

**INDENTURE OF TRUST**

**by and between the**

**PLACER COUNTY PUBLIC FINANCING AUTHORITY**

**and**

**PLACER COUNTY TREASURER-TAX COLLECTOR,  
as Trustee**

**Dated as of \_\_\_\_\_, 2010**

**Relating to**

**Placer County Public Financing Authority  
Revenue Bonds  
(Placer mPOWER Program)**

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## INDENTURE OF TRUST

THIS INDENTURE OF TRUST (this "Indenture"), dated as of \_\_\_\_\_, 2010, is by and between the PLACER COUNTY PUBLIC FINANCING AUTHORITY, a joint powers authority organized and existing under the laws of the State of California (the "Authority") and PLACER COUNTY TREASURER-TAX COLLECTOR, being qualified to accept and administer the trusts hereby created, as trustee (the Trustee");

### WITNESSETH:

**WHEREAS**, the Authority is a joint powers authority duly organized and existing under that certain Joint Exercise of Powers Agreement (the "JPA Agreement"), dated May 9, 2006, by and between the County of Placer (the "County") and the Placer County Redevelopment Agency, and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"), and is authorized pursuant to Article 4 of the Act (the "Bond Law") to issue bonds for the purpose of making loans to local agencies, to the extent those local agencies are authorized by law to borrow moneys, when the loan proceeds will be used by the local agencies to pay for public capital improvements; and

**WHEREAS**, the County is authorized to borrow money under Section 5898.22 and Section 5898.28 of Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code (the "Chapter 29") to finance the installation of distributed generation renewable energy, energy efficiency and water efficiency improvements that are permanently fixed to real property (the "Authorized Improvements"), and the Authorized Improvements constitute "public capital improvements" pursuant to the Bond Law; and

**WHEREAS**, on December 8, 2009, the Board of Supervisors of the County (the "Board of Supervisors") adopted Resolution No. 2009-343, entitled "Declaring the County of Placer's Intention to Finance Distributed Generation Renewable Energy Sources, and Energy Efficiency Improvements and Water Efficiency Improvements Through the Use of Contractual Assessments Pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code and Setting a Public Hearing Thereon" (the "Resolution of Intention"), to initiate proceedings under Chapter 29 to establish the "Placer money for Property Owner Water & Energy Efficiency Retrofitting Program" (the "Program"), pursuant to which the County will enter into contractual assessments to finance the installation of Authorized Improvements as described in the Resolution of Intention; and

**WHEREAS**, by the Resolution of Intention, the Board of Supervisors provided that one or more series of bonds or other financing instruments or relationships would be issued under the Improvement Bond Act of 1915, Division 10 of the Streets and Highways Code of California (the "1915 Act"); and

**WHEREAS**, on January 26, 2010, after holding a duly noticed public hearing at which interested persons were allowed to object to or inquire about the proposed Program or any of its particulars, the Board of Supervisors adopted Resolution No. 2010-22, entitled "Resolution Confirming Report Relating to the Financing of the Installation of Distributed Generation Renewable Energy Sources, Energy Efficiency and Water Efficiency Improvements and Approving and Ordering Other Related Matters," (the "Resolution Confirming Program Report"), pursuant to which the Board of Supervisors, among other things, (i) confirmed and approved a

report (the "Program Report") addressing all of the matters set forth in Section 5898.22 of Chapter 29, (ii) established the Program, and (iii) authorized execution of agreements ("Assessment Contracts") with the owners of property in the County (the "Program Area") to provide for the levy of contractual assessments to finance installation of Authorized Improvements; and

**WHEREAS**, for the purpose of providing moneys to fund a loan to the County (the "Loan"), the proceeds of which Loan the County will use to finance the installation of Authorized Improvements on property in the County (the "Participating Parcels"), the Authority has determined pursuant to its Resolution No. \_\_\_\_, adopted on \_\_\_\_, 2010 (the "Resolution of Issuance"), to issue its Placer County Public Financing Authority Revenue Bonds (Placer mPOWER Program) (the "Bonds"), all pursuant to and secured by this Indenture in the manner provided herein; and

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

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

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

## ARTICLE I

### DEFINITIONS; AUTHORIZATION AND PURPOSE OF BONDS; EQUAL SECURITY

**Section 1.01. Definitions.** Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Indenture and of any Supplemental Indenture and of the Bonds and of any certificate, opinion, request or other documents herein mentioned have the meanings herein specified.

**"Act"** means Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State, as in existence on the Closing Date or as thereafter amended from time to time.

**"Agency"** means Placer County Redevelopment Agency, a public body corporate and politic organized under the laws of the State, and any successor thereto.

**"Agreement"** means that certain Joint Exercise of Powers Agreement, dated as of May 9, 2006, by and between the County and the Agency, together with any amendments thereof and supplements thereto.

**"Assessment" or "Assessments"** means the unpaid contractual assessment(s) levied on the Participating Parcel(s) pursuant to an Assessment Contract(s).

**"Assessment Contract"** means a contract between the County and the owner of a Participating Parcel pursuant to which the owner agrees to pay Assessments and the Authority agrees to finance the installation of Improvements on the Participating Parcel.

**"Auditor"** means the auditor/controller or tax collector of the County, or such other official of the County who is responsible for preparing real property tax bills.

**"Authority"** means the Placer County Public Financing Authority, a joint powers authority duly organized and existing under the Agreement and the laws of the State.

**"Authorized Denominations"** means an amount equal to \$2,500 or any greater amount.

**"Authorized Improvements"** means the distributed generation renewable energy, energy efficiency and water efficiency improvements to be installed on the Participating Parcels pursuant to the Assessment Contracts.

**"Bond Law"** means the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of the Act (commencing with Section 6584), as in existence on the Closing Date or as thereafter amended from time to time.

**"Bonds"** means the Placer County Public Financing Authority Revenue Bonds (Placer mPOWER Program), authorized by and at any time Outstanding pursuant to the Bond Law and this Indenture.

**"Bond Year"** means each twelve-month period extending from September 3 in one calendar year to September 2 of the succeeding calendar year, both dates inclusive, except

that the first Bond Year shall begin on the Closing Date and end on the immediately succeeding September 2.

**"Business Day"** means a day other than a Saturday or a Sunday on which banks in San Francisco, California, or in any city in which the Trust Office is located are not required or authorized to remain closed.

**"Certificate of the Authority"** means a certificate in writing signed by the Chairman, Executive Director or the Treasurer of the Authority, or by any other officer of the Authority duly authorized by the Authority in a Certificate of the Authority.

**"Certificate of the County"** means a certificate in writing signed by the Chairman, the County Executive Officer or the Treasurer-Tax Collector, or by any other officer of the County duly authorized by the County in a Certificate of the County.

**"Chapter 29"** means Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code.

**"Closing Date"** means the date of delivery of the Bonds to the Original Purchaser.

**"Code"** means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

**"Continuing Disclosure Certificate"** means a Continuing Disclosure Certificate relating to the Bonds, as originally executed by the County and as it may be amended from time to time in accordance with the terms thereof.

**"County"** means the County of Placer, a county organized under the Constitution and laws of the State, and any successor thereto.

**"Depository"** means (a) initially, DTC, and (b) any other Securities Depository acting as Depository pursuant to Section 2.03.

**"Depository System Participant"** means any participant in the Depository's book-entry system.

**"DTC"** means The Depository Trust Company, New York, New York, and its successors and assigns.

**"Draw Request"** means a request by the Authority, signed by the Chairman, Executive Director or the Treasurer of the Authority, or by any other officer of the Authority duly authorized by the Authority in a Certificate of the Authority, to increase the principal amount of an outstanding Bond, which request shall be accomplished pursuant to the provisions of Section 2.01 using the form attached to this Indenture as Exhibit C.

**"Event of Default"** means any of the events described in Section 8.01.

**“Fair Market Value”** means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the County and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

**“Federal Securities”** means means (a) direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (“U.S. Treasury Obligation”), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

**“Fiscal Year”** means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the Authority as its official fiscal year period.

**“Indenture”** means this Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture pursuant to the provisions hereof.

**“Independent Certified Public Accountant”** means any certified public accountant or firm of certified public accountants appointed and paid by the Authority, and who, or each of whom-

(a) is in fact independent and not under domination of the Authority or the County;

(b) does not have any substantial interest, direct or indirect, in the Authority or the County; and

(c) is not connected with the Authority or the County as an officer or employee of the Authority or the County but who may be regularly retained to make annual or other audits of the books of or reports to the Authority or the County.

**"Independent Financial Consultant"** means any financial consultant or fiscal consultant or firm of such consultants or investment banking firm, appointed and paid by the County, and who, or each of whom-

(a) is in fact independent and not under domination of the Authority or the County;

(b) does not have any substantial interest, direct or indirect, in the Authority or the County; and

(c) is not connected with the Authority or the County as an officer or employee of the Authority or the County but who may be regularly retained by the Authority or the County.

**"Information Services"** means Financial Information, Inc.'s "Daily Called Bond Service", 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; FIS/Mergent, Inc., 5250 77 Center Drive, Suite 150, Charlotte, North Carolina 28217, Attn: Call Notification; Standard & Poor's Securities Evaluation, Inc., 55 Water Street, 45th Floor, New York, New York 10041, Attention: Notification Department; Xcitek, 5 Hanover Square, New York, New York 10004; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds, or no such services, as the Authority may indicate in a Certificate of the Authority delivered to the Trustee.

**"Interest Account"** means the account by that name established and held by the Trustee pursuant to Section 4.02(a).

**"Interest Payment Date"** means March 2 and September 2 in each year, beginning with the date specified in a Bond and continuing thereafter so long as any Bonds remain Outstanding.

**"Loan Agreement"** means that certain Limited Obligation Loan Agreement, dated as of \_\_\_\_\_, 2010, by and among the County, the Authority and the Trustee.

