



JIM JONES
Director

County of Los Angeles
INTERNAL SERVICES DEPARTMENT

1100 North Eastern Avenue
Los Angeles, California 90063

"To enrich lives through effective and caring service"

Telephone: (323) 267-2101
FAX: (323) 264-7135

August 12, 2014

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**RESIDENTIAL PROPERTY ASSESSED CLEAN ENERGY (PACE) PROGRAM
(ALL DISTRICTS - 3 VOTES)**

SUBJECT

As your Board instructed on May 20, 2014, the Internal Services Department (ISD) and Treasurer and Tax Collector (TTC) are reporting back to your Board regarding the formation of a residential Property Assessed Clean Energy (PACE) program. Having consulted with County Counsel, the Auditor-Controller and the Chief Executive Office, we are requesting authorization to initiate judicial validation proceedings for residential PACE and to release a Request for Proposals (RFP) for a program administrator to manage the program.

It is the objective of our Departments to establish a countywide program that provides residents with the appropriate consumer protections to pursue their energy efficiency goals. ISD and TTC seek to conclude both judicial validation and the program administrator RFP by early 2015 and to launch a residential PACE program shortly thereafter.

IT IS RECOMMENDED THAT THE BOARD:

1. Adopt a resolution authorizing the execution and delivery of a bond indenture, assessment contract and bond purchase agreement in relation to residential PACE, and authorizing the commencement of a judicial validation action;
2. Authorize ISD to release a new RFP for one or more residential PACE program administrators;

3. Authorize ISD and TTC, in coordination with the Chief Executive Office and County Counsel, to develop a residential PACE program consistent with this Board letter.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

As part of a larger action, on May 20, 2014, your Board instructed ISD and TTC, in coordination with the Acting Auditor-Controller and County Counsel, to take all necessary steps to initiate the judicial validation for the PACE program and return to the Board within 60 days in writing with:

- a. Revised PACE program documents to be considered for judicial validation; and
- b. A discussion on both the risks associated with the ongoing objections by the Federal Housing Finance Agency to the PACE program and what measures can be taken to address those concerns, as well as recommendations as to whether the Board should initiate a new solicitation process to select one or more qualified administrator(s) to facilitate, at no cost to the County, the PACE program based on an analysis that includes an administrative model that is most likely to encourage lower interest rates and fees, and avoid market confusion.

This letter provides a discussion of the PACE judicial validation process, program risks and mitigations, proposed next steps, and solicitation process to select a residential PACE program administrator.

Background

On April 6, 2010, your Board adopted a Resolution of Intention to initiate the formation of a voluntary contractual assessment program in accordance with the provisions of Assembly Bill 811 (AB 811). On May 25, 2010, a public hearing was held in which your Board approved the formation and implementation of the Los Angeles County Energy Program (LACEP) and authorized the issuance of PACE bonds to finance private energy improvements. As approved in 2010, LACEP was established for both residential and commercial properties within the County. In July 2010, however, the residential PACE program was placed on hold due to FHFA statements that PACE programs present safety and soundness concerns to the mortgage portfolios held by Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac) and the Federal Home Loan Banks (collectively, the "Federal Mortgage Agencies"). As a result of these statements, the County focused primarily on commercial PACE and began initiating loans for these non-residential properties in 2013.

The concerns that caused the County to halt residential PACE in 2010 were related exclusively to FHFA directives and the priority lien status of PACE assessments relative to federal mortgage contracts. Issues such as a bondholder's right to foreclose and the interest rate associated with PACE assessments were unchanged following the initial FHFA statement and not factor in the decision to discontinue residential PACE. It was the possibility that FHFA would take future adverse actions against PACE jurisdictions that caused the County and other California municipalities to reconsider their residential PACE programs.

Following the initial FHFA statement in July 2010, there have been numerous efforts by PACE stakeholders to seek a reversal of the FHFA position regarding residential PACE. These efforts have been unsuccessful as was most recently demonstrated by a May 1, 2014, letter from the FHFA

Director to Governor Brown, in which the FHFA largely reiterated its objections from July 2010. Yet despite these ongoing objections from the FHFA, residential PACE programs continue to operate in California and have been successful in attracting property owners to their respective financing programs. In Los Angeles County, this has been evidenced by 41 cities that have elected to join a residential PACE program managed by the Western Riverside Council of Governments (WRCOG).

Risk Mitigation

ISD, TTC and County Counsel have worked jointly to identify and review the issues and risks associated with residential PACE programs. As discussed herein, the best means of addressing these risks is for the County to directly manage a residential PACE program that prioritizes the interests of property owners while minimizing payment defaults to both PACE bondholders and the Federal Mortgage Agencies. The formation of a countywide program would give cities the ability to forego their previous commitments to the WRCOG and participate in a program that is unique to Los Angeles County. Specifically, ISD and TTC seek to establish a residential PACE program that would provide lower fees, expanded disclosure, reduced risk of foreclosure, and the potential for lower interest rates going forward.

As noted above, the FHFA continues to express objections to PACE programs with priority lien assessments, contending that such programs violate the standardized mortgage contract used by lenders. To date, the FHFA has not taken action against existing PACE programs, but it remains an open question whether FHFA will initiate such action in the future. To ensure that potential PACE program participants are aware of the potential risk, any County PACE program will require full disclosure of this issue. The proposed countywide program would also provide flexibility to make programmatic adjustments should the FHFA take any formal action to alter future underwriting practices of the Federal Mortgage Agencies. These issues are discussed in detail later in this document.

The key attributes of a County-managed residential PACE program being recommended by our Departments are as follows:

Issuer Fees Remain in Los Angeles County

The two residential PACE programs most likely to compete for business with cities in Los Angeles County are the HERO Program with WRCOG as the bond issuer and the California First program with California Statewide Communities Development Authority (CSCDA) as the bond issuer. In each of these programs, the issuer of the assessment bonds is an entity that operates outside the boundaries of Los Angeles County. As a result, any fees paid to the issuer may be used for purposes that benefit neither the County nor its residents. Furthermore, it is an outside entity that would enter into the PACE assessment contracts and have responsibility for providing the Auditor-Controller with information regarding the levies to be placed on the tax roll. In a County-managed program, all issuer fees would be used for the exclusive benefit of the residential PACE program and the County itself would be the party entering into the assessment contracts.

Control of Underwriting Criteria

The development of proper underwriting criteria is critical to residential PACE, as this will determine both eligibility standards and the overall credit quality of PACE bonds. The latter is especially important in that it is expected to translate to lower interest rates for participants and a reduced

delinquency rate for the program. It is the view of ISD and TTC that the maximum loan-to-value ratio for any property should not exceed 90% and the maximum amount of PACE financing for a residence should not exceed 10% of property value. It should be noted, however, that a maximum loan-to-value ratio in excess of 80% could potentially exceed federal underwriting guidelines, thereby causing the County to adjust the maximum loan-to-value ratio. To the extent that any underwriting criteria require tightening at a later date, a County-managed program would give your Board the opportunity to direct such changes.

Management of Foreclosure Risk

In connection with the issuance of PACE bonds, the County will be required to provide a judicial foreclosure covenant that applies to all delinquent assessments. The ability for bondholders to initiate foreclosure proceedings has been an integral credit feature for assessment district and community facilities district (Mello-Roos) financings in California for more than three decades. Our ability to sell PACE bonds without a specific foreclosure covenant is highly uncertain, and even if feasible, would result in much higher borrowing costs for the program. It is therefore recommended that the County retain the right, but not necessarily the obligation, to pursue judicial foreclosure as soon as a property owner becomes delinquent on an annual assessment associated with residential PACE.

Given the foreclosure requirements of assessment district financings, ISD and TTC will require that judicial foreclosure can only be initiated when the reserve fund established for the program is reduced to a level below its funding requirement. The incorporation of a reserve fund test represents a significant departure from existing residential PACE programs and should materially reduce the number of foreclosure proceedings. The reserve fund established by the County will typically be maintained at levels in excess of its initial requirement due to interest earnings that have accumulated during the tax year. These interest earnings can be used to offset any reduction in assessment revenue that might result in a draw on the reserve fund. In addition, the County will have the ability to supplement the reserve fund from other funding sources should this be necessary in order to avoid a foreclosure judgment. For example, the County could choose to defer certain administrative costs and use these monies as an additional means of meeting the minimum reserve requirement.

It is the expectation of ISD and TTC that foreclosures will be significantly less common for residential PACE than has been the case with prior assessment districts. Unlike other assessment district financings, residential PACE is completely voluntary and individual property owners will have to meet minimum credit requirements before being approved for participation. Furthermore, the County will have the discretion to pursue the larger delinquencies first and not to foreclose on every delinquency that contributes to a draw on the reserve fund. The County will also limit bondholders to collecting on those amounts associated with delinquent PACE assessments and will not allow for the acceleration of future assessment amounts.

Bond Securitization Oversight

The most important means to reduce interest rates for a residential PACE program is the ability to package large numbers of assessments into a single security and sell it in the capital markets. This securitization process would enable the program to achieve economies of scale and would provide investors with a liquid security instrument that can be bought and sold in the secondary bond market.

It is expected that a securitization of PACE assessments could be sold in today's market for as much as 300 basis points (3.0%) less than the interest rates being charged on typical PACE assessments in California. In a County-managed program, TTC would provide direct oversight of all bond securitizations and would operate with a mandate to maximize savings for future participants in the program. It will be a requirement of the County program that the "spread" between interest rates on the securitization and the PACE assessments be shared equitably among the program administrator, financing intermediary, and County residents participating in residential PACE.

Lower Interest Rates

It is a legal requirement that all PACE bonds be issued on a taxable basis and not as tax-exempt securities. As a result, the interest rates on PACE assessments will be substantially higher than what could be achieved by the County in the tax-exempt municipal market. It is TTC's expectation that borrowing costs for residential PACE participants will also be materially higher than comparable rates on both home equity lines of credit and home equity loans. With the experience of the WRCOG program in Riverside County as a guide, a typical \$20,000 PACE assessment would currently carry an all-in borrowing cost of approximately 10%-11%. (Borrowing cost of a PACE assessment does not take into account the ability of certain property owners to deduct the interest component of these assessments on their income tax returns. Individuals participating in a residential PACE program should consult with a tax professional regarding the permissibility of such deductions.)

If a 20-year repayment period is assumed for such borrowings, the impact on the average household in Los Angeles County would be as follows:

Median Home Price	Property Tax @ 1.25%	PACE Assessment	Total Annual Property Tax Bill
\$435,000	\$5,437.50	\$2,350.00	\$7,787.50

The objective of a County-managed program will be to reduce interest rates as much as possible and to offer a lower borrowing cost than could be achieved in a PACE program not managed by the County. This goal can be accomplished through TTC's involvement in the bond securitization process and the County's authority to manage administrative costs for the program.

FHFA Risk Management

In a County-managed program, there will be an emphasis on providing full disclosure on all risks associated with the FHFA objections to residential PACE. While such disclosures are also an important element of the current HERO and California First programs, the County would better be able to control the form and content of the disclosure with its own program. More importantly, a countywide program would give your Board the flexibility to immediately halt all residential PACE activity should the Federal Mortgage Agencies take action to change underwriting standards or seek acceleration of mortgage payments as a result of PACE assessments. The ability to make adjustments to a residential PACE program does not alleviate all risk associated with the FHFA objections, but it does provide an added level of protection for County residents.

Implementation of Strategic Plan Goals

This action supports the County's Strategic Plan Goal #2: Community Support and Responsiveness. The residential PACE program will provide an economic benefit to County residents and property owners, and supports the County's strategic initiative related to environmentally sustainable

practices, which include energy and water conservation and the reduction of greenhouse gas emissions.

FISCAL IMPACT/FINANCING

The fiscal impact of a residential PACE program is expected to be minimal as program administrator services are to be provided at no cost to the County and any legal and financial costs of issuance will be reimbursed through the PACE assessments. The only net County cost that may be associated with a County program is in relation to staff time in certain County departments. While much of the infrastructure already exists within the County to manage a residential PACE program, there is the possibility of new staffing requirements for ISD, TTC and potentially one or more other departments. The specific staffing needs will not be known until after a program administrator has been selected for residential PACE and a scope of work has been developed for their services. It is the current expectation that only two new budgeted positions would be required countywide, and that these positions would not be necessary prior to Fiscal Year 2015-16. A specific recommendation regarding additional staffing will be presented to your Board following the conclusion of the program administrator RFP.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In its July 2010 letter regarding residential PACE programs, the FHFA asserted that PACE assessments violated the terms of the uniform security instrument utilized in mortgage contracts purchased by the Federal Mortgage Agencies. This assertion has been reviewed by County Counsel and found to be accurate with respect to the uniform security instrument used in the majority of mortgage contracts within California. It is estimated that upwards of 80% of all new mortgages in California are "conforming loans" eligible for purchase by the Federal Mortgage Agencies and include terms and conditions specifically aligned with the uniform security instrument referenced by the FHFA.

The three principal actions that FHFA could initiate as a result of a municipality entering into a residential PACE program are as follows:

1. Require that PACE assessments be paid in full at the time of sale or refinancing;
2. Tighten underwriting criteria in jurisdictions that allow for residential PACE;
3. Require that the Federal Mortgage Agencies cease purchasing mortgages in residential PACE jurisdictions.

With respect to the requirement that no PACE assessments remain outstanding at the time of sale or refinancing, ISD and TTC would manage this risk through clear and overt disclosure language in every PACE application and assessment contract. Given the experience of the WRCOG program in Riverside County, it is not expected that this restriction on new mortgage contracts would have a significant impact on participation in a County program. In terms of the second and third actions referenced above, there has been no evidence to date that either FHFA or the Federal Mortgage Agencies would initiate such measures. If, however, this practice were to change and either of these two policies were pursued by FHFA, it would be the recommendation of both ISD and TTC that residential PACE be discontinued immediately within the County. A residential PACE program would not be viable if there were a negative impact on those property owners who have no involvement

with PACE except to live in an area that allows for such financings.

In seeking to identify other potential consequences associated with a violation of the standard mortgage contract, County Counsel determined that the Federal Mortgage Agencies would likely have the ability to declare an event of default under the uniform security instrument as a result of PACE assessments. To the extent that the Federal Mortgage Agencies sought to remedy this default, they would then have a contractual right to accelerate the mortgage and require payment of the entire loan balance outstanding. If the property owner were neither able to cure the default through full payment of the PACE assessment nor the mortgage contract, the Federal Mortgage Agency could initiate foreclosure proceedings under the terms of the uniform security instrument. The possibility of FHFA recommending such actions on the part of the Federal Mortgage Agencies is considered unlikely and has never been put forth as a potential response to residential PACE programs.

The potential conflict with FHFA over the terms of the federal uniform security instrument is a risk inherent in any new residential PACE program. It is the view of ISD and TTC that such risk can be fully eliminated only through federal legislation or a change in the terms and conditions of the uniform security instrument utilized in California. By initiating a residential PACE program, the County is making a determination that the risk associated with current FHFA statements is manageable and should not threaten property owners within Los Angeles County. ISD, TTC and County Counsel will continue to monitor the actions of both FHFA and the Federal Mortgage Agencies, and will keep your Board apprised of any new developments. To the extent there is an opportunity to address these risks through discussions with FHFA, our Departments will work with the Chief Executive Office to pursue such options.

Judicial Validation

In accordance with Section 5989.30 of the California Streets and Highways Code, as amended by AB811, the levy and collection of assessments pursuant to residential PACE are valid under existing law and provide for the priority status of the assessment lien. Under the direction of County Counsel, the County will further confirm such validity by initiating a judicial validation proceeding with respect to the financing documents attached to this Board Letter. A final, non-appealable judgment by the Los Angeles County Superior Court regarding the validity of PACE assessments, and the priority status of the ensuing liens, is of great importance to potential investors and will assist with the pricing of future PACE bonds. It is important to note that the bond indenture, assessment contract and bond purchase agreement to be included with the judicial validation have each been modified from the form originally submitted to your Board in May 2010. They are now largely comparable to the documents utilized in the HERO and California First programs, which have each had successful outcomes to their judicial validations. It is anticipated that the County's validation proceedings will take approximately 90-180 days to complete.

Program Administrator RFP

The daily oversight of a residential PACE program will be the responsibility of a program administrator to be selected by ISD following the completion of an RFP process. It is expected that the RFP will be released immediately following your Board's approval of the recommendations contained in this Board Letter. While the RFP will allow for the selection of one or more program administrators to manage residential PACE within the County, there may be several advantages to selecting just a single administrator. Among these advantages are a simplified marketing effort,

reduced administrative burden and staffing needs, and a more streamlined process for bond

securitization. Regarding the latter point, it is TTC's view that the bond securitization process will be more efficient with a single program administrator that can aggregate PACE assessments into a standardized security instrument that remains uniform throughout the County. Due to the limited number of qualified firms, it is expected that the RFP process can be completed in 90 to 180 days. As part of the minimum requirement for the RFP, all proposers will be required to provide their services at no cost to the County as well as provide various indemnifications regarding the risks associated with FHFA and the Federal Mortgage Agencies.

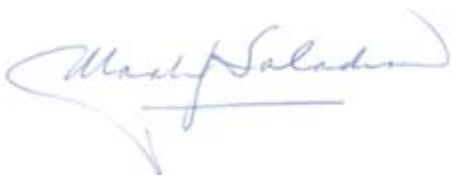
IMPACT ON CURRENT SERVICES (OR PROJECTS)

Not applicable.

CONCLUSION

Upon approval, it is requested that the Executive Officer-Clerk of the Board of Supervisors return one stamped copy of the approved Board Letter to the Director of ISD and another to the Treasurer and Tax Collector.

Respectfully submitted,



MARK J. SALADINO
Treasurer and Tax Collector



JIM JONES
Director

JJ:MJS:sg

Enclosures

- c: Executive Officer, Board of Supervisors
- Chief Executive Officer
- County Counsel
- Auditor-Controller

A RESOLUTION OF THE BOARD OF SUPERVISORS
AUTHORIZING THE EXECUTION AND DELIVERY OF
CERTAIN DOCUMENTS IN CONNECTION WITH THE LOS
ANGELES COUNTY ENERGY PROGRAM, AND
AUTHORIZING A VALIDATION ACTION AND CERTAIN
ACTIONS RELATED THERETO

WHEREAS, Chapter 29 of Part 3 of Division 7 of the Streets and Highways Code of the State of California (the "Contractual Assessment Law") authorizes counties to assist free and willing property owners in financing the installation of distributed generation renewable energy sources and energy and water efficiency improvements (the "Improvements") that are permanently fixed to residential, commercial, industrial or other real property through a contractual assessment program; and

WHEREAS, the Board of Supervisors (the "Board of Supervisors") of the County of Los Angeles, a political subdivision of the State of California (the "County"), adopted on April 6, 2010, a resolution (the "Resolution of Intention") declaring its intention to order the implementation of a contractual assessment program to finance Improvements pursuant to the Contractual Assessment Law; and

WHEREAS, following publication and notice duly given and a hearing in accordance with applicable law, the Board of Supervisors adopted on May 25, 2010 a resolution (the "Resolution Confirming Assessments") making certain findings and determinations in connection with and confirming the report (the "Program Report") of the Director of the Internal Services Department of the County regarding the establishment of a contractual assessment program to finance Improvements, confirming assessments to be levied within the parameters of the report and taking certain other actions; and

WHEREAS, following notice duly given and a hearing in accordance with applicable law, the Board of Supervisors adopted on May 25, 2010 the Resolution Establishing the Los Angeles County Energy Program and Authorizing the Issuance of Bonds (the "Authorizing Resolution"), which, among other things, authorized the establishment of a special fund for the Los Angeles County Energy Program (the "Program"), the issuance and sale of contractual assessment limited obligation improvement bonds (the "Bonds") and the execution and delivery of certain documents in connection with the Program; and

WHEREAS, the Program Report confirmed by the Board of Supervisors pursuant to the Resolution Confirming Assessments provides that cities may join the Program by adopting a resolution allowing property owners in their respective jurisdictions to apply for financing and implement Improvements under the Program; and

WHEREAS, many incorporated cities throughout the County have adopted resolutions to join the Program and the County continues to accept such resolutions; and

WHEREAS, pursuant to the Program, the County will enter into contractual assessment agreements (each, an "Assessment Contract") with free and willing property owners of residential properties (the "Property Owners") within the jurisdiction of the Program pursuant to which the County will assist in financing the acquisition, construction and installation of

Improvements on or in such owners' respective properties and levy contractual assessments (each, an "Assessment") on the applicable properties in the amounts set forth in the Assessment Contracts; and

WHEREAS, the County desires to finance the disbursement of amounts pursuant to the Assessment Contracts through the issuance of Bonds from time to time in one or more series under and pursuant to the Contractual Assessment Law and The Improvement Bond Act of 1915, being Division 10 of the Streets and Highways Code of the State (the "1915 Act"); and

WHEREAS, the Bonds may be sold by a negotiated sale or by competitive bid, all as may be determined as being in the best interests of the County; and

WHEREAS, in order to effect the issuance of the Bonds, the County desires to approve the form of and authorize the execution and delivery of the following documents, the forms of which are on file with the Clerk of the Board of Supervisors (the "Clerk of the Board of Supervisors"):

(1) a Master Indenture (the "Master Indenture") by and between the County and a trustee to be named thereunder, pursuant to which the County will issue one or more series of Bonds;

(2) a Supplemental Indenture (the "Supplemental Indenture" and, together with the Master Indenture, the "Indenture") by and between the County and a trustee to be named thereunder, pursuant to which the County will set forth the terms of a series of Bonds;

(3) an Assessment Contract by and between the County and the respective Property Owners pursuant to which the County will assist in financing the acquisition, construction and installation of Improvements on or in the respective Property Owners' properties and levy contractual assessments (each, an "Assessment") on the applicable properties in the amounts set forth in the Assessment Contracts; and

(4) a Bond Purchase Agreement (the "Bond Purchase Agreement") by and between the County and the purchaser to be named therein (the "Purchaser"), if the County determines to sell the Bonds by private placement;

WHEREAS, the Board of Supervisors desires to provide for the issuance of additional Bonds (the "Additional Bonds") from time to time in one or more series under the Master Indenture or any other instrument for the issuance of evidences of indebtedness secured by contractual assessments (the "Additional Issuance Instruments") and the authorization of any attendant issuance documents in connection with such issuance; and

WHEREAS, the Board of Supervisors desires to cause the filing of an action to determine the validity of the Assessments, the Assessment Contracts, the Indenture, the Bonds, the Bond Purchase Agreement, the Additional Bonds, the Additional Issuance Instruments, this Resolution, the Resolution of Intention, the Resolution Confirming Assessments, the Authorizing Resolution, and the actions proposed to be taken in connection therewith;

NOW, THEREFORE, THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. Recitals. The recitals set forth hereinabove are true and correct in all respects. The Board of Supervisors hereby finds and declares that the issuance of the Bonds in one or more series and the other actions contemplated by this Resolution are in the best interests of the County.

Section 2. Indenture. The forms of the Master Indenture and the Supplemental Indenture, in the forms presented at this meeting and on file with the Clerk of the Board of Supervisors, are hereby approved. The Board of Supervisors also approves other instruments and funding mechanisms substantially similar to the Indenture pursuant to which the County will issue evidences of indebtedness secured by voluntary contractual assessments or secured by debt obligations that are in turn secured by contractual assessments; provided that proceeds of such indebtedness are used to help finance Loans under the Program or acquire Bonds, the proceeds of which will be used to finance Improvements under the Program. Each of the Chair of the Board of Supervisors, the Chief Executive Officer, the Director of Internal Services and the County Treasurer, or any of them, or their designee (each, an "Authorized Officer"), acting singly, is authorized and directed, for and in the name and on behalf of the County, to execute and deliver the Indentures in substantially said forms, with such changes therein as may be requested by bond counsel and as the officer executing the same may require or approve, including such matters as are authorized by Section 3 of the Authorizing Resolution (such approval to be conclusively evidenced by such Authorized Officer's execution and delivery thereof).

Section 3. Assessment Contract. The form of the Assessment Contract by and between the County and the Property Owner, in the form presented at this meeting and on file with the Clerk of the Board of Supervisors, is hereby approved. Each Authorized Officer is hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver Assessment Contracts in substantially said form, with such changes therein as may be requested by bond counsel and as the Authorized Officer executing the same may approve (such approval to be conclusively evidenced by such Authorized Officer's execution and delivery thereof).

Section 4. Bond Purchase Agreement. The form of the Bond Purchase Agreement by and between the County and the Purchaser, in the form presented at this meeting and on file with the Clerk of the Board of Supervisors, is hereby approved in connection with a private placement. Each Authorized Officer is hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver Bond Purchase Agreements in substantially said form, with such changes therein as may be requested by bond counsel and as the Authorized Officer executing the same may approve (such approval to be conclusively evidenced by such Authorized Officer's execution and delivery thereof).

Section 5. Validation. The Authorized Officers are, and each of them hereby is authorized, in consultation with County Counsel and with the assistance of bond counsel, to prepare and cause to be filed and prosecuted to completion all proceedings required for the judicial validation of the Assessments, the Assessment Contracts, the Indenture, the Bonds, the Bond Purchase Agreement, the Additional Bonds, the Additional Issuance Instruments, this Resolution, the Resolution of Intention, the Resolution Confirming Assessments, the Authorizing

Resolution in the Superior Court of Los Angeles County, under and pursuant to the provisions of Sections 860 et seq. of the California Code of Civil Procedure. The Board of Supervisors further authorizes the Authorized Officers and all other officers, employees and agents of the County to take any and all actions, including the execution and delivery or appropriate documentation, as may be required to conclude such judicial validation proceedings.

