



## ***SOUTH FEATHER WATER & POWER AGENCY FINANCING CORPORATION***

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# **AGENDA**

SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE  
SOUTH FEATHER WATER AND POWER AGENCY FINANCING CORPORATION  
BOARD ROOM, 2310 ORO-QUINCY HIGHWAY, OROVILLE, CA.

**TUESDAY, AUGUST 23, 2016, 2:00 P.M.**

**1. Roll Call**

**2. Public Participation**

Individuals will be given an opportunity to address the Board regarding matters not scheduled on the agenda, although the Board cannot take action on any matter not on the agenda. Comments will be limited to 5 minutes per speaker.

Opportunity for public comment on agenda items will be provided at the time they are discussed by the Board. Comments will be limited to 5 minutes per speaker per agenda item.

**3. Miners Ranch Treatment Plant Improvement Project Financing**

Resolution 16-08-01, approving forms of 2016 Installment Purchase Contract, Assignment Agreement and Trust Agreement relating to the Miners Ranch Treatment Plant Improvement Project 2016 Certificates of Participation, including approval of form of Official Statement, and authorization for distribution by Underwriter and execution and delivery of such documents.

**4. Adjournment**



## ***SOUTH FEATHER WATER & POWER AGENCY FINANCING CORPORATION***

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**TO: Board of Directors**

**FROM: Michael Glaze, Executive Director**

**DATE: August 18, 2016**

**RE: MRTP Improvement Project – Financing  
Agenda Item for 8/23/16 Corporation Board of Directors Meeting**

The purpose of this meeting is to approve the South Feather Water and Power Agency Financing Corporation's participation in the financing for the Miners Ranch Treatment Plant Improvement Project.

The directors of the Financing Corporation are the same as for South Feather Water and Power Agency. Both the Corporation's and the Agency's boards, respectively, have resolutions to adopt approving the form of various agreements, statements and certificates, to authorize the financing via Certificates of Participation. The Agency's financial consultant from FirstSouthwest, and bond counsel from Orrick, Herrington & Sutcliffe, will be present to provide explanation, guidance and answers to questions.

Attached is an executive summary prepared by bond counsel to explain and facilitate the proposed financing. Also attached are the following documents referenced in the resolution:

Assignment Agreement;  
Trust Agreement; and,  
2016 Installment Purchase Contract.

To expedite the process and minimize the time commitment for our consultants, it is recommended that the Financing Corporation's meeting be conducted first. Much of the explanation and discussion during that meeting will also be relevant and informative for the item on the Agency's agenda. Once the Corporation's meeting is over, the Agency's board meeting can immediately be convened, with the financing item the first topic of business.

Approval of the resolutions by both boards is necessary to complete the financing that will provide the required funding for the project. Prior action to approve commencement of construction of the project was predicated on the board's commitment to approve the financing, which is now before the board.

The recommended form of action is:

**"I move adoption of Resolution 16-08-01, approving forms of the 2016 Installment Purchase Contract, Assignment Agreement and Trust Agreement relating to the Agency's MRTP Improvement Project 2016 Certificates of Participation; approving form of the Official Statement relating to said Certificates of Participation, and authorizing distribution by underwriter, and authorizing execution and delivery of such documents."**

## EXECUTIVE SUMMARY

### Actions

1. AGENCY: ADOPTION BY THE SOUTH FEATHER WATER AND POWER AGENCY (THE “AGENCY”) APPROVING ISSUANCE OF CERTIFICATES OF PARTICIPATION IN INSTALLMENT PAYMENTS TO BE MADE BY THE AGENCY FOR PURCHASE OF CERTAIN EXPANSION AND UPGRADE IMPROVEMENTS TO THE ENTERPRISE OF THE AGENCY; APPROVING FORMS OF AND AUTHORIZING EXECUTION OF A 2016 INSTALLMENT PURCHASE CONTRACT, A TRUST AGREEMENT, A PURCHASE AGREEMENT AND A CONTINUING DISCLOSURE CERTIFICATE RELATING TO SUCH CERTIFICATES OF PARTICIPATION; AUTHORIZING FORM AND DISTRIBUTION OF AN OFFICIAL STATEMENT; AND AUTHORIZING OTHER ACTIONS IN CONNECTION THEREWITH
2. Corporation: ADOPTION BY THE SOUTH FEATHER WATER AND POWER AGENCY FINANCING CORPORATION (THE “CORPORATION”) APPROVING FORMS OF 2016 INSTALLMENT PURCHASE CONTRACT, ASSIGNMENT AGREEMENT AND TRUST AGREEMENT RELATING TO THE SOUTH FEATHER WATER AND POWER AGENCY MINERS RANCH WATER TREATMENT PLANT IMPROVEMENT PROJECT 2016 CERTIFICATES OF PARTICIPATION, APPROVING FORM OF OFFICIAL STATEMENT RELATING TO THE SOUTH FEATHER WATER AND POWER AGENCY MINERS RANCH WATER TREATMENT PLANT IMPROVEMENT PROJECT 2016 CERTIFICATES OF PARTICIPATION, AND AUTHORIZING DISTRIBUTION BY UNDERWRITER, AND AUTHORIZING EXECUTION AND DELIVERY OF SUCH DOCUMENTS

### Summary of Actions Taken

#### *General*

In order to facilitate the financing of the Miners Ranch Water Treatment Plant Improvement Project and the prepayment of all of the Agency’s obligations with respect to a Refunding Bond Agreement, dated as of October 1, 2012 (the “Refunding Bond Agreement”), by and between the Agency and the Bank of Nevada, the Agency and the Corporation contemplate having Certificates of Participation (“COP”) executed and delivered to investors in the public capital market, the proceeds of which will be provided to the Agency for the purposes above.