**"Loan"** means the Loan made pursuant to the Loan Agreement.

**"Moody's"** means Moody's Investors Service of New York, New York, and its successors.

**"1915 Act"** means the Improvement Bond Act of 1915, Division 10 of the Streets and Highways Code of California.

**"Nominee"** means (a) Cede & Co., as nominee of DTC, and (b) any other nominee of the Depository designated pursuant to Section 2.03(a).

**"Original Purchaser"** means the Placer County Treasurer-Tax Collector, as the first purchaser of the Bonds.

**"Outstanding"**, when used as of any particular time with reference to the Bonds, means (subject to the provisions of Section 9.07) all Bonds theretofore executed, issued and delivered by the Authority under this Indenture except -

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

(b) Bonds paid or deemed to have been paid within the meaning of Section 9.03; and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered pursuant to this Indenture or any Supplemental Indenture.

**"Owner"** or **"Bond Owner"**, when used with respect to any Bond, means the person in whose name the ownership of such Bond shall be registered on the Registration Books.

**"Parity Debt"** has the meaning given that term in Section 5.07 of this Indenture.

**"Participating Parcels"** means the parcels within the County that are subject to the lien of an Assessment pursuant to an Assessment Contract and that have been designated as Participating Parcels by the County.

**"Permitted Investments"** means any of the following:

(a) Federal Securities.

(b) Federal Housing Administration debentures.

(c) The following listed obligations government-sponsored agencies which are not backed by the full faith and credit of the United States of America:

(i) Federal Home Loan Mortgage Corporation (FHLMC) senior debt obligations and participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts),

(ii) Farm Credit System (formerly Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives) consolidated system-wide bonds and notes,

(iii) Federal Home Loan Banks (FHL Banks) consolidated debt obligations, and

(iv) Federal National Mortgage Association (FNMA) senior debt obligations and mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts).

(d) Unsecured certificates of deposit, time deposits, and bankers' acceptances (having maturities of not more than 30 days) of any bank the short-term obligations of which are rated "A-1" or better by S&P.

(e) Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation, in banks which have capital and surplus of at least \$5 million.

(f) Commercial paper (having original maturities of not more than 30 days) rated "A-1+" by S&P and "Prime-1" by Moody's.

(g) Money market funds rated in the highest rating category by S&P and Moody's.

(h) "State Obligations," which means:

(i) Direct general obligations of any state of the United States of America or any subdivision of agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated at least "A3" by Moody's and at least "A" by S&P, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated,

(ii) Direct general short-term obligations of any state agency or subdivision or agency thereof described in (a) above and rated "A-1+" by S&P and "MIG-1" by Moody's, and

(iii) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state or state agency described in (b) above and rated "AA" or better by S&P and "Aa" or better by Moody's;

(i) Pre-refunded municipal obligations rated "AAA" by S&P and "Aaa" by Moody's meeting the following requirements:

(i) the municipal obligations are (A) not subject to redemption prior to maturity or (B) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions,

(ii) the municipal obligations are secured by cash or U.S. Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations,

(iii) the principal of and interest on the U.S. Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, inters, and premium, if any, due and to become due on the municipal obligations ("Verification Report"),

(iv) the cash or U.S. Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations,

(v) no substitution of a U.S. Treasury Obligation shall be permitted except with another U.S. Treasury Obligation and upon delivery of a new Verification Report, and

(vi) the cash or U.S. Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

(j) Repurchase agreements with (i) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least "AA" by S&P and "Aa" by Moody's, or (ii) any broker-dealer with "retail customers" or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least "Aa" by S&P and "Aa" by Moody's, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation, or (iii) any other entity rated at least "AA" by S&P and "Aa" Moody's.

(k) Investment agreements: with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt is rated at least "AA" (stable) by S&P and "Aa" (stable) by Moody's, or, in the case of a monoline financial guaranty insurance company, claims paying ability, or the guarantor is rated at least "AAA" (stable) by S&P and "Aaa" (stable) by Moody's.

(l) California's Local Agency Investment Fund.

(m) Placer County Treasurer's Investment Pool.

**"Principal Account"** means the account by that name established and held by the Trustee pursuant to Section 4.02(b).

**"Program"** means the "Placer money for Property Owner Water and Energy Efficiency Retrofitting Program" established pursuant to the Resolution Confirming Program Report.

**"Program Area"** means the area within the boundaries of the County, as shown in the Program Report.

**"Program Fund"** means the fund designated "County of Placer (mPOWER Program Loan Agreement), Program Fund" established and administered under the Loan Agreement.

**"Program Report"** means the AB 811 Program Report and Administrative Guidelines, approved by the Board of Supervisors pursuant to the Resolution Confirming Program Report, as amended from time to time.

**"Purchase Agreement"** means the Purchase Agreement relating to the Bonds, among the Authority, the County and the Placer County Treasurer-Tax Collector.

**"Record Date"** means, with respect to any Interest Payment Date, the fifteenth (15th) calendar day of the month immediately preceding such Interest Payment Date.

**"Registration Books"** means the records maintained by the Trustee pursuant to Section 2.09 for the registration and transfer of ownership of the Bonds.

**"Request of the Authority"** means a request in writing signed by the Chairman, the Executive Director or the Treasurer, or by any other officer of the Authority duly authorized in a Certificate of the Authority.

**"Resolution Confirming Program Report"** means Resolution No. 2010-22 adopted by the Board of Supervisors on January 26, 2010.

**"Resolution of Intention"** means Resolution No. 2009-343 adopted by the Board of Supervisors on December 8, 2009.

**"Resolution of Issuance"** means Resolution No. \_\_\_\_\_, adopted by the Board of Supervisors on \_\_\_\_\_.

**"Revenue Fund"** means the fund by that name established pursuant to Section 4.02.

**"Revenues"** means: (a) all amounts payable by the County to the Authority or the Trustee pursuant to the Loan Agreement, other than (i) administrative fees and expenses and indemnity against claims payable to the Authority and the Trustee and (ii) amounts payable to the United States of America in satisfaction of rebate obligations under the Code; (b) any proceeds of Bonds originally deposited with the Trustee and all moneys deposited and held from time to time by the Trustee in the funds and accounts established hereunder; (c) investment income with respect to any moneys held by the Trustee in the funds and accounts established hereunder; and (d) any other investment income received hereunder.

**"S&P"** means Standard & Poor's, a division of McGraw-Hill, of New York, New York, and its successors.

**"Securities Depositories"** means The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax-(516) 227-4039 or 4190; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Authority may designate in a Certificate of the Authority delivered to the Trustee.

**"Serial Bonds"** means all Bonds other than Term Bonds.

**"State"** means the State of California.

**"Supplemental Indenture"** means any indenture, agreement or other instrument hereafter duly executed by the Authority and the Trustee in accordance with the provisions of this Indenture.

**"Term Bonds"** means the Bonds identified as such in a Bond and subject to mandatory sinking fund redemption.

**"Trust Office"** means the corporate trust office of the Trustee in Auburn, California, or such other office as the Trustee may from time to time designate for such purposes.

**"Trustee"** means the Placer County Treasurer-Tax Collector, and its successors and assigns, and any other corporation or association which may at any time be substituted in its place as provided in Article VI.

**Section 1.02. Rules of Construction.** All references in this Indenture to "Articles," "Sections," and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; and the words "herein," "hereof," "hereunder," and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

**Section 1.03. Authorization and Purpose of Bonds.** The Authority has reviewed all proceedings heretofore taken relative to the authorization of the Bonds and has found, as a result of such review, and hereby finds and determines that all things, conditions, and acts required by law to exist, happen and/or be performed precedent to and in the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Authority is now authorized under the Agreement and the Bond Law and each and every requirement of law, to issue the Bonds in the manner and form provided in this Indenture. Accordingly, the Authority hereby authorizes the issuance of the Bonds pursuant to the Bond Law and this Indenture for the purpose of providing the funds to make the Loan to the County under the Loan Agreement.

**Section 1.04. Equal Security.** In consideration of the acceptance of the Bonds by the Owners thereof, this Indenture shall be deemed to be and shall constitute a contract among the Authority and the Owners from time to time of the Bonds; and the covenants and agreements herein set forth to be performed on behalf of the Authority shall be for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution or delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

## ARTICLE II

### ISSUANCE OF BONDS

**Section 2.01. Terms of Bonds.** The Bonds authorized to be issued by the Authority under and subject to the Bond Law and the terms of this Indenture shall be designated the "Placer County Public Financing Authority Revenue Bonds (Placer mPOWER Program)," and shall be issued in the aggregate principal amount not to exceed \$ \_\_\_\_\_.

The Bonds shall be issued as set forth in Section 3.01 in fully registered form without coupons. The Bonds shall be issued in Authorized Denominations. No Bond shall have more than one maturity date. The Bonds shall be dated as of their date of issuance. The Bonds shall be named, lettered and numbered as follows: the initial Bond shall be designated "Series [fiscal year], No. 1", the second Bond shall be designated "Series [fiscal year], No. 2" and so on.

Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) it is authenticated on or before the first Interest Payment Date, in which event it shall bear interest from the Closing Date; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Interest on the Bonds (including the final interest payment upon maturity or redemption) is payable when due by check or draft of the Trustee mailed to the Owner thereof at such Owner's address as it appears on the Registration Books at the close of business on the preceding Record Date; provided that at the written request of the Placer County Treasurer-Tax Collector if it is the owner of the Bonds or any other Owner of at least \$1,000,000 aggregate principal amount of Bonds, which written request is on file with the Trustee as of any Record Date, interest on such Bonds shall be paid on the succeeding Interest Payment Date to such account in the United States as shall be specified in such written request; provided, further, that at the written request of the Placer County Treasurer-Tax Collector if it is the owner of the Bonds, interest on such Bonds shall be paid by wire or by means of a book transfer.