Section 6. Other Actions. The Authorized Officers and all other officers of the County are hereby authorized and directed, jointly and severally, to do any and all acts and things and deliver any and all documents which they may deem necessary or advisable in order to effectuate the purposes of this Resolution and all matters incidental thereto, including issuing the Bonds and entering into Assessment Contracts, and any such actions previously taken by such officers are hereby ratified and confirmed.

Section 7. Effective Date. This Resolution shall take effect immediately upon adoption.

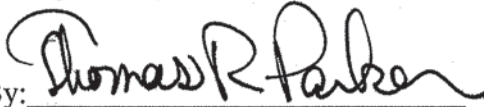
The foregoing Resolution was on the ____ day of _____, 2014, adopted by the Board of Supervisors of the County of Los Angeles and ex-officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

SACHI A. HAMAI
Executive Officer of the
Board of Supervisors of the
County of Los Angeles

By: _____
Deputy

APPROVED AS TO FORM:

RICHARD D. WEISS
Acting County Counsel

By: 
Thomas R. Parker
Deputy County Counsel

MASTER INDENTURE

between

COUNTY OF LOS ANGELES

and

**[TRUSTEE]
as Trustee**

Dated as of [Dated Date]

Relating to:

**Los Angeles County Energy Program
Contractual Assessment Limited Obligation Improvement Bonds
([Tranche Identifier])**

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Exhibit A Form of Investor Letter

MASTER INDENTURE

THIS MASTER INDENTURE (this “Master Indenture”) is made and entered into as of [Dated Date], between the COUNTY OF LOS ANGELES, a political subdivision of the State of California (the “County”), and [TRUSTEE], a national banking association duly organized and existing under the laws of the United States of America (the “Trustee”),

WHEREAS, Chapter 29 of Part 3 of Division 7 of the Streets and Highways Code of the State of California, as amended (the “Contractual Assessment Law”) authorizes counties to assist free and willing property owners (the “Property Owners”) in financing the installation of distributed generation renewable energy sources and energy and water efficiency improvements (the “Improvements”) that are permanently fixed to residential, commercial, industrial or other real property through a contractual assessment program;

WHEREAS, the Board of Supervisors (the “Board of Supervisors”) of the County, previously approved a resolution (the “Resolution of Intention”) declaring its intention to order the implementation of a contractual assessment program to finance the acquisition, construction and installation of the Improvements pursuant to the Contractual Assessment Law;

WHEREAS, following notice duly given and a hearing in accordance with applicable law, the Board of Supervisors approved a resolution which, among other things, authorized the establishment of the Los Angeles County Energy Program (the “LACEP”) to finance the acquisition, construction and installation of the Improvements on properties in the County through the use of contractual assessments pursuant to the Contractual Assessment Law;

WHEREAS, the County has established under LACEP a Residential Financing Program (the “Residential Program”) to facilitate the financing of the Improvements on qualifying residential properties pursuant to the Contractual Assessment Law;

[WHEREAS, the City of _____, a political subdivision of the State (the “City”), has resolved to participate in LACEP;]

WHEREAS, pursuant to LACEP, the County will enter into contractual assessment agreements (each, an “Assessment Contract”) with the Property Owners pursuant to which the County will assist in financing the acquisition, construction and installation of Improvements on or in such owners’ respective properties and levy contractual assessments (each, an “Assessment”) on the applicable properties in the amounts set forth in the Assessment Contracts;

WHEREAS, pursuant to the Contractual Assessment Law and The Improvement Bond Act of 1915, being Division 10 of the Streets and Highways Code of the State of California (as amended, the “Bond Law”), the County adopted a resolution, among other things, authorizing the issuance of one or more Series of limited obligation improvement bonds (the “Bonds”) secured by the assessments levied on the participating parcels within the jurisdiction of LACEP;

WHEREAS, it is contemplated that the County will adopt resolutions from time to time authorizing the issuances of specific issuance of improvement bonds in accordance with related supplemental indentures and the execution of such supplemental indentures;

WHEREAS, it is in the public interest for the County to enter into this Master Indenture to provide for the issuance of the Bonds, the disbursement of proceeds of the Bonds, the disposition of the Assessments securing the Bonds and the administration and payment of the Bonds; and

WHEREAS, the County has determined that all things necessary to cause the Bonds, when authenticated by the Trustee and issued as provided in the Bond Law and this Master Indenture, to be legal, valid and binding limited obligations in accordance with their terms, and all things necessary to cause the creation, authorization, execution and delivery of this Master Indenture and the creation, authorization, execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, in consideration of the covenants and provisions herein set forth and for other valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

ARTICLE I

STATUTORY AUTHORITY AND DEFINITIONS

Section 1.01. Authority for this Master Indenture. This Master Indenture is entered into under the Contractual Assessment Law, the Bond Law and the Resolution Establishing LACEP.

Section 1.02. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.02 shall, for all purposes of this Master Indenture, of any Supplemental Indenture (as herein defined), and of any certificate, opinion or other document herein mentioned, have the meanings herein specified.

“Accredited Investor” means 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.

“Administrative Expense Fund” means the fund designated “Los Angeles County Energy Program Contractual Assessment Limited Obligation Improvement Bonds ([Tranche Identifier]), Administrative Expense Fund,” established and administered pursuant to Section 4.03.

“Administrative Expenses” means costs directly related to the administration of the Bonds and the Assessments, including: (a) actual fees and costs (including indemnity) of the Trustee (including reasonable expenses of its legal counsel) in the discharge of its duties under

the Indenture as evidenced by written documentation provided to the County; and (b) all other costs as determined by the County in its sole discretion, including, but not limited to the actual costs of preparing the Assessment Installment collection schedules (whether by an employee of the County or a consultant); the actual costs of collecting the Assessment Installments (whether by the County or otherwise); the actual costs of remitting the Assessment Installments to the Trustee; the actual costs of the County or its designee of complying with the disclosure provisions of the Contractual Assessment Law, the Bond Act, federal securities laws, as applicable, and the Indenture, including those related to public inquiries regarding the Assessments and disclosures to Owners of the Bonds; the actual costs of the County or its designee related to an appeal or challenge of the Assessment; an allocable share of the salaries of the County staff directly related to the foregoing; and a proportionate amount of the County general administrative overhead related thereto. Administrative Expenses shall also include amounts advanced by the County for any administrative purpose relating to the Bonds and the Assessments, including costs related to prepayments of Assessments and the costs of prosecuting foreclosure of delinquent Assessment Installments.

“Assessment” or “Assessments” means the unpaid contractual assessment(s) levied on the Participating Parcel(s) pursuant to an Assessment Contract(s) identified in a Supplemental Indenture with respect to one or more Series of Bonds, including the principal component, interest component and Administrative Expense component.

“Assessment Administrative Fee” means, as to each Participating Parcel, the administrative fee due and payable pursuant to an Assessment Contract that shall be collected on the property tax bill pertaining to such Participating Parcel.

“Assessment Administrator” means [Assessment Administrator], and its successors, or any financial consultant or firm of such financial consultants selected by the County to administer the Program.

“Assessment Contract” means a contract, including all Contract Documents, as such term is defined in such contract, that are incorporated by reference in such contract, between the County and the owner of a Participating Parcel pursuant to which such owner agrees to pay the Assessment and the Assessment Administration Fee pursuant to the provisions of such contract.

“Assessment Installment” means, as to each Participating Parcel, the portion of the principal amount of the Assessment, together with the interest on the Assessment, due and payable pursuant to an Assessment Contract pertaining to such Participating Parcel.

“Auditor” means the Auditor-Controller of the County.

“Authorized Denominations” means: (i) \$5,000 and any integral multiple thereof; provided, however, that one or more Bonds of each Series may be in an odd amount equal to the unpaid Assessment or Assessments on the Participating Parcel or Participating Parcels securing such Bond or Series of Bonds; and (ii) in the event a Bond or a Series of Bonds are purchased by an accredited investor in reliance on the exemption set forth in Section (d)(1)(i)

of Rule 15c2-12 under the Securities Exchange Act of 1934, the entire principal amount of such Bond or Series of the Bonds.

“Authorized Representative” means the Treasurer, the Auditor, the Program Administrator or any other person designated by such officers and authorized to act on behalf of the County under or with respect to this Indenture and all other agreements related hereto.

“Board of Supervisors” means the Board of Supervisors of the County.

“Bond” or **“Bonds”** means the Los Angeles County Energy Program Contractual Assessment Limited Obligation Improvement Bonds ([Tranche Identifier]authorized, executed and delivered pursuant to Contractual Assessment Law, the Bond Act, this Master Indenture and a Supplemental Indenture.

“Bond Counsel” means Hawkins Delafield & Wood LLP, and its successors, and any other attorney or firm of bond counsel selected by the County.

“Bond Law” means The Improvement Bond Act of 1915, as amended, being Division 10 of the California Streets and Highways Code.

“Bond Payment Date” means, as to any Bond or Series of Bonds, March 2 and September 2 of each year (or, if such dates are not a Business Day the next succeeding Business Day), commencing on the date designated in the Supplemental Indenture for the applicable Bond or Series of Bonds.

“Bond Register” means the books maintained by the Trustee pursuant to Section 2.07 for the registration and transfer of ownership of the Bonds.

“Bond Year” means, with respect to any Series of Bonds, the twelve-month period beginning on September 3 in each year and ending on September 2 in the following year except that (i) the first Bond Year will begin on the date of delivery of such Series of Bonds and end on the next September 2, and (ii) the last Bond Year may end prior to September 2 if all outstanding Bonds or Series of Bonds are redeemed in full prior to September 2, in which case the last Bond Year will end on the date of such redemption.

“Business Day” means any day other than (i) a Saturday or a Sunday or (ii) a day on which banking institutions in California or in the state in which the Trustee has its principal corporate trust office are authorized or obligated by law or executive order to be closed.

“Closing Date” means, as to a Bond or Series of Bonds, the date of initial issuance and delivery of such Bond or Series of Bonds to the Initial Purchaser pursuant to the Master Indenture and the applicable Supplemental Indenture.

“Collateral” mean (i) the Assessment or Assessments together with all Collateral, moneys, accounts receivable, contractual rights to payment, and other rights to payment of whatever kind with respect to such Assessment or Assessments (except amounts required hereunder to be deposited into the Administrative Expense Fund) that are or may be owed to,

or collected or received by, the County or any other entity acting on the County's behalf; (ii) the Redemption Fund and all monies, securities or contractual or other rights to payment that are or may be owed or credited to, or deposited in, the Redemption Fund (including the Assessment Collection Account and the Prepayment Account therein), or owed to, or collected, received or held by, any other person that is required to credit to or deposit such monies or securities in the Redemption Fund by the Contractual Assessment Law, the Bond Act or the terms of this Master Indenture in each case, derived from the Assessment Installments, Prepayments, the foreclosure on a Participating Parcel on which an Assessment has been levied or a judgment in an action brought pursuant to Section 5.03 representing damages suffered by the Owner recovered in such action; and (iii) the Reserve Fund and all monies, securities or contractual or other rights to payment that are or may be owed or credited to, or deposited in the Reserve Fund.

“Contractual Assessment Law” means Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code.

“Costs of Issuance” shall mean all expenses directly or indirectly incurred by the County relating to the authorization, issuance, sale and delivery of a Series of Bonds, including but not limited to, printing expenses; rating agency fees, if any; filing and recording fees; reasonable expenses and charges of the Trustee and its counsel, including the Trustee's first annual administrative fee; reasonable fees, charges and disbursements of attorneys, financing advisors, accounting firms, consultants and other professionals; the costs of preparation, execution and safekeeping of a Series of Bonds; and any cost, charge or fee in connection with a Series of Bonds.

“Cost of Issuance Fund” means the fund designated as the “Los Angeles County Energy Program Contractual Assessment Limited Obligation Improvement Bonds ([Tranche Identifier]) Cost of Issuance Fund” established and administered by the Trustee pursuant to Section 4.05 hereof and shall be funded from the proceeds of a Series of Bonds in the amount as shall be determined in the applicable Supplemental Indenture.

“County” means the County of Los Angeles, California, a political subdivision of the State.

“County Counsel” means the County Counsel or designated counsel to the County with respect to the Bonds.

“Debt Service” means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled, and (ii) the principal amount of the Outstanding Bonds and the Sinking Fund Payments due in such Bond Year.

“Event of Default” means any event described as an Event of Default in Section 9.01.

“Federal Securities” means any of the following which are non-callable and which at the time of investment are legal investments under the laws of the State of California for funds held by the Trustee:

(i) direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the United States Department of the Treasury) and obligations, the timely payment of principal of and interest on which are, directly or indirectly, fully and unconditionally guaranteed by the United States of America, including, without limitation, such of the foregoing which are commonly referred to as stripped obligations and coupons; or

(ii) any of the following obligations of the following agencies of the United States of America:

(a) direct obligations of the Export-Import Bank,

(b) certificates of beneficial ownership issued by the Farmers Home Administration,

(c) participation certificates issued by the General Services Administration

(d) mortgage-backed bonds or pass-through obligations issued and guaranteed by the Government National Mortgage Association,

(e) project notes issued by the United States Department of Housing and Urban Development, and

(f) public housing notes and bonds guaranteed by the United States of America.

“Funds” means the Redemption Fund, the Reserve Fund, the Program Fund and the Cost of Issuance Fund and the Administrative Expense Fund.

“Improvement Costs” means the costs of installing the Improvements on Participating Parcels in accordance with the Program Report and the applicable Assessment Contracts.

“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.

“Indenture” means this Master Indenture, as it may be amended or supplemented from time to time by any Supplemental Indenture executed under the provisions of this Master Indenture.

“Initial Purchaser” means the party designated as the Initial Purchaser pursuant to each Supplemental Indenture.

“Interest Payment Dates” means March 2 and September 2 of each year, commencing on the date designated in the Supplemental Indenture for the applicable Series of Bonds.

“**Investor Letter**” means a letter substantially in the form set forth in Exhibit B to this Master Indenture.

“**LACEP**” means the Los Angeles County Energy Program established pursuant to a Resolution of the Board of Supervisors entitled “A Resolution of the Board of Supervisors of the County of Los Angeles Making Certain Findings and Determinations in Connection with and Confirming the Report Regarding the Establishment of a Contractual Assessment Program to Finance Distributed Generation Renewable Energy Sources and Energy and Water Efficiency Improvements; Confirming Assessments to be Levied within the Parameters of the Report; and Taking Certain Other Actions” adopted on May 25, 2010 under the Contractual Assessment Law.

“**Master Indenture**” means this Master Indenture, as originally executed or as same may be amended, supplemented or modified from time to time pursuant to the terms hereof.

“**Non-Completion Assessment**” means an Assessment collected from the owner of a Participating Parcel resulting from failure to install the Improvements or otherwise comply with requirements of the County.

“**Certificate of the County**” means a written certificate of the County signed by an Authorized Representative of the County.

“**Outstanding**” when used as of any particular time with reference to Bonds, means, subject to the provisions of Section 8.03, all Bonds except:

- (i) Bonds canceled by the Trustee or surrendered to the Trustee for cancellation;
- (ii) Bonds paid or deemed to have been paid within the meaning of Article X;
- (iii) Bonds in lieu of or in substitution for which other Bonds have been authorized, executed, issued and delivered by the County pursuant to the Indenture.

“**Owner**” or “**Bond Owner**” means the registered owner of any Outstanding Bond as shown on the Bond Register of the Trustee under Section 2.07.

“**Participating Parcel**” means a Residential Parcel located within one of the jurisdiction of LACEP that is subject to the lien of an Assessment pursuant to an Assessment Contract financing the installation of Improvements pursuant to the Residential Program.

“**Participating Parcel Value**” means the market value, as of the date of the appraisal described below and/or the date of the most recent County real property tax roll, as applicable, of a Participating Parcel, including the value of the then-existing Improvements and any Improvements to be constructed or acquired with any amounts then on deposit in the Program Fund and with the proceeds of any proposed Series of Bonds, as determined with respect to any parcel by reference to (i) an appraisal performed within three (3) months of the date of sale of any proposed Bonds by an MAI appraiser (the “Appraiser”) selected by the County, (ii)

the assessed value of a parcel and the Improvements thereon as shown on the then current County real property tax roll available to the County, or (iii) other valuation methods identified by the County.

“Penalties and Interest” means any (i) penalties on delinquent contractual assessments levied on a Participating Parcel(s) pursuant to an Assessment Contract and (ii) interest on delinquent contractual assessments levied on a Participating Parcel(s) pursuant to an Assessment Contract.

“Permitted Investments” means any of the following:

- (a) Federal Securities.
- (b) Federal Housing Administration debentures.
- (c) Unsecured certificates of deposit, time deposits, demand deposits, overnight bank deposits, trust funds, trust accounts, interest-bearing deposits, interest-bearing money market accounts, and bankers’ acceptances (having maturities of not more than 30 days) of any bank (including those of the Trustee and its affiliates) the short-term obligations of which are rated “A-1” or better by S&P.
- (d) Deposits the aggregate amount of which is fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks which have capital and surplus of at least \$5 million (including those of the Trustee and its affiliates).
- (e) Commercial paper (having original maturities of not more than 270 days) rated “A-1+” by S&P and “Prime-1” by Moody’s.
- (f) State Obligations, which means
 - (i) Direct general obligations of any state of the United States or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated “A3” by Moody’s and “A” by S&P, or better, 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 described in (i) above and rated “A-1+” by S&P and “Prime-1” by Moody’s.
 - (iii) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (i) above and rated “AA” or better by S&P and “Aa” or better by Moody’s.

(g) 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 United States 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 United States 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, interest, and premium, if any, due and to become due on the municipal obligations (“Verification”);

(iv) the cash or United States 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 United States Treasury Obligation will be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

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

(h) Investments in a money market mutual fund rated AAAM or AAAM-G or better by S&P and having a rating in the highest investment category granted thereby from Moody’s, including, without limitation any mutual fund for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to the Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to the Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee.

(i) Repurchase and reverse repurchase agreements collateralized with securities described in (a) and (b) above, including those of the Trustee or any of its affiliates.

(j) California's Local Agency Investment Fund.

“Prepayment Account” means the account within the Redemption Fund and designated “Los Angeles County Energy Program Contractual Assessment Limited Obligation Improvement Bonds ([Tranche Identifier]), Prepayment Account,” established and administered under Section 4.01 hereof.

“Prepayments” means Non-Completion Assessments and prepayments of Assessments received by the County, less any administrative fees or penalties collected as part of any such Non-Completion Assessment and prepayment of Assessments.

“Principal Office” means the principal office of the Trustee in _____, California, located at such address as will be specified in a written notice by the Trustee to the County in conformity with Section 10.6 hereof or such other office of the Trustee designated for payment, transfer or exchange of the Bonds.

“Program Fund” means the fund designated “Los Angeles County Energy Program Contractual Assessment Limited Obligation Improvement Bonds ([Tranche Identifier]), Program Fund” established and administered under Section 4.02.

“Program Administrator” means the Director of the Internal Services Department of the County or any designee of such officer.

“Program Report” has the meaning ascribed to it in the recitals hereto.

“Record Date” means the 15th day of the calendar month immediately preceding the applicable Interest Payment Date, and any date established by the Trustee as a Record Date for the payment of defaulted interest, if any, on the Bonds.

“Redemption Fund” means the fund designated “Los Angeles County Energy Program Contractual Assessment Limited Obligation Improvement Bonds ([Tranche Identifier]), Redemption Fund,” established and administered under Section 4.01.

“Reserve Fund” means the fund designated “Los Angeles County Energy Program Contractual Assessment Limited Obligation Improvement Bonds ([Tranche Identifier]), Reserve Fund,” established and maintained for the Bonds in Section 4.04 hereof.

“Reserve Fund Cap” means, as of the date of calculation, the amount which equals ___% of the Outstanding principal amount of all Bonds.

“Reserve Fund Deposit Amount” means, as to any Bond on the Closing Date thereof, 0.____% of the original principal amount thereof.

“Reserve Fund Surplus” means, as of September 3rd of any Bond Year, the amount by which the moneys on deposit in the Reserve Fund exceed the Reserve Fund Cap.

“Residential Parcel” means a Participating Parcel in the Residential Program of LACEP.

“Residential Program” means Residential Financing Program established under LACEP to facilitate the financing of the Improvements on qualifying residential properties pursuant to the Contractual Assessment Law.

“Resolution Establishing LACEP” means a Resolution of the Board of Supervisors entitled “A Resolution of the Board of Supervisors of the County of Los Angeles Making Certain Findings and Determinations in Connection with and Confirming the Report Regarding the Establishment of a Contractual Assessment Program to Finance Distributed Generation Renewable Energy Sources and Energy and Water Efficiency Improvements; Confirming Assessments to be Levied within the Parameters of the Report; and Taking Certain Other Actions” adopted on May 25, 2010.

“Resolution of Intention” means a Resolution of the Board of Supervisors entitled “Resolution of the Board of Supervisors of the County of Los Angeles Declaring its Intention to Order the Implementation of a Contractual Assessment Program to Finance the Installation of Distributed Generation Renewable Energy Sources and Energy and Water Efficiency Improvements” adopted on April 6, 2010.

“Series” means a Series of Bonds issued pursuant to this Master Indenture and any Supplemental Indenture.

“Sinking Fund Payments” means amounts specified in any Supplemental Indenture to be paid by the County with respect to any Term Bonds, as they may be adjusted pursuant to such Supplemental Indenture.

“Supplemental Indenture” means any indenture amendatory or supplemental to this Master Indenture authorized, executed and delivered pursuant to the terms of this Master Indenture.

“Tax 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 Tax Code.

“**Term Bonds**” means Bonds which are payable on or before their specified maturity dates from Sinking Fund Payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

“**Trustee**” means [Trustee], its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in Section 7.01 hereof.

Section 1.03. Interpretation.

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

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

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

Section 1.04. Indenture Constitutes Contract. In consideration of the purchase and acceptance of any and all of the Bonds issued hereunder by those who shall hold the same from time to time, the Indenture shall be deemed to be and shall constitute a contract among the County, the Trustee and the Owners of the Bonds. The pledge made in the Indenture and the provisions, covenants and agreements set forth in the Indenture to be performed by or on behalf of the County shall be for the equal benefit, protection and security of the Owners of any and all of the Bonds. All of the Bonds, without regard to the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, except as expressly provided in or permitted by the Indenture.

ARTICLE II

THE BONDS

Section 2.01. Bonds Authorized. The County hereby authorizes the issuance of one or more Series of Bonds in Authorized Denominations under and subject to the terms of the Resolution Establishing LACEP, the Indenture, the Contractual Assessment Law and other applicable laws of the State of California. Pursuant to the Resolution Establishing LACEP, the Authorized Representatives of the County are authorized and directed to deliver any and all documents and instruments necessary to cause the issuance of the Bonds in accordance with

the provisions of the Contractual Assessment Law, the Bond Law, the Resolution Establishing LACEP and the Indenture.

Section 2.02. Procedures for Issuance of Bonds.

(A) General. The County may at any time issue a Series of the Bonds in Authorized Denominations payable from the Assessments and secured by a lien upon the Assessments equal to and on a parity with the lien and charge securing Outstanding Bonds previously issued hereunder, but only subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such Series of the Bonds:

(1) All the requirements of Section 3.03 have been met; and

(2) The issuance of such Series of the Bonds has been duly authorized pursuant to the Bond Law and all applicable laws, and the issuance of such Series of the Bonds has been provided for by a Supplemental Indenture, in substantially the form attached hereto as Exhibit A, duly executed by the County and the Trustee.

(B) Payment of Interest. Interest on the Bonds shall be that rate of interest per annum as provided in the Supplemental Indenture for such Bonds. Interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day calendar months, and will be payable on each Interest Payment Date. Each Bond shall bear interest from the Bond Payment Date immediately preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Bond Payment Date, in which event it shall bear interest from such Bond Payment Date; or (b) it is authenticated on or before Record Date occurring immediately before the first Bond 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 Bond Payment Date to which interest has previously been paid or made available for payment thereon.

(C) Method of Payment. Interest on the Bonds (including the final interest payment upon maturity or earlier redemption) is payable in lawful money of the United States of America by the Trustee to the person whose name appears on the Registration Books as the Owner thereof as of the close of business on the Record Date preceding the Bond Payment Date by wire transfer of immediately available funds made on such Bond Payment Date to an account designated in writing by such Owner delivered to the Trustee at least five (5) Business Days prior to the applicable Record Date. Such interest shall represent the portion of interest coming due during the period beginning on the immediately preceding Bond Payment Date and ending on the Bond Payment Date (or, in the case of the first Bond Payment Date, during the period commencing on the Closing Date and ending on the first Bond Payment Date).

