall be a Business Day which is at least three and no more than five calendar days after the receipt of such notice, the Trustee shall send a written notice to the Holders (which notice shall be given as soon as practicable) of the mandatory tender of the Series 2008 Bonds on the Mandatory Purchase Date and shall draw under the Letter of Credit in an amount equal to 100% of the principal amount of the Series 2008 Bonds and accrued and unpaid interest thereon to the Mandatory Purchase Date. The Trustee shall immediately transfer or direct the proceeds of such draw to the Tender agent to pay the purchase price of the Series 2008 Bonds. On the Mandatory Purchase Date, the Tender Agent shall pay the purchase price for the Series 2008 Bond. Any Holder required to tender Series 2008 Bonds shall tender its Series 2008 Bonds to the Tender Agent for purchase at or prior to 10:00 a.m., California time, on the Mandatory Purchase Date specified in the aforesaid notice; provided, however, that any Series 2008 Bond which is required to be purchased on the Mandatory Purchase Date and which is not so delivered on the Mandatory Purchase Date and shall be deemed to be delivered on the Mandatory Purchase Date and shall be purchased in accordance with the Indenture. The failure to tender Series 2008 Bonds on any such date is the equivalent of a tender and replacement Series 2008 Bonds shall be executed, authenticated and delivered in the place of such undelivered bond. The Tender Agent shall hold in trust for the Holders of the Series 2008 Bonds subject to mandatory tender the purchase price thereof,

and after the Mandatory Purchase Date such owners will no longer be entitled to any of the benefits of this Indenture except for the payment of such purchase price. Until remarketed pursuant to the written directions of the Bank which shall concurrently provide that the Letter of Credit has been fully and completely reinstated, the ownership of any Series 2008 Bonds purchased pursuant to the Indenture shall be registered in the name of the Bank or its nominee and shall be deemed Bank Bonds for all purposes of the Indenture. No delivery of Series 2008 Bonds to the Tender Agent shall constitute a redemption of the Series 2008 Bonds or an extinguishment of the obligations represented thereby.

Redemption of Series 2008 Bonds

Mandatory Sinking Fund Redemption. The Series 2008 Bonds are not subject to mandatory sinking fund redemption.

Optional Redemption Prior to the Fixed Rate Date. On or prior to the Fixed Rate Date, the Series 2008 Bonds are subject to redemption, on any Business Day, in whole or in part to the extent of prepayments of amounts due under the Loan Agreement made at the option of the Borrower with the written approval of the Bank, at the redemption price of 100% of the principal amount of the Series 2008 Bonds redeemed, plus interest accrued thereon, if any, to the redemption date.

Extraordinary Optional Redemption. The Series 2008 Bonds are subject to optional redemption in a whole or in part, on any date, at a redemption price equal to the principal amount thereof, plus interest accrued thereon to the redemption date, to the extent of prepayments of amounts due under the Loan Agreement made at the option of the Borrower with the consent of the Bank, following the occurrence of certain extraordinary events, including damage to or the destruction of the Project or the taking thereof under the power of eminent domain or if the Loan Agreement should become void, unenforceable, impossible to perform or unlawful.

Mandatory Redemption on Determination of Taxability. The Series 2008A Bonds are subject to redemption, in whole at any time within 60 days after the occurrence of a Determination of Taxability as described in the Indenture, at a redemption price equal to 100% of the principal amount thereof plus interest accrued thereon to the redemption date. No redemption of Series 2008A Bonds shall be made pursuant to any other provisions of this section following a Determination of Taxability.

Termination of Letter of Credit. The Series 2008 Bonds are subject to mandatory redemption in whole at a redemption price equal to 100% of the principal amount thereof, plus interest accrued thereon to the redemption date, on a redemption date selected by the Trustee not less than 15 days prior to the scheduled expiration date of the Letter of Credit if no Alternate Letter of Credit has been delivered to the Trustee in accordance with the Loan Agreement.

Mandatory Redemption From Excess Funds. The Series 2008 Bonds are subject to redemption in part on any Interest Payment Date at a redemption price equal to 100% of the principal amount of the Series 2008 Bonds redeemed, plus interest accrued thereon, on the next succeeding Interest Payment Date to the extent of amounts remaining in the project accounts within the Project Fund upon completion of the Project which are deposited in the Surplus Account (as described herein) and directed to be used to redeem such Series 2008 Bonds as provided in the Indenture.

Mandatory Redemption for Failure to Reinstate the Interest Component or Reimbursement Agreement Default. The Series 2008 Bonds are subject to redemption, in whole, at a redemption price equal to 100% of the principal amount thereof, plus interest accrued thereon to the redemption date, within five calendar days (and before the fifth calendar day if the fifth calendar day is not a Business Day) from the date the Trustee receives written notice from the Bank (i) that the interest component of the

Letter of Credit will not be reinstated, or (ii) that an event of default has taken place under the Reimbursement Agreement and directing the Trustee to redeem the Series 2008 Bonds.

Mandatory Redemption For Failure to Renew the Support Letter of Credit. The Series 2008 Bonds will be redeemed in whole, at a redemption price equal to 100% of the principal amount thereof, plus interest accrued thereon to the redemption date, on a redemption date selected by the Trustee not less than fifteen (15) days preceding the Expiration Date of the Support Letter of Credit if no Alternate Letter of Credit has been delivered to the Trustee in accordance with the Loan Agreement.

Selection of Series 2008 Bonds to be Redeemed

In the case of the redemption of less than all of the Outstanding Series 2008 Bonds, the Series 2008 Bonds to be redeemed shall be selected by the Trustee from all Series 2008 Bonds, in such manner as the Trustee in its sole discretion may determine to be fair and appropriate, as required by the Indenture and shall be credited against the principal of the Series 2008 Bonds; provided, however, that Bank Bonds shall be redeemed first and provided that the Series 2008 Bonds Outstanding after giving effect to any redemption shall be in authorized denominations.

Notice and Effect of Redemption

Notice of redemption of Series 2008 Bonds shall be mailed, (a) prior to the Fixed Rate Date, not less than 15 days before such redemption date, (except in the case of redemptions pursuant to a failure to replace the Letter of Credit upon expiration, in which case not less than five days before such redemption date, and except in the case of redemptions pursuant to a default under the Reimbursement Agreement or for failure to renew the Support Letter of Credit, in which case notice shall be given as soon before the redemption date as practicable); and (b) after the Fixed Rate Date, not less than 30 days before such redemption date (except in the case of redemptions pursuant to a failure to replace the Letter of Credit upon expiration, in which case not less than five days before such redemption date and except in the case of redemptions pursuant to a default under the Reimbursement Agreement or for failure to renew the Support Letter of Credit, in which case notice shall be given as soon before the redemption date as practicable), to the respective Registered Owners designated for redemption at their addresses on the registration books maintained by the Registrar and to the Issuer. Each notice of redemption shall state the redemption date, the place or places of redemption, if less than all of the Series 2008 Bonds are to be redeemed, the distinctive number of the Series 2008 Bonds to be redeemed, and in the case of Series 2008 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Series 2008 Bonds the principal thereof or of said specified portion of the principal thereof in the case of a Series 2008 Bond to be redeemed in part only, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Series 2008 Bonds be then surrendered. Receipt of such notice shall not be a condition precedent to such redemption and failure to mail any such notice to a Registered Owner of a series shall not affect the validity of the proceedings for the redemption of Series 2008 Bonds of any other Registered Owner.

Notice of redemption having been duly given as aforesaid, and moneys for payment of the redemption price of the Series 2008 Bonds (or portions thereof) applicable, together with interest accrued to the date fixed for redemption, being held by the Trustee, the Series 2008 Bonds (or portions thereof) so called for redemption shall become due and payable on the redemption date designated in such notice, interest on the Series 2008 Bonds (or portions thereof) so called for redemption shall cease to accrue, said Series 2008 Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Indenture, and the Registered Owners shall have no rights in respect thereof except to receive payment of said principal and interest from the funds set aside therefor.

Provisions relating to the redemption of any Additional Bonds will be set forth in the Supplemental Indenture providing for that series of Additional Bonds.

SECURITY FOR THE SERIES 2008 BONDS

The Series 2008 Bonds are special, limited obligations of the Issuer and the principal of and premium, if any, and interest on the Series 2008 Bonds will be payable, except to the extent payable from certain amounts held by the Trustee under the Indenture, including the proceeds of the Series 2008 Bonds and moneys drawn under the Letter of Credit and the Support Letter of Credit, solely from, and will be secured by a pledge of, the loan payments required to be paid by the Borrower pursuant to the Loan Agreement. All rights of the Issuer under the Loan Agreement will be pledged and assigned to the Trustee, pursuant to the Indenture, except certain reserved rights more particularly described in the Indenture. In addition, the payment of the principal of and interest on the Series 2008 Bonds is supported by the Letter of Credit issued by the Bank and the Support Letter of Credit issued by the Support Letter of Credit Bank for the benefit of the Registered Owners. See “THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT” and “THE SUPPORT LETTER OF CREDIT.”

THE BANK

The following information concerning the Bank has been provided by representatives of the Bank and has not been independently confirmed or verified by the Underwriter, the Issuer or the Borrower. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information given below or incorporated herein by reference is correct as of any time subsequent to its date.

City National Bank (the “Bank”) founded in Beverly Hills, California in 1954, is the second largest independent bank headquartered in California. The Bank primarily provides private and business banking services, including investment and trust services, to clients consisting of small to mid-size businesses, entrepreneurs, professionals and affluent individuals. The Bank is a national bank with 52 offices including 12 regional centers located in Southern California, the San Francisco Bay Area and New York City. The Bank is a wholly owned subsidiary of City National Corporation (the “Corporation”) which is listed on the New York Stock Exchange under “CYN.”