The Agency has employed this type of COP structure with respect to previous financings. In a COP financing, the Corporation enters into the 2016 Installment Purchase Contract with the Agency. Rather than issue bonds, however, the Corporation assigns its right to receive installment payments (the “Installment Payments”) to a trustee, in our case U.S. Bank National Association (“U.S. Bank”), under the Assignment Agreement between the Corporation and U.S. Bank (the “Assignment Agreement”). U.S. Bank will then execute and deliver the COPs representing fractional interests in such Installment Payments (including principal and interest components) and the COPs are sold to investors.

Payments with respect to the COPs match, and in fact represent, the Installment Payments made by the Agency under the 2016 Installment Purchase Contract and the obligations evidenced by the COPs are secured by other amounts held under a Trust Agreement, by and among the Agency, U.S. Bank and the Corporation (the “Trust Agreement”), pursuant to which the COPs are being delivered. The Agency is required to make Installment Payments directly to U.S. Bank under the Assignment Agreement. The obligation of the Agency to make Installment Payments are secured by a pledge of net revenues of both the Agency’s water and hydroelectric enterprises.

#### *Agency Approval*

Under the Agency Resolution, the Board of the Agency is being requested to approve certain documents in connection with the COP transaction, which include the 2016 Installment Purchase Contract (described above), the Trust Agreement, a Purchase Contract, by and between the Agency and Stifel, Nicolaus & Company, Incorporated, the investment bank who will be obligated to purchase the COPs from the Agency and sell them to outside investors (the “Underwriter”), and a Continuing Disclosure Certificate, executed by the Agency (the “Continuing Disclosure Certificate”). In addition, the Board will be requested to approve the form of an Official Statement in preliminary form (the “Official Statement”).

The 2016 Installment Purchase Agreement has already been summarized above. The Trust Agreement sets forth the basic terms of the COP transaction, including but not limited to, principal amount, interest rate and prepayment terms. The Trust Agreement also sets forth the basic duties of U.S. Bank as COP trustee, the primary ones of which is to make debt service payments (in the form of the Installment Payments) to the COP holders and enforce remedies. The primary purpose of the Purchase Contract is to specify the terms under which the Underwriter will agree to purchase the COPs from the Agency. Such terms include, but are not limited to, covenants and representations on the part of the Corporation and Agency, and certain other closing deliverables. The primary purpose of the Continuing Disclosure Certificate is a means by which the Agency will provide, on an ongoing annual basis, certain financial and operating information to investors going forward. Finally, the Official Statement is essentially the “prospectus” that the Underwriter will use to market and sell COPs on behalf of the Agency to investors. It has the dual purpose of being both a marketing document as well as providing a means by which the Agency provides material and accurate information to investors relating to the COPs.

#### *Corporation Approval*

Under the resolution of the Corporation, the Board of the Corporation is being requested to approve certain documents in connection with the COP transaction, which include the 2016 Installment Purchase Contract, the Trust Agreement and the Assignment Agreement, all of which have been summarized above. In addition, the Board will be requested to approve the form of the Official Statement (also described above).



## **SOUTH FEATHER WATER & POWER AGENCY FINANCING CORPORATION**

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### **RESOLUTION OF THE BOARD OF DIRECTORS**

#### **Resolution 16-08-01**

**APPROVING FORMS OF 2016 INSTALLMENT PURCHASE CONTRACT, ASSIGNMENT AGREEMENT AND TRUST AGREEMENT RELATING TO THE SOUTH FEATHER WATER AND POWER AGENCY MINERS RANCH WATER TREATMENT PLANT IMPROVEMENT PROJECT 2016 CERTIFICATES OF PARTICIPATION, APPROVING FORM OF OFFICIAL STATEMENT RELATING TO THE SOUTH FEATHER WATER AND POWER AGENCY MINERS RANCH WATER TREATMENT PLANT IMPROVEMENT PROJECT 2016 CERTIFICATES OF PARTICIPATION, AND AUTHORIZING DISTRIBUTION BY UNDERWRITER, AND AUTHORIZING EXECUTION AND DELIVERY OF SUCH DOCUMENTS**

**RESOLVED**, that the form of 2016 Installment Purchase Contract submitted to this meeting is hereby approved, and the proper officers of the South Feather Water and Power Agency Financing Corporation (the "Corporation") are hereby authorized to execute and deliver such 2016 Installment Purchase Contract in the name and on behalf of the Corporation; and,

**RESOLVED, FURTHER**, that the form of Assignment Agreement submitted to this meeting is hereby approved, and the proper officers of the Corporation are hereby authorized to execute and deliver such Assignment Agreement in the name and on behalf of the Corporation; and,

**RESOLVED, FURTHER**, that the form of Trust Agreement submitted to this meeting is hereby approved, and the proper officers of the Corporation are hereby authorized to execute and deliver such Trust Agreement in the name and on behalf of the Corporation; and,