Payment of principal of and accrued interest and premium on the Bonds upon a Prepayment, redemption or final maturity shall payable in lawful money of the United States of America by the Trustee by wire transfer of immediately available funds, to the person whose name appears on the Registration Books as the Owner thereof, upon surrender of the Bonds at the Principal Office of the Trustee. Upon payment by the Trustee of the principal of and accrued interest and premium on the Bonds, such Bonds will be cancelled by the Trustee. The Trustee will destroy the cancelled Bonds and, upon the Written Request of the County, issue a certificate of destruction of such Bonds to the County. Upon surrender of a Bond redeemed in part only, the County will execute and the Trustee will authenticate and deliver to the registered Owner, at the expense of the County, a new Bond, of the same Series and maturity, of Authorized Denominations in an aggregate principal amount equal to the unredeemed portion of the Bond.

Section 2.03. Redemption.

(A) **General.** The Supplemental Indenture with respect to any Series of Bonds may provide that all or a portion of such Bonds are subject to optional or mandatory sinking fund redemption prior to maturity pursuant to the terms thereof.

The Bonds will be subject to mandatory redemption from amounts received by the County as Prepayments as provided in the applicable Supplemental Indenture.

The provisions of Part 11.1 of the Bond Law are applicable to the advance payment of Assessments and to the calling of any Series of the Bonds. The County will advise the Trustee of such provisions to the extent not specified herein.

Whenever less than all of the Outstanding Bonds of any Series are called for redemption, the Trustee will select Bonds for redemption in accordance with the applicable Supplemental Indenture. Within each maturity of a Series, the Trustee will select Bonds for retirement by lot.

(B) **Notice to Trustee.** The County will give the Trustee written notice of the aggregate amount of Bonds to be redeemed pursuant to a Supplemental Indenture not less than 60 days prior to the applicable redemption date.

(C) Redemption Procedure by Trustee.

(i) Mailing of Notice. If any Bonds are designated for redemption under the terms of a Supplemental Indenture, the Trustee will cause notice of any redemption to be mailed to the respective Owners of any Bonds designated for redemption, at their addresses appearing on the Bond Register in the Principal Office of the Trustee, at least 30 days but no more than 60 days before the date designated for redemption.

Any failure to so mail any redemption notice, or the failure of any person or entity to receive any such redemption notice, or any defect in any notice of redemption, will not affect the validity of the proceedings for the redemption of such Bonds.

(ii) Contents of Notice. Such notice will state the following: (1) the redemption date; (2) the redemption price; (3) the date of issue of the Series of the Bond; (4) if less than all of the then Outstanding Bonds of a Series are to be called for redemption, the Bond numbers of the Bonds to be redeemed (by designating the Bond number of each Bond to be redeemed or by stating that all Bonds between two designated Bond numbers, both inclusive, are to be redeemed) or that all of the Bonds of one or more maturities have been called for redemption; (5) as to any Bond called in part, the principal amount thereof to be redeemed; (6) that such Bonds must be then surrendered at the Principal Office of the Trustee for redemption at the redemption price; and (7) that further interest on the Bonds (or portion thereof) called for redemption will not accrue from and after the redemption date.

(iii) Rescission of Redemption. The County may provide conditional notice of redemption that is subject to receipt of sufficient funds to accomplish the redemption and it may rescind any notice of optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption will be cancelled and annulled if for any reason adequate funds are not on deposit in the Redemption Fund on the redemption date, and such cancellation will not constitute an Event of Default hereunder. The Trustee will mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

(iv) Identification of Bonds Redeemed. Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose will, to the extent practicable, bear the Bond number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

(v) Redemption of Bonds in Part. Upon surrender of Bonds redeemed in part only, the County will execute and the Trustee will authenticate and deliver to the registered Owner, at the expense of the County, a new Bond or Bonds, of the same Series and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

(D) Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the Bonds or portion of Bonds so called for redemption have been deposited in the Redemption Fund on the date fixed for redemption, then such Bonds or portion of Bonds so called for redemption will become due and payable at the redemption price specified in the redemption notice, and such Bonds or portion of Bonds will be

redeemed and will cease to be entitled to any benefit or security under the Indenture other than the right to receive payment of the redemption price, and no interest will accrue thereon on or after the redemption date specified in such notice.

All Bonds redeemed by the Trustee pursuant to this Section 2.03 will be canceled by the Trustee. The Trustee will destroy the canceled Bonds and, upon request of the County, issue a certificate of destruction of such Bonds to the County.

Section 2.04. Execution of Bonds. The Bonds of each Series will be executed on behalf of the County by the manual or facsimile signature of the Treasurer and the Executive Officer Clerk of the Board of Supervisors. If any officer whose signature appears on any Bond ceases to be such officer before delivery of the Bonds to the Owner, such signature will nevertheless be as effective as if the officer had remained in office until the delivery of the Bonds to the Owner. Any Bond may be signed and attested on behalf of the County by such persons who, as of the actual date of the execution of such Bond will be the proper officers of the County although at the nominal date of such Bond any such person will not have been such officer of the County.

Only such Bonds as bear thereon a certificate of authentication in substantially the form set forth in the applicable Supplemental Indenture, executed and dated by the Trustee, will be valid or obligatory for any purpose or entitled to the benefits of the Indenture, and such certificate of authentication of the Trustee will be conclusive evidence that the Bonds registered hereunder have been duly authenticated, registered and delivered hereunder and are entitled to the benefits of the Indenture.

Section 2.05. Transfer of Bonds.

(A) General. Any Bond may, in accordance with its terms, be transferred, upon the Bond Register under Section 2.07 hereof by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form acceptable to the Trustee. The cost for any services rendered or any expenses incurred by the Trustee in connection with any such transfer will be paid by the County. The Trustee will collect from the Owner requesting such transfer any tax or other governmental charge required to be paid with respect to such transfer.

Whenever any Bond is or Bonds are surrendered for transfer, the County will execute and the Trustee will authenticate and deliver a new Bond or Bonds of the same Series, for like aggregate principal amounts, maturities, and interest rates in Authorized Denominations. Neither the County nor the Trustee will be required to make such transfer of Bonds on or after a Record Date and before the next ensuing Interest Payment Date.

(B) Transfer Restriction Applicable to Bonds Owned by an Accredited Investor. Unless the Trustee shall have been otherwise directed in Certificate of the County accompanied by an opinion of Bond Counsel to the effect that such transfer is consistent with federal securities law, (i) each purchaser of Bonds must be an Accredited Investor and (ii) such

Bond(s) may only be transferred in an Authorized Denomination to an Accredited Investor so long as there will not be more than 35 owners of the Series of Bonds (when considered in the aggregate with all other owners of the Series of Bonds), each of whom delivers to the Trustee and the County an executed letter substantially in the form of Exhibit B attached to this Master Indenture.

Section 2.06. Exchange of Bonds. Bonds may be exchanged at the Principal Office of the Trustee for a like aggregate principal amount of Bonds in Authorized Denominations and of the same maturity. The cost for any services rendered or any expenses incurred by the Trustee in connection with any such exchange will be paid by the County. The Trustee will collect from the Owner requesting such exchange any tax or other governmental charge required to be paid with respect to such exchange. Neither the County nor the Trustee will be required to make such exchange of Bonds after a Record Date and before the next ensuing Bond Payment Date.

Section 2.07. Bond Register. The Trustee will keep, or cause to be kept, at its Principal Office the Bond Register for the registration and transfer of the Bonds. The Bond Register will show the Series number, date, maturity amount, rate of interest and last registered Owner of each Bond and will at all times be open to inspection by the County and each Owner during regular business hours on any Business Day, upon reasonable notice; and, upon presentation for such purpose, the Trustee will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, the ownership of the Bonds as hereinbefore provided.

Section 2.08. Temporary Bonds. The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, will be of Authorized Denominations, and may contain such reference to any of the provisions of the Indenture as may be appropriate. Every temporary Bond will be executed by the County and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the County issues temporary Bonds it will execute and furnish definitive Bonds without delay and thereupon the temporary Bonds will be surrendered, for cancellation, in exchange for the definitive Bonds at the Principal Office of the Trustee or at such other location as the Trustee will designate, and the Trustee will 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 will be entitled to the same benefits under the Indenture as definitive bonds authenticated and delivered hereunder.

Section 2.09. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond becomes mutilated, the County, at the expense of the Owner of that Bond, will execute, and the Trustee will authenticate and deliver, a new Bond of like tenor and principal amount 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 will be canceled by it and destroyed by the Trustee who will, upon request of the County, deliver a certificate of destruction thereof to the County.

If any Bond is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to the Trustee and indemnity satisfactory to the Trustee will be given, the County, at the expense of the Owner, will execute, and the Trustee will authenticate and deliver, a new Bond of like tenor and principal amount in lieu of and in substitution for the Bond so lost, destroyed or stolen. The County may require payment of a sum not exceeding the actual cost of preparing each new Bond delivered under this Section 2.09 and of the expenses that may be incurred by the County and the Trustee for the preparation, execution, authentication and delivery. Any Bond delivered under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen will constitute an original additional contractual obligation on the part of the County whether or not the Bond so alleged to be lost, destroyed or stolen is at any time enforceable by anyone, and will be equally and proportionately entitled to the benefits of the Indenture with all other Bonds issued under the Indenture.

Section 2.10. Application of Proceeds and Other Monies. Upon the sale of the Bonds, the proceeds received by the Trustee from the sale of the Bonds shall be deposited in the funds and accounts established under this Master Indenture. Monies from the sale of the Bonds shall be deposited into said funds and accounts held by the Trustee in the amounts determined pursuant to a Supplemental Indenture as follows:

(a) to the Program Fund for the payment and/or reimbursement of Program Costs in accordance with Section 4.02 hereof;

(b) to the Cost of Issuance Fund to pay the Costs of Issuance for each Bond or Series of Bonds in accordance with Section 4.05 hereof; and

(c) to the Administrative Expense Fund for the payment or reimbursement of Administrative Expenses and to make other disbursements as authorized pursuant to Section 4.03.

ARTICLE III

SECURITY; ISSUANCE OF BONDS

Section 3.01. Security for the Bonds; Pledge of Assessments and Funds. The Bonds are secured by a first pledge of all of the Collateral. So long as any of the Bonds are Outstanding, the Collateral shall not be used for any other purpose except as provided in this Master Indenture. The Assessments together with all monies collected or received by the County or any other entity acting on the County's behalf with respect to the Assessments (excluding the Assessment Administrative Fees) shall constitute a trust fund for the redemption and payment of the principal and premium (if any) of the Bonds and the interest thereon.

The County 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 Assessments and all of the right, title and interest of the County or any other person acting on behalf of the County to the receipt of all monies owed to or collected or received by the County or any other person acting on the County's behalf with respect to the Assessments hereunder. The Trustee shall be entitled to

and shall receive all of the Assessment Installments and any other amounts collected or received with respect to the Assessments (except the Assessment Administrative Fee), and any Assessment Installments or other monies collected or received by the County or any other person acting on the County's behalf with respect to the Assessments (except the Assessment Administrative Fee) shall be deemed to be held, and to have been collected or received, by the County or such other person as the agent of the Trustee and shall forthwith be paid by the County or such other person to the Trustee.

Each Assessment and all moneys that have been or pursuant to the terms of the Indenture should have been deposited into the Redemption Fund derived from the Assessment Installments, Prepayments, the foreclosure on a Participating Parcel on which an Assessment has been levied are hereby dedicated to the payment of the principal of, and interest and any premium on, the Bond secured by such Assessment as provided herein and in the Bond Act until such Bond has been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose in accordance with Article X hereof.

Section 3.02. Limited Obligation. All obligations of the County under the Indenture and the Bonds are not general obligations of the County, but are limited obligations, payable solely from the Assessments and the funds pledged therefor hereunder. Neither the faith and credit of the County, the County nor of the State of California or any political subdivision thereof, is pledged to the payment of the Bonds.

The Bonds are "Limited Obligation Improvement Bonds" under Section 8769 of the Bond Law and are payable solely from and secured solely by the Collateral, including the Assessments and the amounts in the Funds described in Section 3.01. Notwithstanding any other provision of the Indenture, the County is not obligated to advance available surplus funds from the County treasury to cure any deficiency in any Fund hereunder; provided, however, the County is not prevented, in its sole discretion, from so advancing funds.

Section 3.03. Requirements for Issuance of Bonds. All Series of Bonds issued under Supplemental Indentures will constitute Bonds hereunder and will be secured by a lien on the Collateral pledged for the payment of the Bonds hereunder on parity with all other Bonds Outstanding. The County may issue a Series of Bonds subject to the following specific conditions precedent:

(A) **Compliance.** The County will be in compliance with all covenants set forth in the Indenture, and issuance of the Series of Bonds will not cause the County to exceed the bonded indebtedness limit established for LACEP.

(B) **Same Payment Dates.** The Supplemental Indenture providing for the issuance of such Bonds will provide that interest thereon will be payable on the Interest Payment Dates, and principal thereof will be payable on the same date in any year in which principal is payable on any outstanding Series of Bonds.

(C) **Subaccounts.** The Trustee may establish subaccounts within any of the funds or accounts established under this Master Indenture at the written request of the

County or if the Trustee determines that such subaccounts are beneficial for record-keeping purposes.

(D) Reserve Fund Deposit Amount. The Supplemental Indenture providing for the issuance of such Bonds shall provide for a deposit into the Reserve Fund in an amount equal to the Reserve Fund Deposit Amount. The amount deposited into the Reserve Fund pursuant to any Supplemental Indenture shall be available to pay debt service for all Outstanding Bonds as provided for in Section 4.01, including the Series of Bonds issued pursuant to such Supplemental Indenture.

(E) Value. For each Participating Parcel, the value of such parcel (including the value of the Improvements financed from the proceeds of the Bond issued for such parcel) shall not be less than the minimum required value as determined pursuant to the LACEP requirements set forth in the Program Report or any material supplemental thereto with respect to the Residential Program.

(F) Coverage. The aggregate Assessment Installments payable under each applicable Assessment Contract or Assessment Contracts specified in such Supplemental Indenture shall be at least 100% of the cumulative Debt Service on the Bond or Series of Bonds to be secured by the Assessment or Assessments levied pursuant to such Assessment Contract or Assessment Contracts, as applicable, through the final maturity date of such Bond or Series of Bonds and the Assessment Administrative Fee or aggregate Assessment Administrative Fees payable pursuant to an Assessment Contract or Assessment Contracts, as applicable, shall be sufficient to pay the total anticipated Administrative Expenses through the final maturity date of such Bond or Series of Bonds. In addition, the scheduled Assessment Installments payable pursuant to the applicable Assessment Contract or Assessment Contracts in every Bond Year with respect to a Bond secured by an Assessment or Assessments levied pursuant to such Assessment Contract or Assessment Contracts shall be at least 100% of the annual Debt Service on such Bond through its final maturity date and the scheduled Assessment Administrative Fees levied pursuant to the Assessment Contract or Assessment Contracts in every Bond Year shall be sufficient to pay the anticipated Administrative Expenses for such Bond Year.

(G) Notice of Assessment. A notice of assessment shall have been duly recorded against each Participating Parcel pursuant to Chapter 29 and the Bond Law.

(H) Certificates. The County will deliver to the Trustee Certificate of the County certifying that the conditions precedent to the issuance of such Series of Bonds set forth in this Section 3.03 have been satisfied.

(I) Opinion of Bond Counsel. The County will deliver an opinion of Bond Counsel substantially to the effect that (a) the Indenture has been duly authorized by the County and, assuming due execution by the other parties thereto, is valid and binding upon the County and is enforceable in accordance with its terms, (b) the Series of Bonds constitute valid and binding limited obligations of the County, payable solely

from the Assessments levied on the Participating Parcels and the other assets pledged therefor under the Indenture, (c) the Series of Bonds are issued upon and secured by the unpaid Assessment on the Participating Parcels and said unpaid Assessments are an enforceable obligation and valid lien against such Participating Parcels, and (d) pursuant to Section 53935 of the Government Code of the State (the "Government Code"), the lien of the Assessments shall be coequal to and independent of the lien for general taxes, and prior and superior to all liens, claims and encumbrances except (i) the lien for general taxes or ad valorem assessments in the nature of and collected as taxes levied by the State of California, the County, or any city, special district or other local agency; (ii) the lien of any special assessment or assessments the lien date of which is prior in time to the lien date of the assessment for which the deed is issued; (iii) easements constituting servitudes upon or burdens to said lands; (iv) water rights, the record title to which is held separately from the title to said lands; and (v) restrictions of record. Bond Counsel shall provide a reliance letter addressed to the Initial Purchaser of the Bonds on the Closing Date indicating that the Initial Purchaser may rely on the opinion if it had be addressed to the Initial Purchaser.

Notwithstanding the foregoing, the County may issue a Series of Bonds as refunding bonds without the need to satisfy the requirements of clauses (D) or (E) above, and, in connection therewith, the Certificate of the County in clause (H) above need not make reference to said clauses (D) and (E).

Section 3.04. Refunding of Bonds. To the extent set forth in a Supplemental Indenture, the Bonds may be refunded by the County pursuant to Divisions 11 or 11.5 of the California Streets and Highways Code upon the conditions as set forth in appropriate proceedings therefor. This Section will not apply to or in any manner limit advancement of the maturity of any of the Bonds as provided in Parts 8, 9, 11, or 11.1 of the Bond Law, nor will this Section apply to or in any manner limit the redemption and payment of any Bond pursuant to subsequent proceedings providing for the payment of amounts to eliminate previously imposed fixed lien assessments, including the Assessments.

ARTICLE IV

FUNDS AND ACCOUNTS

Section 4.01. Redemption Fund.

(A) Establishment of Redemption Fund. The Redemption Fund is hereby established as a separate fund to be held in trust by the Trustee for the benefit of the Owners of the Bonds, within which there shall be established: (a) an Assessment Collection Account and (b) a Prepayment Account. The Redemption Fund and the accounts established thereunder shall be kept separate and apart from all other funds, monies and accounts held by the Trustee. So long as any Bonds are Outstanding, neither the County nor the Trustee shall have any beneficial right or interest in the Redemption Fund or the moneys and/or securities deposited therein, except only as provided in this Master Indenture, and such moneys and/or securities

shall be used and applied by the Trustee as provided in this Master Indenture. Moneys received by the Trustee and deposited in the Redemption Fund representing: (a) the Assessment Installments received by the Trustee; (b) any amount transferred from the Reserve Fund to the Assessment Collection Account of the Redemption Fund pursuant to Section 4.04; (c) the Prepayment of any Assessment, in whole or in part, securing a Bond; (d) proceeds of delinquent Assessment Installments collected as a result of a foreclosure proceeding conducted pursuant to Section 5.08 against the Participating Parcel on which the applicable Assessment has been levied or otherwise (excluding (i) amounts identified as representing attorney's fees and costs incurred by the County or such other person in prosecuting such foreclosure proceeding initiated pursuant to Section 5.08 and (ii) amounts transferred to the Trustee pursuant to Section 4.02 to replenish the Reserve Fund); (e) any amounts paid pursuant to the County's Teeter Plan with respect to the Assessment or Assessments securing a Bond or Bonds; and (f) amounts in the Redemption Fund transferred thereto pursuant to Section 5.08 hereto, will be held by the Trustee for the benefit of the Owner of such Bond or Bonds, as applicable, and will be disbursed to the accounts established within the Redemption Fund for the payment of the principal of, and interest and any premium on, such Bond or Bonds as provided below.

a. *Assessment Collection Account.* Except for Prepayments which shall be deposited in the Prepayment Account pursuant to paragraph (b) below or as otherwise provided in this paragraph (a), the Trustee shall deposit into the Assessment Collection Account all proceeds and payments with respect to each Assessment that is not a Prepayment, including without limitation: (i) Assessment Installments; (ii) any amounts transferred to the Assessment Collection Account from the Reserve Fund pursuant to Section 4.04; (iii) any proceeds from the collection of delinquent Assessment Installments as a result of a foreclosure proceeding conducted pursuant to Section 5.08 against the Participating Parcel on which the applicable Assessment has been levied or otherwise (excluding (A) amounts identified as representing attorney's fees and costs incurred by the County or such other person in prosecuting such foreclosure proceeding and (B) amounts required to be transferred pursuant to Section 4.04 to replenish the Reserve Fund); and (iv) amounts in the Redemption Fund transferred thereto pursuant to Section 5.08 hereto. All amounts in the Assessment Collection Account shall be used and withdrawn by the Trustee solely for the purpose of: (i) paying the Debt Service on the Bonds on a Bond Payment Date; (ii) the payment of remaining principal with respect to the Bonds on the respective maturity date thereof; or (iii) the payment of the principal of and the accrued but unpaid interest and premium (if any) on any Bond upon the redemption thereof as provided in a Supplemental Indenture (excluding mandatory redemptions occurring as a result of a Prepayment, which are payable from amounts in the Prepayment Account pursuant to subsection (b) below). All amounts in the Assessment Collection Account, including any earnings on the amounts held in the Assessment Collection Account, shall be held in trust for the benefit of the Bondowners.

b. *Prepayment Account.* The Trustee shall, upon receipt of a Prepayment with respect to an Assessment, deposit in the Prepayment Account that portion of such Prepayment specified in the report provided by the Assessment Administrator pertaining to such Prepayment pursuant to Section 5.09. All amounts in the Prepayment Account shall be used and withdrawn by the Trustee solely, pursuant to Section 8767 of the Bond Law, for the

purpose of paying the redemption price set forth in a Supplemental Indenture governing the Bond secured by the prepaid Assessment, which shall be the principal amount of such Bond subject to redemption, the applicable redemption premium and any accrued but unpaid interest on such Bond. All amounts in the Prepayment Account, including any earnings on the amounts held in the Prepayment Account, shall be held in trust for the benefit of the Bondowners. If the County shall notify the Trustee by a certificate that all of the Assessments are paid in full, the Prepayment Account will be closed.

(B) Disbursements. On or before each Interest Payment Date, the Trustee will withdraw amounts from the Redemption Fund sufficient to pay to the Owners of the Bonds the principal of (including Sinking Fund Payments), and interest and any premium then due and payable on, the Bonds; provided, however, that the Trustee shall withdraw and apply amounts on deposit in the Prepayment Account only on its receipt of a Certificate of the County indicating which r Series of Bonds are to receive such amounts.

If there are insufficient funds in the Redemption Fund to pay to the Owners of the Bonds the principal of (including Sinking Fund Payments), and interest and any premium then due and payable on, the Bonds, the Trustee will apply the available funds first to the payment of interest on the Bonds, then to the payment of principal due on the Bonds (including Sinking Fund Payments), and then to payment of principal due on the Bonds by reason of Bonds called for optional redemption or mandatory prepayment redemption.

On each September 2, the Trustee will use any amounts remaining in the Redemption Fund after payment of interest on the Bonds through such September 2 and the payment of principal due on the Bonds through such September 2 for the following purposes in the following priority: (i) to pay or reimburse the payment of Administrative Expenses incurred by the County, and (ii) to reduce the installments of the Assessments which are levied in the current or succeeding Bond Year upon the Participating Parcels to pay the principal of and interest on the Bonds,

(C) Investment. Moneys in the Redemption Fund (and the accounts therein) will be invested and deposited in accordance with Section 6.01. Interest earnings and profits resulting from such investment and deposit will be retained in the Redemption Fund and the accounts therein, as applicable.

(D) Transfers from Reserve Fund. Amounts transferred to the Redemption Fund from the Reserve Fund will be used in accordance with Part 16 of the Bond Law as directed in a Certificate of the County.

Section 4.02. Program Fund.

(A) Establishment of Program Fund. The Program Fund is hereby established as a separate fund to be held in trust by the Trustee. The Trustee shall, pursuant to the provisions of the Supplemental Indenture applicable to a Series of Bonds, deposit in the Program Fund the amount of the proceeds from the issuance of such Bond or Series of Bonds as is specified in such Supplemental Indenture. The Program Fund shall be kept separate and

apart from all other funds, monies and accounts held by the Trustee. Moneys in the Program Fund will be disbursed as provided in subsection (B) of this Section 4.02 for the payment or reimbursement of Improvement Costs.

(B) Disbursement. A The Trustee shall, from time to time, disburse monies from the Program Fund for the payment or reimbursement of Improvement Costs pursuant to this subsection (B). Upon receipt by the Trustee of a certificate duly executed by an Authorized Representative, in substantially the form attached hereto as Exhibit D, the Trustee shall pay or reimburse such Improvement Costs from amounts in the Program Fund directly to the contractor or such other person, corporation or entity entitled to payment hereunder. The Trustee may rely on an executed Certificate of the County containing the amounts to be paid or reimbursed to the designated payees and delivered to the Trustee as complete authorization for said payments. The Trustee may rely on each such certificate as sufficient evidence to the Trustee of the facts stated therein and the Trustee will have no duty to confirm the accuracy of such facts.

Upon receipt of a Prepayment as the result of the payment of a Non-Completion Assessment, the Trustee shall transfer any amounts that were previously deposited into the Program Fund related to the Participating Parcel to the Prepayment Account of the Redemption Fund.