For the first nine months of 2008, the Corporation achieved net income of \$96.0 million or \$1.98 per share, compared with \$175.8 million or \$3.56 per share reported for the first nine months of 2007. For the year ended December 31, 2007, the Corporation achieved net income of \$222.7 million. As of September 30, 2008, the Bank had total assets of \$16.3 billion, total deposits of \$12.17 billion, and total shareholders’ equity of \$1.67 billion.

Bank holding companies are regulated under the Bank Holding Company Act (“BHC Act”) and are supervised by the Federal Reserve Board. Under the BHC Act, the Corporation files reports of its operations with the Federal Reserve Board and is subject to examination by it.

The Bank is subject to supervision and examination by the Office of the Comptroller of the Currency and requirements and restrictions under federal and state law, including requirements to maintain reserves against deposits, restrictions on the types and amounts of loans that may be granted and the interest that may be charged, and limitations on the types of investments that may be made and services that may be offered. Various consumer laws and regulations also affect the Bank’s operation. These laws primarily protect depositors and other customers of the Bank, rather than the Corporation and its shareholders.

THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT

The following is a summary of certain provisions of the Letter of Credit and the Reimbursement Agreement. This summary is not to be considered a full statement of the terms of either the Letter of Credit or the Reimbursement Agreement and accordingly, is qualified by reference thereto and is subject to the full text thereof. Unless otherwise defined, capitalized terms used herein shall have the same meanings given such terms in the Reimbursement Agreement.

Letter of Credit

On the date of issuance of the Series 2008 Bonds, the Bank will issue in favor of the Trustee the Letter of Credit in the original principal amount of the Series 2008 Bonds plus an amount equal to 45 days of interest on all Outstanding Series 2008 Bonds calculated at the rate of 12% per annum, on the basis of a 360-day year (as such amount may from time to time be reduced and reinstated as provided in the Letter of Credit). The Letter of Credit will permit the Trustee to draw up to an amount equal to the then outstanding principal amount and up to 45 days of interest on the Series 2008 Bonds at a maximum rate of 12% per annum to pay the unpaid principal thereof and accrued interest on the Series 2008 Bonds.

The Letter of Credit shall expire at 4:00 p.m., Los Angeles time, on the earlier to occur of the following dates (the "Expiration Date"): (i) November 19, 2013; (ii) the date on which the Bank receives an executed certificate in the form of either Exhibit 3, 4 or 5 of the Letter of Credit or (iii) fifteen (15) days following receipt by the Trustee of a written notice from the Bank that an Event of Default has occurred and is continuing under the Reimbursement Agreement, and directing the Trustee to redeem the Bonds. The Letter of Credit will automatically extend for periods of one (1) year each unless the Bank notifies the Trustee at least one hundred eighty (180) days prior to any Expiration Date that the Letter of Credit will not be extended.

While in effect, the Letter of Credit entitles the Trustee to draw on the Letter of Credit, on such dates and at such times as are specified in the Letter of Credit. Notwithstanding the foregoing, in no event shall the Trustee draw under the Letter of Credit to pay the principal of and interest on Bank Bonds.

Each drawing honored by the Bank under the Letter of Credit will immediately reduce the Stated Amount by the amount of such drawing, subject to reinstatement on the terms set forth in the Letter of Credit. All drawings under the Letter of Credit will be paid with the Bank's own funds.

Reimbursement Agreement

The Bank has entered into the Reimbursement Agreement with the Borrower providing for, among other things, the Borrower's reimbursement to the Bank of all amounts drawn upon under the Letter of Credit. Capitalized terms used in this section and not otherwise defined shall have the meanings given such terms as set forth in the Reimbursement Agreement.

Upon the occurrence of an Event of Default under the Reimbursement Agreement, the Bank may, among other things, direct the Trustee to redeem the Series 2008 Bonds. At the option of the Bank, the occurrence of any of the following events shall be an "Event of Default" under the Reimbursement Agreement:

- (a) Misrepresentation. Any representation or warranty made by the Borrower in the Reimbursement Agreement or in any certificate, financial or other statement furnished by the

Borrower pursuant to the Reimbursement Agreement or any of the Related Documents shall prove to be incorrect, false or misleading in any material respect when furnished or made;

(b) Required Payments. The Borrower shall fail to pay to Bank or deposit with Bank any amount specified in the Reimbursement Agreement when due to be paid or deposited;

(c) Other Covenants. The Borrower shall fail to perform or observe any other material term, covenant or agreement on its part to be performed or observed under the Reimbursement Agreement (other than as specified in (b) above) or under any other Related Document, and with respect to any such default which by its nature can be cured, such default shall continue for a period of thirty (30) days from its occurrence;

(d) Invalidity. Any material provision of the Reimbursement Agreement or any Related Document shall at any time for any reason cease to be in full force and effect or valid and binding on the Borrower, or shall be declared to be null and void, or the validity or enforceability thereof shall be contested by the Borrower or the Borrower shall deny that it has any further liability or obligation under the Reimbursement Agreement, and such event shall have or be likely to have a material adverse effect on the condition of the Borrower and its ability to perform its obligations under the Reimbursement Agreement and the Related Documents;

(e) Voluntary Insolvency. The Borrower or either Guarantor shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of itself or of its property, (ii) admit in writing its inability to pay its debts generally as they become due, (iii) make a general assignment for the benefit of creditors, (iv) be adjudicated a bankrupt or insolvent, or (v) commence a voluntary case under the federal bankruptcy laws of the United States of America or file a voluntary petition or answer seeking reorganization, an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy, reorganization or insolvency proceeding; or corporate action shall be taken by it for the purpose of effecting any of the foregoing;

(f) Involuntary Insolvency. If without the application, approval or consent of the Borrower or either Guarantor, an involuntary case or other proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, insolvency, reorganization, or relief of debtors seeking in respect of the Borrower or either Guarantor, an order for relief or an adjudication in bankruptcy, reorganization, dissolution, winding-up, liquidation, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee; receiver, liquidator or custodian or the like of the Borrower or either Guarantor, or of all or any substantial part of the assets of the Borrower or either Guarantor, or other like relief in respect thereof under any bankruptcy or insolvency law, which is not dismissed within sixty (60) calendar days of the date of commencement of such case or other proceeding;

(g) Other Defaults. The Borrower or either Guarantor shall default in the payment or performance of any tax liability, or of any obligation or any defined event of default under the terms of any contract or instrument pursuant to which Borrower or either Guarantor has incurred any debt or other liability, including but not limited to the Related Documents, to any person or entity, including Bank; or the occurrence of any default or defined event of default under the Credit Agreement; and in either case, any cure periods with respect to such default or event of default have expired;

(h) Impairment of Prospect of Payment. There shall exist or occur any event or condition which the Bank in good faith believes impairs, or is substantially likely to impair, the prospect of payment or performance by the Borrower of its obligations under any of the Related Documents, and such event or condition shall continue for a period of thirty (30) days from its occurrence;

(i) Death or Incapacity. The death or incapacity of Frank J. Pocino; the dissolution or liquidation of Borrower; or Borrower or the manager or any of the members of Borrower shall take action seeking to effect the dissolution or liquidation of Borrower;

(j) Change in Ownership. Any change of ownership of an aggregate of twenty-five percent (25%) or more of the members' equity in Borrower, or any change in ownership of an aggregate of twenty-five percent (25%) or more of the common stock of the Operator;

(k) Real Estate. The sale, transfer, hypothecation, assignment or encumbrance, whether voluntary, involuntary or by operation of law, without Bank's prior written consent, of all or any part of or interest in any real property collateral required by the Reimbursement Agreement;

(l) Litigation. The filing of a notice of judgment lien in excess of \$100,000 against the Borrower or either Guarantor; or the recording of any abstract of judgment in excess of \$100,000 against the Borrower or either Guarantor in any county in which the Borrower or either Guarantor has an interest in real property; or the service of a notice of levy and/or of a writ of attachment or execution, or other like process, against the assets of the Borrower or either Guarantor; or the entry of a judgment against the Borrower or either Guarantor, which is/are not satisfied, stayed, vacated or discharged of record within thirty (30) calendar days of being rendered;

(m) Tax exempt Status. The Series 2008A Bonds no longer qualify as tax exempt bonds under the Internal Revenue Code.

Upon the occurrence of an Event of Default, the Bank may, and upon the occurrence of an Event of Default for which the Bank has received a notice from the Trustee that an event of default has occurred under the Indenture or from the Issuer that an event of default has occurred under the Loan Agreement and such default is not cured by the Borrower within the applicable time period, the Bank shall declare all amounts payable by the Borrower under this Agreement to be immediately due and payable (and the same shall upon such notice become immediately due and payable), in each case without any presentment, demand, protest or other notice or formality of any kind. Upon any such occurrence, the Bank may, in addition, (a) exercise all of its rights and remedies under any Related Document (to which the Bank is a party or the Bank is a third party beneficiary) or applicable law, (b) direct the Trustee to redeem all Series 2008 Bonds as provided in the Indenture or cause a mandatory tender as provided in the Indenture, or (c) exercise all or any combination of the remedies provided for in this paragraph.

The Reimbursement Agreement requires the Borrower to cause Series 2008 Bonds to be redeemed on certain dates and in certain minimum principal amounts. The redemption of Series 2008 Bonds required pursuant to the Reimbursement Agreement is solely for the benefit of the Bank and may be modified in the discretion of the Bank and the Borrower. No assurance is given that the Series 2008 Bonds will be redeemed according to the current provisions contained in the Reimbursement Agreement.