**RESOLVED, FURTHER**, that the Official Statement, in preliminary form, in substantially the form submitted to this meeting (the "Official Statement"), is hereby approved, and the distribution of copies of the Official Statement in preliminary form to prospective purchasers of the South Feather Water and Power Agency Miners Ranch Water Treatment Plant Improvement Project Certificates of Participation (the "Certificates") by Stifel, Nicolaus & Company, Incorporated, as underwriter (the "Underwriter") for the Certificates, is hereby approved, and such Underwriter is hereby authorized to distribute copies of said Official Statement in preliminary form to prospective purchasers of the Certificates and is hereby directed to deliver copies of the Official Statement in final form to all actual purchasers of the Certificates; and,

**RESOLVED, FURTHER**, that the officers of the Corporation are hereby authorized to approve the necessary completion of the Official Statement in preliminary form and the Official Statement in final form and to make any additions to or changes in the form of the Official Statement in preliminary form submitted to this meeting which they may deem necessary or desirable; and,

**RESOLVED, FURTHER**, that the officers of the Corporation are hereby authorized to execute and deliver all such documents and to approve the necessary completion of all such documents and any additions to or changes in the form of such documents submitted to this meeting which they may deem necessary or desirable and to take all other necessary and proper actions, including the execution of closing papers and certificates, in the name and on behalf of the Corporation in order to proceed with the Project (as defined in the 2016 Installment Purchase Contract) for the purpose of financing the costs of the acquisition, construction, rehabilitation and equipping of certain expansion and upgrade improvements to the Enterprise (as defined in the 2016 Installment Purchase Contract) of the South Feather Water and Power Agency (the "Agency") that will be sold by the Corporation to the Agency through the sale and delivery of the South Feather Water and Power Agency Miners Ranch Water Treatment Plant Improvement Project Certificates of Participation, as authorized in accordance with the above documents, which financing is hereby approved and authorized.

**PASSED AND ADOPTED** by the Board of Directors of the South Feather Water and Power Agency Financing Corporation at the special meeting of said Board on the 23rd day of August 2016, by the following vote:

AYES:  
NOES:  
ABSTAINED:  
ABSENT:

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Lou Lodigiani, President  
South Feather Water and Power Agency Financing Corporation

(seal)  
ATTEST

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Michael C. Glaze, Secretary  
South Feather Water and Power Agency Financing Corporation

APPROVED AS TO FORM:

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Dustin Cooper, Legal Counsel  
South Feather Water and Power Agency

## SECRETARY'S CERTIFICATE

MICHAEL C. GLAZE, certifies that: he is the Secretary of the Board of Directors of the South Feather Water and Power Agency; and that the foregoing is a true and correct copy of a resolution duly and regularly adopted by the Board of Directors of the South Feather Water and Power Agency at a meeting of said Board duly and regularly held on the 23rd day of August 2016, at which meeting a quorum was present and voted; said resolution has not been rescinded and is in full force and effect.

August 23, 2016

Date

Michael C. Glaze, Secretary  
Board of Directors, South Feather Water and Power Agency

(seal)

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ASSIGNMENT AGREEMENT

by and between the

SOUTH FEATHER WATER AND POWER AGENCY FINANCING CORPORATION

and

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

RELATING TO THE  
SOUTH FEATHER WATER AND POWER AGENCY  
MINERS RANCH WATER TREATMENT PLANT IMPROVEMENT PROJECT  
2016 CERTIFICATES OF PARTICIPATION

Executed and Entered Into as of [September 1, 2016]

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## ASSIGNMENT AGREEMENT

This Assignment Agreement (the "Assignment Agreement"), executed and entered into as of [September 1, 2016], by and between the South Feather Water and Power Agency Financing Corporation, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the "Corporation"), and U.S. Bank National Association, a national banking association duly organized and existing under the laws of the United States of America, as Trustee (the "Trustee");

WITNESSETH:

WHEREAS, the South Feather Water and Power Agency, an irrigation district duly organized and existing under and by virtue of the laws of the State of California (the "Agency"), and the Corporation have executed and entered into a 2016 Installment Purchase Contract (the "2016 Installment Purchase Contract") as of [September 1, 2016], whereby the Corporation has agreed to assist the Agency by acquiring, constructing, rehabilitating and equipping certain expansion and upgrade improvements to the domestic water system and hydroelectric system of the Agency (the "Project") for and by conveying and selling the Project to the Agency, and the Agency has agreed to purchase the Project from the Corporation, all as provided in the 2016 Installment Purchase Contract; and

WHEREAS, under the 2016 Installment Purchase Contract, the Agency is obligated to make scheduled installment payments (the "2016 Installment Payments") to the Corporation for the purchase of the Project from the Corporation; and

WHEREAS, the Corporation desires to assign to the Trustee without recourse all its rights to receive the 2016 Installment Payments to be paid by the Agency under the 2016 Installment Purchase Contract and certain other rights; and

WHEREAS, in consideration of such assignment and the execution and entering into of a Trust Agreement (the "Trust Agreement") as of [September 1, 2016], by and among the Trustee, the Corporation and the Agency, the Trustee has agreed to execute and deliver certificates of participation (the "Certificates") in an aggregate principal amount equal to the aggregate principal installments of the 2016 Installment Payments, each evidencing and representing a proportionate, undivided interest in the 2016 Installment Payments; and

WHEREAS, the Corporation hereby certifies that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to the execution and entering into of the Assignment Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into the Assignment Agreement;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

SECTION 1. [Assignment](#). The Corporation, for one dollar (\$1.00) and for other good and valuable consideration in hand received, the receipt of which is hereby acknowledged, does hereby sell, assign and transfer without recourse to the Trustee for the benefit of the registered owners of the Certificates each and all of its rights under the 2016 Installment Purchase Contract (except its right to receive payment of its fees, expenses and reimbursements) and each and all of its rights under the Trust Agreement, including its right to receive the 2016 Installment Payments from the Agency under the 2016 Installment Purchase Contract and its right to exercise the rights and remedies conferred on the Corporation under the 2016 Installment Purchase Contract as may be necessary to enforce payment of the 2016 Installment Payments when due or otherwise to protect its interests in the event of a default by the Agency thereunder. This assignment is absolute and is presently effective, and all 2016 Installment Payments shall be applied and the rights so assigned shall be exercised by the Trustee as provided in the Trust Agreement.