The Trustee will maintain funds on deposit in the Program Fund until as directed in a certificate: (a) notifying the Trustee that all Improvement Costs to be paid from such funds pursuant to a particular Assessment Contract have been paid and directing the Trustee to transfer the amount specified in such Certificate of the County from the Program Fund to the Assessment Collection Account of the Redemption Fund to be applied to the payment of Debt Service on or the redemption, in whole or in part, of the Bond specified in such Certificate of the County to which such amount is allocable; or (b) directing the Trustee to close the Program Fund and to transfer any moneys remaining on deposit therein, including any investment earnings thereon, to the Assessment Collection Account of the Redemption Fund for the credit of the Bonds to which such amount(s) are allocable. Funds on deposit in the Program Fund and credited to a Bond shall be used solely to pay or reimburse the Improvement Costs associated with the Participating Parcel that has been levied an Assessment that secures such Bond, and shall not be used to pay the Improvement Costs associated with any other Participating Parcel underlying any other Bond of the same Series or otherwise.

(C) Investment. Moneys in the Program Fund shall be invested as directed in accordance with Section 6.01. Interest earnings and profits resulting from said investment will be credited to and retained in the Program Fund to be used for the purposes of the Program Fund.

Section 4.03. Administrative Expense Fund.

(A) Establishment of Administrative Expense Fund. The Administrative Expense Fund is hereby established as a separate fund to be held in trust by the Trustee. The Trustee shall pursuant to Section 5.01 deposit into the Administrative Expense Fund the Assessment

Administrative Fees received by the County with respect to each Participating Parcel. The Administrative Expense Fund and the accounts therein shall be kept separate and apart from all other funds, monies and accounts held by the Trustee. Moneys in the Administrative Expense Fund shall be disbursed as provided in subsection 4.05 below. All monies on deposit in the Administrative Expense Fund shall be used for, and are pledged for, the payment or reimbursement of Administrative Expenses when due and payable.

(B) Disbursement. Amounts in the Administrative Expense Fund will be disbursed from time to time to pay or reimburse Administrative Expenses related to the administration of an Assessment and the Bonds secured thereby. Administrative Expenses shall be reimbursed and/or paid solely from the Annual Administrative Assessments collected and deposited into the Administrative Expense Fund and in the order of priority set forth in the definition of Administrative Expenses under Section 1.02. Upon receipt by the Trustee of Certificate of the County duly executed by an Authorized Representative in substantially the form attached hereto as Exhibit F, the Trustee shall pay or reimburse directly to the designated payee such Administrative Expenses from amounts in the Administrative Expense Fund credited to the Bonds to which such Administrative Expenses relate. Each such certificate will be sufficient evidence to the Trustee of the facts stated therein and the Trustee will have no duty to confirm the accuracy of such facts. The Trustee will pay or reimburse all Administrative Expenses after receipt of an invoice from any such payee set forth in the Certificate of the County which requests payment in an amount that is less than or equal to the amount set forth under such payee's name in the Certificate of the County and all Administrative Expenses owed to the Trustee subject to Section 7.05.

Funds on deposit in the Administrative Expense Fund and the accounts therein and credited to a Series of Bonds shall be used solely to pay or reimburse the Administrative Expenses related to the administration of an Assessment and the Bonds secured thereby, and shall not be used to pay the Administrative Expenses associated with any other Assessment or Bond of the same Series or otherwise.

(C) Closing the Administrative Expense Fund. Upon the payment of all Bonds and surrender thereof to the Trustee for cancellation and payment of all outstanding Administrative Expenses due and payable hereunder [or making adequate provision for the payment thereof as mutually agreed], the County shall deliver to the Trustee a certificate declaring that: (a) all obligations of the County have been satisfied [or adequate provision has been made with respect thereof]; (b) the County shall not issue any additional Bonds pursuant to this Master Indenture; and (c) all conditions precedent to the satisfaction and discharge of this Master Indenture have been complied with. Upon receipt thereof, this Master Indenture shall be discharged and the Trustee shall deliver all amounts then remaining in the Administrative Expense Fund, if any, to the County and any outstanding Administrative Expenses shall be payable solely by the County. All such amounts delivered to the County and not required to pay outstanding Administrative Expenses may be used for any lawful purpose of the County.

(D) Investment. Moneys in the Administrative Expense Fund shall be invested as directed in accordance with Section 6.01, and earnings and profits resulting from such investment shall be retained by the Trustee in the applicable account to be used for the purposes of such account.

Section 4.04. Reserve Fund.

(A) General. The Reserve Fund is hereby established as a separate fund to be held in trust by the Trustee for the benefit of the Owners of the Bonds. Upon the issuance of a Series of Bonds, the Trustee shall, pursuant to the provisions of the Supplemental Indenture applicable to such Series of Bonds, deposit in the Reserve Fund from the proceeds of such Series of Bonds an amount equal to the Reserve Fund Deposit Amount as specified in such Supplemental Indenture. The Trustee shall also deposit in the Reserve Fund that portion of any Prepayment specified in the report provided by the Assessment Administrator pertaining to such Prepayment pursuant to Section 5.09.

(B) Transfers and Replenishment. Except as otherwise provided in this Section 4.04, all moneys in the Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Redemption Fund in the event of any deficiency at any time in the Redemption Fund of the amount then required for payment of the principal of, and interest on the Bonds. Amounts transferred from the Reserve Fund to the Redemption Fund pursuant to this subsection shall be replenished from the collection of the delinquent Assessment Installments that resulted in such transfer (and to the extent necessary, from penalties and interest thereon) whether such collection resulted from judicial foreclosure proceedings or otherwise, as soon as is reasonably possible following the receipt by the County of such delinquent Assessment Installments, penalties and interest.

(C) Investment; Maintenance of Funds in the Reserve Fund. Moneys in the Reserve Fund shall be invested in Authorized Investments with a maturity of not greater than five years as directed in a certificate of the County or, in the absence of direction, the Trustee shall invest such funds in accordance with Section 6.01. The Trustee shall retain in the Reserve Fund all earnings on amounts on deposit in the Reserve Fund. Interest earnings and profits resulting from such investment will, except as provided in subsection (D) below, be retained by the Trustee in the Reserve Fund.

(D) Reserve Fund Cap. If the amount on deposit in the Reserve Fund on September 3rd of any Bond Year exceeds the Reserve Fund Cap, the Trustee shall, within ten (10) business days of such determination, transfer the amount equal to the Reserve Fund Surplus to the Administrative Expense Fund; provided, however, that if the Reserve Fund Surplus (or any portion of it) is attributable to any Prepayments, the Trustee shall transfer the Reserve Fund Surplus (or portion of it) to the Prepayment Account in accordance with Streets & Highways Code Section 8884 of the Bond Law.

Section 4.05. Costs of Issuance Fund.

(A) Establishment of the Cost of Issuance Fund; Deposit. The Cost of Issuance Fund is hereby established as a separate fund to be held in trust by the Trustee. The Trustee

shall, pursuant to the provisions of the Supplemental Indenture applicable to a Series of Bonds, deposit in the Cost of Issuance Fund the amount of the proceeds from the issuance of such Series of Bonds as is specified in such Supplemental Indenture. The Cost of Issuance Fund shall be kept separate and apart from all other funds, monies and accounts held by the Trustee. Moneys in the Cost of Issuance Fund will be disbursed as provided in subsection (B) below.

(B) Disbursement. Amounts in the Cost of Issuance Fund will be disbursed from time to time to pay or reimburse Costs of Issuance incurred in the issuance of a Series of Bonds. Upon receipt by the Trustee of a certificate duly executed by an Authorized Representative in substantially the form attached hereto as Exhibit E, the Trustee shall pay or reimburse directly to the designated payees such Costs of Issuance from amounts in the Cost of Issuance Fund. Each such certificate will be sufficient evidence to the Trustee of the facts stated therein and the Trustee will have no duty to confirm the accuracy of such facts.

The Trustee will maintain funds on deposit in the Cost of Issuance Fund until all such funds are expended or until as directed in a certificate directing the Trustee to close the Cost of Issuance Fund and to transfer any moneys remaining on deposit therein, including any investment earnings thereon, to the Assessment Collection Account of the Redemption Fund, and such amounts in the Assessment Collection Account shall, as shown in such Certificate of the County, be credited to the account of each Bond or each Bond within a Series in the same proportion as the principal amount of such Bond compares to the total principal amount of all of the Outstanding Bonds within the Series.

(C) Investment. Moneys in the Cost of Issuance Fund shall be invested in Authorized Investments as directed in accordance with Section 6.01, and earnings and profits resulting from such investment shall be credited to and retained by the Trustee in the Cost of Issuance Fund to be used for the purposes of such fund.

Section 4.06. Funds and Accounts Established by the Trustee. The Trustee may establish one or more accounts within each Fund hereunder. All monies deposited in any such Funds and related accounts, and investment earning thereon, may be comingled without regard to a particular Bond or Series. The Trustee shall conclusively rely on information received by it pursuant to Section 5.09 and specific disbursement instructions received by it pursuant to this Article IV as to the proper allocation within, and payment from, each Fund and account therein. The Trustee shall not have any responsibility or liability for allocating or segregating any monies on a Series or Bond basis.

ARTICLE V

COVENANTS OF THE COUNTY

Section 5.01. General. (a) The County shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the County under the provisions of this Indenture. The County warrants that upon the date of execution and delivery of the Bonds, all conditions, acts and things required by law and this Indenture to exist, to have happened and to have been performed precedent to and in the execution and

delivery of such Bonds do exist, have happened and have been performed and the execution and delivery of the Bonds shall comply in all respects with the applicable laws of the State.

(b) The County will comply with all requirements of Contractual Assessment Law, the 1915 Act and the Indenture to assure the timely collection of the Assessment Installments for each Assessment, including, without limitation, the enforcement of delinquent Assessment Installments subject to Section 5.01 hereof. To that end,

(1) The Assessment levied upon each Participating Parcel, together with the interest thereon, will be payable in the Assessment Installments specified in the Assessment Contract applicable to such Participating Parcel. Each Assessment Installment will be payable pro rata with and in the same manner and at the same time and in the same installments as the general taxes on real property are payable, and become delinquent at the same times and bear the same proportionate penalties and interest after delinquency as do the general taxes on real property. the County shall cause sums received by each County from the collection of the Assessment Installments and of the interest and penalties thereon to be transferred by such County directly to the Trustee for deposit in the Assessment Collection Account of the Redemption Fund. The County shall cause sums received by each County from the collection of the Assessment Installments and of the interest and penalties thereon to be transferred by such County directly to the Trustee for deposit in the Assessment Payment Account of the Redemption Fund.

(2) The County will, before the final date on which the Auditor will accept the transmission of the Assessment Installments for the Participating Parcels for inclusion on the next tax roll, prepare or cause to be prepared, and will transmit to the Auditor, such data as the Auditor requires to include the Assessment Installments on the next secured tax roll. The County is hereby authorized to employ consultants, including the Assessment Administrator, to assist in computing the Assessment Installments hereunder.

Section 5.02. Punctual Payment. The County will punctually pay or cause to be paid the principal of, and interest and any premium on, the Bonds when and as due in strict conformity with the terms of the Indenture, and it will faithfully and timely observe and perform all of the conditions, covenants and requirements of the Indenture and of the Bonds.

Section 5.03. Extension of Payment of Bonds. The County will not, directly or indirectly, extend or consent to the extension of the time for the payment of any interest on or principal of any of the Bonds and will not, directly or indirectly, be a party to the approval of any such arrangement by purchasing or funding any claims for interest on or principal of any of the Bonds, or in any other manner.

Section 5.04. Protection of Rights . The County will preserve and protect the first priority security interest in the Assessments and the rights of the Owners thereto, and will warrant and defend their rights to such security interest against all claims and demands of all persons. From and after the delivery of any of the Bonds by the County, the Bonds will be

incontestable by the County. The cost of any such action shall be borne by the County except for foreclosure proceedings undertaken by a trustee appointed by the County at the request of the Owner of a Bond pursuant to Section 5.08.

Section 5.05. Against Encumbrances . The County will not encumber, pledge or place any charge or lien upon any of the Assessments or other Collateral pledged to the Owners hereunder except for any such encumbrance, pledge or placement of a lien or charge approved in writing by the Owner of such Bond.

Section 5.06. Deferral of Assessments. The County will refrain from directly or indirectly extending or deferring the payment of any Assessment Installment.

Section 5.07. Accounting Records and Statements . The County will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the County, in which complete and correct entries will be made of all transactions relating to the proceeds of the Bonds, the Assessments and the application of amounts disbursed from the funds and accounts established hereunder, which records will be subject to inspection by the Trustee and the Owners (who shall have no duty to so inspect) upon reasonable prior notice on any Business Day.

Section 5.08. Covenant to Foreclose . (a) The County will initiate procedures to determine or cause to be determined if any Assessment was not paid when due during the fiscal year ended the prior June 30. If any such assessment was not paid, the County shall, upon the written request of the Owners pursuant to Section 9.02 hereof, send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner, and if the delinquency remains uncured within 90 days of such notice, order and cause to be commenced, and thereafter prosecute to completion pursuant to Section 8830 et seq. of the California Streets and Highways Code, judicial foreclosure proceedings upon the lien of delinquent unpaid assessments as necessary or desirable to result in assessment Collateral sufficient to pay any delinquent principal of or interest on the Bonds and satisfy the Reserve Requirement. Upon the redemption or sale of the real property responsible for such delinquent Assessment Installments, or resale as provided below, the County shall deposit to the Reserve Fund, the amount of any delinquency advanced therefrom to the Redemption Fund for payment of interest on or principal of Bonds.

(b) In the event that real property with an Assessment is neither redeemed by the owner thereof nor sold to a third party purchaser at such foreclosure sale, the County may, but shall not be obligated to, cause a credit bid on behalf of and in the name of the County to be entered in the amount due the County and shall cause a sheriff's deed for said real property to be executed in the name of the County. The proceeds from any resale of such real property on which there is an Assessment shall be applied in the following order: (i) to make any past due payments of principal of or interest on the Bonds, (ii) to restore the Assessment Bond Reserve Fund to the Assessment Bond Reserve Requirement, (iii) to the payment of any continuing costs of the Bonds, and (iv) for the redemption of Bonds pursuant to Section 2.03 hereof with credit for such redemption credited pro rata against all Assessments.

(c) In the event that the County makes the determinations described in the Sections 8770-8772 of the 1915 Act in connection with the prospects of an ultimate loss accruing to the bondholders, the County shall take or cause to be taken the actions required by Sections 8770-8784 of said Act and Owners of Bonds shall be deemed to have consented to do such things as are required by such Sections of Owners of Bonds.

(d) In the event that a foreclosure judgment is entered in favor of the County in any foreclosure proceeding undertaken pursuant to this Section 5.08 and the applicable Participating Parcel fails to sell for the minimum price required by Streets and Highways Code Section 8832, the County shall not petition the court to modify the judgment and authorize such Participating Parcel to be sold at a lesser minimum price or without a minimum price without the prior written consent of the Owner of the Bonds secured by the Assessment levied against such Participating Parcel.

Amounts collected by the County or any other person pursuant to this Section 5.08 shall be held in trust by such person for the benefit of the Owner of the Bond secured by a delinquent Assessment Installment until all such amounts have been deposited into the Redemption Fund (excluding amounts identified as representing attorney's fees and costs incurred by the County or such other person in prosecuting any action initiated pursuant to this Section 5.08).

(e) Notwithstanding the foregoing, the County shall assign the causes of action and the foreclosure proceedings to a trustee upon receipt of a written request for assignment from the Owner of any Bond secured by an Assessment for which the Assessment Installments are delinquent, identification of the trustee to which such assignment is to be made and the agreement by such Owner to assume all costs and expenses of such foreclosure proceedings and the release of the County of its obligations pursuant to this Section 5.08 to prosecute such foreclosure proceedings.

(f) [The County shall provide an electronic Certificate of the County to the Trustee no earlier than the first Business Day of the month preceding each Bond Payment Date and no later than the Record Date prior to such Bond Payment Date the following information with respect to any delinquent Assessment Installment or Assessment Installments:

(1) the identity of the Participating Parcel for which each such Assessment Installment is delinquent and the Bonds that are secured by the Assessment levied against such Participating Parcel;

(2) the date upon which each such Assessment Installment became delinquent;

(3) the amount of each such delinquent Assessment Installment;

(4) the date upon which the complaint initiating judicial foreclosure proceedings against each such Participating Parcel was filed or if such complaint has not been filed, the date on which such complaint is required to be filed pursuant to Section 5.08;

(5) the date on which the delinquent Assessment Installment was redeemed;

(6) the date that judgment in judicial foreclosure proceedings was entered against any such Participating Parcel and the party in whose favor such judgment was entered; and

(7) the date that any such Participating Parcel was sold at a judicial foreclosure sale.

A Bond Owner may request in writing that the Trustee furnish it with a copy of any of the written reports set forth in this Section 5.08]

Section 5.09. Assessment Administrator . (a) The County may, in its sole discretion, employ the services of an Assessment Administrator or cause the Trustee to employ, on behalf of the County, an Assessment Administrator identified for the purpose of providing all services of such Assessment Administrator as specified herein. The costs and expenses incurred by the Trustee and the County in employing such Assessment Administrator shall be deemed to be Administrative Expenses and shall be payable pursuant to Section 4.05 hereto; provided, however, if the County does not provide payment of such costs and expenses in a timely manner, the Trustee shall be entitled to withdraw to the extent available amounts owed from the Administrative Expense Payment Account to pay the Assessment Administrator. The Assessment Administrator will provide electronic written reports to the Trustee of remittances of any amounts representing Assessment Installments and/or Annual Administrative Assessments and the portions thereof to be deposited in the funds and accounts hereunder and any other reports as specified by the County. The Trustee may conclusively rely upon the information provided to the Trustee pursuant to this Section.

(b) The Assessment Administrator shall be a third party contractor and not an agent of the Trustee and the Trustee has no responsibility or liability for any amounts owed to the Assessment Administrator. Under no circumstances shall the Trustee act as Assessment Administrator, handle any of its duties or obligations, or be responsible to monitor, track, supervise or otherwise have any obligation with respect to the Assessment Administrator, or be required to pay any amounts due to the Assessment Administrator from amounts on deposit in the Administrative Reserve Account.

Section 5.10. Further Assurances. The County 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 its duties under 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

INVESTMENTS; LIABILITY OF THE COUNTY

Section 6.01. **Deposit and Investment of Moneys in Funds.** Moneys in any fund or account created or established by the Indenture and held by the Trustee will be invested by the Trustee in Authorized Investments, as directed pursuant to a Certificate of the County filed with the Trustee, at least two Business Days in advance of the making of such investments. In

the absence of any such Certificate of the County, the Trustee shall invest any such moneys in _____.

Obligations purchased as an investment of moneys in any fund will be deemed to be part of such fund or account, subject, however, to the requirements of the Indenture for transfer of interest earnings and profits resulting from investment of amounts in funds and accounts.

The Trustee may act as principal or agent in the acquisition or disposition of any investment. The Trustee will incur no liability for losses arising from any investments made pursuant to this Section unless such losses arise as a result of the Trustee's failure to make investments as set forth in investment directions from the County or as a result of such investments violating the terms of this Master Indenture. The Trustee will be entitled to rely upon any investment directions from the County as conclusive evidence that the investments described therein are so authorized under the laws of the State of California.

Except as set forth above, the Trustee will not invest any cash held by it hereunder in the absence of timely and specific written direction from the County. In no event will the Trustee be responsible for the selection of investments.

Investments in any and all funds and accounts may, at the discretion of the Trustee, be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in or to the credit of particular funds or accounts of amounts received or held by the Trustee hereunder, provided that the Trustee will, at all times, account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in the Indenture.

The Trustee will sell, or present for redemption, any investment security whenever it is necessary to provide moneys one Business Day prior to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such investment security is credited. The Trustee will not be liable or responsible for any loss resulting from the acquisition or disposition of such investment security in accordance herewith.

Section 6.02. Limited Liability of the County. The County will not be obligated to make any payments required hereunder or under any Bond, or be deemed to incur any liability hereunder or by reason hereof or arising out of any of the transactions contemplated hereby, payable from any funds or assets other than as specifically provided herein.

Section 6.03. Employment of Agents by the County. In order to perform its duties and obligations hereunder, the County may employ such persons or entities as it deems necessary or advisable. The County will not be liable for any of the Contractual Assessment Laws or omissions of such persons or entities employed by it with reasonable care and in good faith hereunder, and will be entitled to rely, and will be fully protected in doing so, upon the opinions, calculations, determinations and directions of such persons or entities.

ARTICLE VII

THE TRUSTEE

Section 7.01. Appointment of Trustee. [Trustee], at the Principal Office, is hereby appointed trustee (including registrar and transfer agent) and paying agent for the Bonds. The Trustee undertakes to perform such duties, and only such duties, as are specifically set forth in the Indenture, and no implied covenants or obligations will be read into the Indenture against the Trustee. With respect to the appointment of the Trustee, the following will apply:

(a) Any bank or company into which the Trustee may be merged or converted or with which it may be consolidated, or any bank or company resulting from any merger, conversion or consolidation to which it is a party, or any bank or company to which the Trustee may sell or transfer all or substantially all of its corporate trust business (if such bank or company is eligible under paragraph (b) of this Section 7.01) will be the successor to such Trustee provided that such bank or company expressly assumes in writing the duties of the Trustee under the Indenture without the execution or filing of any other paper or any further act, anything herein to the contrary notwithstanding. The Trustee will give the County written notice of any such succession hereunder.

(b) The County may remove the Trustee initially appointed and any successor thereto, and may appoint a successor thereto, but any successor Trustee will be a national banking association or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least \$75,000,000 and subject to supervision or examination by federal or state authority. If such national banking association 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 purposes of this Section 7.01, combined capital and surplus of such national banking association or trust company will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

(c) The Trustee may, at any time, resign by giving written notice to the County and by giving to the Owners notice by mail of such resignation. Upon receiving notice of such resignation, the County will promptly appoint a successor Trustee, satisfying the requirements of Section 7.01(b) above, by an instrument in writing. Any resignation or removal of the Trustee will become effective upon acceptance of appointment by the successor Trustee.

(d) If, by reason of the judgment of any court, the Trustee is rendered unable to perform its duties hereunder, the County will promptly appoint a successor Trustee by an instrument in writing.

(e) If no appointment of a successor Trustee is made pursuant to the foregoing provisions of this Section within 45 days after the Trustee has given to the County written notice or after a vacancy in the office of the Trustee has occurred by reason of its inability to act, the Trustee or any Bondowner may apply to any court of competent jurisdiction to appoint a successor Trustee. That court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee that satisfies the requirements of paragraph (b) of this Section 7.01.

Section 7.02 Liability of Trustee. With respect to the liability of the Trustee, the following will apply:

(a) The recitals of facts, covenants and agreements herein and in the Bonds contained will be taken as statements, covenants and agreements of the County, and the Trustee assumes no responsibility for the correctness of the same, makes no representations as to the validity or sufficiency of the Indenture or of the Bonds, or will incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon it. The Trustee will not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee assumes no responsibility or liability for any information, statement or recital in any official statement or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

(b) The Trustee may request and conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Indenture; but in the case of any such certificates or opinions by which any provision hereof are specifically required to be furnished to the Trustee, the Trustee will be under a duty to examine the same to determine whether or not they conform to the requirements of the Indenture on their face.

Except as provided above in this paragraph, the Trustee will be fully protected and will incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of the Indenture, upon any resolution, order, notice, request, consent or waiver, certificate, statement, affidavit, or other paper or document which it in good faith reasonably believes to be genuine and to have been adopted or signed by the proper person or to have been prepared and furnished pursuant to any provision of the Indenture, and the Trustee will not be under any duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument.

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

(d) No provision of the Indenture will require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers and none of the provisions contained in this Master Indenture shall in any event require the Trustee to perform, or be responsible for the manner of performance of, any of the obligations of any other party including, without limitation, any employee, staff member, consultant, or agent of the County, under this Master Indenture.

(e) The Trustee will be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the Owners pursuant to the Indenture unless such Owners have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(f) The Trustee may become the owner of the Bonds with the same rights it would have if it were not the Trustee.

(g) The Trustee will not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay (“unavoidable delay”) in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event or occurrences beyond the control of the Trustee.

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

(i) The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, affiliates, or receivers, and will be entitled to advice of counsel concerning all matters of trust and its duty hereunder, and the Trustee will not be answerable for the default or misconduct of any such attorney, agent, or receiver selected by it with reasonable care.

Section 7.03 Information; Books and Accounts. The Trustee will provide to the County and the Owners of the Bonds such information relating to the Bonds and the funds and accounts maintained by the Trustee hereunder as the County or such Owners may reasonably request, including, but not limited to, periodic statements reporting funds held and transactions by the Trustee.

The Trustee will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Trustee, in which complete and correct entries will be made of all transactions made by it relating to the expenditure of amounts

disbursed from the Redemption Fund and the accounts therein. Such books of record and accounts will, upon reasonable notice, at all times during business hours on any Business Day be subject to the inspection of the County and the Owners of not less than 10% of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing.

Section 7.04 Reliance by Trustee. The Trustee may conclusively rely, without undertaking any investigation or inquiry, and will be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, facsimile transmission, electronic mail, warrant, Bond, or other paper or document reasonably believed by it to be genuine and having been signed or presented by the proper party or proper parties.

The Trustee may consult with counsel, who may be Bond Counsel or other counsel to the County, with regard to legal questions, and the advice or written opinion of such counsel will be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

The Trustee will not be bound to recognize any person as the Owner of a Bond unless and until such person is the registered Owner of such Bond as reflected on the Registration Books and such Bond is submitted for inspection, if required, and such Owner's title thereto satisfactorily established, if disputed.