THE SUPPORT LETTER OF CREDIT BANK

The following information concerning the Support Letter of Credit Bank has been provided by representatives of the Support Letter of Credit Bank and has not been independently confirmed or verified by the Underwriter, the Issuer or the Borrower. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof or that information given below or incorporated herein by reference is correct as of any time subsequent to its date.

Excerpts from the Support Letter of Credit Bank's Annual Report on Form 10-K for the fiscal year ended December 31, 2007, and its Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2008, filed with the Securities and Exchange Commission appear in Appendix C hereto. The Support Letter of Credit Bank has represented that such financial statements were prepared using generally accepted accounting principles and, except for the financial statements at and for the nine months ending September 30, 2008, were audited using generally accepted auditing standards.

THE SUPPORT LETTER OF CREDIT

The following is a summary of certain provisions of the Support Letter of Credit. This summary is not to be considered a full statement of the terms of the Support Letter of Credit and, accordingly, is qualified by reference thereto and is subject to the full text thereof. Unless otherwise defined, capitalized terms used herein shall have the same meanings given such terms in the Support Letter of Credit.

Concurrently with the issuance of Letter of Credit, the Support Letter of Credit Bank will issue the Support Letter of Credit. The Support Letter of Credit will be an irrevocable, transferable Standby Letter of Credit which provides that the Trustee shall draw moneys under the Support Letter of Credit for the benefit of the Registered Owners of the Series 2008 Bonds only if the Bank has not timely honored a draw on the Letter of Credit or if the Bank repudiates the Letter of Credit.

The Support Letter of Credit shall expire at 4:00 p.m., California time on the date that is earliest of: (a) November 19, 2013; (b) the date of any demand for payment honored by the Support Letter of Credit Bank under the Support Letter of Credit; and (c) the date on which the Trustee surrenders the Support Letter of Credit to the Support Letter of Credit Bank for cancellation.

BONDHOLDERS' RISKS

The following is a discussion of certain risks that could affect payments to be made with respect to the Series 2008 Bonds. Such discussion is not, and is not intended to be, exhaustive and should be read in conjunction with all other parts of this Official Statement and should not be considered as a complete description of all risks that could affect such payments. Prospective purchasers of the Series 2008 Bonds should analyze carefully the information contained in this Official Statement, including the Appendices hereto.

Security of the Series 2008 Bonds

The Series 2008 Bonds are special, limited obligations of the Issuer payable exclusively out of the loan payments payable under the Loan Agreement and draws on the Letter of Credit and the Support Letter of Credit (and, in certain circumstances, Series 2008 Bond proceeds and income from the temporary investment thereof) (the "Revenues"). The Series 2008 Bonds are secured by a pledge by the Issuer of the Revenues to the Trustee in favor of the Registered Owners of the Series 2008 Bonds in accordance with the Indenture. The Series 2008 Bonds are being offered solely on the basis of the Letter

of Credit and the Support Letter of Credit and the financial strength of the Bank and the Support Letter of Credit Bank, and not the operations, financial strength or condition of the Borrower or any other security. This Official Statement does not describe the financial condition of the Borrower.

The rating assigned to the Series 2008 Bonds is based on the creditworthiness of the Support Letter of Credit Bank. Prospective purchasers of the Series 2008 Bonds that wish to make a full evaluation of the financial status of the Support Letter of Credit Bank are advised to obtain financial statements of the Support Letter of Credit Bank.

Expiration of the Letter of Credit or Support Letter of Credit

The initial Letter of Credit expires on November 19, 2013, and the Support Letter of Credit expires on November 19, 2013, subject to extension or earlier termination in certain circumstances as described therein. If the Letter of Credit and/or the Support Letter of Credit are not extended or an Alternate Letter of Credit is not obtained by the Borrower, the Series 2008 Bonds will be subject to mandatory redemption. There can be no assurance that the Borrower will be able to obtain an extension of the Letter of Credit, the Support Letter of Credit or an Alternate Letter of Credit. The Bank is under no obligation to extend the Letter of Credit beyond the scheduled expiration thereof. The Support Letter of Credit Bank is under no obligation to extend the Support Letter of Credit beyond the scheduled expiration thereof. See “DESCRIPTION OF THE SERIES 2008 BONDS – Redemption of Series 2008 Bonds – Termination of Letter of Credit,” “DESCRIPTION OF THE BONDS – Redemption of Series 2008 Bonds – Termination of Support Letter of Credit,” “THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT – Letter of Credit” and “THE SUPPORT LETTER OF CREDIT” herein. The stated expiration date for the Letter of Credit or the Support Letter of Credit should not adversely affect any Registered Owners during any Interest Period that does not extend beyond the stated expiration date.

Bank’s Obligations Unsecured

The ability of the Bank to honor draws upon the Letter of Credit is based solely upon the Bank’s general credit and is not collateralized or otherwise guaranteed by the United States of America or any agency or instrumentality thereof. No provision has been made for replacement of or substitution for the Letter of Credit in the event of any deterioration in the financial condition of the Bank. None of the Issuer, the Borrower or the Bank assumes any liability to any purchaser of the Series 2008 Bonds as result of any deterioration of the financial condition of the Bank. Upon any insolvency of the Bank, any claim by the Trustee against the Bank would be subject to bank receivership proceedings.

Support Letter of Credit Bank’s Obligations Unsecured

The ability of the Support Letter of Credit Bank to honor draws upon the Support Letter of Credit is based solely upon the Support Letter of Credit Bank’s general credit. No provision has been made for replacement of or substitution for the Support Letter of Credit in the event of any deterioration in the financial condition of the Support Letter of Credit Bank. None of the Issuer, the Borrower, the Bank or the Support Letter of Credit Bank assumes any liability to any purchaser of the Series 2008 Bonds as a result of any deterioration of the financial condition of the Support Letter of Credit Bank. Upon any insolvency of the Support Letter of Credit Bank, any claim by the Trustee against the Support Letter of Credit Bank would be subject to receivership proceedings.

Default by the Borrower Under the Reimbursement Agreement

No representation or assurance can be made that any profits will be realized by the Borrower in amounts sufficient to make the payments required under the Reimbursement Agreement. If the Borrower is unable to make the payments required under the Reimbursement Agreement, the Bank will have the right to terminate the Letter of Credit. See “DESCRIPTION OF THE SERIES 2008 BONDS – Redemption of Series 2008 Bonds –Mandatory Redemption for Failure to Reinstate the Interest Component of the Letter of Credit or Reimbursement Agreement Default” herein.

Limitation on Enforcement of Remedies

Enforcement of the remedies under the Indenture, the Loan Agreement and the Letter of Credit or the Support Letter of Credit may be limited or restricted by laws relating to bankruptcy and insolvency, and rights of creditors under application of general principles of equity, and may be substantially delayed in the event of litigation or statutory remedy procedures. All legal opinions delivered in connection with the Series 2008 Bonds relating to the enforceability of the Indenture, the Loan Agreement, the Letter of Credit and the Support Letter of Credit will contain an enforceability exception relating to the limitations which may be imposed by bankruptcy and insolvency laws, and the rights of creditors under general principals of equity.

Suitability of Investment

An investment in the Series 2008 Bonds involves a certain degree of risk. The interest rate borne by the Series 2008 Bonds is intended to compensate the investor for assuming this element of risk. Prospective investors should carefully examine this Official Statement, including the Appendices hereto, and their ability to bear the economic risk of such an investment, and then determine whether or not the Series 2008 Bonds are an appropriate investment for them.

General Factors Affecting the Bank and the Support Letter of Credit Bank

The Bank and the Support Letter of Credit Bank are subject to regulation and supervision by various regulatory bodies. New regulations could impose restrictions upon the Bank and/or the Support Letter of Credit Bank which would restrict its ability to respond to competitive pressures. Various legislative or regulatory changes could dramatically impact the banking industry as a whole and the Bank and/or the Support Letter of Credit Bank specifically. The banking industry is highly competitive in many of the markets in which the Bank and/or the Support Letter of Credit Bank operates. Such competition directly impacts the financial performance of the Bank and/or the Support Letter of Credit Bank. Any significant increase in such competition could adversely impact the Bank and/or the Support Letter of Credit Bank.

Prospective purchasers of the Series 2008 Bonds should evaluate the financial strength of the Bank and the Support Letter of Credit Bank based upon the information contained in and referred to under the caption “THE BANK” and “THE SUPPORT LETTER OF CREDIT BANK” and other information available upon request from the Bank and the Support Letter of Credit Bank and should not rely upon any governmental supervision by any regulatory entity.

General Factors Affecting the Borrower

No representation or assurance can be made that profits will be realized by the Borrower in amounts sufficient to make the payments required under the Reimbursement Agreement or to make other payments in amounts sufficient to pay the principal of and interest on the Series 2008 Bonds in the event

the Bank wrongfully dishonors a properly presented and conforming draw under the Letter of Credit or the Bank repudiates the Letter of Credit. Future revenues and expenses are subject to, among other things, the capabilities of the Borrower and future economic and other conditions that are unpredictable.

No Financial Information or Continuing Disclosure on the Borrower

The primary security and source of payment on the Series 2008 Bonds will be proceeds from regular and periodic draws under the Letter of Credit and a drawing under the Support Letter of Credit in the event the Bank does not timely honor a draw on the Letter of Credit or repudiates the Letter of Credit. In making an investment decision to purchase the Series 2008 Bonds, investors should consider the financial condition of the Bank and the Support Letter of Credit Bank and should not attempt to evaluate the financial condition of the Borrower. Only limited information describing the Borrower has been included herein and no additional information is available or will be provided in the future. See “CONTINUING DISCLOSURE.”