SECTION 2. [Acceptance](#). The Trustee hereby accepts the foregoing assignment for the benefit of the registered owners of the Certificates, subject to the conditions and terms of the Trust Agreement, and all 2016 Installment Payments received by the Trustee shall be applied and all such rights so assigned shall be exercised by the Trustee as provided in the Trust Agreement.

SECTION 3. [Conditions](#). The Assignment Agreement shall confer no rights and shall impose no obligations upon the Trustee beyond those expressly provided in the Trust Agreement, and the assignment to the Trustee hereunder is to the Trustee solely in its capacity as Trustee under the Trust Agreement, and the Trustee does not warrant the accuracy of the recitals of fact contained herein.

SECTION 4. [California Law](#). The Assignment Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of California.

SECTION 5. [Severability](#). If any agreement, condition, covenant or term hereof or any application hereof shall be held by a court of competent jurisdiction to be invalid, void or unenforceable, in whole or in part, all agreements, conditions, covenants and terms hereof and all applications thereof not held invalid, void or unenforceable shall continue in full force and effect and shall in no way be affected, impaired or invalidated thereby.

SECTION 6. [Execution in Counterparts](#). The Assignment Agreement may be executed and entered into in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed and entered into the Assignment Agreement by their officers thereunto duly authorized as of the day and year first above written.

SOUTH FEATHER WATER AND POWER  
AGENCY FINANCING CORPORATION

By \_\_\_\_\_  
President

(SEAL)

ATTEST:

\_\_\_\_\_  
Secretary

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee

By \_\_\_\_\_  
Authorized Officer

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TRUST AGREEMENT

by and among

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

and the

SOUTH FEATHER WATER AND POWER AGENCY  
FINANCING CORPORATION

and the

SOUTH FEATHER WATER AND POWER AGENCY

Executed and Entered Into as of [September 1, 2016]

RELATING TO THE  
SOUTH FEATHER WATER AND POWER AGENCY  
MINERS RANCH WATER TREATMENT PLANT IMPROVEMENT PROJECT  
2016 CERTIFICATES OF PARTICIPATION

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## TRUST AGREEMENT

This Trust Agreement (the “Trust Agreement”), executed and entered into as of [September 1, 2016], by and among U.S. Bank National Association, a national banking association duly organized and existing under the laws of the United States of America, as Trustee (the “Trustee”), the South Feather Water and Power Agency Financing Corporation, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the “Corporation”), and the South Feather Water and Power Agency, an irrigation district duly organized and existing under and by virtue of the laws of the State of California (the “Agency”);

### W I T N E S S E T H:

WHEREAS, the Agency has previously entered into a Refunding Bond Agreement (the “Refunding Bond Agreement”), by and between the Agency and Bank of Nevada, dated as of October 1, 2012, whereby the Agency refunded certain obligations incurred to refinance certain projects relating to the herein defined Enterprise (the “Prior Project”); and

WHEREAS, the Agency and the Corporation have executed and entered into a 2016 Installment Purchase Contract (the “2016 Installment Purchase Contract”) as of [September 1, 2016], whereby the Corporation has agreed to assist the Agency by acquiring, constructing, rehabilitating and equipping certain expansion and upgrade improvements to the Enterprise of the Agency (the “Miners Ranch Water Treatment Plant Improvement Project” and, together with the Prior Project, the “Project”) for and by conveying and selling the Project and the refinancing of the Prior Project to the Agency, and the Agency has agreed to purchase the Project from the Corporation, all as provided in the 2016 Installment Purchase Contract; and

WHEREAS, under the 2016 Installment Purchase Contract, the Agency is obligated to make scheduled installment payments (the “2016 Installment Payments”) to the Corporation for the purchase of the Project from the Corporation; and

WHEREAS, the Corporation has assigned to the Trustee without recourse all its rights to receive the 2016 Installment Payments to be paid by the Agency under the 2016 Installment Purchase Contract and certain other rights pursuant to an Assignment Agreement (the “Assignment Agreement”) executed and entered into as of [September 1, 2016], by and between the Corporation and the Trustee; and

WHEREAS, in consideration of such assignment and the execution and entering into of the Trust Agreement, the Trustee has agreed to execute and deliver South Feather Water and Power Agency Miners Ranch Water Treatment Plant Improvement Project 2016 Certificates of Participation (the “Certificates”) in an aggregate principal amount equal to the aggregate principal installments of the 2016 Installment Payments, each evidencing and representing a proportionate, undivided interest in the 2016 Installment Payments; and

WHEREAS, the Corporation and the Agency hereby certify that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to the execution and entering into of the Trust Agreement do exist, have happened and

have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into the Trust Agreement;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

## ARTICLE I

### DEFINITIONS; EQUAL SECURITY

SECTION 1.01. Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any amendment hereof or supplement hereto and of the Certificates and of any certificate, opinion, request or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

#### 2016 Certificate Payment Reserve Fund

“2016 Certificate Payment Reserve Fund” means the South Feather Water and Power Agency Miners Ranch Water Treatment Plant Improvement Project Installment Purchase Contract Reserve Fund established under Section 5.03.