The principal of the Bonds upon maturity or prior redemption shall be payable in lawful money of the United States of America by check of the Trustee upon presentation and surrender thereof, at maturity or prior redemption thereof, at the Trust Office of the Trustee provided, that at the written request of the Placer County Treasurer-Tax Collector if it is the owner of the Bonds, interest on such Bonds shall be paid by wire or by means of a book transfer.

#### **Section 2.02. Redemption of Bonds.**

(a) Optional Redemption. The Bonds are subject to redemption prior to their stated maturities, in whole or in part, at the premium specified below, plus interest to the date of redemption from the proceeds of optional Loan prepayments pursuant to Section 2.03(a) of the Loan Agreement, on any Interest Payment Date upon the provision of 30 days' prior written notice to the Trustee.

<u>Redemption Dates</u>	<u>Redemption Premium (%)</u>
March 2, 20__ through March 2, 20__	
September 2, 20__ and March 2, 20__	
September 2, 20__ and March 2, 20__	
September 2, 20__ and each Interest Payment Date thereafter	

(b) Redemption from Assessment Prepayments. The Bonds are subject to mandatory redemption on any Interest Payment Date from Loan prepayments pursuant to Section 2.03(b) of the Loan Agreement, in whole or in part, at the prepayment premium specified below, plus interest to the date of redemption.

<u>Redemption Dates</u>	<u>Redemption Premium (%)</u>
March 2, 20__ through March 2, 20__	
September 2, 20__ and March 2, 20__	
September 2, 20__ and March 2, 20__	
September 2, 20__ and each Interest Payment Date thereafter	

(c) Mandatory Sinking Fund Redemption. The Term Bonds shall also be subject to redemption or prior purchase in part by lot, from mandatory sinking fund redemption payments made by the Authority pursuant to Section 4.02(b), at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium; provided, however, that, if some but not all of the Term Bonds have been redeemed pursuant to subsection (a) or subsection (b) above, the total amount of all future mandatory sinking fund redemption payments payable with respect to the maturity redeemed shall be reduced by the aggregate principal amount of the maturity so redeemed, to be allocated among such mandatory sinking fund redemption payments on a pro rata basis as determined by the Authority (notice of which determination shall be given by the Authority to the Trustee).

In lieu of redemption of the Term Bonds pursuant to this subsection (c), amounts on deposit in the Revenue Fund and available for mandatory sinking fund redemption payments may also be used and withdrawn by the Trustee at any time, upon the Written Request of the County received prior to the selection of Bonds for redemption, for the purchase of the Term Bonds, at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the County may in its discretion determine.

(d) Notice of Redemption; Rescission. The Trustee on behalf and at the expense of the Authority shall mail (by first class mail) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and to the Securities Depositories and to one or more Information Services, at least 20 days prior to the date fixed for redemption; provided, however, that neither failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest

thereon. Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers, the Bond numbers and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date. The Trustee shall not mail notice of redemption of Bonds pursuant to the preceding subsections (a) of this Section unless (i) there shall then be on deposit in the Principal Account all amounts required to pay the principal of and redemption premium (if any) on such Bonds upon the redemption thereof, or (ii) such notice states that such redemption is subject to the deposit of such proceeds.

The Authority shall have the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of optional redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under this Indenture. The Authority and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent practicable, bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

(e) Partial Redemption of Bonds. In the event only a portion of any Bond is called for redemption, then upon surrender of such Bond, the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of the same Series and maturity date, of Authorized Denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

(f) Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption shall have been duly provided, such Bonds so called shall cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the redemption date specified in such notice. All Bonds redeemed or purchased pursuant to this Section 2.02 shall be canceled by the Trustee.

(g) Manner of Redemption. Whenever any Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee, in its sole discretion, shall deem fair and appropriate, and shall notify the Authority thereof. In the event of redemption by lot of Bonds, the Trustee shall assign to each Bond then Outstanding a distinctive number.

### **Section 2.03. Book-Entry System.**

(a) Original Delivery. The Bonds will not initially be held in the book-entry only system. The Bonds shall be held in the book-entry only system at such time as the Authority instructs the Trustee to register the Bonds on the Registration Books in the name of the Nominee.

With respect to Bonds the ownership of which shall be registered in the name of the Nominee, the Authority and the Trustee shall have no responsibility or obligation to any Depository System Participant or to any person on behalf of which the Authority holds an interest in the Bonds. Without limiting the generality of the immediately preceding sentence, the Authority and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Depository System Participant or any other person, other than a Bond Owner as shown in the Registration Books, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Bonds to be redeemed in the event the Authority elects to redeem the Bonds in part, (iv) the payment to any Depository System Participant or any other person, other than a Bond Owner as shown in the Registration Books, of any amount with respect to principal, premium, if any, or interest on the Bonds or (v) any consent given or other action taken by the Depository as Owner of the Bonds. The Authority and the Trustee may treat and consider the person in whose name each Bond is registered as the absolute owner of such Bond for the purpose of payment of principal, premium and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers of ownership of such Bond, and for all other purposes whatsoever. The Trustee shall pay the principal of and interest and premium, if any, on the Bonds only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to payment of and interest and premium, if any, on the Bonds to the extent of the sum or sums so paid. No person other than a Bond Owner shall receive a Bond evidencing the obligation of the Authority to make payments of principal, interest and premium, if any, pursuant to this Indenture. Upon delivery by the Depository to the nominee of written notice to the effect that the Depository has determined to substitute a new Nominee in its place, and subject to the provisions herein with respect to Record Dates, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice the Authority shall promptly deliver a copy of the same to the Trustee.

(b) Representation Letter. In order to qualify the Bonds for the Depository's book-entry system, the Authority and the Trustee shall execute and deliver to such Depository a letter representing such matters as shall be necessary to so qualify the Bonds. The execution and delivery of such letter shall not in any way limit the provisions of subsection (a) above or in any other way impose upon the Authority or the Trustee any obligation whatsoever with respect to persons having interests in the Bonds other than the Bond Owners. The Trustee agrees to comply with all provisions in such letter with respect to the giving of notices thereunder by the Trustee. In addition to the execution and delivery of such letter, the Authority may take any other actions, not inconsistent with this Indenture, to qualify the Bonds for the Depository's book-entry program.

(c) Transfers Outside Book-Entry System. If, whenever the Bonds are held in the book-entry system, either (i) the Depository determines not to continue to act as Depository for the Bonds, or (ii) the Authority determines to terminate the Depository as such, then the Authority shall thereupon discontinue the book-entry system with such Depository. In such

event, the Depository shall cooperate with the Authority and the Trustee in the issuance of replacement Bonds by providing the Trustee with a list showing the interests of the Depository System Participants in the Bonds, and by surrendering the Bonds, registered in the name of the Nominee, to the Trustee on or before the date such replacement Bonds are to be issued. The Depository, by accepting delivery of the Bonds, agrees to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the Authority fails to identify another Securities Depository to replace the Depository, then the Bonds shall no longer be required to be registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Article II. Prior to its termination, the Depository shall furnish the Trustee with the names and addresses of the Participants and respective ownership interests thereof.

(d) Payments to the Nominee. Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal of and interest and premium, if any, on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the letter described in subsection (b) of this Section or as otherwise instructed by the Depository.

**Section 2.04. Form of Bonds.** The form of the Bonds, the form of Trustee's Certificate of Authentication, and the form of Assignment to appear thereon, shall be substantially in the forms set forth in Exhibit A attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

"CUSIP" identification numbers may be imprinted on a Bond at the election of the Owner of a Bond, but such numbers shall not constitute a part of the contract evidenced by the Bonds and any error or omission with respect thereto shall not constitute cause for refusal of any purchaser to accept delivery of and pay for the Bonds. In addition, failure on the part of the Authority to use such CUSIP numbers in any notice to Owners shall not constitute an event of default or any violation of the Authority's contract with such Owners and shall not impair the effectiveness of any such notice.

**Section 2.05. Execution of Bonds.** The Bonds shall be signed in the name and on behalf of the Authority with the manual or facsimile signatures of its Chairman, Executive Director or Treasurer and attested with the manual or facsimile signature of its Secretary or any assistant duly appointed by the Authority, under the printed seal of the Authority, and shall be delivered to the Trustee for authentication by it. In case any officer of the Authority who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed shall have been authenticated or delivered by the Trustee or issued by the Authority, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Authority as though the individual who signed the same had continued to be such officer of the Authority. Also, any Bond may be signed on behalf of the Authority by any individual who on the actual date of the execution of such Bond shall be the proper officer although on the nominal date of such Bond such individual shall not have been such officer.

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

**Section 2.06. Transfer of Bonds.**

(a) The Bonds may be transferred as follows:

(i) The Bonds may be transferred to no more than 35 purchasers (when considered in the aggregate with all other owners of Bonds), each of whom delivers to the Trustee an executed letter substantially in the form of Exhibit B attached to this Indenture.

(ii) The Bonds may be transferred pursuant to such other procedures that (A) in the opinion of Bond Counsel, will comply with applicable federal securities laws and (B) the Board of Directors of the Authority has approved.

(b) Any such transfer shall be made, upon the Registration Books, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Bond shall be surrendered for transfer, the Authority shall execute and the Trustee shall thereupon authenticate and deliver to the transferee a new Bond or Bonds of like tenor, maturity and aggregate principal amount of Authorized Denominations. The Trustee shall not be required to transfer, pursuant to this Section, either (a) any Bond during the period established by the Trustee for the selection of Bonds for redemption, or (b) any Bonds selected by the Trustee for redemption.

**Section 2.07. Exchange of Bonds.** Bonds may be exchanged at the Trust Office of the Trustee for Bonds of the same tenor and maturity and of other Authorized Denominations. The Trustee shall not be required to exchange, pursuant to this Section, either (a) any Bond during the period established by the Trustee for the selection of Bonds for redemption, or (a) any Bonds selected by the Trustee for redemption.

**Section 2.08. Temporary Bonds.** The Bonds may be issued initially in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Authority and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Authority and be registered and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Authority issues temporary Bonds, it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds shall be surrendered, for cancellation, in exchange therefor at the Trust Office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of Authorized Denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds authenticated and delivered hereunder.