Tax Matters

Bond Counsel will opine that the interest on the Series 2008A Bonds will not be includable in the gross income of certain Registered Owners thereof for federal income tax purposes. However, Bond Counsel’s opinion is conditioned on continuing compliance by the Issuer and the Borrower with representations and covenants contained in certain certificates and agreements with respect to arbitrage and other tax matters to be delivered at closing. Failure to comply with the representations and covenants could cause interest on the Series 2008A Bonds to lose its exclusion from gross income for federal income tax purposes retroactive to their date of issue.

THE LOAN AGREEMENT

The following is a summary of certain provisions of the Loan Agreement. This summary is not to be considered a full statement of the terms of the Loan Agreement and accordingly is qualified by reference thereto and is subject to the full text thereof. Unless otherwise defined, capitalized terms used herein shall have the same meanings given such terms in the Indenture.

Loan Repayments

On or before each payment date for the Bonds (each a “Bond Payment Date”) until the principal of, premium, if any, and interest on the Bonds shall have been fully paid or provision for such payment shall have been made as provided in the Indenture, the Borrower agrees to pay to the Trustee as a repayment on the loan made to the Borrower from Bond proceeds, a sum equal to the amount payable on such Bond Payment Date as principal of (whether at maturity, or upon redemption or acceleration) and premium, if any, and interest on the Bonds as provided in the Indenture (the “Loan Repayments”).

In addition, the Borrower agrees to cause to be paid from the Letter of Credit, on the date on which any Series 2008 Bonds are to be purchased, as described under the heading “DESCRIPTION OF THE SERIES 2008 BONDS – Purchase of Series 2008 Bonds,” an amount which, together with proceeds available from the remarketing of such Series 2008 Bonds will equal the purchase price of such Series 2008 Bonds.

If the Borrower fails to make any of these payments and any additional payments required pursuant to the Loan Agreement, the payment in default will be considered an obligation of the Borrower until it is paid, to the extent permitted by law, with interest thereon at the rate of 10% per annum.

All of the payments by the Borrower under the Loan Agreement, with certain limited exceptions, are assigned by the Issuer to the Trustee. The Borrower agrees in the Loan Agreement that its obligation to make payments to the Trustee is absolute and unconditional.

Maintenance and Operation of Project; Insurance and Condemnation

The Borrower will maintain the Project, or cause the Project to be maintained, in a safe condition and in good repair and operating condition.

During the term of the Loan Agreement, the Borrower shall keep the Project insured for such amounts and for such occurrences as are customary for similar facilities within the State of California or as may be required by the Bank. Subject to the terms of the Loan Agreement, insurance and condemnation proceeds may be used by the Borrower to repair, restore or relocate the Project or to prepay amounts due under the Loan Agreement.

Selected Covenants of the Borrower

The Borrower covenants in the Loan Agreement that it will not take any action, or fail to take any action, which would result in the interest on the Series 2008A Bonds being included in gross income for federal income tax purposes.

The Borrower covenants in the Loan Agreement that it will maintain its existence and will not dissolve, sell or dispose of all, or substantially all, of its assets, or consolidate with or merge into another entity, provided, however, that such Borrower may merge, consolidate, sell or transfer its assets, or dissolve if (a) the successor assumes in writing all the obligations of the Borrower and is not, after such transaction, otherwise in default under any provisions of the Loan Agreement and is qualified to do business in the State of California; (b) the Trustee and the Issuer have received an opinion of Bond Counsel to the effect that the consolidation, merger, sale or other transfer will not cause the interest on the Series 2008A Bonds to be included in gross income for federal income tax purposes to the extent that such merger, consolidation, sale or other transfer involves an entity which (i) has Section 144 Capital Expenditures (as defined in the Loan Agreement); or (ii) has outstanding obligations, or is the direct or indirect beneficiary of obligations, the interest on which is excluded from gross income for federal income tax purposes; and (c) the written consent of the Bank has been received by the Trustee together with an acknowledgment that the Letter of Credit and the Support Letter of Credit will remain in effect.

Availability and Substitution of Letter of Credit

The Borrower will at all times throughout the term of the Loan Agreement (but subject to the terms of the Loan Agreement allowing the Borrower to substitute an Alternate Credit Facility) maintain or cause to be maintained the Letter of Credit with respect to the Bonds. The Letter of Credit shall be an obligation of the Bank to pay to the Trustee, against presentation of sight drafts and certificates required by the Bank, up to (a) an amount equal to the aggregate principal amount of the Bonds then outstanding as necessary to pay the principal of such Bonds whether at maturity, redemption, acceleration or otherwise or upon the purchase of such Bonds upon the optional tender of the Bonds or any series of Bonds pursuant to the Indenture and on the Mandatory Tender Date and (b) an amount equal to 45 days (or such other number of days as may be required to obtain a rating on the Bonds if the Bonds are then rated) of interest on the Bonds at an interest rate of twelve percent (12%) per annum on the basis of a 365- or 366-day year, as applicable, for the number of days actually elapsed prior to the Fixed Rate Date, or an amount equal to 210 days (or such other number of days as may be required to obtain a rating on the Bonds if the Bonds are then rated) of interest on the Bonds at the actual interest rate or rates on the Bonds on the basis of a 360-day year of twelve 30-day months after the Fixed Rate Date to pay interest on the

Bonds when due. To the extent a Support Letter of Credit is required to be provided with respect to the Bonds, the Support Letter of Credit shall be an obligation of the Support Letter of Credit Bank to pay the Trustee, against presentation of sight drafts and certificates required by the Support Letter of Credit Bank, the principal of and interest on the Series 2008 Bonds (but not exceeding the stated amount of the Support Letter of Credit) due to the Registered Owners under the Indenture in the event that the Bank has failed to timely honor a draw on the Letter of Credit or repudiated the Letter of Credit. The Trustee may consent to, agree to or permit an amendment or modification of the Letter of Credit and the Support Letter of Credit in connection with the issuance of Additional Bonds in accordance with the provisions of the Indenture.

On any Business Day, the Borrower may, at its option, but with the written approval of the Issuer, which written approval shall not be unreasonably withheld, provide or cause to be provided to the Trustee an Alternate Letter of Credit and the Borrower shall, in any event, cause to be delivered to the Trustee an extension of the Expiration Date of the Letter of Credit, the Support Letter of Credit or an Alternate Letter of Credit at least (a) 23 days before the Expiration Date of the then existing Letter of Credit or the Support Letter of Credit while the Bonds bear interest at the Weekly Interest Rate; or (b) 45 days before the Expiration Date of the then existing Letter of Credit and the Support Letter of Credit while the Bonds bear interest at the Fixed Interest Rate. At least 30 days prior to the Letter of Credit Substitution Date, the Borrower will provide the Issuer, the Trustee, the Bank, the Tender Agent and the Remarketing Agent with a written notice of its intention to provide an Alternate Letter of Credit pursuant to the provisions of the Loan Agreement. Such notice will include the proposed Letter of Credit Substitution Date, which will be any Business Day, and identify the provider of the Alternate Letter of Credit. An Alternate Letter of Credit shall be an irrevocable letter of credit or other irrevocable credit facility delivered to the Trustee on the Letter of Credit Substitution Date, issued by a commercial bank or other financial institution, the terms of which shall in all material respects be the same as the Letter of Credit or the Support Letter of Credit, as applicable. On or prior to the date of the delivery of an Alternate Letter of Credit to the Trustee, the Borrower shall cause to be furnished to the Issuer and the Trustee (i) an opinion of Bond Counsel stating that the delivery of such Alternate Letter of Credit to the Trustee is authorized pursuant to the Loan Agreement, complies with the terms thereof and will not cause the interest on the Series 2008A Bonds not to be Tax-exempt (as defined in the Indenture”); (ii) such opinions regarding the validity of the Alternate Letter of Credit as the Issuer, the Trustee and any rating agency then rating the Bonds may reasonably require; and (iii) written evidence from (A) Moody’s Investors Service that with the delivery of the Alternate Letter of Credit, the Bonds will have a long-term rating of not less than “A2”, (B) Standard & Poor’s Ratings Services, a Division of the McGraw-Hill Companies, Inc., that with the delivery of the Alternate Letter of Credit, the Bonds will have a long-term rating of not less than “A”, or (C) Fitch Ratings that with the delivery of the Alternate Letter of Credit, the Bonds will have a long-term rating on not less than “A”.

Prepayments

The Borrower has the option to prepay its Loan: (a) in whole, and cause all of the Outstanding Bonds to be redeemed in the event of certain damage or destruction of the Project by fire or other casualty or title to all or substantially all of the Project shall have been taken by power of eminent domain; (b) in whole or in part, out of the net proceeds of any insurance or condemnation awards as provided in the Loan Agreement; and (c) at the times and in the amounts set forth in the Indenture in connection with certain optional redemptions of the Bonds (see “DESCRIPTION OF THE SERIES 2008 BONDS – Redemption of Series 2008 Bonds – Optional Redemption Prior to the Fixed Rate Date”). Additionally, the Borrower must prepay its Loan (i) if the Loan Agreement should become void, unenforceable, impossible to perform or unlawful, (ii) if interest on the Series 2008A Bonds, or any of them, is determined not to be Tax-exempt to the Registered Owners thereof; provided however such determination shall only require prepayment of the portion of the Loan with respect to the Series 2008A Bonds, and

(iii) at the times and in the amounts set forth in the Indenture in connection with certain mandatory redemptions of the Bonds (see “DESCRIPTION OF THE SERIES 2008 BONDS – Redemption of Series 2008 Bonds”). In the case of a prepayment of the entire amount due under the Loan Agreement, the amount to be paid will be a sum sufficient, together with other funds deposited with the Trustee and available for such purpose, to pay the redemption price of all Bonds Outstanding on the redemption date specified in the notice of redemption, plus interest accrued to the redemption date of the Bonds, plus all reasonable and necessary fees and expenses of the Issuer, the Trustee and any paying agent allowable pursuant to the Loan Agreement and the Indenture accrued and to accrue through final payment of the Bonds and all other liabilities of the Borrower accrued under the Loan Agreement. In the case of partial prepayment, the amount payable will be a sum sufficient, together with other funds deposited with the Trustee and available for such purpose, to pay the redemption price plus all interest accrued and to accrue to the redemption date and to pay expenses of redemption of such Bonds.