#### Agency

“Agency” means the South Feather Water and Power Agency, an irrigation district duly organized and existing under and by virtue of the laws of the State of California.

#### Assignment Agreement

“Assignment Agreement” means the Assignment Agreement executed and entered into as of [September 1, 2016], by and between the Corporation and the Trustee relating to the South Feather Water and Power Agency Miners Ranch Water Treatment Plant Improvement Project 2016 Certificates of Participation, as originally executed and entered into and as it may from time to time be amended or supplemented.

#### Board of Directors

“Board of Directors” means the Board of Directors of the Agency.

#### Business Day

“Business Day” means any day (other than a Saturday or a Sunday) on which banks in New York, New York, are open for business and on which the Trustee is open for business at its Principal Corporate Trust Office.

### Certificate Insurance Policy

“Certificate Insurance Policy” means the financial guaranty insurance policy issued by the Certificate Insurer insuring the payment when due of the interest and principal evidenced and represented by the Certificates as provided therein.

### Certificate Insurer

[“Certificate Insurer” means [Insurance Company], a stock insurance company incorporated under the laws of the State of New York, as issuer of the financial guaranty insurance policy insuring the payment when due of the interest and principal evidenced and represented by the Certificates as provided therein.]

### Certificate Payment Date

“Certificate Payment Date” means, with respect to any Certificate, the \_\_\_\_\_ 1 date that is the Certificate Payment Date designated therein.

### Certificates

The term “Certificates” means the South Feather Water and Power Agency Miners Ranch Water Treatment Plant Improvement Project 2016 Certificates of Participation authorized hereby and at any time Outstanding hereunder that are executed and delivered by the Trustee hereunder.

### Certification

“Certification,” when used with respect to the Agency, means an instrument in writing signed on behalf of the Agency by the [General Manager of the Agency or by the Finance Division Manager of the Agency, or by any other officer of the Agency duly authorized by the Board of Directors for the purpose of signing documents on its behalf hereunder, and by the Secretary of the Board of Directors, with the seal of the Agency affixed; and when used with respect to the Corporation, means an instrument in writing signed on behalf of the Corporation by the President of the Corporation or the Finance Division Manager of the Corporation, or by any other officer of the Corporation duly authorized by the Board of Directors of the Corporation for the purpose of signing documents on its behalf hereunder, and by the Secretary of the Corporation, with the seal of the Corporation] affixed thereto.

### Code

“Code” means the Internal Revenue Code of 1986 and all then applicable regulations of the United States Department of the Treasury issued thereunder, and in this regard reference to any particular section of the Code shall include reference to all successors to such section of the Code.

### Corporation

“Corporation” means the South Feather Water and Power Agency Financing Corporation, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California.

### Costs of Issuance

“Costs of Issuance” means all costs and expenses directly or indirectly payable by or reimbursable to the Agency related to the authorization, sale, execution and delivery of the Certificates, including, but not limited to, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee (including fees and expenses of its counsel), rating agency fees, legal fees and charges, financial advisor fees and charges and fees and charges of other consultants and professionals, together with all fees and charges for preparation, execution and safekeeping of the Certificates, and any other cost, charge, fee or expense in connection with the original execution and delivery of the Certificates.

### Costs of Issuance Fund

“Costs of Issuance Fund” means the South Feather Water and Power Agency Miners Ranch Water Treatment Plant Improvement Project 2016 Certificates of Participation Costs of Issuance Fund established under Section 3.04.

### Enterprise

“Enterprise” means collectively the Water Enterprise and the Hydropower Enterprise.

### Event of Default

“Event of Default” means an event defined as such in Sections 6.01(a), (b), (c) or (d) of the 2016 Installment Purchase Contract.

### Federal Securities

“Federal Securities” means direct obligations of (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States), or obligations the timely payment of the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America.

### Finance Division Manager

“Finance Division Manager” means the Finance Division Manager of the Agency.

### Fiscal Year

“Fiscal Year” means any twelve-month period extending from January 1 to December 31 in one calendar year, both dates inclusive, or any other twelve-month period selected and designated by the Agency, as applicable, as its official fiscal year period.

### Fitch

“Fitch” means Fitch Ratings, a corporation duly organized and existing under the laws of the State of Delaware, and its successors and assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the services of a municipal securities rating agency, then the term “Fitch” shall be deemed to refer to any other nationally recognized municipal securities rating agency selected by the Agency [and satisfactory to and approved by the Certificate Insurer].

### Generally Accepted Accounting Principles

“Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures prescribed by the California State Controller or his or her successor for special districts in the State of California, or failing the prescription of such procedures means generally accepted accounting principles as presented and recommended by the American Institute of Certified Public accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

### Hydropower Enterprise

“Hydropower Enterprise” means the Agency’s domestic hydroelectric system, including the North Yuba Water District hydroelectric project, including all facilities, works, properties and structures of the Agency for the storage, treatment, transmission and distribution of power, including all contractual rights to power, transmission, easements, rights-of-way and other works, property or structures necessary or convenient for such facilities, together with all additions, betterments, extension and improvements to such facilities or any party thereof hereafter acquired or constructed.