**Section 2.09. Registration Books.** The Trustee will keep or cause to be kept at its Trust Office sufficient records for the registration and transfer of the Bonds, which shall at all times during regular business hours be open to inspection by the County and the Authority with reasonable prior notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said records, Bonds as hereinbefore provided.

**Section 2.10. Bonds Mutilated, Lost, Destroyed or Stolen.** If any Bond shall become mutilated, the Authority, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like series, tenor and Authorized Denomination in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and delivered to, or upon the order of, the Authority. If any Bond issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to it and indemnity satisfactory to it shall be given, the Authority, at the expense of the Bond Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like series and tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Bond the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee). The Authority may require payment of a reasonable fee for each new Bond issued under this Section and of the expenses which may be incurred by the Authority and the Trustee. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original contractual obligation on the part of the Authority whether or not the Bond alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds secured by this Indenture.

### ARTICLE III

#### DEPOSIT AND APPLICATION OF PROCEEDS

**Section 3.01. Issuance of Bonds.** (a) Upon the execution and delivery of this Indenture, the Authority shall be authorized to execute and deliver Bonds in the aggregate principal amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_).

(b) The initial Bond shall be issued in a principal amount equal to \$50,001 or more.

(c) In connection with the execution of an Assessment Contract with respect to a Participating Parcel, and subject to satisfaction of certain conditions set forth in Section 2.01(b) of the Loan Agreement, the County may notify the Authority that it wishes to increase the principal amount of the Loan. Upon receipt of such notice from the County, the Authority, subject to the satisfaction of the following conditions, shall instruct the Trustee in a Certificate of the Authority to either (i) increase the principal amount of an Outstanding Bond, which may be accomplished by submitting a Draw Request to the owner of the Bonds so long as the owner is the Placer County Treasurer-Tax Collector, or (b) cause the issuance and delivery of an additional Bond, which additional Bond shall be lettered and numbered as set forth in Section 2.01. The conditions to increasing the principal amount of an Outstanding Bond or causing the issuance and delivery of an additional Bond are the following:

(i) Compliance. The County shall be in compliance with all covenants set forth in the Loan Agreement and the Authority shall be in compliance with all covenants set forth in the Indenture and all Supplemental Indentures.

(ii) Representations and Warranties. The representations and warranties of the Authority and the County under the Purchase Agreement shall be true and correct as of the date of the requested draw or the issuance of an additional Bond, as applicable.

(iii) Compliance with Provisions Relating to Increased Loan. The County shall have complied with Section 2.01(b) of the Loan Agreement.

(iv) Bond Counsel Opinion. In connection with delivery of an additional Bond only, a final approving opinion of Bond Counsel.

(v) Certificate. The Authority shall deliver to the Trustee a Certificate of the Authority certifying that the conditions precedent to increasing the principal amount of an Outstanding Bond or causing the issuance and delivery of an additional Bond set forth in subsections (i), (ii) and (iii) have been satisfied.

**Section 3.02. Application of Proceeds of Sale of Bonds.** Upon the receipt of payment for the Bonds on the Closing Date, the Trustee shall, as applicable, deposit or transfer the proceeds thereof as set forth in Section 2.04 of the Loan Agreement.

**Section 3.03. Validity of Bonds.** The validity of the authorization and issuance of the Bonds shall not be affected in any way by any proceedings taken by the County with respect to the application of the proceeds of the Loan funded from the proceeds of the Bonds, and the recital contained in the Bonds that the same are issued pursuant to the Bond Law shall be conclusive evidence of their validity and of the regularity of their issuance.

## ARTICLE IV

### REVENUES; FLOW OF FUNDS

**Section 4.01. Pledge of Revenues; Assignment of Rights.** Subject to the provisions of Section 6.03, the Bonds shall be secured by a first lien on and pledge (which shall be effected in the manner and to the extent hereinafter provided) of all of the Revenues and a pledge of all of the moneys in the Interest Account and the Principal Account, including all amounts derived from the investment of such moneys. Except as set forth in Section 7.01, the Bonds shall be equally secured by a pledge, charge and lien upon the Revenues and such moneys without priority for number, date of Bonds, date of execution or date of delivery; and the payment of the interest on and principal of the Bonds and any premiums upon the redemption of any thereof shall be and are secured by an exclusive pledge, charge and lien upon the Revenues and such moneys. So long as any of the Bonds are Outstanding, the Revenues and such moneys shall not be used for any other purpose; except that out of the Revenues there may be apportioned such sums, for such purposes, as are expressly permitted by Section 4.02.

The Authority hereby transfers in trust and assigns to the Trustee, for the benefit of the Owners from time to time of the Bonds, all of the Revenues and all of the right, title and interest of the Authority in the Loan Agreement. The Trustee shall be entitled to and shall receive all of the Revenues, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee. The Trustee also shall, subject to the provisions of this Indenture, be entitled to and shall take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the County under the Loan Agreement.

The Authority covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered such further acts, instruments and transfers as may be required for the better securing, assuring, continuing, transferring, conveying, pledging, assigning and confirming unto the Owners of the Bonds or the Trustee for the Owners of the Bonds, the Revenues and any other collateral pledged to the payment of the principal of, premium, if any, and interest on the Bonds. Except to the extent it is exempt therefrom, the Authority will pay or cause to be paid all filing fees incident to such filing and all expenses incident to the preparation, execution and acknowledgment of such instruments of further assurance, and all federal or State fees and other similar fees, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of such instruments of further assurance.

The Authority represents and warrants that it has not heretofore made a pledge of, or granted a lien on or security interest in, or made an assignment or sale of the Revenues that ranks on a parity with or prior to the pledge, lien and security interest granted under this Indenture.

**Section 4.02. Receipt, Deposit and Application of Revenues.** All Revenues described in clause (a) of the definition thereof in Section 1.01 shall be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the "Revenue Fund" which the Trustee shall establish, maintain and hold in trust hereunder.

Five (5) Business Days prior to 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), the following amounts in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(a) Interest Account. Not fewer than five (5) Business Days prior to each Interest Payment Date, the Trustee shall deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to equal the amount of interest becoming due and payable on such Interest Payment Date on all Outstanding Bonds. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the interest becoming due and payable upon all Outstanding Bonds on the next succeeding Interest Payment Date. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds redeemed prior to maturity). All amounts on deposit in the Interest Account on the first day of any Bond Year, to the extent not required to pay any interest then having come due and payable on the Outstanding Bonds, shall be withdrawn therefrom by the Trustee and transferred to the County for deposit into the Surplus Account.

(b) Principal Account. Not fewer than five (5) Business Days prior to each Interest Payment Date on which the principal of the Bonds shall be payable, the Trustee shall deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the Bonds coming due and payable on such Interest Payment Date pursuant to Section 2.01, or the redemption price of the Bonds required to be redeemed on such Interest Payment Date pursuant to Section 2.02(a), (b) or (c). All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of (i) paying the principal of the Serial Bonds at the maturity thereof, (ii) paying the principal of the Term Bonds upon the mandatory sinking fund redemption thereof pursuant to Section 2.02(c) or upon the maturity thereof, or (iii) paying the redemption price of Bonds, exclusive of accrued interest, if any, upon the redemption thereof pursuant to Section 2.02(a) and (b). All amounts on deposit in the Principal Account on the first day of any Bond Year, to the extent not required to pay the principal of any Outstanding Bonds then having come due and payable, shall be withdrawn therefrom and transferred to the County for deposit into the Surplus Account.

**Section 4.03. Investments.** All moneys in any of the funds or accounts established with the Trustee pursuant to this Indenture shall be invested by the Trustee solely in Permitted Investments, as directed by the Authority filed with the Trustee at least two (2) Business Days in advance of the making of such investments (which directions shall be in writing if the Placer County Treasurer-Tax Collector is not acting in the capacity of the Trustee), and shall be valued at market value at least semi-annually. In the absence of any such directions from the Authority, the Trustee shall invest any such moneys in Permitted Investments described in clause (m) of the definition thereof.

All interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder shall be deposited in the fund or account from which such investment was made. For purposes of acquiring any investments hereunder, the Trustee may

commingle funds held by it hereunder but shall account for each separately. The Trustee may act as principal or agent in the acquisition or disposition of any investment. The Trustee shall incur no liability for losses arising from any investments made pursuant to this Section.

**Section 4.04. Valuation and Disposition of Investments.** All investments of amounts deposited in any fund or account created by or pursuant to this Indenture, or otherwise containing gross proceeds of the Bonds (within the meaning of section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Indenture or the Code) at Fair Market Value.

## ARTICLE V

### COVENANTS

**Section 5.01. Punctual Payment.** The Authority shall punctually pay or cause to be paid the principal, interest and premium (if any) to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof, but only out of Revenues and other assets pledged for such payment as provided in this Indenture.

**Section 5.02. Extension of Payment of Bonds.** The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the Authority to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

**Section 5.03. Against Encumbrances.** The Authority shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other assets pledged or assigned under this Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by this Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, including other programs under the Bond Law, and reserves the right to issue other obligations for such purposes.

**Section 5.04. Power to Issue Bonds and Make Pledge and Assignment.** The Authority is duly authorized pursuant to law to issue the Bonds and to enter into this Indenture and to pledge and assign the Revenues, the Loan Agreement and other assets purported to be pledged and assigned, respectively, under this Indenture in the manner and to the extent provided in this Indenture. The Bonds and the provisions of this Indenture are and will be the legal, valid and binding special obligations of the Authority in accordance with their terms, and the Authority and the Trustee shall, subject to the provisions of this Indenture at all times, to the extent permitted by law, defend, preserve and protect said pledge and assignment of Revenues and other assets and all the rights of the Bond Owners under this Indenture against all claims and demands of all persons whomsoever.