Whenever in the administration of its duties under the Indenture the Trustee deems it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a certificate of an Authorized Representative of the County, and such certificate will be full warrant to the Trustee for any action taken or suffered under the provisions of the Indenture or any Supplemental Indenture upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable; provided that the Trustee shall be responsible for any such action taken or suffered in a manner constituting gross negligence or willful misconduct.

Section 7.05 Compensation; Indemnification. The County will pay out of its funds, which shall include, but not be limited to, the proceeds of Assessment Administrative Fees deposited in the Administrative Expense Fund and the interest earnings on the investment of such proceeds, to the Trustee from time to time reasonable compensation for all services rendered as Trustee under the Indenture, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of the Trustee's in house or other attorneys and agents, incurred in and about the performance of their powers and duties under the Indenture, but the Trustee will not have a lien therefor on any funds at any time held by it under the Indenture.

The County further agrees, to the extent permitted by applicable law, to indemnify and save the Trustee, its officers, employees, directors and agents harmless against any losses,

expenses, costs, claims, judgments, damages, suits or liabilities which it may incur in the exercise and performance of its powers and duties hereunder (including, without limitation, legal fees and expenses) which are not due to its negligence or willful misconduct. All such amounts may be paid from the Administrative Expense Fund to the extent of funds available.

The obligation of the County under this Section will survive resignation or removal of the Trustee under the Indenture and payment of the Bonds and discharge of the Indenture.

7.06 Trustee as Owner. The Trustee may become the owner of any of the Bonds in its own and any other capacity with the same rights it would have if it were not Trustee.

ARTICLE VIII

MODIFICATION OR AMENDMENT OF THE INDENTURE

Section 8.01. Conditions for Amendment.

(A) Amendment with Consent of Bond Owners. The Indenture and the rights and obligations of the County and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Indenture with the written consent of the Owners of at least 60% in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 8.03.

No such modification or amendment may:

- (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the County to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, or
- (ii) permit the creation by the County of any pledge or lien upon the Assessments superior to the pledge and lien created for the benefit of the Bonds or on parity with the pledge and lien created for the benefit of the Bonds (except as provided in Sections 2.02 and 3.03), or
- (iii) reduce the percentage of Bonds required for the amendment hereof, or
- (iv) amend this Section 8.01.

Any such amendment may not modify any of the rights or obligations of the Trustee without its written consent.

(B) Amendment without Consent of Bond Owners. The Indenture and the rights and obligations of the County and of the Owners may also be modified or amended at any time

by a Supplemental Indenture, without the consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes:

(i) To add to the covenants and agreements of the County contained in the Indenture, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power herein reserved to or conferred upon the County.

(ii) To make modifications not adversely affecting any outstanding Bonds in any material respect, as evidenced by an opinion of Bond Counsel delivered to the Trustee, unless the requirement for such opinion is waived by the Owners of the Bonds that would be affected by such modifications.

(iii) Corrections. To make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Indenture, or in regard to questions arising under the Indenture, as the County may deem necessary or desirable and not inconsistent with the Indenture, and which will not materially adversely affect the rights of the Owners of the Bonds.

(iv) Issuance of Bonds. To issue additional Series of Bonds in accordance with the Indenture.

(v) Credit Enhancements. To provide for the delivery of credit enhancements for one or more Series of the Bonds.

(vi) Reserve Fund Deposits. To provide for the satisfaction with funds other than Bond proceeds of the obligation to make a deposit into the Reserve Fund in an amount equal to the Reserve Fund Deposit Amount.

(vii) Federal Tax Law. To comply with applicable provisions of the Tax Code relating to tax-exempt bonds or federal tax credit bonds.

Section 8.02. Procedure for Amendment with Written Consent of Owners. The County and the Trustee may at any time adopt a Supplemental Indenture amending the provisions of the Bonds or of the Indenture, to the extent that such amendment is permitted by Section 8.01, to take effect when and as provided in this Section. With respect to such Supplemental Indenture under this Section, the following will apply:

(A) A copy of such Supplemental Indenture, together with a request to Owners for their consent thereto, will be mailed by first class mail, by the Trustee to each Owner of Bonds Outstanding, but failure to mail copies of such Supplemental Indenture and request will not affect the validity of the Supplemental Indenture when assented to as provided in this Section.

(B) Such Supplemental Indenture will not become effective unless there has been filed with the Trustee the written consents of the Owners of at least 60% in aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds disqualified as provided in Section 8.03) and a notice has been mailed as described in subsection (A) above. Each such consent will be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof will be such as is permitted by Section 10.04.

Any such consent will be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

(C) After the Owners of the required percentage of Bonds have filed their consents to the Supplemental Indenture, the Trustee will mail a notice to the Owners in the manner described in subsection (A) above for the mailing of the Supplemental Indenture, stating in substance that the Supplemental Indenture has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section; provided, however, that failure to mail copies of this notice will not affect the validity of the Supplemental Indenture or consents thereto.

Proof of the mailing of such notice will be filed with the Trustee.

The Supplemental Indenture will become effective upon the filing with the Trustee of (a) the proof of the required notice, and (b) an approving opinion of Bond Counsel to the effect that the Supplemental Indenture complies with this Section 8.02. The Supplemental Indenture will be deemed conclusively binding (except as otherwise specifically provided in this Article) upon the County and the Owners of all Bonds at the expiration of 60 days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such 60-day period.

Section 8.03. Disqualified Bonds. Bonds owned or held for the account of the County, excepting any pension or retirement fund, will not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided for in this Article VIII, and will not be entitled to consent to, or take any other action provided for in this Article VIII; except that in determining whether the Trustee will be protected in relying upon any such approval or consent of an Owner, only Bonds which a responsible officer of the Trustee having direct responsibility for the administration of the Indenture actually knows to be owned by or held for the account of the County (excepting any pension or retirement fund) will be disregarded unless all Bonds are so owned, in which case such Bonds will be considered Outstanding for the purpose of such determination. Upon request of the Trustee, the County will specify in a certificate to the Trustee those Bonds disqualified pursuant to this Section and the Trustee may conclusively rely on such certificate.

Section 8.04. Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective pursuant to this Article VIII, the Indenture will be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations under the Indenture of the County and all Owners of Bonds Outstanding will thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Indenture will be deemed to be part of the terms and conditions of the Indenture for any and all purposes.

Section 8.05. Endorsement or Replacement of Bonds Issued After Amendment. The County may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article VIII will bear a notation, by endorsement or otherwise, in form approved by the County, as to such action. In that case, upon request of the Owner of any Bond Outstanding at such effective date and presentation of his or her Bond for that purpose at the Principal Office of the Trustee or at such other office as the County may select and designate for that purpose, a suitable notation will be made on such Bond. The County may determine that new Bonds, so modified as in the opinion of the County is necessary to conform to such Owners' action, will be prepared, executed and delivered. In that case, upon request of the Owner of any Bonds then Outstanding, such new Bonds will be exchanged at the Principal Office of the Trustee without cost to any Owner, for Bonds then Outstanding, upon surrender of such Bonds.

Section 8.06. Amendatory Endorsement of Bonds. The provisions of this Article VIII will not prevent any Owner from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

Section 8.07. Execution of Supplemental Indenture. Prior to executing any Supplemental Indenture hereunder, the Trustee will be entitled to receive an opinion of Bond Counsel stating that the execution of such Supplemental Indenture is authorized and permitted by the Indenture and that all conditions precedent to the execution of such Supplemental Indenture have been met.

ARTICLE IX

EVENTS OF DEFAULT; REMEDIES

Section 9.01. Events of Default. Any one or more of the following events will constitute an "Event of Default":

(A) Default in the due and punctual payment of the principal of or redemption premium, if any, on any Bond when and as the same will become due and payable, whether at maturity as therein expressed or from mandatory redemption;

(B) Default in the due and punctual payment of the interest on any Bond when and as the same will become due and payable; or

(C) Default by the County in the observance of any of the other agreements, conditions or covenants on its part in the Indenture or in the Bonds contained, and the continuation of such default for a period of thirty (30) days after the County has been given notice in writing of such default by the Trustee or any Owner; *provided, however*, if in the reasonable opinion of the County the failure stated in the notice can be corrected, but not within such thirty (30) day period, such failure shall not constitute an Event of Default if corrective action is instituted by the County within such thirty (30) day period and the County shall thereafter diligently and in good faith cure such failure within a reasonable period of time.

Section 9.02. Remedies of Owners. Following the occurrence of an Event of Default, any Owner will have the right for the equal benefit and protection of all Owners similarly situated:

(A) By mandamus or other suit or proceeding at law or in equity to enforce his or her rights against the County and any of the members, officers and employees of the County, and to compel the County or any such members, officers or employees to perform and carry out their duties under the Contractual Assessment Law or the Bond Law and their agreements with the Owners as provided in the Indenture; or

(B) By suit in equity to enjoin any actions or things which are unlawful or violate the rights of the Owners.

Nothing in this article or in any other provisions of the Indenture or in the Bonds will affect or impair the obligation of the County, which is absolute and unconditional, to pay the interest and redemption premium (if any) on and principal of the Bonds to the respective owners of the Bonds when due, as herein provided, out of the Assessments pledged for such payment, or affect or impair the right of action, which is also absolute and unconditional, of such Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds and in the Indenture.

The principal of the Bonds will not be subject to acceleration hereunder.

A waiver by any Owner of any default or breach of duty or contract will 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 by any Owner to exercise any right or power accruing upon any default will impair any such right or power and it will not be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Owners by the Contractual Assessment Law or the Bond Law or by this article may be enforced and exercised from time to time and as often as will be deemed expedient by the Owners.

If any suit, action or proceeding to enforce any right or exercise any remedy is abandoned or determined adversely to the Owners, the County and the Owners will be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken. No remedy herein conferred upon or reserved to the Owners is intended to

be exclusive of any other remedy. Every such remedy will be cumulative and will be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Contractual Assessment Law, the Bond Law or any other law. In no event will the Trustee have any responsibility to cure or cause the County or any other person or entity to cure an Event of Default hereunder.

ARTICLE X

MISCELLANEOUS

Section 10.01. Discharge of Indenture. Subject to the provisions of Section 2.03 hereof regarding redemption, if the County pays and discharges the entire indebtedness on all or a portion of any Bonds Outstanding in any one or more of the following ways:

(A) by paying or causing to be paid the principal of (including any Sinking Fund Payments) and interest and any premium on, all Bonds Outstanding, as and when the same become due and payable;

(B) by depositing with the Trustee, in trust, at or before maturity, money which, together with the amounts then on deposit in the funds and accounts provided for in Section 4.01, is fully sufficient to pay such Bonds Outstanding, including all principal (including Sinking Fund Payments), interest and any applicable redemption premiums; or

(C) by irrevocably depositing with the Trustee, in trust, cash and Federal Securities in such amount as the County may determine, as confirmed by an independent certified public accountant, will, together with the interest to accrue thereon and moneys then on deposit in the fund and accounts provided for in Section 4.01, be fully sufficient to pay and discharge the indebtedness on such Bonds, including all principal, Sinking Fund Payments, interest and any applicable redemption premiums, at or before their respective maturity dates;

and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption has been given as required by the Indenture (or provision satisfactory to the Trustee has been made for the giving of such notice), then, at the election of the County, and notwithstanding that any Bonds have not been surrendered for payment, the pledge of the Assessments and other Collateral provided for in the Indenture and all other obligations of the County under the Indenture with respect to all Bonds Outstanding will cease and terminate, except only: (i) the obligation of the County to pay or cause to be paid to the Owners of the Bonds not so surrendered and paid all sums due thereon and (ii) the obligation of the County to pay or cause to be paid all amounts owing to the Trustee pursuant to Section 7.05 hereof.

If all Bonds outstanding are discharged pursuant to this Section, thereafter Assessments will not be payable to the Trustee. Notice of election to discharge the Indenture will be filed with the Trustee. Any funds thereafter held by the Trustee upon payment of all fees and

expenses of the Trustee, which are not required for said purpose, will be paid over to the County to be used by the County as provided in the Contractual Assessment Law and the Bond Law.

Section 10.02. Benefits of Indenture Limited to Parties. Nothing in the Indenture, expressed or implied, is intended to give to any person other than the County, the Trustee and the Owners, any right, remedy or claim under or by reason of the Indenture. Any covenants, stipulations, promises or agreements in the Indenture contained by and on behalf of the County will be for the sole and exclusive benefit of the Owners and the Trustee.

Section 10.03. Successor is Deemed Included in All Reference to Predecessor. Whenever in the Master Indenture or any Supplemental Indenture either the County or the Trustee is named or referred to, such reference will be deemed to include the successors or assigns thereof, and all the covenants and agreements in the Indenture contained by or on behalf of the County or the Trustee will bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 10.04. Execution of Documents and Proof of Ownership by Owners. Any request, declaration or other instrument which the Indenture may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and will be executed by Owners in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

The ownership of registered bonds and the amount, maturity, number and date of holding the same will be proved by the registry books.

Any consent, request, declaration or other instrument or writing of the then registered Owner of any Bond will bind all future Owners of such Bond in respect of anything done or suffered to be done by the County or the Trustee in good faith and in accordance therewith.

Section 10.05. Waiver of Personal Liability. The County and the officer, agent or employee thereof shall not be individually or personally liable for the payment of the principal of or interest on the Bonds; but nothing herein contained shall relieve any such entity, officer, agent or employee from the performance of any official duty provided by law.

Section 10.06. Notices to and Demand on Authority and Trustee. All notices or communications herein required or permitted to be given to the County or the Trustee shall be in writing and shall be deemed to have been sufficiently given or served for all purposes by

being delivered or sent by telecopy or upon actual receipt by being deposited, postage prepaid, in a post office letter box, addressed as follows:

If to the County: County of Los Angeles
500 West Temple Street, Room 437
Los Angeles, California
Attention: Treasurer and Tax Collector

If to the Trustee: [Trustee]
[Trustee Address]

Section 10.07. Partial Invalidity. If any one or more of the provisions contained in the Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in the Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of the Indenture, and the Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The County hereby declares that it would have entered into the Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of the Indenture may be held illegal, invalid or unenforceable.

Section 10.08. Unclaimed Moneys. Notwithstanding any provisions of the Indenture, any moneys held by the Trustee in trust for the payment of the principal of, or interest on, any Bonds and remaining unclaimed for two years after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in the Indenture), if such moneys were so held at such date, or two years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall be repaid to the County free from the trusts created by the Indenture upon receipt of an indemnification agreement acceptable to the County and the Trustee indemnifying the Trustee with respect to claims of Owners of Bonds which have not yet been paid, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the County as aforesaid, the Trustee may (at the cost of the County) first mail, by first class mail postage prepaid, to the Owners of Bonds which have not yet been paid, at the respective addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the County of the moneys held for the payment thereof.

Section 10.09. Applicable Law. The Indenture will be governed by and enforced in accordance with the laws of the State of California applicable to contracts made and performed in the State of California.

Section 10.10. Conclusive Evidence of Regularity. The issuance of Bonds pursuant to the Indenture will constitute conclusive evidence of the regularity of all proceedings under the Contractual Assessment Law relative to their issuance and the levy of the Assessments.

Section 10.11. Payment on Business Day. In any case where the date of the maturity of interest or of principal, including Sinking Fund Payments, (and premium, if any) of the Bonds or the date fixed for redemption of any Bonds or the date any action is to be taken pursuant to this Master Indenture is other than a Business Day, the payment of interest or principal, including Sinking Fund Payments, (and any redemption premium) or the action need not be made on such date but may be made on the next succeeding day which is a Business Day with the same force and effect as if made on the date required and no additional interest will accrue from such Interest Payment Date until such Business Day.

Section 10.12. Counterparts. This Master 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 County and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the County and the Trustee have caused this Master Indenture to be executed, all as of the date first written above.

COUNTY OF LOS ANGELES

By: _____
Treasurer

[TRUSTEE], as Trustee

By: _____
Vice President

EXHIBIT A

FORM OF TRANSFER LETTER

Board of Supervisors
County of Los Angeles, California
Los Angeles, California

Hawkins Delafield & Wood LLP
Los Angeles, California

Re: Los Angeles County Energy Program
Contractual Assessment Limited Obligation Improvement Bonds,
([Tranche Identifier])

Ladies and Gentlemen:

The undersigned (the “Investor”) hereby acknowledges receipt of the above- referenced bonds (the “Bonds”), which evidence and represent the right to receive principal and interest payments from Collateral, including assessment installments remitted pursuant to that certain Assessment Contracts set forth in the herein referenced Supplemental Indenture (the “Assessment Contracts”), by and between the County and the property owners named therein (the “Property Owners”), being free and willing owners of property located in the jurisdiction of the Los Angeles County Energy Program (“LACEP”), to finance the acquisition, construction and installation of distributed generation renewable energy sources and energy and water efficiency improvements (the “Improvements”) in accordance with LACEP. The Bonds have been executed pursuant to the terms of that the Master Indenture, dated as of [As of Date] (the “Master Indenture”), as supplemented by Supplemental Indenture Series No. __, dated as of [As of Date] (the “Supplemental Indenture” and, together with the Master Indenture, the “Indenture”), each by and between the County and [Trustee], as trustee thereunder. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

The Investor will provide the Trustee with the following information: a) the Investor’s Social Security Number or Tax Identification Number; b) a signed IRS Form W-9; c) the Investor’s mailing address; and d) payment instructions.

The undersigned acknowledges that the Bonds were issued to finance Improvements to the properties owned by the Property Owners pursuant to LACEP and the Assessment Contracts and pay certain costs of issuance incurred in connection with the issuance of the Bonds, as more particularly described in the Indenture.

In connection with the sale of the Bonds to the Investor, the Investor hereby makes the following representations upon which you may rely:

(a) The Purchaser has authority to purchase the Bonds, to execute the Bond Purchase Agreement and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Bonds and to take any action under the Bond Purchase Agreement required to be taken by and on behalf of the Purchaser, and the Bond Purchase Agreement, when duly executed and delivered by the other party hereto, is a binding contract of the Purchaser enforceable in accordance with its terms.

(b) The Bonds are being purchased in a private placement transaction and the terms of the sale and purchase have been established through negotiations between the County and the Purchaser in an arm's-length transaction.

(c) The Purchaser is a "Qualified Institutional Buyer" as defined in Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), or an "Accredited Investor" as defined in Rule 501 of Regulation D under the Securities Act, and has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal obligations of a nature similar to the Bonds, and is capable of evaluating the merits and risks of its investment in the Bonds. The Purchaser is purchasing the Bonds with a full understanding of all the terms and risks thereof and is able to bear the economic risk of, and entire loss of, an investment in the Bonds.

(d) The Bonds are being acquired by the Purchaser for investment and not with a view to, or for resale in connection with, any distribution of the Bonds. The Purchaser understands that it may need to bear the risks of this investment for an indefinite period of time due to the transfer restrictions applicable to the Bonds and because any sale prior to maturity may not be possible.

(e) The Purchaser represents that its purchase of the Bonds is exempt from Securities and Exchange Commission Rule 15c2-12.

(f) The Purchaser acknowledges that the County has not prepared any offering document with respect to the Bonds and that no written information has been provided by the County to the Purchaser with respect to the Bonds. The Purchaser has made its own credit inquiry and analyses with respect to the Bonds and the security therefor and assumed the responsibility for obtaining and making such review as he has deemed necessary or desirable in connection with the decision to purchase the Bonds. The Purchaser is aware that investment in the properties of the Property Owners involves certain economic variables and risks that could adversely affect the security for the Bonds. The Purchaser's decision to purchase the Bonds and its investment decision as to the suitability of the Bonds was based upon its own judgment and did not rely on any information provided by the County (or any representatives or agents of the County) that is not in written form or any view expressed by the County.

(g) The Purchaser has had an opportunity to conduct its own investigation with respect to the offering and the Bonds, and to ask such questions of the County with respect to the Bonds as the Purchaser considered necessary or appropriate in connection with

such investigation, the Purchaser has had access to or received all information that the Purchaser believes is necessary or appropriate to enable it to make its investment decision, and the Purchaser has had the opportunity to ask questions of and receive answers from knowledgeable officials of the County and other individuals concerning the County, the Bonds, the Collateral and LACEP. The Purchaser acknowledges that it has not relied upon the County for any information in connection with the Purchaser's purchase of the Bonds.

(h) Neither the County nor Hawkins Delafield & Wood LLP, as bond counsel, or its members, its governing body, or any of its employees, counsel or agents will have any responsibility to the Purchaser for the accuracy or completeness of information obtained by the Purchaser from any source regarding the Property Owners or its financial condition or regarding the Bonds, the provision for payment thereof, or the sufficiency of any security therefor. The Purchaser acknowledges that, as between the Purchaser and all of such parties, the Purchaser has assumed responsibility for obtaining such information and making such review as the Purchaser deemed necessary or desirable in connection with its decision to purchase the Bonds.

(i) The Purchaser acknowledges that it is not entitled to rely on any investigation that any party other than the Purchaser may have conducted with respect to the Bonds, that the County has not made any representation to the Purchaser, express or implied, with respect thereto or given the Purchaser any assurance or guarantee as to the expected performance of the Bonds.

(j) The Purchaser acknowledges that the obligations of the County to make debt service payments on the Bonds are limited obligations payable solely from Collateral under the Indenture and the County shall not be directly or indirectly or contingently or morally obligated to use any other moneys or assets of the County for all or any portion of such debt service.

(k) The Purchaser understands that the Bonds: (i) have not been and will not be registered under the Securities Act, and are not being registered or otherwise qualified for sale under the "Blue Sky" laws or regulations of any state; (ii) will not be listed on any stock or other securities exchange, (iii) will not carry a rating from any rating service, and (iv) may not be readily marketable, (iv) may not be offered, resold, pledged or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act; (v) bear restrictions as to transfer or exchange, as set forth in the Indenture and (vi) will be delivered in a form which may not be readily marketable.

(l) The Purchaser agrees and acknowledges that the Bonds cannot be sold unless they are sold only to other "Qualified Institutional Buyers" or "Accredited Investors" as permitted under the Securities Act.

(m) The Purchaser acknowledges that its right to sell and transfer the Bonds is subject to the delivery to the County of an investor letter substantially in the form hereof, with no revisions except as may be approved in writing by the County. Failure to deliver such investor's letter to the County shall cause the purported transfer to be null and void. The

Purchaser agrees to indemnify and hold harmless the County with respect to any claim asserted against the County that is based upon the sale, transfer or other disposition of the Bonds.

Very truly yours,

Signature: _____

Name: _____

Tax Identification Number: _____

Mailing Address: _____

Payment Instructions: _____

Schedule I

Series of Bonds

Principal Amount of Bonds

SUPPLEMENTAL INDENTURE SERIES NO. []

**BY AND BETWEEN THE
COUNTY OF LOS ANGELES**

AND

**[TRUSTEE],
as Trustee**

DATED AS OF [AS OF DATE]

RELATING TO

**LOS ANGELES COUNTY ENERGY PROGRAM
CONTRACTUAL ASSESSMENT LIMITED OBLIGATION IMPROVEMENT BONDS
([TRANCHE IDENTIFIER])**

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Supplemental Indenture Series No. []

This Supplemental Indenture Series No. [], dated as of Closing Date (the “Supplemental Indenture”), between the COUNTY OF LOS ANGELES, a political subdivision of the State of California (the “County”), and [TRUSTEE], a national banking association duly organized and existing under the laws of the United States of America (the “Trustee”), acting solely as trustee (the “Trustee”) and not in its individual capacity, a national banking association organized and existing under the laws of the United States of America;

BACKGROUND:

WHEREAS, the County and the Trustee have executed and delivered a Master Indenture, dated as of [as of date] (as heretofore amended and supplemented, the “Master Indenture”), to provide for the terms and conditions of the issuance by the County of one or more Series of Bonds (as defined in the Master Indenture) from time to time;

WHEREAS, in order to provide for the authentication and delivery of the Series No. [] Bonds (defined below), to establish and declare the terms and conditions upon which the Series No. [] Bonds are to be issued, to secure the Series No. [] Bonds by a first priority perfected lien and charge upon the Assessments, the Collateral and the other respective funds and accounts established under the Master Indenture, the Board of Supervisors of the County has authorized the execution and delivery of this Supplemental Indenture; and

WHEREAS, all acts and proceedings required by law and the Master Indenture necessary to make the Series No. [] Bonds, when executed by the County, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal special obligations of the County, and to constitute this Supplemental Indenture Series No. [] 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 this Supplemental Indenture have been in all respects duly authorized;

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto hereby agree as follows:

ARTICLE 1

**DEFINITIONS;
AUTHORIZATION AND PURPOSE OF SERIES NO. [] BONDS;
EQUAL SECURITY**

Section 1.01. Definitions. Unless the context clearly otherwise requires or unless otherwise defined in the Master Indenture, the capitalized terms in this Supplemental Indenture will have the respective meanings specified herein.

“**Bond Payment Dates**” means March 2 and September 2 of each year (or, if such date is not a Business Day, the next succeeding Business Day), commencing on the date set forth in each respective Series No. [] Bond Form set forth in Exhibit B hereto.

“**Closing Date**” means the date of initial issuance and delivery of each Series No. [] Bonds hereunder.

“**Initial Purchaser**” means [Initial Purchaser], or the assignee thereof.