### Hydropower Maintenance and Operation Costs

“Hydropower Maintenance and Operation Costs” means all reasonable and necessary costs paid or incurred by the Agency for maintaining and operating the Hydropower Enterprise, determined in accordance with Generally Accepted Accounting Principles, including expenses related to the storage, treatment, transmission and distribution of power and including all reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Hydropower Enterprise in good repair and working order, and including all administrative costs of the Agency that are charged directly or apportioned to the operation of the Hydropower Enterprise, such as salaries and wages of employees, overhead, taxes (if any) and insurance premiums, and including all other reasonable and necessary costs of the Agency or charges required to be paid by it to comply with the terms hereof and of any resolution authorizing the execution of any Installment Purchase Contract or of such Installment Purchase

Contract or of any resolution or indenture authorizing the issuance of any Parity Obligations or of such Parity Obligations, such as compensation, reimbursement and indemnification of the trustee, seller or lessor for any such Installment Purchase Contracts or Parity Obligations and fees and expenses of Independent Certified Public Accountants and Independent Engineers, but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles.

#### Hydropower Net Revenues

“Hydropower Net Revenues” means, for any period, all of the Hydropower Revenues during such period less all of the Hydropower Maintenance and Operation Costs during such period.

#### Hydropower Revenues

“Hydropower Revenues” means all gross income and revenue received or receivable by the Agency from the ownership and operation of the Hydropower Enterprise, calculated in accordance with Generally Accepted Accounting Principles, including all rates, fees and charges (including connection fees) received by the Agency and all other income and revenue howsoever derived by the Agency from the Hydropower Enterprise or arising from the Hydropower Enterprise; provided, however, that (i) any specific charges levied for the express purpose of reimbursing others for all or a portion of the cost of the acquisition or construction of the specific facilities, (ii) grants that are designated by the grantor for a specific purpose and are therefore not available for other purposes, or (iii) customers’ deposits or any other deposits subject to refund until such deposits have become the property of the Agency are not Hydropower Revenues and are not subject to the lien hereof.

#### Independent Certified Public Accountant

“Independent Certified Public Accountant” means any firm of certified public accountants duly licensed and entitled to practice and practicing as such under the laws of the State of California, appointed and paid by the Agency, and each of whom --

- (1) is in fact independent and not under the domination of the Agency;
- (2) does not have a substantial financial interest, direct or indirect, in the operations of the Agency; and
- (3) is not connected with the Agency as a member of the Board of Directors or an officer or employee of the Agency, but may be regularly retained to audit the accounting records of the Agency and make reports thereon to the Agency.

#### Independent Engineer

“Independent Engineer” means any firm of civil engineers of national reputation generally recognized to be well qualified in engineering matters relating to municipal Enterprises duly licensed and entitled to practice and practicing as such under the laws of the State of California, appointed and paid by the Agency, and each of whom --

- (1) is in fact independent and not under the domination of the Agency;
- (2) does not have a substantial financial interest, direct or indirect, in the operations of the Agency; and
- (3) is not connected with the Agency as a member of the Board of Directors or an officer or employee of the Agency, but may be regularly retained to make reports to the Agency.

#### Installment Payment Fund

“Installment Payment Fund” means the South Feather Water and Power Agency Miners Ranch Water Treatment Plant Improvement Project Installment Purchase Contract Installment Payment Fund established under Section 5.01.

#### Installment Payments; 2016 Installment Payments

“Installment Payments” means the installment payments of interest and principal scheduled to be paid by the Agency under all Installment Purchase Contracts. “2016 Installment Payments” means the Installment Payments scheduled to be paid by the Agency under the 2016 Installment Purchase Contract.

#### Installment Purchase Contracts; 2016 Installment Purchase Contract

“Installment Purchase Contracts” means all installment purchase contracts of the Agency (including the 2016 Installment Purchase Contract) authorized and executed by the Agency under the Law, the Installment Payments under which are payable on a parity with the payment of the Parity Obligations and which are secured on a parity by a pledge of and lien on the Net Revenues. “2016 Installment Purchase Contract” means the 2016 Installment Purchase Contract executed and entered into as of [September 1, 2016], by and between the Agency and the Corporation, as originally executed and entered into and as it may from time to time be amended or supplemented in accordance therewith.

#### Interest Account

“Interest Account” means the account referred to by that name established under Section 5.02.

#### Interest Payment Date

“Interest Payment Date” means a date on which interest installments of the 2016 Installment Payments evidenced and represented by the Certificates become due and payable, being April 1 and October 1 of each year to which reference is made (commencing on April 1, 2017).

#### Law

“Law” means the County Water District Law of the State of California (constituting Sections 20500 et seq. of the Water Code of the State of California), and all laws amendatory thereof or supplemental thereto.

#### Maintenance and Operation Costs

“Maintenance and Operation Costs” means collectively the Water Maintenance and Operation Costs and the Hydropower Maintenance and Operation Costs.

#### Miners Ranch Water Treatment Plant Improvement Project

“Miners Ranch Water Treatment Plant Improvement Project” means the additions, betterments, extensions and improvements to the Enterprise defined and described as the Miners Ranch Water Treatment Plant Improvement Project in the 2016 Installment Purchase Contract.

#### Moody’s

Moody’s” means Moody’s Investors Service, a corporation duly organized and existing under the laws of the State of Delaware, and its successors and assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the services of a municipal securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized municipal securities rating agency selected by the Agency [and satisfactory to and approved by the Certificate Insurer].