**Section 5.05. Accounting Records and Financial Statements.** The Trustee shall at all times keep, or cause to be kept, books of record and account, prepared in accordance with corporate trust industry standards, in which entries shall be made of all transactions made by the Trustee relating to the proceeds of Bonds, the Revenues, the Loan Agreement and all funds and accounts established pursuant to this Indenture. Such books of record and account shall be available for inspection by the Authority and the County, during regular business hours with reasonable prior written notice.

**Section 5.06. Parity Debt.** The Authority covenants that, except as set forth in the following paragraph, no additional bonds, notes or other indebtedness shall be issued or incurred which are payable out of the Revenues in whole or in part.

The Authority may issue additional obligations ("Parity Debt") under Supplemental Indentures that may be secured by a pledge of Revenues on a parity with the Bonds, but only upon compliance with the following specific conditions precedent:

(a) Compliance. The Authority will be in compliance with all covenants set forth in the Indenture following issuance of such Parity Debt.

(b) Same Payment Dates. The Supplemental Indenture providing for the issuance of such Parity Debt will provide that interest on and principal of such Parity Debt will be payable on the same dates as interest and principal of the Bonds are payable.

(c) Refunding Only. The proceeds of such Parity Debt shall be applied to accomplish a refunding of all or a portion of the Bonds or any previously-issued Parity Debt and there shall have been delivered to the Trustee a certificate of an Independent Financial Consultant stating that the annual payments due on the Loan will be adequate to pay the principal of and interest on the Bonds and any Parity Debt when due.

(d) Certificates. The Authority will deliver to the Trustee a Certificate of the Authority certifying that the conditions precedent to the issuance of such Series of Bonds set forth in subsections (a), (b) and (c) have been satisfied.

**Section 5.07. Loan Agreement.** Subject to the provisions of this Indenture, the Trustee, as assignee of the Authority's rights pursuant to Section 4.01, shall promptly collect all amounts due from the County pursuant to the Loan Agreement and shall enforce, and take all steps, actions and proceedings reasonably necessary for the enforcement of all of the rights of the Authority thereunder and for the enforcement of all of the obligations of the County thereunder.

The Authority, the Trustee and the County may at any time amend or modify the Loan Agreement pursuant to Section 6.04 thereof, but only (a) if the Trustee first obtains the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding to such amendment or modification, or (b) without the consent of any of the Bond Owners, if such amendment or modification is for any one or more of the following purposes-

(a) to add to the covenants and agreements of the County contained in the Loan Agreement, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power therein reserved to or conferred upon the County; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Loan Agreement, or in any other respect whatsoever as the County may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not materially adversely affect the interests of the Owners of the Bonds; or

(c) to amend any provision thereof relating to the Code, to the extent the Code is applicable; or

(d) to comply with the requirements of the provider of a Reserve Fund Credit Facility (as such term is defined in the applicable Loan Agreement); or

(e) in connection with issuance of Parity Debt in accordance with the Loan Agreement; or

(f) to provide for the delivery of credit enhancements for the Bonds or the Loan; or

(g) in connection with the appointment of a new Trustee.

The Authority or the Trustee shall send a copy of any amendment to a Loan Agreement to any rating agency then rating the Bonds at least 15 Business Days prior to its effective date.

**Section 5.08. Further Assurances.** The Authority will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Bonds the rights and benefits provided in this Indenture.

## ARTICLE VI

### THE TRUSTEE

**Section 6.01. Appointment of Trustee.** The Placer County Treasurer-Tax Collector is appointed the initial Trustee under the Indenture. The Authority agrees that it will maintain a Trustee that (i) so long as the Bonds are owned by the Placer County Treasurer-Tax Collector, is the Placer County Treasurer-Tax Collector and (ii) when the Bonds are not owned by the Placer County Treasurer-Tax Collector, is, in the discretion of the Authority, either the Placer County Treasurer-Tax Collector or is an entity that has a corporate trust office in the State, with a combined capital and surplus (including capital and surplus of its parent or affiliate) of at least Seventy-Five Million Dollars (\$75,000,000), and subject to supervision or examination by federal or State authority. If such bank or trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this Section 6.01 the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee is hereby authorized to pay the principal of and interest and redemption premium (if any) on the Bonds, as applicable, when duly presented for payment at maturity, or on redemption or purchase prior to maturity, and to cancel all Bonds upon payment thereof. The Trustee shall keep accurate records of all funds administered by it and of all Bonds paid and discharged.

**Section 6.02. Acceptance of Trustee.** The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee, prior to the occurrence of an Event of Default and after curing or waiver of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default hereunder has occurred (which has not been cured or waived), the Trustee may exercise such of the rights and powers vested in it by this Indenture, and shall use the same degree of care and skill and diligence in their exercise, as a prudent person would exercise in the conduct of its own affairs.

(b) The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall not be responsible for the acts or omissions of any receivers, agents or attorneys and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder. The Trustee may conclusively rely on an opinion of counsel as full and complete protection for any action taken or suffered by it hereunder.

(c) Any action taken or omitted to be taken by the Trustee in good faith and without negligence pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Bond, shall be conclusive and binding upon all future Owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

(d) At any and all reasonable times the Trustee and its duly authorized agents, attorneys, experts, accountants and representatives, shall have the right (but not the duty) fully to inspect all books, papers and records of the Authority pertaining to

the Bonds, and to make copies of any of such books, papers and records such as may be desired but which is not privileged by statute or by law.

(e) Before taking the action referred to in Section 8.02, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful default in connection with any such action.

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

(g) The Trustee is authorized and directed to execute in its capacity as Trustee the Loan Agreement.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder except failure by the Authority to make any of the payments to the Trustee required to be made by the Authority pursuant hereto or failure by the Authority to file with the Trustee any document required by this Indenture to be so filed subsequent to the issuance of the Bonds, unless the Trustee shall be specifically notified in writing of such default by the Authority, and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the Trust Office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no Event of Default hereunder except as aforesaid.

**Section 6.03. Fees, Charges and Expenses of Trustee.** The Trustee shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder or pursuant to the Loan Agreement and all advances, counsel fees (including expenses) and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services. Upon the occurrence of an Event of Default hereunder, but only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment of any Bond upon the amounts held hereunder for the foregoing fees, charges and expenses incurred by it respectively.

**Section 6.04. Notice to Bond Owners of Default.** If an Event of Default hereunder occurs with respect to any Bonds of which the Trustee has been given or is deemed to have notice, as provided in Section 6.02(h) hereof, then the Trustee shall promptly give written notice thereof by first-class mail to the Owner of each such Bond, unless such Event of Default shall have been cured before the giving of such notice; provided, however, that unless such Event of Default consists of the failure by the Authority to make any payment when due, the Trustee may elect not to give such notice if and so long as the Trustee in good faith determines that it is in the best interests of the Bond Owners not to give such notice.

**Section 6.05. Intervention by Trustee.** In any judicial proceeding to which the Authority is a party which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of the Owners of any of the Bonds, the Trustee may intervene on behalf of such Bond Owners, and subject to Section 6.02(e) hereof, shall do so if requested in writing by the Owners of at least twenty-five percent (25%) in aggregate principal amount of such Bonds then Outstanding.

**Section 6.06. Removal of Trustee.** The Owners of a majority in aggregate principal amount of the Outstanding Bonds may at any time, and the Authority may (and at the request of the County shall) so long as no Event of Default shall have occurred and then be continuing, remove the Trustee initially appointed, and any successor thereto, by an instrument or concurrent instruments in writing delivered to the Trustee, whereupon the Authority or such Owners, as the case may be, shall appoint a successor or successors thereto; provided that any such successor shall be a bank or trust company meeting the requirements set forth in Section 6.01.

Notwithstanding any other provision of this Indenture, no removal, resignation or termination of the Trustee shall take effect until a successor has been appointed.

**Section 6.07. Resignation by Trustee.** The Trustee and any successor Trustee may at any time give thirty (30) days' written notice of its intention to resign as Trustee hereunder, such notice to be given to the Authority and the County by registered or certified mail. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. Upon such acceptance, the Authority shall cause notice thereof to be given by first class mail, postage prepaid, to the Bond Owners at their respective addresses set forth on the Registration Books.

**Section 6.08. Appointment of Successor Trustee.** In the event of the removal or resignation of the Trustee pursuant to Sections 6.06 or 6.07, respectively, with the prior written consent of County, the Authority shall promptly appoint a successor Trustee. In the event the Authority shall for any reason whatsoever fail to appoint a successor Trustee within ninety (90) days following the delivery to the Trustee of the instrument described in Section 6.06 or within ninety (90) days following the receipt of notice by the Authority pursuant to Section 6.07, the Trustee may, at the expense of the Authority, apply to a court of competent jurisdiction for the appointment of a successor Trustee meeting the requirements of Section 6.01 hereof. Any such successor Trustee appointed by such court shall become the successor Trustee hereunder notwithstanding any action by the Authority purporting to appoint a successor Trustee following the expiration of such ninety-day period.

Within sixty (60) days following the appointment of a successor Trustee hereunder, the former Trustee shall deliver to such successor Trustee (a) all funds and accounts held by the former Trustee hereunder, and (b) any and all information and documentation as may be required or reasonably requested by the Authority or such successor Trustee in connection with the transfer to such successor Trustee of all the duties and functions of the Trustee hereunder. The Authority shall pay the reasonable costs and expenses of such former Trustee incurred in connection with such transfer.

**Section 6.09. Merger or Consolidation.** Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company shall meet the requirements set forth in Section 6.01, shall be the successor to the Trustee and vested with all of the title to the trust estate and all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

**Section 6.10. Concerning any Successor Trustee.** Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the

Authority an instrument in writing accepting such appointment hereunder and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor shall, nevertheless, on the Request of the Authority, or of the Trustee's successor, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as the Trustee hereunder to its successor. Should any instrument in writing from the Authority be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor Trustee, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority.