“**Series No. [] Bonds**” means the Bonds designated as set forth in Section 2.01(a) hereof.

“**Series No. [] Bond Form**” means the form of each respective **Series No. [] Bond** set forth in Exhibit B.

“**Series No. [] Bond Assessments**” means the Assessments levied on the **Series No. [] Bond Participating Parcels**.

“**Series No. [] Bonds Participating Parcels**” means the Participating Parcels identified in Exhibit C attached hereto.

“**Series No. [] Bonds Reserve Fund Deposit**” shall mean the amount of the Reserve Fund Deposit, if any, for the **Series No. [] Bonds** set forth in Exhibit A hereto.

Section 1.02. Interpretation. Section 1.3 of the Master Indenture shall govern interpretation of this Supplemental Indenture.

Section 1.03. Authorization. Each of the parties represents and warrants that it has full legal authority and is duly empowered to enter into this Supplemental Indenture and has taken all actions necessary to authorize the execution of this Supplemental Indenture by the officers and persons signing it.

Section 1.04. Security. As a Bond issued pursuant to Section 2.02 of the Master Indenture, each the Series No. [] Bond will be secured by a first lien and charge upon the applicable Series No. [] Bond Assessments identified in Exhibit C hereto levied on the corresponding Participating Parcel or Participating Parcels identified in Exhibit C pursuant to the applicable Assessment Contracts, Contractual Assessment Law and the Bond Act and the other Collateral established under the Indenture, Contractual Assessment Law and the Bond Act securing such Series [] Bonds.

ARTICLE 2

ISSUANCE OF SERIES NO. [] BONDS

Section 2.01. Terms of Series No. [] Bonds.

(a) There is hereby created a Series of Bonds to be issued by the County under and subject to Contractual Assessment Law, the Bond Act and the terms of the Master Indenture, as supplemented and amended, and this Supplemental Indenture, which will be designated the “County of Los Angeles Contractual Assessment Limited Obligation Improvement Bond Series No. [].” The Series [] Bonds will be issued in the aggregate original principal amount of \$_____, with each Bond issued as part of the Series [] Bonds having the original principal amount, as set forth in Exhibit A hereto.

(b) Each Series No. [] Bond will be numbered as set forth in Exhibit A hereto, dated the Closing Date, issued in fully registered form without coupons, and will mature on the date and will bear interest at the rates per annum (payable on each Bond Payment Date) set forth in the Series No. [] Bond Form.

Section 2.02. Redemption of Series No. [] Bonds. The Series No. [] Bonds shall be subject to redemption as provided for in the applicable **Series No. [] Bond Form**.

Section 2.03. Forms of Series No. [] Bonds. Each Series No. [] Bond, the Trustee’s certificate of authentication, and the assignment to appear thereon will be substantially as set forth in the Bond Form attached as Exhibit B hereto, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Supplemental Indenture, the Resolutions of Issuance, Contractual Assessment Law and the Bond Act.

Section 2.04. Validity of Series No. [] Bonds. The validity of the authorization and issuance of the Series No. [] Bonds will not be dependent upon the installation of the Improvements or upon the performance by any person of such person’s obligation with respect to the Improvements.

ARTICLE 3

ISSUANCE OF SERIES NO. [] BONDS; USE OF PROCEEDS

Section 3.01. Issuance of Series No. [] Bonds. Upon the execution and delivery of this Supplemental Indenture No. [], and satisfaction of the requirements for issuance of Bonds pursuant to Section 2.02 of the Master Indenture, the County will execute and deliver each Series No. [] Bond in the principal amount set forth in Exhibit A hereto.

Section 3.02. Application of Proceeds of Sale of the Series No. [] Bonds. Upon the receipt of payment for the Series No. [] Bonds on the Closing Date, the Trustee will apply the proceeds of sale thereof, as set forth in Exhibit A hereto.

ARTICLE 4

ADDITIONAL PROVISIONS

Section 4.01. Applicable Law. This Supplemental Indenture will be governed by and enforced in accordance with the laws of the State of California applicable to contracts made and performed in the State of California.

Section 4.02. Conflict with Contractual Assessment Law or the Bond Act.

In the event of a conflict between any provision of this Supplemental Indenture with any provision of Contractual Assessment Law or the Bond Act as in effect on the Closing Date, the provision of Contractual Assessment Law or the Bond Act will prevail over the conflicting provision of this Supplemental Indenture.

Section 4.03. Conclusive Evidence of Regularity.

The Series No. [] Bond issued pursuant to this Supplemental Indenture will constitute conclusive evidence of the regularity of all proceedings under Contractual Assessment Law and the Bond Act relative to its issuance and the levy of the Assessments against Participating Parcels.

Section 4.04. Confirmation of Master Indenture; Conflict With Master

Indenture. All representations, covenants, warranties, and other provisions of the Master Indenture, as previously amended and supplemented, unless specifically amended, modified or supplemented by this Supplemental Indenture, are hereby confirmed as applicable to this Supplemental Indenture. In the event of any conflict between the provisions of this Supplemental Indenture and the Master Indenture, as previously amended and supplemented, the provisions of this Supplemental Indenture will govern.

Section 4.05. Counterparts.

This Supplemental Indenture may be executed in counterparts, each of which will be deemed an original.

[The remainder of this page has been intentionally left blank.]

IN WITNESS WHEREOF, the County and the Trustee have caused this Supplemental Indenture to be executed, all as of the date first written above.

COUNTY OF LOS ANGELES

By: _____
Authorized Representative

[TRUSTEE], as Trustee

By: _____
Title: _____

EXHIBIT A

**APPLICATION OF PROCEEDS OF THE SERIES NO. [] BONDS
AND REVIEW AND ACCEPTANCE THEREOF**

Application of Proceeds:

The Trustee shall apply the proceeds of the Series No. [] Bonds as follows:

- \$_____ shall be deposited in the Program Fund.
- \$_____ shall be deposited in the Reserve Fund.
- \$_____ shall be deposited in the Cost of Issuance Fund.
- \$_____ shall be deposited in the Administrative Expense Fund.

Issuance of Series [] Bonds:

The Series [] Bonds shall bear the following identification numbers and be issued to the registered owners and in the aggregate principal amounts set forth below:

Bond Number

Registered Owner

Principal Amount

EXHIBIT B

The Bondowner of this Bond is intended to be only a “Qualified Institutional Buyer” or an “Accredited Investor” (as defined in the herein referenced Indenture) that has executed and delivered to the County an Investor Letter (as defined in the herein referenced Indenture) and any transfer of the registered ownership of this Bond may only be to a Qualified Institutional Buyer or an Accredited Investor that has executed and delivered to the County an Investor Letter as required by the Indenture and any such transferee, by the acceptance of this Bond, represents that it is a Qualified Institutional Buyer or an Accredited Investor and has executed the Investor Letter required by the Indenture.

United States of America
State of California
County of Los Angeles

NUMBER 1

\$(Principal Amount]

COUNTY OF LOS ANGELES
LOS ANGELES COUNTY ENERGY PROGRAM
CONTRACTUAL ASSESSMENT LIMITED OBLIGATION IMPROVEMENT BOND
([Tranche Identifier])

<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>INTEREST RATE</u>
September 2, 20__	_____, 20__	_____%

REGISTERED OWNER:

PRINCIPAL AMOUNT:

Under and by virtue of Chapter 29 of Part 3 of Division 7 of the Streets and Highways Code of the State of California (the “Contractual Assessment Law”) and the Improvement Bond Act of 1915, Division 10 (commencing with Section 8500) of the Streets and Highways Code (the “1915 Act”), the County of Los Angeles, State of California (the “County”) hereby promises to pay (but only out of the Revenues as such term is defined in the Indenture, dated as of [As of Date] (the “Indenture”) by and between the County and [Trustee], as trustee thereunder (the “Trustee”), on the Maturity Date identified above, subject to any right of prior redemption hereinafter mentioned, the principal sum specified above in lawful money of the United States of America, and to pay interest thereon at a rate of interest determined pursuant to the Indenture and the Resolution of the Board of Supervisors (the “Resolution of Issuance”) adopted on May 25, 2010, as supplemented by a Resolution of the County adopted on [Resolution Date], in like money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication and registration of this Bond, unless this Bond is authenticated and registered (i) on an Interest Payment Date, in which event interest shall be payable from such date of authentication and registration, (ii) prior to an Interest Payment Date and after the close of business on the 15th day of the month immediately preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (iii) prior

to the close of business on _____ 15, 20__, in which event it shall bear interest from the Bond Date stated above, until payment of such principal sum shall have been discharged; provided, however, that if at the time of authentication of such Bond, interest is in default, interest on that Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment.

The principal of this Bond shall be payable on the Maturity Date. Interest on this Bond shall be payable semiannually on March 2 and September 2 (each an "Interest Payment Date") in each year commencing on _____ 2, 20__. Principal of and interest on this Bond shall be paid by check of the Trustee mailed on or before the Interest Payment Date by first class mail, postage prepaid, or upon satisfaction of certain conditions specified in the Indenture, by wire transfer or any other method acceptable to the Bondowner, to the person whose name appears in the Registrations Books as the Bondowner of such Bond as of the 15th day of the calendar month immediately preceding each Interest Payment Date, to the address of that person on the Registration Books, provided that the payment of principal of the Bond on the Maturity Date and the payment of the principal of the Bond and any premium due upon the redemption thereof shall be payable upon presentation and surrender thereof at maturity or earlier redemption at the office of the Trustee in Los Angeles, California.

This Bond shall bear interest until the principal amount has been paid; provided, however, that if at the Maturity Date, or if at the redemption date of any principal amount of this Bond which has been duly called for redemption as provided in the Indenture, funds are available for the payment or redemption thereof in full accordance with the terms of the Indenture, such principal amount shall then cease to bear interest.

This Bond is subject to redemption as set forth in the Indenture.

This Bond is issued by the County under the Contractual Assessment Law, the 1915 Act and the Indenture for the purpose of funding disbursements under certain assessment contracts in connection with the Los Angeles County Energy Program established by the Board of Supervisors of the County pursuant to the Contractual Assessment Law. The obligation of the County to make payments of principal and interest on this Bond is a limited obligation secured only as set forth in the Indenture.

This Bond is secured by the Revenues, including the moneys in the Debt Service Fund, and is payable exclusively out of such account. This Bond and interest thereon are not secured by any other funds of the County. Neither the credit nor the taxing power of the County is pledged for the payment of this Bond or the interest thereon, and no Bondowner of this Bond may compel the exercise of any taxing power by the County or force the forfeiture of any of its properties. The principal of, and premium (if any) and interest on this Bond are not a debt of the County nor a legal or equitable pledge, charge, lien or encumbrance upon any of the properties of the County, or upon any of their income, receipts or revenues, other than the Revenues and the funds described in the Indenture.

This Bond is transferable by the Bondowner hereof by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon the terms and conditions set forth in the Indenture, including the requirement that such Bonds shall be transferred in whole to a single purchaser that is a Qualified Institutional Buyer or an Accredited Investor and such transferee delivers to the Trustee and the County an executed Investor Letter.

The Trustee shall not be required to exchange or register the transfer of Bonds during the 15 days immediately preceding any Interest Payment Date or of any Bonds selected for redemption in advance of maturity.

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

This Bond or any portion of it is subject to redemption and payment prior to maturity as set forth in the Indenture.

This Bond shall not be entitled to any benefit under the 1915 Act or the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been dated and signed by the Trustee.

[The remainder of this page is intentionally left blank.]

THE COUNTY HAS CERTIFIED, RECITED AND DECLARED that all things, conditions and acts required by the Constitution and laws of the State of California and the Indenture to exist, to have happened and to have been performed precedent to and in the execution, authentication and the delivery of this Bond, do exist, have happened and have been performed in due time, form and manner, as required by law and the Indenture.

IN WITNESS WHEREOF, the County has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signatures of its Executive Officer of the Clerk of the Board of Supervisors and its Treasurer or his designee, all as of the dated date identified above.

Executive Officer Clerk of the Board of
Supervisors of the County of Los Angeles

Treasurer and Tax Collector of the County
of Los Angeles

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture which has been authenticated and registered on the ____ day of _____, 20__.

[Trustee], as Trustee

By: _____
Authorized Signatory

[FORM OF ASSIGNMENT]

For value received the undersigned do(es) hereby sell, assign and transfer unto _____,
whose tax identification number is _____, the within-mentioned registered Bond and hereby
irrevocably constitute(s) and appoint(s) _____ attorney
to transfer the same on the books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature guaranteed:

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.

NOTICE. Signature must be guaranteed by a
member of an institution which is a participant
in the Securities Transfer Agent Medallion
Program i STAMP or other similar program.

EXHIBIT C

ASSESSMENTS SECURING THE SERIES NO. [] BONDS

Assessments securing the Series [-] Bond numbered as Number [] and maturing September __,
20__:

Series No. [] Bond

Bond Number []

Participating Parcel(s)

(Name/Assessor's Parcel No.)

EXHIBIT D

OFFICER'S CERTIFICATE - REQUISITION FROM PROGRAM FUND

**LOS ANGELES COUNTY ENERGY PROGRAM
CONTRACTUAL ASSESSMENT LIMITED OBLIGATION IMPROVEMENT BONDS
([Tranche Identifier])**

**OFFICER'S CERTIFICATE NO. __ -
REQUISITION FOR DISBURSEMENTS
FROM THE PROGRAM FUND FOR THE PAYMENT OR REIMBURSEMENT OF
IMPROVEMENT COSTS**

The undersigned hereby states and certifies:

(i) that the undersigned is an Authorized Representative of the County within the meaning of such term as set forth in the Master Indenture hereinafter defined;

(ii) that, pursuant to Section 4.02 of the Master Indenture, dated as of [as of date] (the "Master Indenture"), by and between County of Los Angeles ("County of Los Angeles") and [Trustee], as trustee (the "Trustee"), the undersigned hereby requests that the Trustee disburse from the Program Fund established pursuant to the Master Indenture to each of the payees designated on Attachment "A" attached hereto and incorporated herein by this reference, the respective sums set forth opposite such designated payees, in payment or reimbursement of Improvement Costs;

(iii) the amounts to be disbursed shall pay or reimburse Improvement Costs for the Participating Parcels identified in Attachment "A" and such amounts shall be amounts on deposit in the Program Fund secured by the Assessments levied against such Participating Parcels;

(iv) the amounts to be disbursed are being used solely to pay or reimburse the Improvement Costs associated with the Participating Parcels identified in Attachment "A" and are not being used to pay the Improvement Costs associated with any other Participating Parcel; and

(iii) that the amounts to be disbursed are properly chargeable to the Program Fund.

Capitalized terms used in this Officer's Certificate shall have the meaning given such terms in the Master Indenture unless specified otherwise herein.

Dated: _____, 20__

COUNTY OF LOS ANGELES

By: _____
Authorized Officer

Attachment "A"

OFFICER'S CERTIFICATE NO. __

**PROGRAM FUND
DISBURSEMENT INFORMATION**

<u>Re :Owner/APN</u>	<u>Payee</u>	<u>Payment Instructions</u>	<u>Amount</u>

EXHIBIT E

OFFICER’S CERTIFICATE - REQUISITION FROM COST OF ISSUANCE FUND

**LOS ANGELES COUNTY ENERGY PROGRAM
CONTRACTUAL ASSESSMENT LIMITED OBLIGATION IMPROVEMENT BONDS
([Tranche Identifier])**

**OFFICER’S CERTIFICATE NO. __ -
REQUISITION FOR DISBURSEMENTS
FROM THE COST OF ISSUANCE FUND FOR PAYMENT OR REIMBURSEMENT OF
COSTS OF ISSUANCE**

The undersigned hereby states and certifies:

(i) that the undersigned is an Authorized Representative of the County within the meaning of such term as set forth in the Master Indenture hereinafter defined;

(ii) that, pursuant to Section 4.05 of the Master Indenture, dated as of [as of date] (the “Master Indenture”), by and between County of Los Angeles (“County of Los Angeles”) and [Trustee] as trustee (the “Trustee”), the undersigned hereby requests that the Trustee disburse from the Cost of Issuance Fund established for the above referenced Series of Bonds pursuant to the Master Indenture to each of the payees designated on Attachment “A” attached hereto and incorporated herein by this reference, the respective sums set forth opposite such designated payees, in payment or reimbursement of actual Costs of Issuance; and

(iii) that the amounts to be disbursed are properly chargeable to the Cost of Issuance Fund.

Capitalized terms used in this Officer’s Certificate shall have the meaning given such terms in the Master Indenture unless specified otherwise herein.

Dated: _____, 20__

COUNTY OF LOS ANGELES

By: _____
Authorized Officer

Attachment "A"

OFFICER'S CERTIFICATE NO. __

**COST OF ISSUANCE FUND
DISBURSEMENT INFORMATION**

<u>Payee</u>	<u>Payment Instructions</u>	<u>Amount</u>

EXHIBIT F

**OFFICER'S CERTIFICATE - REQUISITION FROM
ADMINISTRATIVE EXPENSE FUND**

**LOS ANGELES COUNTY ENERGY PROGRAM
CONTRACTUAL ASSESSMENT LIMITED OBLIGATION IMPROVEMENT BONDS
([Tranche Identifier])**

**OFFICER'S CERTIFICATE NO. __ -
REQUISITION FOR DISBURSEMENTS
FROM THE ADMINISTRATIVE EXPENSE FUND FOR PAYMENT OR
REIMBURSEMENT OF ADMINISTRATIVE EXPENSES**

The undersigned hereby states and certifies:

(i) that the undersigned is an Authorized Representative of the County within the meaning of such term as set forth in the Master Indenture hereinafter defined;

(ii) that, pursuant to Section 4.03 of the Master Indenture, dated as of February 1, 2014 (the "Master Indenture"), by and between County of Los Angeles ("County of Los Angeles") and [Trustee] as trustee (the "Trustee"), the undersigned hereby requests that the Trustee disburse from the Administrative Expense Fund established for the above referenced Series of Bonds pursuant to the Master Indenture to each of the payees designated on Attachment "A" attached hereto and incorporated herein by this reference, the respective sums set forth opposite such designated payees, in payment or reimbursement of actual Administrative Expenses; and

(iii) that the amounts to be disbursed are properly chargeable to the Administrative Expense Fund.

Capitalized terms used in this Officer's Certificate shall have the meaning given such terms in the Master Indenture unless specified otherwise herein.

Dated: _____, 20__

COUNTY OF LOS ANGELES

By: _____
Authorized Officer

Attachment "A"

OFFICER'S CERTIFICATE NO. __

**ADMINISTRATIVE EXPENSE FUND
DISBURSEMENT INFORMATION**

<u>Payee</u>	<u>Payment Instructions</u>	<u>Amount</u>

LOS ANGELES COUNTY ENERGY PROGRAM

ASSESSMENT CONTRACT

This Assessment Contract (this “Contract”) is made and entered into as of this ____ day of _____, 20__, by and between the COUNTY OF LOS ANGELES, a political subdivision of the State of California (the “County”), and _____ and _____, the record owner(s) ([collectively], the “Owner”) of the fee title to the real property described in Exhibit A hereto (the “Property”).

WHEREAS, the County has established the Los Angeles County Energy Program (“LACEP”) pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code (the “Contractual Assessment Law”), in connection with which the County may levy assessments against developed properties in the County, with the free and willing consent of the owners of the properties, to finance the acquisition and construction on and installation in the assessed properties of certain qualifying renewable energy systems and energy and water efficiency improvements that are permanently fixed to real property (the “Authorized Improvements”).

WHEREAS, the County has established under LACEP a Residential Financing Program (the “Residential Program”) to facilitate the financing of Authorized Improvements on qualifying residential properties pursuant to the Contractual Assessment Law.

WHEREAS, the County may fund the Residential Program under LACEP through a number of financing mechanisms, including through the issuance of bonds (the “Bonds”).

[WHEREAS, the City of _____, a political subdivision of the State (the “City”), has resolved to participate in LACEP.]

WHEREAS, pursuant to the Contractual Assessment Law, the Owner wishes to enter into a contract pursuant to which the Owner agrees to pay assessments to finance the installation on the Property of the Authorized Improvements described in Exhibit A (the “Improvements”) pursuant to the Residential Financing Program and on the terms set forth in this Contract.

NOW THEREFORE, in consideration of the mutual covenants contained herein and other valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties agree as follows:

1. Financing Terms

(a) Purpose; Property. The County and the Owner are entering into this Contract for the purpose of financing the installation of the Improvements identified on Exhibit A on the Property. The Owner has provided to the County current evidence of its ownership of fee title

to the Property. The Owner possesses all legal authority necessary to execute this Contract on behalf of the Owner.

(b) Disbursement Amount; Maximum Disbursement Amount. Subject to the conditions set forth herein, the County agrees to disburse moneys to the Owner in the amount of the actual cost of the Improvements (the “Disbursement Amount”); provided the Disbursement Amount shall not exceed the maximum amount set forth in Exhibit B hereto (the “Maximum Disbursement”). LACEP Program Administrator (the “Program Administrator”) shall determine the Disbursement Amount on the basis of the best available written evidence of the actual cost of the Improvements and in the exercise of the Program Administrator’s reasonable judgment. The Owner agrees to complete the Improvements. The Owner agrees to pay for and shall be solely responsible for the payment of all costs to complete the Improvements described in the Application which exceed the Maximum Disbursement.

(c) Repayment by Owner.

(i) Assessment. In consideration of the disbursement of the Disbursement Amount, the Owner shall pay to the County an amount equal to the Disbursement Amount, certain financing costs, including any capitalized LACEP administrative expenses, and the interest accrued thereon. Such amounts shall be repaid by the Owner to the County by the payment of an aggregate assessment levied against the Property pursuant to Section 5898.30 of the Streets and Highway Code of the State of California (the “Assessment”) without deduction or offset for any amounts the Owner may claim due to it by the County, all as set forth in Exhibit B attached hereto.

(ii) Interest on Assessment. Interest shall be payable in installments, computed on the basis of a 360-day year, and shall accrue on the unpaid Assessment from the date on which the County issues Bonds to finance the installation of the Improvements set forth in Exhibit B hereto. The Program Administrator will give notice to the Owner of the interest rate applicable to the unpaid Assessment and the related interest installments as soon as practicable after its determination, which notice will be substantially in the form attached as Exhibit C hereto (the “Notice of Interest Rate and Payment Schedule”).

(iii) Annual Administrative Assessment. The Owner shall pay to the County, without deduction or offset, an annual assessment levied against the Property to pay costs incurred by the County in connection with the administration and collection of the Assessment, the administration or registration of any associated bonds, securities or other financing arrangements, and the administration of any reserve fund or other related funds (the “Annual Administrative Assessment”). The Annual Administrative Assessment shall not exceed the amount set forth in Exhibit B hereto and may be changed from time to time by the Program Administrator, in his sole discretion, subject to the maximum Annual Administrative Assessment.

(iv) Financing Costs in the Event of Noncompletion. If the Owner fails to install the Improvements in compliance with LACEP requirements following execution of this Assessment Contract, the Owner shall pay for all expenses incurred by the

County or any of its agents in connection with levying or removing the assessments hereunder and financing the Improvements, including costs relating to the redemption of bonds issued to finance the Improvements.

(v) [Reserve Fund Deposit. The Assessment will also fund a deposit to a debt service reserve fund for bonds issued to finance the Improvements. The reserve fund deposit will be as shown on Exhibit B hereto, which is an amount equal to ___% of the Maximum Disbursement, and included in the Annual Assessment.]

(vi) [California Alternative Energy and Advanced Transportation Financing Authority (“CAEATFA”) PACE Loss Reserve Program. The Owner hereby acknowledges that the County may add to an annual installment of the Maximum Assessment the cost of the administrative fee associated with the CAEATFA PACE Loss Reserve Program, which benefits any first lender on the Property.]

(d) Prepayment. The Owner may prepay the Assessment in whole and in part by paying all or a part of the principal amount owing on the Assessment, plus the applicable prepayment premium set forth in Exhibit B hereto, accrued interest and the reasonable costs of the County related to such prepayment. Interest on the Assessment may accrue until the next available redemption date for any bonds or other evidences of indebtedness, or other financial arrangements entered into by the County pursuant to LACEP which financed the Assessment in whole or in part. Such redemption date shall not exceed __ (__) days from the date of prepayment of the Assessment. The Owner shall notify the Program Administrator in writing of the Owner’s determination to prepay the Assessment at least __ (__) business days prior to the date the Owner intends to prepay the Assessment.

(e) Term of Contract. The term of this Contract shall be as set forth in Exhibit B hereto, commencing upon the execution hereof and ending on the date the Assessment and any applicable penalties, costs, fees, and charges have been paid or prepaid in full; provided, however, the estimated payment schedule may be adjusted as provided in this Section 1. The initial amount of each Assessment and Annual Administrative Assessment installment that will be levied is set forth in Exhibit B attached hereto. The amount of each Assessment and Annual Administrative Assessment installment that will be levied each year, as adjusted to reflect the applicable interest rate determined by the Program Administrator but excluding any penalties that may accrue, is set forth in Exhibit C attached hereto.