Events of Default

The following constitute “events of default” under the Loan Agreement:

- (a) the failure of the Borrower to pay any Loan Repayment when and as the same shall become due and payable; or
- (b) the failure of the Borrower to pay any amounts payable under the Loan Agreement, other than Loan Repayments (including Additional Payments), when and as the same shall become due, which failure continues for a period of 30 days after written notice delivered to the Borrower and the Bank, which notice shall specify such failure and request that it be remedied, given by the Trustee, unless the Trustee shall agree in writing to an extension of such time; or
- (c) the failure of the Borrower to observe and perform any covenant, condition or agreement on its part required to be observed or performed by the Loan Agreement other than as described in paragraph (a) or (b) above or as otherwise specified in the Loan Agreement, which failure continues for a period of 30 days after written notice delivered to the Borrower and the Bank, which notice shall specify such failure and request that it be remedied, given to the Borrower by the Trustee, unless the Trustee shall agree in writing to an extension of such time; provided, however, that if the failure stated in the notice cannot be corrected within such period, the Trustee will not unreasonably withhold their consent to an extension of such time if corrective action is instituted within such period and diligently pursued until the default is corrected; or
- (d) the existence of an Event of Default under the Indenture.

The Borrower shall not be deemed in default pursuant to paragraph (c) above if by reason of force majeure the Borrower is unable to carry out such obligations.

Remedies

Whenever any such event of default shall have occurred and shall be continuing, the Loan Agreement provides that:

- (a) the Trustee, by written notice to the Borrower and the Bank, shall declare the unpaid balance of the loan payable under the Loan Agreement to be due and payable immediately, provided that concurrently with or prior to such notice the unpaid principal amount

of the Bonds shall have been declared to be due and payable under the Indenture. Upon any such declaration such amount shall become and shall be immediately due and payable in the amount set forth in the Indenture;

(b) the Trustee shall have access to and may inspect, examine and make copies of the books and records and any and all accounts, data and federal income tax and other tax returns of the Borrower;

(c) the Trustee may take whatever action at law or in equity as may be necessary or desirable to collect the payments and other amounts then due and thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under the Loan Agreement; or

(d) the Trustee shall immediately draw upon the Letter of Credit or the Support Letter of Credit, if permitted by its terms and required by the terms of the Indenture, and apply the amount so drawn in accordance with the Indenture and may exercise any remedy available to it thereunder.

Amendment

Except as otherwise provided in the Loan Agreement or the Indenture, the Loan Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the Trustee and the Bank.

THE INDENTURE

The following is a summary of certain provisions of the Indenture. This summary is not to be considered a full statement of the terms of the Indenture and accordingly is qualified by reference thereto and is subject to the full text thereof. Unless otherwise defined, capitalized terms used herein shall have the same meanings given such terms in the Indenture.

Security

Pursuant to the Indenture, the Bonds are secured by a lien on all Revenues and other amounts (including proceeds of the sale of the Bonds) held in the funds or accounts established pursuant to the Indenture (other than moneys set aside in the Rebate Fund and as otherwise provided in the Indenture). All such moneys are irrevocably pledged to the punctual payment of the principal and purchase price of, premium, if any, and the interest on the Bonds.

“Revenues” means all amounts received by the Issuer or the Trustee for the account of the Issuer pursuant or with respect to the Loan Agreement or the Letter of Credit or the Support Letter of Credit, including, without limiting the generality of the foregoing, loan repayments (including both timely and delinquent payments and any late charges, and paid from whatever source), prepayments, insurance proceeds, condemnation proceeds, and all interest, profits or other income derived from the investment of amounts in any fund or account established pursuant to the Indenture, but not including any moneys paid for deposit into the Rebate Fund and Additional Payments.

Covenants of the Issuer

The Issuer has agreed among other things, to punctually pay or cause to be paid, but only from Revenues and other assets pledged for such payment pursuant to the Indenture, the principal, premium, if

any, and interest to become due on the Bonds; not to extend the maturity of the Bonds or the time of payment of interest; not to allow the creation of any liens or other encumbrances (other than those created under the Indenture) on the Revenues and other assets pledged or assigned under the Indenture. In addition, the Issuer has agreed to certain tax covenants.

Project Fund

The Trustee will establish, maintain and hold in the trust a separate fund designated as the “Project Fund.” Within the Project Fund, the Trustee shall establish, maintain and hold in trust separate accounts designated as “Series 2008A Project Account” and “Series 2008B Project Account.” The moneys in the Project Fund and the accounts therein are to be applied to the payment of the Costs of the Project. Before any payment from the Project Fund and the accounts therein is made to pay any Costs of the Project, the Borrower must file or cause to be filed with the Trustee an appropriate requisition of the Borrower. Upon receipt of such requisition of the Borrower accompanied by the written approval from the Bank, the Trustee will pay the amount set forth in such requisition of the Borrower out of the applicable project account or accounts in the Project Fund. The Trustee need not make any such payment if it has received notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys to be so paid, which has not been released or will not be released simultaneously with such payment.

When the Project has been completed, the Borrower will deliver a certificate of its authorized representative to the Trustee accompanied by the written approval of the Bank. Upon receipt of such certificate, the Trustee is required to transfer any remaining balance in the Project Fund and the accounts therein, less the amount of any permitted retention, to a separate account within the Redemption Account established and held by the Trustee in trust, and designated as the “Surplus Account.”

Moneys in the Surplus Account related to the Series 2008A Bonds shall be used and applied (unless some other application of such moneys would not, in the opinion of the Bond Counsel, cause interest on the Series 2008A Bonds to be included in gross income for federal income tax purposes) to pay principal only in connection with the call and redemption of Series 2008A Bonds to the maximum degree permissible, and at the earliest possible dates at which Series 2008A Bonds can be redeemed without payment of premium pursuant to the Indenture or to reimburse the Bank for any draw theretofore made by the Trustee under the Letter of Credit but not yet reimbursed, the proceeds of which were used to accomplish such redemption or to purchase Bank Bonds. The moneys in the Surplus Account related to the proceeds of the Series 2008B Bonds shall be used and applied to pay principal and interest in connection with the call and redemption of Series 2008B Bonds to the maximum degree permissible in accordance with the Indenture, and on the date or dates selected by the Borrower or to reimburse the Bank for any draws theretofore made by the Trustee under the Letter of Credit, but not yet reimbursed, the proceeds of which were used to accomplish such redemption or to purchase Bank Bonds. Any moneys in the Surplus Account not used to call and redeem Bonds or to reimburse the Bank for draws under the Letter of Credit used to redeem Bonds as provided in the Indenture shall be used and applied to pay the principal of the Bonds as such principal becomes due on the Bonds in annual amounts which bear the same ratio to the annual principal due on the Bonds that the amount deposited in the Surplus Account bears to the original face amount of the Bonds (unless in the opinion of Bond Counsel another use would not adversely affect the Tax-exempt status of interest on the Series 2008A Bonds).

Costs of Issuance Fund

Under the Indenture, the Trustee will deposit a portion of the proceeds of the Series 2008A Bonds into the Series 2008A Costs of Issuance Account and will deposit a portion of the proceeds of the Series 2008B Bonds into the Series 2008B Costs of Issuance Account, each of which Accounts shall be

established within the Costs of Issuance Fund to pay the costs of issuing the Series 2008 Bonds. In addition, moneys received from the Borrower to pay any remaining costs of issuing the Series 2008 Bonds will be deposited when received by the Trustee from the Borrower into the Series 2008B Costs of Issuance Account. Any money remaining in the Series 2008A Costs of Issuance Account or the Series 2008B Costs of Issuance Account after November 18, 2009 shall be transferred as provided in the Indenture.

Issuance and Delivery of Additional Bonds

At the request of the Borrower, but subject to the prior written approval of the Bank, the Issuer may (but shall not be required to) issue Additional Bonds on behalf of the Borrower from time to time for any purpose permitted by the Act and pursuant to the provisions of the Indenture and the Loan Agreement.

Revenue Fund

Under the Indenture, the Trustee is required to deposit all Revenues upon receipt thereof in a special fund designated as the "Revenue Fund" which the Trustee shall establish, maintain and hold in trust, except that all moneys received by the Trustee and required to be deposited in the Project Fund or in the Redemption Account shall be promptly deposited in said fund or account, which the Trustee shall establish, maintain and hold in trust. All Revenues deposited with the Trustee are to be held, disbursed, allocated and applied by the Trustee only as provided in the Indenture.

Loan Repayments received by the Trustee from the Borrower pursuant to the Loan Agreement shall be deposited by the Trustee into the Revenue Fund. On or before each Interest Payment Date, the Trustee shall transfer from the Revenue Fund and deposit into the following respective accounts (each of which the Trustee shall establish and maintain within the Revenue Fund), in the following amounts, in the following order of priority, and 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 will be satisfied before any transfer is made to any account subsequent in priority, and provided, that no money representing drawings under the Letter of Credit shall be transferred into the Interest Account, the Principal Account or the Redemption Account of the Revenue Fund:

FIRST, to the Interest Account, the amount paid by the Borrower and designated as or attributable to interest on the Bonds in the most recent Loan Repayment, so that the aggregate of such amounts will, on the next Interest Payment Date, equal the amount of interest due on the Bonds on such Interest Payment Date;

SECOND, to the Principal Account, the amount paid by the Borrower and designated as or attributable to principal of the Bonds in the most recent Loan Repayment, so that the aggregate of such amounts will, on the next succeeding principal payment date equal the amount of principal due (whether at maturity or by acceleration) on such principal payment date; and

THIRD, to the Redemption Account, the aggregate amount of principal and premium, if any, next coming due by redemption permitted (as directed in writing by the Borrower) or required under the Indenture, or any portion thereof paid by the Borrower.