**Section 6.11. Appointment of Co-Trustee.** It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in the case of litigation under this Indenture, and in particular in case of the enforcement of the rights of the Trustee on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate co-trustee. The following provisions of this Section 6.11 are adopted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them. The Trustee shall not be liable for any acts or omissions of any separate or co-trustee.

Should any instrument in writing from the Authority be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority. In case any separate trustee or co-trustee, or a successor to either, shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

**Section 6.12. Indemnification; Limited Liability of Trustee.** The Authority further covenants and agrees to indemnify and save the Trustee and its officers, directors, agents and employees, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise and performance of its powers and duties hereunder or pursuant to the Loan Agreement, including the reasonable costs and expenses of defending against any claim of liability, but excluding any and all losses, expenses and liabilities which are due to the negligence or willful misconduct of the Trustee, its officers, directors, agents or employees. Such indemnity shall survive the termination or discharge of this Indenture. No provision in this

Indenture shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability hereunder if repayment of such funds or adequate indemnity against such liability or risk is not assured to it. The Trustee shall not be liable for any action taken or omitted to be taken by it in accordance with the direction of the Owners of at least twenty-five percent (25%) in aggregate principal amount of Bonds Outstanding relating to the time, method and place of conducting any proceeding or remedy available to the Trustee under this Indenture.

## ARTICLE VII

### MODIFICATION AND AMENDMENT OF THE INDENTURE

**Section 7.01. Amendment Hereof.** This Indenture and the rights and obligations of the Authority and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Indenture which shall become binding upon adoption, without consent of any Bond Owners, to the extent permitted by law but only for any one or more of the following purposes-

(a) to add to the covenants and agreements of the Authority in this Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or powers herein reserved to or conferred upon the Authority so long as such limitation or surrender of such rights or powers shall not materially adversely affect the Owners of the Bonds; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in any other respect whatsoever as the Authority may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not materially adversely affect the interests of the Owners of the Bonds; or

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

(d) to amend any provision of this Indenture relating to the Code, to the extent the Code is applicable; or

(e) in connection with the issuance of Parity Debt pursuant to the terms of this Indenture; or

(f) in connection with the appointment of a new Trustee.

Except as set forth in the preceding paragraph of this Section 7.01, this Indenture and the rights and obligations of the Authority and of the Owners of the Bonds may only be modified or amended at any time by a Supplemental Indenture which shall become binding when the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding are filed with the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Authority to pay the principal, interest or redemption premiums at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee. With the prior written consent of the Owners of the Bonds, the Authority may designate one or more bonds as senior bonds and other bonds as subordinate bonds, as set forth more fully in a Supplemental Indenture.

**Section 7.02. Effect of Supplemental Indenture.** From and after the time any Supplemental Indenture becomes effective pursuant to this Article VII, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and

obligations of the parties hereto or thereto and all Owners of Outstanding Bonds, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

**Section 7.03. Endorsement or Replacement of Bonds After Amendment.** After the effective date of any action taken as hereinabove provided, the Authority may determine that the Bonds shall bear a notation, by endorsement in form approved by the Authority, as to such action, and in that case upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the Trust Office of the Trustee, a suitable notation as to such action shall be made on such Bond. If the Authority shall so determine, new Bonds so modified as, in the opinion of the Authority, shall be necessary to conform to such Bond Owners' action shall be prepared and executed, and in that case upon demand of the Owner of any Bond Outstanding at such effective date such new Bonds shall be exchanged at the Trust Office of the Trustee, without cost to each Bond Owner, for Bonds then Outstanding, upon surrender of such Outstanding Bonds.

**Section 7.04. Amendment by Mutual Consent.** The provisions of this Article VII shall not prevent any Bond Owner from accepting any amendment as to the particular Bond held by him, provided that due notation thereof is made on such Bond.

## ARTICLE VIII

### EVENTS OF DEFAULT AND REMEDIES OF BOND OWNERS

**Section 8.01. Events of Default.** The following events shall be Events of Default hereunder:

(a) Default in the due and punctual payment of the principal of any Bond pursuant to Section 4.02, 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 pursuant to Section 4.02.

(c) Default by the Authority in the observance of any of the other covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, if such default shall have continued for a period of thirty (30) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority by the Trustee, or to the Authority and the Trustee by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding; provided that such default shall not constitute an Event of Default hereunder if the Authority shall commence to cure such default within said thirty (30) day period and thereafter diligently and in good faith shall cure such default within a reasonable period of time.

(d) The filing by the Authority of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Authority, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Authority or of the whole or any substantial part of its property.

Immediately upon becoming aware of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the Authority and the County by telephone confirmed in writing.

**Section 8.02. Remedies and Rights of Bond Owners.** Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Outstanding Bonds, and to enforce any rights of the Trustee under or with respect to this Indenture.

If an Event of Default shall have occurred and be continuing and if requested so to do by the Owners of at least twenty-five percent (25%) in aggregate principal amount of Outstanding Bonds, and if the Trustee has been indemnified as provided in Section 6.02, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Article VIII, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bond Owners.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Bond Owners) is intended to be exclusive of any other remedy, but each and every such

remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bond Owners hereunder or now or hereafter existing at law or in equity.

No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein; such right or power may be exercised from time to time as often as may be deemed expedient.

**Section 8.03. Application of Revenues and Other Funds After Default.** All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of this Indenture shall be applied by the Trustee in the following order upon presentation of the several Bonds, and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if fully paid -

First, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in carrying out the provisions of this Article VIII, including reasonable compensation to its agents, attorneys and counsel; and

Second, to the payment of the whole amount of interest on and principal of the Bonds then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the net effective rate of interest then borne by the Outstanding Bonds; provided, however, that in the event such amounts shall be insufficient to pay in full the full amount of such interest and principal, then such amounts shall be applied in the following order of priority:

(a) *first*, to the payment of all installments of interest on the Bonds then due and unpaid, on a pro rata basis in the event that the available amounts are insufficient to pay all such interest in full,

(b) *second*, to the payment of principal of all installments of the Bonds then due and unpaid, on a pro rata basis in the event that the available amounts are insufficient to pay all such principal in full, and

(c) *third*, to the payment of interest on overdue installments of principal and interest, on a pro rata basis in the event that the available amounts are insufficient to pay all such interest in full.

**Section 8.04. Power of Trustee to Control Proceedings.** In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in aggregate principal amount of the Outstanding Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation. Any suit, action or proceeding which any Owner of Bonds shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners of Bonds similarly situated and the Trustee is hereby appointed (and the

successive respective Owners of the Bonds issued hereunder, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners of the Bonds for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners of the Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact.

**Section 8.05. Appointment of Receivers.** Upon the occurrence of an Event of Default hereunder, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bond Owners under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Revenues and other amounts pledged hereunder, pending such proceedings, with such powers as the court making such appointment shall confer.

**Section 8.06. Non-Waiver.** Nothing in this Article VIII or in any other provision of this Indenture, or in the Bonds, shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the interest on the Bonds when due and principal of the Bonds at maturity or earlier redemption to the respective Owners of the Bonds, as herein provided, out of the Revenues and other moneys herein pledged for such payment.

A waiver of any default or breach of duty or contract by the Trustee or any Bond Owner shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission of the Trustee or any Owner of any of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy conferred upon the Trustee or Bond Owners by the Bond Law or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Bond Owners, as the case may be.

**Section 8.07. Limitation on Bond Owners' Right to Sue.** No Owner of any Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of thirty (30) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

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

The right of any Owner of any Bond to receive payment of the principal of and interest and premium (if any) on such Bond, as applicable, as herein provided or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Indenture.

**Section 8.08. Termination of Proceedings.** In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case, the Authority, the Trustee and the Bond Owners shall be restored to their former positions and rights hereunder, respectively, with regard to the property subject to this Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

## ARTICLE IX

### MISCELLANEOUS

**Section 9.01. Limited Liability of Authority.** Notwithstanding anything in this Indenture contained, the Authority shall not be required to advance any moneys derived from any source of income other than the Revenues for the payment of the principal of or interest on the Bonds, or any premiums upon the redemption thereof, or for the performance of any covenants herein contained (except to the extent any such covenants are expressly payable hereunder from the Revenues or otherwise from amounts payable under the Loan Agreement). The Authority may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose and may be used by the Authority for such purpose without incurring indebtedness.

The Bonds shall be revenue bonds, payable exclusively from the Revenues and other funds as in this Indenture provided. The general fund of the Authority is not liable, and the credit of the Authority is not pledged, for the payment of the interest and premium (if any) on or principal of the Bonds. The Owners of the Bonds shall never have the right to compel the forfeiture of any property of the Authority. The principal of and interest on the Bonds, and any premiums upon the redemption of any thereof, shall not be a legal or equitable pledge, charge, lien or encumbrance upon any property of the Authority or upon any of its income, receipts or revenues except the Revenues and other funds pledged to the payment thereof as in this Indenture provided.

**Section 9.02. Benefits of Indenture Limited to Parties.** Nothing in this Indenture, expressed or implied, is intended to give to any person other than the Authority, the Trustee, the County and the Owners of the Bonds, any right, remedy or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Trustee, the County and the Owners of the Bonds.