(f) Financing of Improvements. The Owner agrees to the issuance of Bonds by the County to finance the installation of the Improvements. The interest rate used to calculate the Assessment installments is set forth in Exhibit B. In the event that the interest rate on the Bonds issued to finance the Improvements is lower than the interest rate specified in Exhibit B, or if the cost of the Improvements, as shown in a final invoice provided to the Program Administrator by the Owner, is less than the amount shown on Exhibit B, then, concurrently with the disbursement of funds to the Owner, the Program Administrator may provide the Owner with a revised schedule of annual Assessment installments.

2. **Lien of Assessment and Annual Administrative Assessment; Special Benefit.**

(a) Lien Against Property; Contract Runs with the Land. The execution of this Contract by the parties constitutes the levy of the Assessment and the Annual Administrative Assessment by the Board of Supervisors against the Property without any further action required by the parties. The Owner consents to the levy of the Assessment and the Annual Administrative Assessment, including each installment thereof and any interest and penalties that accrue with respect thereto, on and recordation of a lien against the Property and agrees that, upon the execution of this Contract by the parties, the Assessment, the interest and penalties thereon as a result of a delinquency in the payment of any installment of the Assessment, and the Annual Administrative Assessment shall constitute a lien against the Property in accordance with and pursuant to this Contract, Chapter and the applicable law until they are paid and shall be collected and shall have the lien priority as set forth in the Contractual Assessment Law.

This Contract establishes rights and obligations that are for the benefit of the Property and, therefore, such rights and obligations run with the land pursuant to Civil Code Section 1462.

(b) Notice of Assessment; Notice of Payment of Contractual Assessment Required. Upon execution of this Contract, the County will execute and cause to be recorded in the Office of the Registrar-Recorder/County Clerk a notice of assessment substantially in the form attached as Exhibit D hereto (the "Notice of Assessment") and a document entitled "Payment of Contractual Assessment Required" substantially in the form attached as Exhibit E hereto (the "Notice of Payment of Contractual Assessment Required"). Upon recordation of the Notice of Assessment in the Office of the Registrar-Recorder/County Clerk, the Assessment and the Annual Administrative Assessment, including each installment thereof and any interest and penalties that accrue with respect to the Assessment and the Annual Administrative Assessment, shall constitute a lien upon the Property until paid. The Notice of Assessment and Notice of Payment of Contractual Assessment Required, as recorded, shall initially reflect the Assessment as set forth in Exhibit B. Following the County's final disbursement of the Disbursement Amount pursuant to Section 6 hereof, the Assessment shall equal the amount set forth in Exhibit C and the Notice of Assessment and Notice of Payment of Contractual Assessment Required will be supplemented accordingly.

(c) Priority of Lien. The lien of the Assessment and the Annual Administrative Assessment shall be coequal to and independent of the lien for general taxes and prior and superior to all liens, claims and encumbrances on or against the Property except (i) the lien for general taxes or ad valorem assessments in the nature of and collected as taxes levied by the State of California or any county, city, special district or other local agency, (ii) the lien of any special assessment or assessments the lien date of which is prior in time to the lien date of the Assessment and the Annual Administrative Assessment, (iii) easements constituting servitudes upon or burdens to the Property, (iv) water rights, the record title to which is held separately from the title to the Property and (v) restrictions of record.

(d) Special Benefit to Property.

(i) Acknowledgement. The Owner expressly acknowledges that the Improvements confer a special benefit to the Property in an amount at least equal to the Assessment.

(ii) Waiver of Provisions Other Than Those of the Act. The Owner expressly waives to the fullest extent permitted by law the notice, protest and hearing procedures and provisions of any applicable law other than the Act with respect to the levy and collection of the Assessment and the Annual Administrative Assessment, as described in Section 2 and Section 3, respectively, hereof.

3. **Collection of Amounts Due; Failure to Pay.**

(a) Collection through Property Tax Bill. Annual installments of the Assessment and the Annual Administrative Assessment shall be collected on the property tax bill pertaining to the Property. The annual proportion of the Assessment and the Annual Administrative Assessment coming due in any year shall be payable in the same manner, at the same time and in the same installments as the general taxes of the County on real property are payable, and the assessment installments shall be payable and become delinquent at the same times and the same proportionate amounts and shall bear the same penalties and interest after delinquency, and be subject to the same provisions for redemption and sale, as the general taxes on real property of the County.

(b) Failure to Pay. Failure to pay any installment of the Assessment and the Annual Administrative Assessment, including interest and penalties with respect thereto, shall result in the accrual of penalties and interest on the amounts due and may result in the foreclosure of the lien of the Assessment and the Annual Administrative Assessment, as described in Section 13(e) hereof and provided by law. Except as provided in Government Code Section 53936, the liens of the Assessment and the Annual Administrative Assessment are not subject to extinguishment by judicial foreclosure or the sale of the Property on account of the nonpayment of any taxes.

The Owner acknowledges that if any Assessment installment is not paid when due, the County has the right to have such delinquent Assessment installment and its associated penalties and interest removed from the secured property tax roll and immediately enforced through a judicial foreclosure action that could result in a sale of the Property for the payment of the delinquent installments, associated penalties and interest, and all costs of suit, including attorneys' fees.

4. **Commencement and Completion of Improvements.**

(a) Consent and Authorization. Upon the availability of funding under LACEP, the Program Administrator will give to the Owner a notice to proceed in the form of Exhibit F hereto (the "Notice to Proceed"), which notice shall constitute consent and authorization pursuant to Section 5898.21 of the Act for the Owner to purchase directly the related equipment and materials for the Improvements and to contract directly for the construction on

and/or installation in the Property of the Improvements. The Owner bears the risk of any costs of the Improvements incurred prior to receipt of the Notice to Proceed.

(b) Date of Completion of the Improvements. Subject to Section 13(g) hereof, the Owner agrees to complete installation of the Improvements no later than ___ days after the date of the Notice to Proceed of this Contract. The Owner and the Program Administrator may agree to an extension of this completion date for good cause shown, but in no event shall the completion date be more than one year from the date of the Notice to Proceed.

5. **Use of Proceeds.**

The Owner shall use the Disbursement Amount for the sole purpose of paying for the reasonable costs and expenses of the Improvements on the Property, and in connection therewith the Owner shall comply with all requirements set forth in the Contract Documents (as defined in Exhibit B).

6. **Disbursement of Funds**

The County shall disburse funds to the Owner upon receipt from the Owner of a Completion Certificate in the form prescribed by the County. The Owner expressly waives the 30-day payment period provided by Section 10403 of the Streets and Highways Code.

7. **Representations and Warranties of the Owner.**

For purposes of entering into this Contract, the County has relied upon the declarations, warranties and covenants of the Owner in this Contract and in the Application, which are incorporated into this Contract as if fully set forth herein. The Owner promises that each representation and warranty set forth herein is true, accurate and complete as of the date of this Contract. The Owner hereby represents and warrants to the County that the information set forth in the Application submitted to pursuant to the Residential Program in connection with its request for financing is true and correct as of the date hereof, and that the representations set forth in the Application with respect to the Property and the Owner are true and correct as of the date hereof as if made on the date hereof. By accepting each disbursement, the Owner shall be deemed to have reaffirmed each and every representation and warranty made by the Owner in this Contract and in the Application as of the date of such disbursement. If the Owner is comprised of the trustees of a trust, the following representations shall also pertain to the trustor(s) of the trust.

(a) Formation; Authority. If the Owner is anything other than a natural person, it has complied with all laws and regulations concerning its organization, its existence and the transaction of its business, and is in good standing in each State in which it conducts its business. The Owner is the owner of the Property and is authorized to execute, deliver and perform its obligations under the Contract Documents, and all other documents and instruments delivered by the Owner to the County in connection therewith. The Contract Documents have been duly executed and delivered by the Owner and are valid and binding upon and enforceable against the Owner in accordance with their terms.

(b) Compliance with Law. Neither the Owner nor the Property is in violation of, and the terms and provisions of the Contract Documents do not conflict with, any regulation or ordinance, any order of any court or governmental entity, or any building restrictions or governmental requirements affecting the Owner or the Property.

(c) No Violation. The terms and provisions of the Contract Documents, the execution and delivery of the Contract Documents by the Owner, and the performance by the Owner of its obligations contained in the Contract, will not and do not conflict with or result in a breach of or a default under any of the terms or provisions of any other agreement, contract, covenant or security instrument by which the Owner or the Property is bound.

(d) Other Information. All reports, documents, instruments, information and forms of evidence which have been delivered to the County in connection with the Owner's application for LACEP funding are accurate, correct and sufficiently complete to give the County true and accurate knowledge of their subject matter.

(e) Litigation. There is no litigation, tax claims, actions, proceedings, investigations or other disputes pending or threatened against the Owner or the Property which may impair the Owner's ability to perform its obligations hereunder, or which may impair the County's ability to levy and collect the Assessment and the Annual Administrative Assessment.

(f) No Event of Default. There is no event which is, or with notice or lapse of time or both would be, a Default under this Contract.

8. Covenants of the Owner.

The Owner agrees and covenants to each of the following:

(a) Installation and Maintenance of Improvements. The Owner shall, or shall cause its contractor(s) to, promptly commence the Improvements and diligently continue to completion in a good and workmanlike manner and in accordance with sound construction and installation practices. The Owner shall maintain the Improvements in good condition and repair.

(b) Reports. If the Disbursement Amount is disbursed in more than one installment, the Owner agrees, upon the request of the Program Administrator, to promptly deliver or cause to be promptly delivered to the Program Administrator a written status report of the Improvements, including the acquisition and installation thereof.

(c) Compliance with Law and Agreements. The Owner shall complete all Improvements, or cause the Improvements to be completed, in conformity with all applicable laws, including all applicable federal, state, and local occupation, safety and health laws, rules, regulations, standards, and recorded instruments, covenants or agreements affecting the Property. The Owner shall comply with and keep in effect all permits, licenses, and approvals required to complete installation of the Improvements.

(d) Site Visits; Utility Records; Surveys. For purposes of examining the workmanship of the Improvements, observing the quality of the Improvements and otherwise evaluating LACEP, the Owner grants the County, its agents and representatives, including without limitation the Program Administrator, the right to enter and visit the Property at any reasonable time, after giving reasonable notice to the Owner. For purposes of examining savings derived from the Improvements and other satisfying the requirements relating to grant moneys used to fund LACEP, the Owner shall also allow the County to examine and copy records and other documents of the Owner which relate to the Improvements, including utility records of the Owner and execute any consents, waivers or similar documents required by utility providers in connection therewith through the term of this Contract. The Owner also agrees to participate in any and all surveys conducted in connection with LACEP. The County is under no duty to visit the Property, observe any aspects of the Improvements or examine any records, and the County shall not incur any obligation or liability by reason of not making any such visit or examination. Any site visit, observation or examination by the County shall be solely for the purposes of protecting the County's rights under the Contract Documents.

(e) Protection Against Lien Claims. The Owner shall promptly pay or otherwise discharge any claims and liens for labor done and materials and services furnished to the Property in connection with the Improvements. The Owner shall have the right to contest in good faith any claim or lien, provided that it does so diligently and without delay in completing the Improvements.

(f) Notice to Successors in Interest. The Owner agrees to provide written notice to any subsequent purchaser of the Property, including any subdivision thereof, that the Property is subject to an LACEP assessment lien, and to provide any subsequent purchaser a copy of this Contract.

(g) Insurance. [If the Maximum Disbursement exceeds \$_____,] the Owner shall provide, maintain and keep in force at all times until the Improvements are completed, builder's all risk property damage insurance on the Property, with a policy limit equal to the amount of the Maximum Disbursement.

(h) Notices. The Owner shall promptly notify the County in writing of any Default under this Contract, or any event which, with notice or lapse of time or both, would constitute a Default hereunder.

9. **Mechanic's Lien and Stop Notices.**

In the event of the filing of a stop notice or the recording of a mechanic's lien pursuant to applicable law of the State of California and relating to the Improvements, the Program Administrator may refuse to disburse any funds to the Owner, and, in the event the Owner fails to furnish the Program Administrator a bond causing such notice or lien to be released within ___ (__) days of notice from the Program Administrator to do so, such failure shall at the option of the County constitute a default under the terms of this Contract. The Owner shall promptly deliver to the Program Administrator copies of all such notices or liens.

10. **Responsibilities of the Owner; Indemnification.**

(a) Financing by County; No Responsibility for Improvements. The Owner acknowledges that the County has established LACEP solely for the purpose of assisting the owners of property in the County with the financing of the acquisition, construction, and installation of qualifying renewable energy systems and energy and water efficiency improvements. LACEP is a financing program only. None of the County, their officials, agents, employees, attorneys and representatives, the Program Administrator, or LACEP staff is responsible for selection, management or supervision of the Improvements or of the Improvements' performance.

(b) Indemnification. The Owner shall indemnify, defend, protect, and hold harmless the County and any and all officials, agents, employees, attorneys and representatives of the County (collectively, the "Indemnified Parties") and, if the Property is located in an incorporated area, such incorporated city and any and all officials, agents, employees, attorneys and representatives of such city (the "City Parties"), from and against all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorneys' fees) and any demands of any nature whatsoever related directly or indirectly to, or arising out of or in connection with, (i) the Contract Documents, including the Owner's participation in the Residential Program, (ii) disbursement of the Disbursement Amount, (iii) the Improvements, (iv) any breach or Default by the Owner under the Contract Documents, (v) the levy and collection of the Assessment and the Annual Administrative Assessment, (vi) the imposition of the lien of the Assessment and the Annual Administrative Assessment, (vii) any breach or failure of the Owner or its contractor(s) or agents to comply with all applicable laws, including all applicable federal, state and local occupation, safety and health laws, rules, regulations and standards, in connection with the acquisition, installation or completion of the Improvements, and (viii) any other fact, circumstance or event related to the Contract Documents and the County's payment of the Disbursement Amount to the Owner or the Owner's performance of its obligations under the Contract Documents (collectively, the "Liabilities"), regardless of whether such Liabilities shall accrue or are discovered before or after the date of this Contract.

(c) Survival of Indemnification. The indemnity obligations described in Section 10(b) shall survive the disbursement of funds to the Owner, the payment of the Assessment in full, the transfer or sale of the Property by the Owner and the termination of this Contract.

11. **Waiver; Acknowledgment of Contract.**

(a) For and in consideration of the County's execution and delivery of this Contract, the Owner, for itself and for its successors-in-interest to the Property and for any one claiming by, through, or under the Owner, hereby waives the right to recover from and fully and irrevocably releases the Indemnified Parties and, if the Property is located in an incorporated area, the City Parties, from any and all claims, obligations, liabilities, causes of action, or damages, including attorneys' fees and court costs, that the Owner may now have or hereafter acquire against any of the Indemnified Parties and the City Parties and accruing from or related to (i) the Contract Documents, (ii) the disbursement of any of the Disbursement Amount, including any amounts advanced hereunder, (iii) the levy and collection of the Assessment and

the Annual Administrative Assessment, (iv) the imposition of the lien of the Assessment, (v) the issuance and sale of any bonds or other evidences of indebtedness, or other financial arrangements entered into by the County pursuant to LACEP, (vi) the performance of the Improvements, (vii) the Improvements, (viii) any damage to or diminution in value of the Property that may result from construction or installation of the Improvements, (ix) any personal injury or death that may result from the construction or installation of the Improvements, (x) the selection of manufacturer(s), dealer(s), supplier(s), contractor(s) and/or installer(s), and their action or inaction with respect to the Improvements, (xi) the merchantability and fitness for any particular purpose, use or application of the Improvements, (xii) the amount of energy savings resulting from the Improvements, (xiii) the workmanship of any third parties, and (xiv) any other matter with respect to LACEP. This release includes claims, obligations, liabilities, causes of action, and damages of which the Owner is not presently aware or which the Owner does not suspect to exist which, if known by the Owner, would materially affect the Owner's release of the Indemnified Parties and the City Parties.

(b) The Owner hereby waives its right to repeal the Assessment by initiative or any other action, or to file any lawsuit or other proceeding to challenge the Assessment or any aspect of the proceedings of the County undertaken in connection with the Residential Program. The Owner hereby agrees that the Owner and its successors in interest to fee title in the Property shall be solely responsible for the installation, operation and maintenance of the Improvements. The Owner hereby acknowledges that the Property will be responsible for payment of the Assessment regardless of whether the Improvements are properly installed, operated or maintained as expected.

(c) To the extent that the foregoing waivers and agreements are subject to Section 1542 of the California Civil Code or similar provisions of other applicable law, it is the intention of the Owner that the foregoing waivers and agreements will be effective as a bar to any and all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees), of whatever character, nature and kind, known or unknown, suspected or unsuspected, and Owner agrees to waive any and all rights and benefits conferred upon the Owner by the provisions of Section 1542 of the California Civil Code or similar provisions of applicable law.

OWNER HEREBY ACKNOWLEDGES THAT IT HAS READ AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542 ("SECTION 1542"), WHICH IS SET FORTH BELOW:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

BY INITIALING BELOW, OWNER HEREBY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE MATTERS WHICH ARE THE SUBJECT OF THE FOREGOING WAIVERS AND RELEASES.

Owner's Initials: _____

The waivers and releases by the Owner contained in this Section 11 shall survive the disbursement of the Disbursement Amount, the payment of the Assessment in full, the transfer or sale of the Property by the Owner, and the termination of this Contract.

12. **Further Assurances.**

The Owner shall execute any further documents or instruments consistent with the terms of this Contract, including documents and instruments in recordable form, as the County shall from time to time find necessary or appropriate to effectuate its purposes in entering into this Contract and disbursing funds to the Owner.

13. **Events of Default.**

(a) Default. Subject to the further provisions of this Section 13, the failure of any of the Owner's representations or warranties to be correct in all material respects, or the failure or delay by the Owner to perform any of its obligations under the terms or provisions of the Contract Documents, shall constitute a default hereunder ("Default").

(b) Notice of Default. Upon the occurrence of a Default, prior to exercising any remedies under the Contract Documents or the Act, the County shall give written notice of default to the Owner. Delay in giving such notice shall not constitute a waiver of any Default. The Owner must immediately commence to cure, correct, or remedy such failure or delay and shall complete such cure, correction or remedy with reasonable diligence, but in any event, within the time set forth herein.

(c) Cure Period for Monetary Default. If the Owner fails to timely pay any installment of the Assessment or the Annual Administrative Assessment, the Owner shall have a period of _____ (__) days after notice is given pursuant to paragraph (b) above within which to cure such default. Following such _____ (__) day period, the County in its sole discretion may exercise any and all of its available remedies, including its right to foreclose the lien of the Assessment or the Annual Administrative Assessment pursuant to applicable law.

(d) Cure Period for Non-Monetary Default. If a non-monetary Default occurs and such Default is reasonably capable of being cured within _____ (__) days, the Owner shall have such period to effect a cure prior to exercise of remedies by the County under the Contract Documents or the Act. If the Default is such that it is reasonably capable of being cured but not within such _____ (__) day period and the Owner (i) initiates corrective action within such _____ (__) day period, and (ii) diligently, continually, and in good faith works to effect a cure as soon as possible, then the County in its sole discretion may elect to grant the Owner such additional time as is reasonably necessary to cure the Default prior to exercise of any remedies by the County. The foregoing notwithstanding, in no event shall the County

be precluded from exercising any of its remedies if the Default is reasonably expected to result in the foreclosure or forfeiture of the Property, or if the Default is not cured within _____ (__) days after the first notice of Default is given.

(e) Remedies Upon Default. Subject to the provisions of paragraphs (b), (c) and (d) above, if any Default occurs the County may exercise any or all of the rights and remedies available to it under applicable law, at equity, or as otherwise provided herein. If no disbursement has occurred hereunder, the County may elect to terminate this Contract and, except as otherwise expressly provided herein, the parties have no further obligations or rights hereunder. If the Disbursement Amount has been disbursed in whole or in part, the County may terminate its obligations to make any further disbursement of the Disbursement Amount and exercise any or all of the rights and remedies available to it under this Contract and applicable law. As a cumulative remedy, if any installment of the Assessment and the Annual Administrative Assessment, together with any penalties, costs, fees, and other charges, accruing under applicable taxation provisions are not paid when due, the Board of Supervisors or its designee may order that the same be collected by an action brought in a court of competent jurisdiction to foreclose the lien of the Assessment and the Annual Administrative Assessment to the extent permitted, and in the manner provided by, applicable law. Any and all costs and expenses incurred by the County in pursuing its remedies hereunder shall be additional indebtedness of the Owner to the County.

(f) Remedies Cumulative. Except as otherwise expressly stated in this Contract or as otherwise provided by applicable law, the rights and remedies of the County are cumulative, and the exercise of one or more of such rights or remedies shall not preclude the exercise by the County, at the same time or different times, of any other rights or remedies for the same Default or any other Default. No failure or delay by the County in asserting any of its rights and remedies as to any Default shall operate as a waiver of any Default or of any such rights or remedies, or deprive the County of its rights to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

(g) Force Majeure. Performance of the covenants and conditions imposed upon the Owner hereunder with respect to the commencement and completion of the Improvements shall be excused while and to the extent that, the Owner, through no fault or negligence of its own, is prevented from complying therewith by war, riots, strikes, lockouts, action of the elements, accidents, or acts of God beyond the reasonable control of the Owner; provided, however, that as soon as the cause or event preventing compliance is removed or ceases to exist the obligations shall be restored to full force and effect and the Owner shall immediately resume installation of the Improvements.

14. Severability.

Each and every provision of this Contract is, and shall be construed to be, a separate and independent covenant and agreement. If any term or provision of this Contract or the application thereof shall to any extent be held to be invalid or unenforceable, the remainder of this Contract, or the application of such term or provision to circumstances other than those to

which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Contract shall, be valid and shall be enforced to the extent permitted by law.

15. **Notices.**

All notices and demands shall be given in writing by first class mail, postage prepaid, or by personal delivery (by recognized courier service). Notices shall be considered given upon the earlier of (a) personal delivery or (b) __ (__) business days following deposit in the United States mail, postage prepaid. Notices shall be addressed as provided below for the respective party; provided that if any party gives notice in writing of a change of name or address, notices to such party shall thereafter be given as demanded in that notice:

To the County: _____

Attention: Program Administrator

To the Owner: _____

Attention: _____

Notwithstanding anything set forth above, after disbursement of funds to the Owner, all notices regarding the assessment shall be sent only as provided by the laws of the State of California.

16. **No Waiver.**

No disbursement of the Disbursement Amount based upon inadequate or incorrect information shall constitute a waiver of the right of the County to receive a refund thereof from the Owner. No disbursement of any portion of the Disbursement Amount shall constitute a waiver of any conditions to the County's obligation to make further disbursements. No waiver by the County of any failure by the Owner to comply with any provision of this Contract shall in any way preclude the County from thereafter declaring such failure by the Owner a Default hereunder or be deemed a waiver of any other or subsequent Default.

17. **Governing Law.**

This Contract shall be construed and governed in accordance with the laws of the State of California.

18. **Assignment by the County.**

The County, at its option, may (i) assign any or all of its rights and obligations under this Contract, and (ii) pledge and assign its right to receive the Assessment and the Annual Administrative Assessment, and any other payments due to the County hereunder, without obtaining the consent of the Owner.

19. **Assignment by Owner Prohibited.**

The Owner may sell, transfer, rent or otherwise dispose of all or a portion of its interests in the Property so long as the Assessment and the Annual Administrative Assessment, including each installment thereof and the interest and penalties thereon, shall constitute a lien against the Property until the same is paid in full. All other dispositions of all or a portion of the Owner's rights and obligations under this Contract are subject to the prior express written consent of the County, which consent may be granted or withheld in the sole and absolute discretion of the County.

20. **Carbon Credits.**

The Owner agrees that any carbon credits attributable to the Improvements shall be held on behalf of LACEP by the County.

21. **Entire Agreement; Amendment.**

This Contract, together with the other Contract Documents, is the entire agreement between the parties. Any other agreement related to the Improvements, and any amendment to this Contract, must be signed in writing by both parties.

22. **Natural Persons.**

If the Owner of the Property consists of more than one natural person, the obligations hereunder of all the owners shall be joint and several.

23. **Counterparts.**

This Contract may be executed in several counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.

24. **Special Termination.**

Notwithstanding anything to the contrary contained herein, this Contract shall terminate and be of no further force or effect if the Owner has submitted to the Program Administrator a notice of its decision to cancel this transaction pursuant to a Notice of Cancellation in a form prescribed by the County, which notice shall be delivered to the County pursuant to Section 15 hereof no less than _____ (__) days after the date of this Contract.

25. **No Third Party Beneficiary Rights.**

This Contract is entered into for the sole benefit of the Owner and the County and, subject to the provisions of Sections 10, 11, 12 and 19, no other parties are intended to be direct or incidental beneficiaries of this Contract and no third party shall have any right in, under or to this Contract.

IN WITNESS WHEREOF, the Owner and the County have entered into this Contract as of the date and year first above written.

THE OWNER:

Date of Execution by the Owner:

_____, 20____

THE COUNTY:

COUNTY OF LOS ANGELES, CALIFORNIA

Name:

Title: _____

|

ACKNOWLEDGEMENT(S)

STATE OF CALIFORNIA)
 : ss.:
COUNTY OF)

On _____, before me, _____
a notary public, personally appeared _____
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s)
is/are subscribed to the within instrument and acknowledged to me that he/she/they executed
the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the
instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(This area for official notarial seal)

STATE OF CALIFORNIA)
 : ss.:
COUNTY OF)

On _____, before me, _____
a notary public, personally appeared _____
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s)
is/are subscribed to the within instrument and acknowledged to me that he/she/they executed
the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the
instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(This area for official notarial seal)

EXHIBIT A
DESCRIPTION OF THE PROPERTY

EXHIBIT B

CERTAIN FINANCING TERMS

The Contract Documents shall consist of the following documents:

- This Contract and the exhibits hereto;
- The Application;
- The Completion Certificate;
- Program Handbook; and
- The LACEP website located at https://www._____.