To the extent the Trustee receives moneys from the Bank pursuant to a draw under the Letter of Credit to make the above payments, the moneys deposited in the Interest, Principal and Redemption Accounts shall be used by the Trustee to reimburse the Bank for such draws.

Priorities of Application of Moneys

Funds for the payment of the principal or redemption price of and interest on the Bonds will be derived from the following sources in the order of priority indicated in each of the accounts in the Revenue Fund. Amounts in the respective accounts in the Revenue Fund will be used to pay the principal or redemption price of and interest on the Bonds held by Registered Owners other than the Bank, the Support Letter of Credit Bank or the Borrower prior to the payment of the principal and interest on the Bonds held by the Bank, the Support Letter of Credit Bank or the Borrower. If principal or redemption price (or any portion thereof) of and interest on the Bonds is paid with moneys described in paragraph (a) below, any other moneys on deposit in the respective accounts in the Revenue Fund will be applied to immediately reimburse the Bank or the Support Letter of Credit Bank, as applicable, by wire transfer in the amount of such drawings:

- (a) moneys paid into the Letter of Credit Account of the Revenue Fund representing the proceeds of drawings by the Trustee under the Letter of Credit;
- (b) moneys paid into the Support Letter of Credit Account of the Revenue Fund representing the proceeds of drawings by the Trustee under the Support Letter of Credit;
- (c) moneys paid into the Interest Account, if any, representing accrued interest received at the initial sale of the Bonds and proceeds from the investment thereof which shall be applied to the payment of interest on the Bonds;
- (d) moneys paid into the Revenue Fund pursuant to the Indenture and proceeds from the investment thereof, which constitute Available Moneys (as defined in the Indenture);
- (e) moneys deposited into the Redemption Account from amounts remaining in the Project Fund pursuant to the Indenture and proceeds from the investment thereof;
- (f) any other moneys (not derived from drawings under the Letter of Credit or the Support Letter of Credit) paid into the Revenue Fund and proceeds from the investment thereof, which constitute Available Moneys; and
- (g) any other moneys paid into the Revenue Fund and proceeds from the investment thereof, which are not Available Moneys.

The Trustee will create within the Revenue Fund a separate account called the “Letter of Credit Account” and the “Support Letter of Credit Account” into which all moneys drawn under the Letter of Credit and the Support Letter of Credit, respectively, to make payments of principal of, premium, if any, and interest on the Bonds shall be deposited and disbursed. None of the Borrower, any member, affiliate or guarantor of the Borrower (a “Related Party”), the Trustee or the Issuer will have any legal, equitable or beneficial right, title or interest in the Letter of Credit Account or the Support Letter of Credit Account.

Rebate Fund

The Trustee will also establish and maintain a separate fund designated the “Rebate Fund.” Upon receipt of instructions required to be delivered to the Trustee under the Tax Regulatory Agreement, dated November 19, 2008 (the “Tax Regulatory Agreement”), among the Issuer, the Borrower and the Operator, the Trustee shall remit part or all of the balance in the Rebate Fund to the federal government of the United States of America. None of the Issuer, the Registered Owners, the Bank, the Support Letter of Credit Bank or the Trustee has any rights in or claims to such moneys.

Purchase Fund

There is established under the Indenture with the Tender Agent, in a trust capacity, a fund to be designated as the “Purchase Fund” to be used to purchase Bonds tendered for purchase. All moneys drawn by the Trustee under the Letter of Credit for such purpose and all moneys received from the sale of Bonds upon remarketing (which moneys are to be immediately available on the Purchase Date).

The Indenture also establishes within the Purchase Fund two separate accounts called the “Liquidity Account,” into which all moneys drawn under the Letter of Credit are to be deposited and disbursed and a “Remarketing Account,” into which all moneys representing proceeds of remarketing shall be deposited. None of the Borrower, any Related Party, the Trustee or the Issuer will have any legal, equitable or beneficial right, title or interest in the moneys held in the Purchase Fund, or in the Remarketing Account or the Liquidity Account therein. On each day on which Bonds have been tendered for purchase or are deemed to have been tendered for purchase pursuant to the Indenture, after paying or making provision for the payment of the purchase price of such Bonds as provided in the Indenture, the Tender Agent will promptly remit to the Bank any moneys in the Liquidity Account not used to purchase Bonds, but not exceeding the amount drawn on the Letter of Credit for such purchase.

Funds for the purchase of Bonds at the principal amount thereof plus unpaid interest accrued to the purchase date, if any, will be paid out of the Purchase Fund in the following order of priority:

- (a) from the Remarketing Account, proceeds from the remarketing of Bonds; and
- (b) from the Liquidity Account, moneys representing proceeds of a drawing by the Trustee under the Letter of Credit.

In the event that Bonds are not purchased with money from the sources described above, the Trustee will pay the principal amount of Bonds tendered with moneys on deposit in the Revenue Fund and cancel such Bonds.

Supplemental Indentures

The Issuer and the Trustee may enter into a supplemental indenture or indentures, without the consent of any of the Registered Owners, but with the written consent of the Borrower and the Bank, amending or modifying the rights and obligations of the Issuer, the Trustee and the Registered Owners, for any one or more of the following purposes:

- (a) to add to the covenants and agreements of the Issuer in the Indenture other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds, or to surrender any right or power reserved to or conferred upon the Issuer by the Indenture;
- (b) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Indenture, or in regard to matters or questions arising under the Indenture as the Issuer may deem necessary or desirable and upon receipt of an opinion of Bond Counsel that such provisions do not adversely affect the rights of the Registered Owners;
- (c) to modify, amend or supplement the Indenture in such manner as to permit the qualification thereof 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;

(d) to make such provisions for the purpose of conforming to the terms and provisions of any Alternate Letter of Credit or Alternate Credit Facility or to obtain a rating on the Bonds and upon receipt of an opinion of Bond Counsel that such provisions do not adversely affect the rights of the Registered Owners under the Indenture;

(e) to modify, amend or supplement the Indenture in any other respect which does not adversely affect the rights of the Registered Owners under the Indenture; and

(f) to make necessary or advisable amendments or additions in connection with the issuance of Additional Bonds in accordance with the Indenture and upon receipt of an opinion of Bond Counsel that such amendments or additions do not adversely affect the Registered Owners of the Bonds Outstanding.

Except as described above, the Issuer and the Trustee must obtain the consent of the Registered Owners of a majority in aggregate principal amount of all Bonds then Outstanding, the Borrower, the Bank and the Support Letter of Credit Bank in order to enter into a Supplemental Indenture. No such Supplemental Indenture may (a) extend the fixed maturity of any Bond, or reduce the amount of principal thereof, or extend the time of payment, or change the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Registered Owner of each Bond so affected, (b) reduce the aforesaid percentage of Bonds the consent of the Registered Owners of which is required to effect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture, or deprive the Registered Owners of the lien created by the Indenture on such Revenues and other assets (except as expressly provided in the Indenture), without the consent of the Registered Owners of all the Bonds then Outstanding, or (c) adversely affect the interests of the Tender Agent without its prior written consent.

Events of Default

Each of the following events shall constitute an “Event of Default” under the Indenture:

(a) default in the due and punctual payment of the principal of, or premium, if any, on, any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise;

(b) default in the due and punctual payment of any installment of interest on any Bond, when and as such interest installment shall become due and payable and the continuation of such failure for a period of five days after the due date for such payment;

(c) failure to pay the purchase price of any Bond tendered in accordance with the provisions of the Indenture, and the continuation of such failure for a period of five days after such purchase price has become due and payable;

(d) failure by the Issuer to perform or observe any other of the covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, and the continuation of such failure for a period of 60 days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Issuer, the Bank, the Support Letter of Credit Bank and the Borrower by the Trustee, or to the Issuer, the Bank, the

Support Letter of Credit Bank, the Borrower and the Trustee by the Registered Owners of not less than 25% in aggregate principal amount of the Bonds at the time Outstanding;

(e) the occurrence and continuation of certain events of default under the Tax Regulatory Agreement; provided, however, such Event of Default shall be an event of default only with respect to the Series 2008A Bonds;

(f) the occurrence and continuation of certain events of default under the Loan Agreement; or

(g) the failure by the Bank to timely honor a draw under the Letter of Credit or the repudiation of the Letter of Credit by the Bank.

No default specified in paragraph (d) above shall constitute an Event of Default unless the Issuer shall have failed to correct such default within the applicable period; provided, however, that if the default shall be such that it cannot be corrected within such period, it shall not constitute an Event of Default if corrective action is instituted by the Issuer within the applicable period and diligently pursued.