**Section 9.03. Discharge of Indenture.** If the Authority shall pay and discharge any or all of the Outstanding Bonds in any one or more of the following ways:

(i) by paying or causing to be paid the principal of and interest and premium (if any) on such Bonds, as applicable, as and when the same become due and payable;

(ii) by irrevocably depositing with the Trustee, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established with the Trustee pursuant to this Indenture and the Loan Agreement, is fully sufficient to pay such Bonds, including all principal, interest, premium (if any); or

(iii) by irrevocably depositing with the Trustee or any other fiduciary, in trust in an escrow, non-redeemable Federal Securities or cash in such amount as an Independent Certified Public Accountant (but only so long as the Placer County Treasurer-Tax Collector is not the owner of the Bonds) shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established with the Trustee pursuant to this Indenture and the Loan Agreement, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest, premium (if any) at or before their respective maturity dates;

and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been mailed pursuant to Section 2.02(e) or provision satisfactory to the Trustee shall have been made for the mailing of such notice, then, at the Request of the Authority, and notwithstanding that any of such Bonds shall not have been surrendered for payment, the pledge of the Revenues and other funds provided for in this Indenture with respect to such Bonds, and all other pecuniary obligations of the Authority under this Indenture with respect to such Bonds, shall cease and terminate, except only the obligation of the Authority to pay or cause to be paid to the Owners of such Bonds not so surrendered and paid all sums due thereon from amounts set aside for such purpose as aforesaid, all amounts required to be paid to the United States of America as provided in Section 5.08 hereof and all expenses and costs of the Trustee. In the event the Authority shall, pursuant to the foregoing provisions, pay and discharge any portion or all of the Bonds then Outstanding, the Trustee shall be authorized to take such actions and execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge, including, without limitation, selection by lot of Bonds of any maturity of the Bonds that the Authority has determined to pay and discharge in part. In the event the Authority shall, pursuant to the foregoing provisions, pay and discharge all of the Bonds then Outstanding, any funds thereafter held by the Trustee which are not required for said purposes, shall be paid over to the Authority.

Bonds shall be deemed "Outstanding" under the Indenture unless and until they are in fact paid and retired or the above criteria are met.

**Section 9.04. Successor Is Deemed Included in All References to Predecessor.**

Whenever in this Indenture or any Supplemental Indenture the Authority is named or referred to, such reference shall be deemed to include the successor to the powers, duties and functions, with respect to the management, administration and control of the affairs of the Authority, that are presently vested in the Authority, and all the covenants, agreements and provisions contained in this Indenture by or on behalf of the Authority shall bind and inure to the benefit of its successors whether so expressed or not.

**Section 9.05. Content of Certificates.** Excluding certificates delivered on the Closing Date, every certificate with respect to compliance with a condition or covenant provided for in this Indenture shall include (a) a statement that the person or persons making or giving such certificate have read such covenant or condition and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with; and (d) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

Any such certificate made or given by an officer of the Authority may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such officer knows that the certificate or opinion or representations with respect to the matters upon which his certificate may be based, as aforesaid, are erroneous, or in the exercise of reasonable care should have known that the same were erroneous. Any such certificate or opinion or representation made or given by counsel may be based, insofar as it relates to factual matters, on information with respect to which is in the possession of the Authority, or upon the certificate or opinion of or representations by an officer or officers of the Authority, unless such counsel knows that the certificate or opinion or representations with respect to the matters upon which his certificate, opinion or representation may be based, as aforesaid, are

erroneous, or in the exercise of reasonable care should have known that the same were erroneous.

**Section 9.06. Execution of Documents by Bond Owners.** Any request, consent or other instrument required by this Indenture to be signed and executed by Bond Owners may be in any number of concurrent writings of substantially similar tenor and may be signed or executed by such Bond Owners in person or by their agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of the Authority if made in the manner provided in this Section 9.06.

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

The ownership of Bonds shall be proved by the Registration Books. Any request, consent or vote of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of any Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in pursuance of such request, consent or vote. In lieu of obtaining any demand, request, direction, consent or waiver in writing, the Trustee may call and hold a meeting of the Bond Owners upon such notice and in accordance with such rules and obligations as the Trustee considers fair and reasonable for the purpose of obtaining any such action.

**Section 9.07. Disqualified Bonds.** In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the County or the Authority (but excluding Bonds held in any employees' retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, provided, however, that for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Trustee knows to be so owned or held shall be disregarded.

**Section 9.08. Waiver of Personal Liability.** No officer, agent or employee of the Authority shall be individually or personally liable for the payment of the interest on or principal of the Bonds; but nothing herein contained shall relieve any such officer, agent or employee from the performance of any official duty provided by law.

**Section 9.09. Partial Invalidity.** If any one or more of the covenants or agreements, or portions thereof, provided in this Indenture on the part of the Authority (or of the Trustee) to be performed should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of this Indenture or of the Bonds; but the Bond Owners shall retain all rights and benefits accorded to them under the Bond Law or any other applicable provisions of law. The Authority hereby declares that it would have entered into this Indenture and each and every other section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this Indenture or the

application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

**Section 9.10. Destruction of Canceled Bonds.** Whenever in this Indenture provision is made for the surrender to the Authority of any Bonds which have been paid or canceled pursuant to the provisions of this Indenture, the Authority may, if permitted by law, upon the Request of the Authority direct the Trustee to destroy such Bonds and furnish to the Authority a certificate of such destruction.

**Section 9.11. Funds and Accounts.** Any fund or account required by this indenture to be established and maintained by the Authority or the Trustee may be established and maintained in the accounting records of the Authority or the Trustee, as the case may be, either as a fund or an account, and may, for the purpose of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account. All such records with respect to all such funds and accounts held by the Authority shall at all times be maintained in accordance with generally accepted accounting principles and all such records with respect to all such funds and accounts held by the Trustee shall be at all times maintained in accordance with corporate trust industry practices; in each case with due regard for the protection of the security of the Bonds and the rights of every Owner thereof.

**Section 9.12. Notices.** Any notice, request, complaint, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by first class mail, postage prepaid, or sent by telegram, addressed as follows:

If to the Authority:	Placer County Public Financing Authority 175 Fulweiler Avenue Auburn, CA 95603 Attention: County Counsel
If to the County:	Placer County Counsel 175 Fulweiler Avenue Auburn, CA 95603
If to the Trustee:	Placer County Treasurer-Tax Collector 2976 Richardson Drive Auburn, CA 95603

**Section 9.13. Unclaimed Moneys.** Anything in this Indenture to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds or interest thereon which remain unclaimed for two (2) years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee at such date, or for two (2) years after the date of deposit of such moneys if deposited with the Trustee after said date when such Bonds become due and payable, shall, be repaid by the Trustee to the Authority, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bond Owners shall look only to the Authority for the payment of such Bonds; provided, however, that before being required to make any such payment to the Authority, the Trustee shall, at the expense of the Authority, cause to be mailed to the Owners of all such Bonds, at their respective addresses appearing on the Registration Books, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall not be fewer than thirty (30) days after the date of mailing of such notice, the balance of such moneys then unclaimed will be returned to the Authority.

**Section 9.14. Governing Law.** This Agreement shall be construed and governed in accordance with the laws of the State of California.

**Section 9.15. Execution in Several Counterparts.** This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the PLACER COUNTY PUBLIC FINANCING AUTHORITY has caused this Indenture to be signed in its name by its Executive Director and the PLACER COUNTY TREASURER-TAX COLLECTOR, as Trustee, in token of its acceptance of the trust created hereunder, has caused this Indenture to be signed in its corporate name by its officer identified below, all as of the day and year first above written.

PLACER COUNTY PUBLIC FINANCING  
AUTHORITY

By \_\_\_\_\_  
Treasurer

PLACER COUNTY TREASURER-TAX  
COLLECTOR, as Trustee

By \_\_\_\_\_  
Treasurer-Tax Collector

[FORM OF BOND]

EXHIBIT A

\*\*\*THE BONDS ARE SUBJECT TO TRANSFER RESTRICTIONS PURSUANT TO SECTION 2.06 OF THE INDENTURE\*\*\*

No. \_\_\_\_\_

\$ \_\_\_\_\_

**PLACER COUNTY PUBLIC FINANCING AUTHORITY**  
**Revenue Bonds, Series [fiscal year]**  
**(Placer mPOWER Program)**

INTEREST RATE:            MATURITY DATE:            DATED DATE:            CUSIP:  
   September 2, 20\_\_            \_\_\_\_\_, 20\_\_

REGISTERED OWNER: PLACER COUNTY TREASURER-TAX COLLECTOR

PRINCIPAL AMOUNT:

The PLACER COUNTY PUBLIC FINANCING AUTHORITY, a joint powers authority organized and existing under the laws of the State of California (the "Authority"), for value received, hereby promises to pay (but only out of the Revenues and other moneys and securities hereinafter referred to) to the Registered Owner identified above or registered assigns (the "Registered Owner"), on the Maturity Date identified above, the Principal Amount identified above in lawful money of the United States of America; and to pay interest thereon at the Interest Rate identified above in like money from the date hereof, which date shall be the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond (unless this Bond is authenticated on or before an Interest Payment Date and after the fifteenth calendar day of the month preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or before the first Interest Payment Date, in which event it shall bear interest from the Dated Date identified above; provided, however, that if, at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest hereon has previously been paid or made available for payment), payable semiannually on March 2 and September 2 in each year, commencing \_\_\_\_\_, 20\_\_ (each an "Interest Payment Date"), until payment of such Principal Amount in full. The Principal Amount hereof and redemption premium (if any) are payable upon presentation hereof at the corporate trust office of the Placer County Treasurer-Tax Collector, as Trustee (the "Trustee") in Auburn, California, or such other place as may be designated by the Trustee (the "Trust Office"). Interest hereon is payable by check of the Trustee mailed by first class mail on each Interest Payment Date to the Registered Owner hereof at the address of the Registered Owner as it appears on the registration books maintained by the Trustee (the "Registration Books") as of the fifteenth calendar day of the month preceding such Interest Payment Date, or, upon written request filed with the Trustee prior to the fifteenth (15th) day of the month preceding the Interest Payment Date by the written request of the Placer County Treasurer-Tax Collector if it is the owner of the Bonds or any other Registered Owner of at least \$1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to an account in the United States of America designated by such Registered Owner in such written request.