#### Net Revenues

“Net Revenues” means collectively the Water Net Revenues and the Hydropower Net Revenues.

#### Opinion of Counsel

“Opinion of Counsel” means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the Agency, and satisfactory to and approved by the Certificate Insurer.

#### Outstanding

“Outstanding,” when used as of any particular time with reference to Certificates, means (subject to the provisions of Section 9.02) all Certificates except --

- (1) Certificates cancelled by the Trustee or delivered to the Trustee for cancellation;
- (2) Certificates paid or deemed to have been paid under Section 10.01; and
- (3) Certificates in lieu of or in substitution for which other Certificates shall have been executed and delivered by the Trustee under Section 2.08.

## Owner

“Owner” means the registered owner of any Outstanding Certificate, as shown on the registration books maintained by the Trustee under Section 2.07.

## Parity Obligations

“Parity Obligations” means the Certificates, and all other bonds, notes, loan agreements, installment sale agreements, leases, or other obligations of the Agency, the payments of which are payable on a parity with the payment of the Installment Payments and which are secured on a parity by a pledge of and lien on the Net Revenues.

## Permitted Investments

“Permitted Investments” means any of the following to the extent then permitted by law:

(1) Federal Securities;

(2) Obligations issued by banks for cooperatives, federal land banks, federal intermediate credit banks, federal home loan banks, the Federal Home Loan Bank Board or the Tennessee Valley Authority, or obligations, participations or other instruments of or issued by, or fully guaranteed as to interest and principal by, the Federal National Mortgage Association, or guaranteed portions of Small Business Administration notes, or obligations, participations or other instruments of or issued by a federal agency or a United States of America government-sponsored enterprise;

(3) Any obligations which are then legal investments for money of the Agency under the laws of the State of California; provided, that if such investments are not required to be collateralized or insured, such investments shall be issued by entities the debt securities of which are rated in one of the two highest short-term or long-term rating categories by Moody’s and by S&P; and provided further, that any repurchase agreements shall be fully secured by collateral security described in clauses (1) and (2) of this definition, which collateral (A) is held by the Agency, the Trustee or a third party agent during the term of such repurchase agreement and in which collateral the Agency or the Trustee, as applicable, has a perfected first security interest, (B) has a market value determined at least every thirty (30) days at least equal to one hundred ten per cent (110%) of the amount so invested, and (C) may be liquidated within seven (7) days if the market value of such collateral is at any time less than the amount so invested;

(4) Investment contracts with entities the debt securities or claims paying ability, as applicable, of which are rated in one of the two highest long-term rating categories by Moody’s and by S&P; provided, that any such investment contract shall require that if the credit rating or claims paying ability, as applicable, of the provider of such investment contract is downgraded below either of the above-referenced rating categories by Moody’s or by S&P, respectively, then the provider of such investment contract at its sole expense must either (i) replace itself through a competitive bidding process with another provider the debt securities or claims paying ability, as applicable,

of which are rated in the above-referenced rating categories, or (ii) collateralize the remaining obligations under the investment contract with Federal Securities, or (iii) replace the investment contract with a new investment contract embracing all conditions and terms of the existing investment contract, but with the remaining payments thereunder enhanced by a financial guaranty insurance policy issued by an insurer rated in the highest long-term rating category by Moody's and by S&P;

(5) Units of a money-market fund composed of or collateralized by obligations guaranteed by the full faith and credit of the United States of America, including money market funds for which the Trustee or its affiliates or subsidiaries provide investment advisory or other management services, and, with respect to investments of less than one hundred thousand dollars (\$100,000), time or demand deposits which are maintained by a banking department of the Trustee or its affiliates so long as the Trustee (or its affiliates, as appropriate) has a combined capital and surplus of at least fifty million dollars (\$50,000,000);

(6) Tax-exempt obligations of a state or a political subdivision thereof which are rated in one of the two highest short-term or long-term rating categories by Moody's and by S&P;

(7) Tax-exempt obligations of a state or a political subdivision thereof which have been defeased under irrevocable escrow instructions with Federal Securities and which are rated in the highest rating category by Moody's and by S&P; and

(8) Investments in the Local Agency Investment Fund maintained by the California State Treasurer, which such investments shall only be invested in the special portion of the Local Agency Investment Fund for bond proceeds that are not subject to arbitrage restrictions, and for which such investments the Trustee shall be designated as the authorized authority to transact investments from such fund.

#### Prepayment Account

"Prepayment Account" means the account referred to by that name established under Section 5.02.

#### Principal Corporate Trust Office

"Principal Corporate Trust Office" means the corporate trust office of the Trustee in San Francisco, California; provided, that for the purposes of the transfer, registration, exchange, payment and surrender of the Certificates, "Principal Corporate Trust Office" shall mean the corporate trust office of the Trustee in [San Francisco, California], or such other office designated by the Trustee from time to time.

#### Principal Account

"Principal Account" means the account referred to by that name established under Section 5.02.

### Principal Payment Date

“Principal Payment Date” means a date on which principal installments of the 2016 Installment Payments evidenced and represented by the Certificates become due and payable, being \_\_\_\_ 1 of each year to which reference is made (commencing on \_\_\_\_ 1, 20\_\_).