Maximum Disbursement Amount: \$ _____

Contract Term: _____ years

Maximum Interest Rate: _____ Percent (____%) per annum.

Annual Percentage Rate: The Annual Percentage Rate (APR) of your assessment is ____%. APR is the Effective Cost of Credit in consumer loans and real estate loans expressed as a percentage interest rate. The annual percentage rate is the interest rate the borrower actually pays, including fees required in order to participate in the program.

Financing Costs in the Event of Noncompletion:

Reserve Fund Deposit: \$ _____

Annual Administrative Assessment⁽¹⁾:

Prepayment Premium: From _____ to _____, a prepayment premium of ____ percent (____%)

From _____ to _____, a prepayment premium of ____ percent (____%)

After _____, a prepayment premium of ____ percent (____%)

Improvements:

Estimated Payment Schedule:

Year ⁽²⁾	Assessment			Maximum	Total
	Disbursement Amount ⁽³⁾	Financing Costs ⁽⁴⁾	Interest	Annual Administrative Assessment ⁽⁵⁾	

-
- (1) Based on the Maximum Annual Administrative Assessment established for LACEP, which amount may be adjusted from time to time by the Program Administrator, provided that the adjusted amount does not exceed the Maximum Annual Administrative Assessment.
 - (2) If funds are disbursed to the Owner before _____, the assessment will appear on the property tax bill for the same tax year. If funds are disbursed after _____, the assessment will appear on the property tax bill for the following tax year.
 - (3) Based on Maximum Disbursement. Subject to revision by the Program Administrator following the disbursement of the Disbursement Amount, if necessary, pursuant to the Contract to reflect the Disbursement Amount.
 - (4) Includes capitalized LACEP administrative expenses.
 - (5) Based on the Maximum Annual Administrative Assessment established for LACEP, which amount may be adjusted from time to time by the Program Administrator, provided that the adjusted amount does not exceed the Maximum Annual Administrative Assessment.

EXHIBIT C

**LOS ANGELES COUNTY ENERGY PROGRAM
NOTICE OF INTEREST AND PAYMENT SCHEDULE**

Owner: _____ (the "Owner")

Address: _____
_____ (the "Property")

Assessor's Parcel Number: _____

LACEP Loan Number: _____

Pursuant to Section 1(b)(ii) of that certain Assessment Contract (the "Assessment Contract") executed by and between you, as Owner of the Property, and the County in connection with the Los Angeles County Energy Program, you are hereby notified that the interest rate applicable to the unpaid Assessment (as defined in the Assessment Contract) is ____%. The schedule of Assessment Installments, interest thereon and the Maximum Annual Administrative Assessment with respect to the referenced property is set forth below:

Year ⁽¹⁾	Assessment			Maximum	Total
	Disbursement Amount	Financing Costs ⁽²⁾	Interest	Annual Administrative Assessment ⁽³⁾	

⁽¹⁾ If funds are disbursed to the Owner before _____, the assessment will appear on the property tax bill for the same tax year. If funds are disbursed _____, the assessment will appear on the property tax bill for the following tax year.
⁽²⁾ Includes capitalized LACEP administrative expenses.
⁽³⁾ Based on the Maximum Annual Administrative Assessment established for LACEP, which amount may be adjusted from time to time by the Program Administrator, provided that the adjusted amount does not exceed the Maximum Annual Administrative Assessment.

The Notice of Assessment of record with the Office of the Registrar-Recorder/County Clerk of the County of Los Angeles will be amended to reflect the foregoing payment schedule.

Program Administrator,
Los Angeles County Energy Program

EXHIBIT D

NOTICE OF ASSESSMENT

WHEN RECORDED RETURN TO

County of Los Angeles
Treasurer and Tax Collector
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 437
Los Angeles, California 90012
Attention: Los Angeles County Energy Program
– Program Administrator

NOTICE OF ASSESSMENT

Pursuant to the requirements of Section 5898.32 of the Streets and Highways Code of the State of California, the undersigned Clerk of the Board of Supervisors (the “Board of Supervisors”) of the County of Los Angeles, a political subdivision of the State of California (the “County”), hereby gives notice that contractual assessments relating to that certain real property described in Appendix A hereto (the “Property”), in the amounts set forth in Appendix B hereto, were recorded in the Office of the Registrar-Recorder/County Clerk of the County, as provided for in said Section 5898.32.

Pursuant to that certain Assessment Contract (the “Assessment Contract”) by and between the County and the owner of the Property named herein in connection with the Los Angeles County Energy Program, the several assessments assessed on the Property set forth in Appendix B hereto became a lien upon the Property and the Property became subject to the assessment in accordance pursuant to the Assessment Contract, the Act and applicable law upon the execution of such Assessment Contract.

In addition to the assessment to pay the costs and expenses of the improvements to be acquired, the Property is subject to a separate and additional assessment, as set forth in Appendix B hereto, to be levied annually to pay for costs not otherwise reimbursed which will result from the administration and collection of assessments or from the administration or registration of any associated bonds and reserve or related funds.

Reference is made to the Assessment Contract for the amount of any final and adjusted assessments, including any annual assessment as levied for administrative costs or maintenance, as applicable.

Included in Appendix A hereto is the name(s) of the owner of record of the Property, which is also the assessed owner of the Property as it appears on the latest secured assessment roll, all as required pursuant to Section 27288.1 of the Government Code of the State of California.

Dated: _____

Clerk of the Board of Supervisors of the
County of Los Angeles

By: _____
Deputy

Appendix A to Notice of Assessment

DESCRIPTION OF THE PROPERTY

Appendix B to the Notice of Assessment

Name(s) of Owner of the Property: _____

Assessment Amount: _____

Annual Administrative Assessment Amount: _____

EXHIBIT E

Notice of Payment of Contractual Assessment Required

Pursuant to the requirements of Section 5898.24(d) of the Streets and Highways Code of the State of California, the Board of Supervisors (the "Board of Supervisors") of the County of Los Angeles, a political subdivision of the State of California (the "County"), hereby gives notice that the real property described in Appendix A hereto (the "Property") is subject to a contractual assessment that is required to be paid in accordance with that certain Assessment Contract (the "Assessment Contract") by and between the owner of the Property and the County in connection with the Los Angeles County Energy Program. Certain information regarding the contractual assessment assessed on the Property is set forth below.

- (1) The names of all current owners of the real property subject to the contractual assessment:

- (2) Legal description of the Property: See Exhibit Appendix A attached hereto and incorporated herein by this reference.

- (3) Assessor's parcel number for the Property: _____.

- (4) The annual amount of the contractual assessment: _____.

- (5) The contractual assessment referenced (4) above expires on the date such contractual assessment and any applicable penalties, costs, fees, and charges, including the Annual Administrative Assessment (as defined in the Assessment Contract), have been paid in full.

- (6) Funds from the contractual assessment were used to finance the acquisition and construction on and installation in the Property of certain qualifying renewable energy systems and energy and water efficiency improvements, as further described in the Assessment Contract.

- (7) Funds from the contractual assessment should be paid to the following:

[Name of entity to which contractual assessments should be paid]
[Address of entity]
[Contact person]

Date: _____

Treasurer and Tax Collector of the
County of Los Angeles [or Entity to which
Contractual Assessments will be paid]

By: _____
Name:
Title:

Appendix A to Notice of Payment of Contractual Assessment Required

DESCRIPTION OF THE PROPERTY

EXHIBIT F

**LOS ANGELES COUNTY ENERGY PROGRAM
NOTICE TO PROCEED**

Date: _____

Owner: _____ (the "Owner")

Address: _____
_____ (the "Property")

Assessor's Parcel Number: _____

LACEP Loan Number: _____

Pursuant to Section 4(a) of that certain Assessment Contract (the "Assessment Contract") executed by and between you, as Owner of the Property, and the County in connection with the Los Angeles County Energy Program, you are hereby given notice to proceed (this "Notice to Proceed") with acquisition, construction and installation of the Improvements and, upon completion of the Improvements, submit a request for funding to LACEP. This Notice to Proceed constitutes consent and authorization pursuant to Section 5898.21 of the Act for the Owner to purchase directly the related equipment and materials for the Improvements and to contract directly for the construction on and/or installation in the Property of the Improvements. The Owner must complete installation of the Improvements no later than ___ days after the date of this Notice to Proceed, provided that the Owner and the Program Administrator may agree to an extension of this completion date for good cause shown pursuant to Section 4(b) and Section 13(g) of the Assessment Contract, but in no event shall the completion date be more than one year from the date of this Notice to Proceed. Disbursement of any amounts pursuant to the Assessment Contract is subject to satisfaction of the terms and conditions thereof.

Program Administrator,
Los Angeles County Energy Program

Los Angeles County Energy Program
Contractual Assessment Limited Obligation Improvement Bonds
([Tranche Identifier])
Series ____

Bond Purchase Agreement

[Purchase Date]

Board of Supervisors
County of Los Angeles, California
Los Angeles, California

Ladies and Gentlemen:

1. Purchase and Sale of Bonds; Description of Bonds. Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth herein, [PURCHASER] (the “Purchaser”) hereby agrees to purchase from the County of Los Angeles, a political subdivision of the State of California (the “County”), and the County hereby agrees to sell to the Purchaser all (and not less than all) of the Los Angeles County Energy Program Contractual Assessment Limited Obligation Improvement Bonds ([Tranche Identifier]) Series [____] (the “Bonds”) in the aggregate principal amount of \$[Principal Amount] (the “Purchase Price”). The Bonds are subject to the terms and conditions of the Master Indenture, dated as of [____] (the “Indenture”), by and between the County and [Trustee] (the “Trustee”), as supplemented by Supplemental Indenture Series No. [____] thereto, dated as of [____], by and between the County and the Trustee (the “Supplemental Indenture” and, together with the Master Indenture, the “Indenture”). Capitalized terms used but not defined herein shall have the meanings set forth in the Indenture.

The Bonds will be issued pursuant to (i) the Indenture, (ii) Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code and the Improvement Bond Act of 1915, as amended, being Division 10 of the California Streets and Highways Code (collectively, the “Bond Law”), (iii) a Resolution of the County adopted on May 25, 2010 authorizing, among other things, the issuance of contractual assessment limited obligation bonds (the “2010 Authorizing Resolution”), (iv) a Resolution of the County adopted on _____, 2014 approving the forms of Assessments Contracts and Indenture for the Residential Program under LACEP (the “2014 Authorizing Resolution”) and (v) a Resolution of the County adopted on _____, 2014 authorizing the issuance of the Bonds (the “Bond Resolution” and, together with the 2010 Authorizing Resolution and the 2014 Authorizing Resolution, the “Resolutions”).

The Bonds will be payable from and secured by a pledge of the Assessments (except as set forth in the Indenture) and amounts in certain funds and accounts established under the Indenture. The

Assessments are payable pursuant to Assessment Contracts between the County and the owners of Participating Parcels.

2. Representations and Warranties of the County. The County represents and warrants to the Purchaser as follows:

a. The County is, and will be on the date of Closing, a political subdivision of the State of California (the “State”) organized and operating pursuant to the Constitution and laws of the State with the full power and authority to adopt the Resolutions, execute and deliver the Indenture, the Assessment Contracts and this Bond Purchase Agreement (collectively, the Legal Documents”) and to carry on its business as presently conducted.

b. By official action of the County, prior to or concurrently with the acceptance hereof, the County has adopted the Resolutions and duly authorized and approved the execution and delivery of, and the performance by the County of the obligations on its part contained in, the Legal Documents to be executed by it and the consummation by it of all other transactions contemplated by the Legal Documents.

c. The Legal Documents will have been, as of the date of Closing, duly authorized, executed and delivered by the County and constitute legal, valid and binding agreements of the County, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors’ rights generally and by the application of equitable principles if equitable remedies are sought.

d. To the best knowledge of the County, the execution and delivery of the Legal Documents by the County and compliance with the provisions on the County’s part contained herein and therein, will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the County is a party or to which the County is otherwise subject.

e. To the best knowledge of the County, the County is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the County is a party or is otherwise subject, which breach or default would materially adversely affect the County’s ability to enter into or perform its obligations under the Legal Documents to be executed by it, and, no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default.

f. To the best knowledge of the County, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending in which service of process has been completed against the County or threatened against the County in any material respect affecting the existence of the County or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the adoption of the County Resolution or the levying of the assessments under the Assessment Contract or in any way contesting or affecting the validity or enforceability of the Bond Act, the

Contractual Assessment Law or the Legal Documents or contesting the powers of the County or its authority to enter into, adopt or perform its obligations under any of the foregoing, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Legal Documents to be executed by the County or that could have a material adverse impact upon the ability of the County to enter into or perform its obligations under such documents or in any way contesting the existence or powers of the County.

g. Any certificate signed by any official of the County authorized to do so shall be deemed a representation and warranty by the County as to the statements made in the certificate, and each of the certificates being delivered by the County to Purchaser on the date hereof is being signed by an authorized official.

3. Agreements of the County.

a. Prior to the Closing Date, the County will not, without the prior written consent of the Purchaser, offer or issue any of the Bonds under the Resolutions and Indenture to any person other than the Purchaser.

b. The County acknowledges and agrees that the purchase and sale of the Bonds pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between the County and the Purchaser, the Purchaser is acting solely as a principal in connection with the matters contemplated by and all communications under this Bond Purchase Agreement, and is not acting as the agent, fiduciary, or Municipal Advisor (as defined in Section 15B of the Securities Exchange Act of 1934, as amended) of the County and its advisor in connection with the matters contemplated by this Bond Purchase Agreement, and in connection with the purchase and sale of the Bonds, the County has consulted its own advisors to the extent it deems appropriate[; provided that an affiliate of the Purchaser has acted as "Program Administrator" of the Los Angeles County Energy Program].

4. Closing. On [Closing Date] or on such other date as may be agreed upon by the County and the Purchaser (such date as finally determined is referred to herein as the "Closing Date"), the County will deliver or cause to be delivered to the Purchaser, the Bonds, in definitive form, duly executed and authenticated, by depositing the Bonds with [Collateral Agent] in [To Reference Securities Account] (the "Securities Account").

The Purchaser will accept such Bonds in the Securities Account and pay the Purchase Price by the delivery to Issuer of a federal (immediately available) funds deposit to the order of the County in an aggregate amount equal to such Purchase Price. The deliveries of such Bonds and such funds is referred to herein as the "Closing." The Bonds shall be made available to the Purchaser for purposes of inspection, at any time not more than two (2) business days nor less than one (1) business day prior to the Closing Date at any place in New York, New York, agreed upon by the County and the Purchaser.

5. Conditions of Closing and Termination of Purchaser's Obligation. The obligation of the Purchaser to purchase and pay for the Bonds at the Closing shall be subject to the performance by the County, prior to or concurrently with the Closing, of its obligations to be

performed under this Bond Purchase Agreement and to the accuracy of the representations and warranties of the County contained in this Bond Purchase Agreement as of the date hereof and as of the Closing Date, as if made on and as of the Closing Date, and shall also be subject to the following additional conditions:

a. Each of the Assessment Contracts, the Indenture and this Bond Purchase Agreement shall have been duly authorized, executed and delivered, and each of the foregoing shall be in full force and effect and shall not have been amended, modified or supplemented, except as may have been agreed to by the Purchaser, (ii) the County shall have duly adopted and there shall be in full force and effect such additional resolutions or agreements as shall be necessary in connection with the transactions contemplated hereby and (iii) the County shall perform or have performed all of its obligations, and satisfied all conditions, required under or specified in the Resolutions, Indenture, the Assessment Contracts and this Bond Purchase Agreement to be performed at or prior to the Closing.

b. The Purchaser shall receive or have received the following documents, in each case satisfactory in form and substance to them:

i. A reliance letter, with respect to the opinion letter from Bond Counsel to the County pursuant to and described in Section 3.03(I) of the Master Indenture (the “Approving Opinion”) on the related Closing Date addressed to (x) the Purchaser [and (y) Lender To Purchaser Or Affiliate Thereof Under An Applicable Credit Agreement (“Lender”)], to the effect that Bond Counsel has delivered the Approving Opinion to the County on that date and the Purchaser [and Lender] may rely on the Approving Opinion as if it had been addressed to the Purchaser and Lender.

ii. All other documents reasonably required to be delivered to the Purchaser pursuant to the Indenture.

6. Expenses. The Purchaser shall be under no obligation to pay any expenses incident to the performance of the County’s obligations hereunder, including, without limitation, (i) all costs of preparing the definitive Bonds and (ii) all fees and disbursements of counsel of the County and any other experts or consultants retained by the County.

The Purchaser shall pay: (i) the fees and expenses of its counsel; (ii) fees, if any, payable to the California Debt and Investment Advisory Commission in connection with the issuance of the Bonds; and (iii) all other expenses incurred by the Purchaser in connection with the offering of the Bonds.

7. Representations and Warranties of the Purchaser. The Purchaser represents and warrants to the County as follows:

a. The Purchaser has authority to purchase the Bonds, to execute this Bond Purchase Agreement and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Bonds and to take any action under this Bond Purchase Agreement required to be taken by and on behalf of the Purchaser, and this Bond

Purchase Agreement, when duly executed and delivered by the other party hereto, is a binding contract of the Purchaser enforceable in accordance with its terms.

b. The Bonds are being purchased in a private placement transaction and the terms of the sale and purchase have been established through negotiations between the County and the Purchaser in an arm's-length transaction.

c. The Purchaser is a "Qualified Institutional Buyer" as defined in Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), or an "Accredited Investor" as defined in Rule 501 of Regulation D under the Securities Act, and has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal obligations of a nature similar to the Bonds, and is capable of evaluating the merits and risks of its investment in the Bonds. The Purchaser is purchasing the Bonds with a full understanding of all the terms and risks thereof and is able to bear the economic risk of, and entire loss of, an investment in the Bonds.

d. The Bonds are being acquired by the Purchaser for investment and not with a view to, or for resale in connection with, any distribution of the Bonds. The Purchaser understands that it may need to bear the risks of this investment for an indefinite period of time due to the transfer restrictions applicable to the Bonds and because any sale prior to maturity may not be possible.

e. The Purchaser represents that its purchase of the Bonds and its subsequent sale, if any, are exempt from Securities and Exchange Commission Rule 15c2-12.

f. The Purchaser acknowledges that the County has not prepared any offering document with respect to the Bonds and that no written information has been provided by the County to the Purchaser with respect to the Bonds. The Purchaser has made its own credit inquiry and analyses with respect to the Bonds and the security therefor and assumed the responsibility for obtaining and making such review as he has deemed necessary or desirable in connection with the decision to purchase the Bonds. The Purchaser is aware that investment in the properties of the Property Owners involves certain economic variables and risks that could adversely affect the security for the Bonds. The Purchaser's decision to purchase the Bonds and its investment decision as to the suitability of the Bonds was based upon its own judgment and did not rely on any information provided by the County (or any representatives or agents of the County) that is not in written form or any view expressed by the County.

g. The Purchaser has had an opportunity to conduct its own investigation with respect to the offering and the Bonds, and to ask such questions of the County with respect to the Bonds as the Purchaser considered necessary or appropriate in connection with such investigation, the Purchaser has had access to or received all information that the Purchaser believes is necessary or appropriate to enable it to make its investment decision, and the Purchaser has had the opportunity to ask questions of and receive answers from knowledgeable officials of the County and other individual concerning the County, the Bonds, the Revenues and LACEP. The Purchaser acknowledges that it has not relied upon the County for any information in connection with the Purchaser's purchase of the Bonds.

h. Neither the County nor Hawkins Delafield & Wood LLP, as bond counsel, or its members, its governing body, or any of its employees, counsel or agents will have any responsibility to the Purchaser for the accuracy or completeness of information obtained by the Purchaser from any source regarding the Property Owners or their financial conditions or regarding the Bonds, the provision for payment thereof, or the sufficiency of any security therefor. The Purchaser acknowledges that, as between the Purchaser and all of such parties, the Purchaser has assumed responsibility for obtaining such information and making such review as the Purchaser deemed necessary or desirable in connection with its decision to purchase the Bonds.

i. The Purchaser acknowledges that it is not entitled to rely on any investigation that any party other than the Purchaser may have conducted with respect to the Bonds, that the County has not made any representation to the Purchaser, express or implied, with respect thereto or given the Purchaser any assurance or guarantee as to the expected performance of the Bonds.

j. The Purchaser acknowledges that the obligations of the County to make debt service payments on the Bonds are limited obligations payable solely from Revenues under the Indenture and the County shall not be directly or indirectly or contingently or morally obligated to use any other moneys or assets of the County for all or any portion of such debt service.

k. The Purchaser understands that the Bonds: (i) have not been and will not be registered under the Securities Act, and are not being registered or otherwise qualified for sale under the “Blue Sky” laws or regulations of any state; (ii) will not be listed on any stock or other securities exchange, (iii) will not carry a rating from any rating service, and (iv) may not be readily marketable, (iv) may not be offered, resold, pledged or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act; (v) bear restrictions as to transfer or exchange, as set forth in the Indenture and (vi) will be delivered in a form which may not be readily marketable.

l. The Purchaser agrees and acknowledges that the Bonds cannot be sold unless they are sold only to other “Qualified Institutional Buyers” or “Accredited Investors” as permitted under the Securities Act.

m. In the event that the Purchaser wishes to sell the Bonds in the future, the 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 investor letter from the proposed transferee substantially in the form attached as Exhibit A to the Master Indenture, with no revisions except as may be approved in writing by the County. Failure to deliver such investor’s letter to the County shall cause the purported transfer to be null and void. The Purchaser agrees to indemnify and hold harmless the County with respect to any claim asserted against the County that is based upon the sale, transfer or other disposition of the Bonds.

n. The Purchaser acknowledges that Hawkins Delafield & Wood LLP (“Bond Counsel”) is acting as bond counsel to the County, that Bond Counsel has no attorney-client relationship with the Purchaser, and that the Purchaser has sought legal advice from its own counsel to the extent it concluded legal advice was necessary.

8. Conditions of Closing to be Performed by Purchaser. The obligation of the County to issue the Bonds and deliver them on the Closing Date shall be subject to the following conditions to be satisfied by the Purchaser:

a. Purchaser shall have executed and delivered a letter in the form and substance of Exhibit A.

b. Purchaser shall have paid the Purchase Price as described above.

c. Purchaser shall have executed and delivered to Issuer a receipt in which it acknowledges receipt of the Bonds and satisfaction of the conditions set forth in this Bond Purchase Agreement.

9. Notices. Any notice or other communication (other than the acceptance hereof as specified in the first paragraph hereof) to be given under this Bond Purchase Agreement may be given by delivering the same in writing

to the County to:

County of Los Angeles
Treasurer and Tax Collector
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 437
Los Angeles, California 90012
Attention: Public Finance

and any notice or other communication to be given to the Purchaser under this Bond Purchase Agreement may be given by delivering the same in writing (which shall include electronic forms thereof) to

to the Purchaser to:

[Purchaser]
[Purchaser Address]

10. Parties in Interest; Survival of Representations and Warranties. This Bond Purchase Agreement is made solely for the benefit of the County and the Purchaser and no other person, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. All the representations, warranties and agreements made by the County in this Bond Purchase Agreement shall remain operative and in full force and effect, regardless of (a) any investigations made by or on behalf of the Purchaser, (b) the delivery of and payment for the Bonds hereunder or (c) any termination of this Bond Purchase Agreement.

11. Headings. The headings of the sections of this Bond Purchase Agreement are inserted for convenience only and shall not be deemed to be a part hereof.

12. Governing Law. This Bond Purchase Agreement shall be construed in accordance with and governed by the laws of the State of California, without regard to any conflicts of law principles thereof that would call for the application of the laws of any other jurisdiction. Any legal action brought under this Agreement must be instituted in the Superior Court of the County of Sacramento, State of California.

13. Execution by Counterparts. This Bond Purchase Agreement and any amendment or supplement hereto or any waiver granted in connection herewith may be executed in any number of counterparts (including .pdf counterparts) and by the different parties on separate counterparts and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same agreement.

14. Miscellaneous.

a. If any provision of this Bond Purchase Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions because it conflicts with any provision of any constitution, statute, rule of public policy or any other reasons, such circumstances shall not have the effect of rendering any provision or provisions of this Bond Purchase Agreement, invalid or inoperative or unenforceable to any extent whatsoever.

b. This Bond Purchase Agreement shall not be amended nor shall either party hereof waive any provision hereto without the prior written consent of the County and the Purchaser.

Very truly yours,

[PURCHASER]

By: _____
Authorized Signatory

ACCEPTED:

This _____ day of _____, 20__

COUNTY OF LOS ANGELES, CALIFORNIA

By: _____
Mark J. Saladino
Treasurer and Tax Collector

Approved as to Form:

JOHN F. KRATTLI
County Counsel

By: _____
Principal Deputy County Counsel