This Bond is one of a duly authorized issue of bonds of the Authority designated the "Placer County Public Financing Authority Revenue Bonds, Series [fiscal year] (Placer mPOWER Program)" (the "Bonds"), limited in principal amount to \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), secured by an Indenture of Trust, dated as of \_\_\_\_\_, 2010 (the "Indenture"), by and between the Authority and the Trustee. Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the owners of the Bonds, of the nature and extent of the Revenues (as that term is defined in the Indenture), of the rights, duties and immunities of the Trustee and of the rights and obligations of the Authority thereunder; and all of the terms of the Indenture are hereby incorporated herein and constitute a contract between the Authority and the Registered Owner hereof, and to all of the provisions of which Indenture the Registered Owner hereof, by acceptance hereof, assents and agrees.

The Bonds are authorized to be issued pursuant to the provisions of the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"). The Bonds are special obligations of the Authority and, as and to the extent set forth in the Indenture, are payable solely from the Revenues and certain other moneys and securities held by the Trustee as provided in the Indenture. All of the Bonds are equally secured by a pledge of, and charge and lien upon, all of the Revenues and such other moneys and securities, and the Revenues and such other moneys and securities constitute a trust fund for the security and payment of the principal of and interest on the Bonds. The full faith and credit of the Authority is not pledged for the payment of the principal of or interest or redemption premiums (if any) on the Bonds. The Bonds are not secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the Authority or any of its income or receipts, except the Revenues and such other moneys and securities as provided in the Indenture.

The Bonds have been issued to provide funds to fund a loan (the "Loan") to the County of Placer (the "County") to finance the installation of distributed generation renewable energy, energy efficiency and water efficiency improvements (the "Authorized Improvements") on parcels of property in the County (the "Participating Parcels"). The Loan has been made by the Authority to the County pursuant to a Limited Obligation Loan Agreement, dated as of \_\_\_\_\_, 2010 (the "Loan Agreement"). The County's obligation to repay the Loan is secured by a pledge of contractual assessments payable pursuant to agreements between the owners of the Participating Parcels and the County.

The Bonds are subject to redemption prior to their stated maturities, in whole or in part, at the premium specified below, plus interest to the date of redemption from the proceeds of optional Loan prepayments pursuant to the Loan Agreement, on any Interest Payment Date upon the provision of 30 days' prior written notice to the Trustee.

<u>Redemption Dates</u>	<u>Redemption Premium (%)</u>
March 2, 20__ through March 2, 20__	
September 2, 20__ and March 2, 20__	
September 2, 20__ and March 2, 20__	
September 2, 20__ and each Interest Payment Date thereafter	

The Bonds are subject to mandatory redemption on any Interest Payment Date from Loan prepayments (other than optional prepayments), in whole or in part, at the prepayment premium specified below, plus interest to the date of redemption.

<u>Redemption Dates</u>	<u>Redemption Premium (%)</u>
March 2, 20__ through March 2, 20__	
September 2, 20__ and March 2, 20__	
September 2, 20__ and March 2, 20__	
September 2, 20__ and each Interest Payment Date thereafter	

The Trustee on behalf and at the expense of the Authority shall mail (by first class mail) notice of any redemption to the respective owners of any Bonds designated for redemption, at their respective addresses appearing on the Registration Books, to the Securities Depositories and to one or more Information Services (as such terms are defined in the Indenture), at least 20 days prior to the redemption; provided, however, that neither failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers, the serial numbers of each maturity or maturities (except that if the event of redemption is of all of the Bonds of such maturity or maturities in whole, the Trustee shall designate such maturities or the maturity in whole without referencing each individual number) of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

The Authority shall have the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of optional redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Authority and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

The Bonds are issuable as fully registered Bonds without coupons in Authorized Denominations. Subject to the limitations and upon payment of the charges, if any, provided in the Indenture, fully registered Bonds may be exchanged at the Trust Office of the Trustee for a like aggregate principal amount and maturity of fully registered Bonds of other Authorized Denominations.

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Trust Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered Bond or Bonds, of Authorized Denomination or Authorized Denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor. The Trustee shall not be required to register the transfer or exchange of any Bond during the period

established by the Trustee for the selection of Bonds for redemption or any Bond selected for redemption.

The Authority and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Authority and the Trustee shall not be affected by any notice to the contrary.

The Indenture and the rights and obligations of the Authority and of the owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time in the manner, to the extent, and upon the terms provided in the Indenture; provided that no such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Authority to pay the principal, interest or redemption premiums at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the registered owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee, all as more fully set forth in the Indenture.

**[[Applicable only if the Bonds are DTC Book-Entry Only:]** Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Authority or the Trustee for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.]

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

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

IN WITNESS WHEREOF, the Authority has caused this Bond to be executed in its name and on its behalf by the facsimile signatures of its Executive Director and Secretary and its seal to be reproduced hereon all as of the Dated Date identified above.

PLACER COUNTY PUBLIC FINANCING  
AUTHORITY

By \_\_\_\_\_  
Treasurer

[SEAL]

Attest:

By \_\_\_\_\_  
Secretary

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

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

Date: \_\_\_\_\_

PLACER COUNTY TREASURER,  
as Trustee

By \_\_\_\_\_  
Authorized Signatory

[FORM OF ASSIGNMENT]

For value received the undersigned hereby sells, assigns and transfers unto

\_\_\_\_\_  
\_\_\_\_\_

(Name, Address, and Tax Identification or Social Security Number of Assignee)  
the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney,  
to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

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

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

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

## EXHIBIT B

### FORM OF PURCHASE LETTER

Placer County Public Financing Authority  
175 Fulweiler Avenue  
Auburn, CA 95603

cc. Trustee

Re: Placer County Public Financing Authority Revenue Bonds (Placer mPOWER Program)

Ladies and Gentlemen:

The Placer County Public Financing Authority (the "Issuer") has issued the above-referenced bonds (the "Bonds"). Capitalized terms used in this letter but not defined have the meaning given them in the Indenture of Trust relating to the Bonds.

In connection with our purchase on the date hereof of \$\_\_\_\_ principal amount of the Bonds, the undersigned (the "Bond Purchaser") hereby represents, warrants and agrees as follows:

(a) The Bond Purchaser is an "accredited investor" as such term is defined in Rule 501(a) of Regulation D promulgated under the United States Securities Act of 1933, as amended.

(b) The Bond Purchaser has sufficient knowledge and experience in financial and business matters, including the purchase and ownership of municipal bonds and other tax-exempt obligations similar to the Bonds, to be capable of evaluating the merits and risks of an investment in the Bonds, and the Bond Purchaser is able to bear the economic risks of such an investment.

(c) The Bond Purchaser is purchasing the Bonds for not more than one account for investment purposes and not with a view to distributing the Purchased Bonds;

(d) The Bond Purchaser recognizes that an investment in the Bonds involves significant risks, that there is no established market for the Bonds and that none is likely to develop and, accordingly, that the Bond Purchaser must bear the economic risk of an investment in the Bonds for an indefinite period of time.

(e) The Bond Purchaser understands and acknowledges that, subject to satisfaction of certain conditions set forth in the Indenture of Trust, the Issuer may issue subsequent series of bonds secured by Revenues on a parity with the Bonds.

(f) The Bond Purchaser (i) has conducted its own independent inquiry, examination and analysis with respect to the Bonds, (ii) has had an opportunity to ask questions of and receive answers from the Issuer regarding the Bonds (including the security therefor) and the matters, transactions and documents relating to the foregoing,

(iii) has been provided by the Issuer with all documents and information regarding the Bonds (including the security therefor) and the matters, transactions and documents relating to the foregoing that it has requested, and (iv) the Bond Purchaser has been provided with information sufficient to allow the Bond Purchaser to make an informed decision to purchase the Bonds.

(g) The Bond Purchaser (i) is not relying upon the Issuer, or any of its affiliates, officers, employees or agents, for advice as to the merits and risks of investment in the Bonds, and (ii) has sought such accounting, legal and tax advice as it has considered necessary to make an informed investment decision.

(h) The Bond Purchaser understands and acknowledges (i) that the offering of the Bonds is not subject to the requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, and (ii) that the Issuer has not prepared or caused to be prepared, and is not delivering, a deemed final official statement with respect to the Bonds and has not undertaken to provide to or for the benefit of holders of the Bonds financial or operating data or any other information with respect to the Bonds on an ongoing basis.

(i) The Bond Purchaser is able to bear the economic risk of the investment represented by its purchase of the Bonds.

(j) In the event that the Bond Purchaser wishes to sell the Bonds in the future, the Bond Purchaser agrees and acknowledges that the Bonds cannot be sold without complying with transfer restrictions set forth in the Indenture, including but not limited to providing for execution and delivery by the proposed transferee of a letter in substantially the form of this letter, and the Bond Purchaser hereby agrees to assume the responsibility for disclosure of all material information that may be necessary to comply with all federal and related state securities laws.

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

EXHIBIT C

FORM OF DRAW REQUEST

**Placer County Public Financing Authority  
Revenue Bonds, Series [fiscal year]  
(Placer mPOWER Program)**

Draw Request No. \_\_\_\_\_

Draw Date: \_\_\_\_\_

Draw Amount: \_\_\_\_\_

The undersigned officer of the Authority hereby represents and warrants to the Placer County Treasurer-Tax Collector that:

- (a) The undersigned is one of the officers of the Authority authorized by the Indenture to execute a Draw Request.
- (b) The Draw Amount does not cause the Authority to exceed the total authorized principal amount of the Bonds.
- (c) The Authority has satisfied the conditions of Section 3.01 for the increase in the principal amount of a Bond.
- (d) To the best knowledge of the undersigned, the representations and warranties of the Authority and the County set forth in the Purchase Agreement among the Authority, the County and the Placer County Treasurer-Tax Collector are true and correct in all material respects.

Capitalized terms used in this Draw Request but not otherwise defined have the meaning given them in the Indenture of Trust relating to the Bonds, dated as of \_\_\_\_, 2010, among the Authority, the County and the Placer County Treasurer-Tax Collector.

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

PLACER COUNTY PUBLIC  
FINANCING AUTHORITY

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

Its: \_\_\_\_\_

cc. Trustee