Remedies

During the continuance of an Event of Default, unless the principal of all the Bonds has already become due and payable, the Trustee may, and upon the written request of the Registered Owners of not less than 25% in aggregate principal amount of the Bonds at the time Outstanding, or upon the occurrence of an Event of Default described in paragraph (a), (b), (c), (e) or (f) above, the Trustee shall, by notice in writing to the Issuer, the Tender Agent, the Remarketing Agent, the Borrower and the Bank, declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in the Indenture or in the Bonds contained to the contrary notwithstanding; provided, however that upon an Event of Default described in paragraph (e) above, the Trustee shall take the aforementioned action with respect the Series 2008A Bonds only. Upon any such declaration the Trustee shall immediately draw upon any then existing Letter of Credit or the Support Letter of Credit in accordance with the terms thereof and apply the amount so drawn to pay the principal of and interest on the Bonds so declared to be due and payable. Interest on the Bonds shall cease to accrue upon the declaration of acceleration. The Trustee shall notify the Registered Owners of the date of acceleration and the cessation of accrual of interest on the Bonds in the same manner as for a notice of redemption.

If, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, and before the Letter of Credit or the Support Letter of Credit have been drawn upon in accordance with its terms and honored, there shall have been deposited with the Trustee a sum sufficient to pay all the principal of the Bonds matured prior to such declaration and all matured installments of interest, if any, upon all the Bonds, with interest on such overdue installments of principal as provided in the Loan Agreement, and the reasonable expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Registered Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Issuer and to the Trustee, may, on behalf of the Registered Owners, rescind and annul such declaration and its consequences and waive such default. No such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power as a consequence thereof.

Upon the failure of the Bank to timely honor a draw under the Letter of Credit or the repudiation of the Letter of Credit by the Bank, the Trustee shall, by notice in writing to the Issuer, the Tender Agent, the Remarketing Agent, the Borrower, the Bank and the Support Letter of Credit Bank declare the principal of all the Series 2008 Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in the Indenture or in the Bonds contained to the contrary notwithstanding. Upon any such declaration the Trustee shall immediately draw upon any then existing Support Letter of Credit in accordance with the terms thereof in amounts necessary to make full and timely payments of principal of, premium, if any, and interest on the Series 2008 Bonds, other than Bank Bonds, when due. Interest on the Series 2008 Bonds shall cease to accrue upon the declaration of acceleration. The Trustee shall notify the Bondholders of the date of acceleration and the cessation of accrual of interest on the Bonds in the same manner as for a notice of redemption.

So long as the Letter of Credit is in full force and effect and the Bank has not wrongfully dishonored and is not continuing wrongfully to dishonor drawings under the Letter of Credit, and all payments of principal or purchase price and interest on the Bonds have been timely made, no Event of Default shall be declared (except in a case resulting from failure to pay Trustee's fees) nor any remedies shall be exercised by the Trustee or by the Registered Owners and no Event of Default shall be waived by the Trustee or the Registered Owners to the extent otherwise permitted under the Indenture without, in any case, the prior consent of the Bank. Unless an Alternate Credit Facility has been provided, no Event of Default can be waived, in any circumstance, unless the Letter of Credit has been fully reinstated and is in full force and effect, provided, however, that the Trustee shall not under any circumstances waive an Event of Default due to the failure of the Bank to timely honor a draw under the Letter of Credit or the repudiation of the Letter of Credit by the Bank.

Trustee to Represent Registered Owners

The Trustee is irrevocably appointed as trustee and the true and lawful attorney-in-fact of the Registered Owners for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Registered Owners under the provisions of the Bonds, the Indenture, the Loan Agreement, the Act 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 Registered Owners, the Trustee in its discretion may, and upon the written request of the Registered Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor (except any actions required to be taken by the Indenture to apply Revenues and other funds following an Event of Default, in which event no indemnification shall be required), shall, proceed to protect or enforce its rights or the rights of such Registered 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 in the Indenture, or in aid of the execution of any power granted in the Indenture, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Registered Owners under the Indenture, the Loan Agreement, the Act or any other law. Upon instituting such proceedings, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Revenues and other assets pledged under the Indenture, pending such proceedings.

Registered Owners' Direction of Proceedings

The Registered Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right to direct the method of conducting all remedial proceedings taken by the Trustee under the Indenture. Such direction shall not be otherwise than in accordance with law and the provisions of the Indenture. 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 Registered Owners not parties to such direction or for which it has not been provided adequate indemnity to its satisfaction.

TAX MATTERS

Series 2008A Bonds

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain covenants, interest on the Series 2008A Bonds is excluded from gross income for federal income tax purposes and is exempt from present State of California personal income taxes, except that no opinion is expressed as to the exclusion from gross income of interest on any Series 2008A Bond for any period during which such Bond is held by a person who, within the meaning of Section 147(a) of the Internal Revenue Code of 1986 (the “Code”), is a “substantial user” of the facilities with respect to which the proceeds of the Bonds are used or is a “related person.” A complete copy of the form of opinion of Bond Counsel is set forth in Appendix A hereto.

The opinion described in the preceding paragraph assumes compliance by the Issuer and the Borrower with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Series 2008A Bonds. Failure to comply with such requirements could cause interest on the Series 2008A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2008A Bonds. The Issuer and the Borrower have covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2008A Bonds.

Bond Counsel is further of the opinion that interest on the Series 2008A Bonds is a specific preference item for purposes of the federal alternative minimum tax.

The interest rate determination method and certain other requirements, agreements and procedures contained or referred to in the Indenture, the Loan Agreement, the Tax Regulatory Agreement, and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Series 2008A Bonds) may be taken under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Series 2008A Bond or the interest thereon on or after any such change that occurs or action that is taken upon the advice or approval of bond counsel other than Kutak Rock LLP.

The accrual or receipt of such interest may otherwise affect the federal income tax liability of the owners of the Series 2008A Bonds. The extent of these other tax consequences will depend upon such owner’s particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2008A Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2008A Bonds.

From time to time, there are legislative proposals in the Congress that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Series 2008A Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Purchasers of the Series 2008A Bonds should

consult their tax advisors regarding any pending or proposed tax legislation. The opinions expressed by Bond Counsel are based upon existing legislation as of the date of issuance and delivery of the Series 2008A Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation.

Series 2008B Bonds

IN THE OPINION OF KUTAK ROCK LLP, BOND COUNSEL, UNDER EXISTING LAW, INTEREST ON THE SERIES 2008B BONDS IS INCLUDED IN GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER SECTION 103(a) OF THE CODE, but is exempt from current State of California personal income taxes. Bond Counsel will express no opinion as to any other tax consequences regarding the Series 2008B Bonds. Purchasers of the Series 2008B Bonds should consult their own tax advisors as to the tax consequences pertaining to the Series 2008B Bonds, such as the consequences of a sale, transfer, redemption or other disposition of the Series 2008B Bonds prior to stated maturity and as to other applications of federal, state, local or foreign tax laws.

RATINGS

Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P"), has assigned a rating of "AAA/A-1+" to the Series 2008 Bonds (a long-term rating of "AAA" and a short-term rating of "A-1+"). The long-term rating reflects S&P's assessment of the likelihood of repayment of the Series 2008 Bonds to maturity based primarily on the credit support of the Bank and the Support Letter of Credit Bank. The short-term rating reflects the likelihood of repayment based on the availability of the Letter of Credit during the "put" period. Such ratings reflect only the view of S&P at the time such ratings are given, and the Issuer, the Borrower and the Underwriter make no representation as to the appropriateness of such ratings or that such ratings will not be changed, suspended or withdrawn.

S&P relies on the Underwriter, the Bank and its counsel, Bond Counsel and other experts for the accuracy and completeness of the information submitted in connection with the ratings. The ratings are neither "market" ratings nor a recommendation to buy, hold or sell the Series 2008 Bonds, and such ratings may be changed, suspended or withdrawn as a result of changes in, or unavailability of, information. Any downward revision, suspension or withdrawal of such ratings could have an adverse effect on the market price and marketability of the Series 2008 Bonds. An explanation of the significance of such ratings may be obtained only from S&P at the following address: Standard & Poor's, 55 Water Street, 40th Floor, New York, NY10041. The Issuer undertakes no responsibility either to bring to the attention of the Registered Owners of the Series 2008 Bonds the downward revision or withdrawal of any ratings obtained or to oppose any such revision or withdrawal.

UNDERWRITING

The Issuer has agreed to sell, and Gates Capital Corporation (the "Underwriter"), has agreed to purchase, the Series 2008 Bonds at a price equal to the aggregate principal amount thereof. The Underwriter will be paid a fee in the amount of \$21,000. The Underwriter's obligation is subject to certain conditions precedent, and the Underwriter does not have the right to purchase less than all the Series 2008 Bonds. The Underwriter intends to offer the Series 2008 Bonds to the public initially at the offering price set forth on the cover page hereof and may subsequently change such offering price and other selling terms from time to time without prior notice. The Series 2008 Bonds may be offered by the Underwriter and sold to certain dealers (including dealers depositing such Series 2008 Bonds into investment trusts, accounts or funds) and others at prices lower than the public offering price set forth on the cover page hereof.

CONTINUING DISCLOSURE

The Underwriter is exempt from the continuing disclosure requirements of Rule 15c2-12 (the “Rule”) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), pursuant to the exemptions provided in paragraph (d)(1) of the Rule. As long as the Series 2008 Bonds and the remarketing thereof satisfy the exemptions provided in paragraph (d)(1) of the Rule, no future information or disclosure will be provided by the Issuer, the Borrower, the Bank or the Support Letter of Credit Bank. Independently, the Bank and the Support Letter of Credit Bank is subject to the information requirements of the Exchange Act, and in accordance therewith files reports and other information with the Securities and Exchange Commission. Such reports and other information are available from the Bank and the Support Letter of Credit Bank from the sources identified under the caption “THE BANK” and “THE SUPPORT LETTER OF CREDIT BANK.”

NO LITIGATION

There is no litigation now pending against the Issuer or the Borrower or, to the knowledge of their respective officers, threatened against them which seeks to restrain or enjoin the issuance, sale, execution, or delivery of the Series 2008 Bonds, or which in any way contests or affects the validity of the Series 2008 Bonds, any proceeding of the Issuer or the Borrower taken concerning the issuance or sale thereof, the security provided for the payment of the Series 2008 Bonds, or the existence or powers of the Issuer relating to the issuance of the Series 2008 Bonds.

LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Series 2008 Bonds are subject to the approving opinion of Kutak Rock LLP, Los Angeles, California, Bond Counsel. Copies of such opinion will be available at the time of the delivery of the Series 2008 Bonds. Certain legal matters will be passed upon for the Bank by its Managing Counsel, Chris Carlson, Esq., for the Support Letter of Credit Bank by its in-house counsel, and for the Borrower by Chadbourne & Parke LLP, Los Angeles, California.

APPROVAL

The delivery of this Official Statement has been duly approved by the Issuer. The Issuer has consented to the use of this Official Statement, but the Issuer has not furnished or independently reviewed any information contained herein except for the statements under the caption “THE ISSUER” and “NO LITIGATION” (as such caption relates to the Issuer) herein.

CALIFORNIA ENTERPRISE
DEVELOPMENT AUTHORITY

By /s/ Wayne Schell
Wayne Schell, Chairman

APPENDIX A

FORM OF OPINION OF BOND COUNSEL

Upon delivery of the Series 2008 Bonds, Kutak Rock LLP proposes to render its final approving legal opinion with respect to the Series 2008 Bonds in substantially the following form:

[Closing Date]

California Enterprise Development Authority
550 Bercut Drive, Suite G
Sacramento, California 95814

\$7,665,000

California Enterprise Development Authority
Tax-Exempt Variable Rate Demand
Industrial Development Revenue Bonds,
Series 2008A (Pocino Foods Company Project)

\$1,335,000

California Enterprise Development Authority
Taxable Variable Rate Demand
Industrial Development Revenue Bonds,
Series 2008B (Pocino Foods Company Project)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the California Enterprise Development Authority (the "Issuer") of \$7,665,000 aggregate principal amount of its Tax-Exempt Variable Rate Demand Industrial Development Revenue Bonds, Series 2008A (Pocino Foods Company Project) (the "Series 2008A Bonds") and \$1,335,000 aggregate principal amount of its Taxable Variable Rate Demand Industrial Development Revenue Bonds, Series 2008B (Pocino Foods Company Project) (the "Series 2008B Bonds" and together with the Series 2008A Bonds, the "Series 2008 Bonds"), issued pursuant to the provisions of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (commencing with Section 6500) (the "Act"), an Indenture of Trust, dated as of November 1, 2008 (the "Indenture"), between the Issuer and Deutsche Bank National Trust Company, as trustee (the "Trustee"), and a resolution adopted by the Issuer on September 25, 2008 (the "Resolution"). The Series 2008 Bonds are issued for the purpose of making a loan of the proceeds thereof to 2400 Company, LLC, a California limited liability company (the "Borrower") pursuant to a Loan Agreement, dated as of November 1, 2008 (the "Loan Agreement"), between the Issuer and the Borrower. Terms not otherwise defined herein shall have the meanings ascribed to such terms in the Indenture.

In such connection, we have reviewed the Indenture, the Loan Agreement, the Resolution, an opinion of counsel to the Borrower with respect to the Borrower and the Loan Agreement, the Tax Regulatory Agreement, dated November 19, 2008 (the "Tax Regulatory Agreement"), among the Issuer, the Borrower and Pocino Foods Company, a California corporation (the "Operator"), certificates of the Issuer, the Trustee, the Borrower, the Operator and others, and such other documents and matters to the extent deemed necessary by us to render the opinions set forth herein. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in such documents, and of the legal conclusions contained in the opinions referred to above, and we have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer.

The interest rate determination method and certain other requirements, agreements and procedures contained or referred to in the Indenture, the Loan Agreement, the Tax Regulatory Agreement,

and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Series 2008 Bonds) may be taken under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any Series 2008 Bond or the interest thereon on or after any such change that occurs or action that is taken upon the advice or approval of bond counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur. Our engagement with respect to the Series 2008 Bonds has concluded with their issuance and we disclaim any obligation to update this letter. We have assumed compliance with all covenants and agreements contained in the Indenture, the Loan Agreement and the Tax Regulatory Agreement, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions, or events will not cause interest on the Series 2008A Bonds to be included in gross income for federal income tax purposes. In addition, we have assumed that actions of the Borrower and other persons will not cause the Series 2008A Bonds to exceed the \$10,000,000 limitation set forth in Section 144(a)(4) of the Internal Revenue Code of 1986, as amended (the "Code"), or the \$40,000,000 limitation set forth in Section 144(a)(10) of the Code. We call attention to the fact that the rights and obligations under the Series 2008 Bonds, the Indenture, the Loan Agreement and the Tax Regulatory Agreement may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other similar laws affecting creditors' rights, to the application of equitable principles, and to the exercise of judicial discretion in appropriate cases. We also express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents. Finally, we have undertaken no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Series 2008 Bonds and express no opinion relating thereto.

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

1. The Series 2008 Bonds constitute the valid and binding special, limited obligations of the Issuer.

2. The Indenture has been duly and legally authorized, executed and delivered by, and constitutes the valid and binding obligation of, the Issuer. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Series 2008 Bonds, of the Revenues and any other amounts (including proceeds of the sale of the Series 2008 Bonds) held by the Trustee in any fund or account established pursuant to the Indenture, except the Rebate Fund, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. The Indenture also creates a valid assignment to the Trustee, for the benefit of the Registered Owners from time to time of the Series 2008 Bonds, of the right, title and interest of the Issuer in the Loan Agreement (to the extent and as more particularly described in the Indenture).

3. The Loan Agreement has been duly executed and delivered by, and constitutes the valid and binding agreement of, the Issuer.

4. The Series 2008 Bonds are special, limited obligations of the Issuer and are not a lien or charge upon the funds or property of the Issuer except to the extent of the aforementioned pledge and assignment. The Series 2008 Bonds are not a debt or liability of the State of California (the "State") or any political subdivision of the State. The Issuer shall under no circumstances be obligated to pay the

Series 2008 Bonds except from the revenues and other funds pledged therefor under the Indenture. Neither the State nor any political subdivision of the State shall be obligated to pay the principal of, premium, if any, purchase price of, or interest on, the Series 2008 Bonds or other costs incident thereto except from the revenues and funds pledged therefor. Neither the faith and credit nor the taxing power of the State or any political subdivision of the State is pledged to the payment of the principal of, premium, if any, purchase price of, or interest on, the Series 2008 Bonds. Neither the State nor any political subdivision of the State is required to levy or pledge any form of taxation whatever or to make any appropriation for the payment of the Series 2008 Bonds.

5. Interest on the Series 2008A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code and is exempt from current State of California personal income taxes, except that no opinion is expressed as to the exclusion from gross income of interest on any Series 2008A Bond for any period during which such Series 2008A Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a “substantial user” of the facilities with respect to which the proceeds of the Series 2008A Bonds were used or is a “related person.” Interest on the Series 2008B Bonds is includable in gross income for federal income tax purposes under Section 103 of the Code but is exempt from current State of California personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2008 Bonds, although we observe that interest on the Series 2008A Bonds is a specific preference item for purposes of calculating the federal individual or corporate alternative minimum taxable income.

Very truly yours,

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APPENDIX B

BOOK-ENTRY-ONLY SYSTEM

The information in this Appendix B concerning The Depository Trust Company (“DTC”), New York, New York, and DTC’s book entry system has been obtained from DTC and the Issuer takes no responsibility for the completeness or accuracy thereof. The Issuer cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Series 2008 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Series 2008 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2008 Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Series 2008 Bonds. The Series 2008 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 security certificate will be issued for each maturity of the Series 2008 Bonds, each in the aggregate principal amount of such maturity, 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 Series 2008 Bonds. 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 Standard & Poor’s highest rating: “AAA.” 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 and www.dtc.org.

Purchases of the Series 2008 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2008 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. 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 Series 2008 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 Series 2008 Bonds representing their ownership interests in the Series 2008 Bonds, except in the event that use of the book-entry system for the Series 2008 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2008 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 the Series 2008 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 Series 2008 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2008 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 the Series 2008 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2008 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of the Series 2008 Bonds may wish to ascertain that the nominee holding the Series 2008 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. The conveyance of notices and other communications by DTC to DTC Participants, by DTC Participants to Indirect Participants and by DTC 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.

Redemption notices shall be sent to DTC. If less than all of the Series 2008 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of 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 the Series 2008 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2008 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, premium, if any, and interest evidenced by the Series 2008 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 Issuer 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 (nor its nominee), the Trustee, the Borrower or the Issuer, subject to any

statutory or regulatory requirements as may be in effect from time-to-time. Payment of principal of, premium, if any, and interest evidenced by the Series 2008 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer 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.

NONE OF THE ISSUER, THE BORROWER 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 SERIES 2008 BONDS FOR PREPAYMENT.

None of the Issuer, the Borrower, the Trustee or the Remarketing Agent can and do not give any assurances that DTC, the Participants or others will distribute payments of principal, interest or premium, if any, evidenced by the Series 2008 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. None of the Issuer, the Borrower, the Trustee or the Remarketing Agent is 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 Series 2008 Bonds or an error or delay relating thereto.

DTC may discontinue providing its services as depository with respect to the Series 2008 Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2008 Bonds are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2008 Bonds will be printed and delivered.

The foregoing information concerning DTC concerning and DTC's book-entry system has been provided by DTC, and none of the Issuer or the Trustee take any responsibility for the accuracy thereof.

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APPENDIX C

CERTAIN INFORMATION REGARDING SUPPORT LETTER OF CREDIT BANK

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