### Prior Project

“Prior Project” means the project refinanced with proceeds of the bonds issued and sold pursuant to the Refunding Bond Agreement, by and between the Agency and Bank of Nevada, dated as of October 1, 2012.

### Project

“Project” means, collectively, the Miners Ranch Water Treatment Plant Improvement Project and the Prior Project.

### Project Fund

“Project Fund” means the South Feather Water and Power Agency Miners Ranch Water Treatment Plant Improvement Project 2016 Certificates of Participation Acquisition and Construction Fund established under Section 3.03.

### Purchaser

“Purchaser” means the initial purchaser of the Certificates.

### Rating

“Rating” means any currently effective rating on the Certificates issued by any of the Rating Agencies.

### Rating Agencies

“Rating Agencies” means Moody’s, S&P and Fitch but in each case only to the extent that any of them is then rating any of the Certificates at the request of the Agency.

### Rebate Fund

“Rebate Fund” means the South Feather Water and Power Agency Miners Ranch Water Treatment Plant Improvement Project 2016 Certificates of Participation Rebate Fund established under Section 6.08.

### Record Date

“Record Date” means, with respect to the payment of interest evidenced and represented by the Certificates on any Interest Payment Date, the day that is the fifteenth (15th)

day of the month immediately preceding such Interest Payment Date, whether or not such day is a Business Day.

### Refunding Bond Agreement

“Refunding Bond Agreement” means that certain Refunding Bond Agreement by and between the Agency and Bank of Nevada, dated as of October 1, 2012, whereby the Agency refunded certain obligations relating to the Enterprise.

### Reserve Requirement

“Reserve Requirement” means, as of any date of calculation, the least of (a) ten per cent (10%) of the initial offering price to the public of the Certificates (as determined under the Code), or (b) the maximum annual 2016 Installment Payments payable in the current or in any future one-year period ending on April 1 under the 2016 Installment Purchase Contract, or (c) one hundred twenty-five per cent (125%) of the average annual 2016 Installment Payments payable in the current and in all future one-year periods ending on April 1 under the 2016 Installment Purchase Contract; provided, that such requirement (or any portion thereof) may at any time be provided by one or more policies of municipal bond insurance or surety bonds issued by a municipal bond insurer or by a letter of credit issued by a bank if the obligations insured by which insurer or issued by which bank, as the case may be, have ratings at the time of issuance of such policy or surety bond or letter of credit in one of the two to the highest categories assigned by Moody’s or S&P.

### Revenue Fund

“Revenue Fund” means the South Feather Water and Power Agency Revenue Fund now existing in the treasury of the Agency and maintained by the Agency under Section 3.02 of the 2016 Installment Purchase Contract.

### Revenues

“Revenues” means collectively the Water Revenues and the Hydropower Revenues. Revenues shall include amounts on deposit in the Revenue Fund that have been previously released from the pledge and lien hereof.

### S&P

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation duly organized and existing under the laws of the State of New York, and its successors or assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a municipal securities rating agency, then “S&P” shall be deemed to refer to any other nationally recognized municipal securities rating agency selected by the Agency [and satisfactory to and approved by the Certificate Insurer].

### Supplemental Trust Agreement

“Supplemental Trust Agreement” means an agreement by and among the parties

hereto amending or supplementing the Trust Agreement entered into under the conditions and terms hereof.

#### Tax Certificate

“Tax Certificate” means the certificate executed by the Agency at the time of the original execution and delivery of the Certificates relating to the requirements of Section 148 of the Code, as originally executed and as it may from time to time be amended or supplemented.

#### Trust Agreement

“Trust Agreement” means this Trust Agreement executed and entered into as of [September 1, 2016], by and among the Trustee, the Corporation and the Agency, as originally executed and entered into and as it may from time to time be amended or supplemented in accordance herewith.

#### Trustee

“Trustee” means U.S. Bank National Association, a national banking association duly organized and existing under the laws of the United States of America and authorized to accept and execute trusts of the character herein set forth, at its Principal Corporate Trust Office, and its successors or assigns, or any other bank or trust company or national banking association which may at any time be substituted in its place as provided by Section 8.02.

#### Water Enterprise

“Water Enterprise” means the Agency’s domestic water system, including all facilities, works, properties and structures of the Agency for the storage, treatment, transmission and distribution of water, including all contractual rights to water, transmission, easements, rights-of-way and other works, property or structures necessary or convenient for such facilities, together with all additions, betterments, extension and improvements to such facilities or any party thereof hereafter acquired or constructed.

#### Water Enterprise Rate Stabilization Fund

“Water Enterprise Rate Stabilization Fund” means the fund by that name established and maintained by the Agency pursuant to Section 5.19 of the Installment Purchase Contract.

#### Water Maintenance and Operation Costs

“Water Maintenance and Operation Costs” means all reasonable and necessary costs paid or incurred by the Agency for maintaining and operating the Water Enterprise, determined in accordance with Generally Accepted Accounting Principles, including expenses related to the storage, treatment, transmission and distribution of water and any costs that would be found to constitute maintenance and operation costs under the “Agreement Between South Feather Water and Power Agency and Yuba County Water District,” by and between the Agency and the North Yuba Water District, formerly the Yuba County Water District, dated May 27,

2005, as amended, all costs of water purchased for the Water Enterprise (except those costs paid from taxes), and including all reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Water Enterprise in good repair and working order, and including all administrative costs of the Agency that are charged directly or apportioned to the operation of the Water Enterprise, such as salaries and wages of employees, overhead, taxes (if any) and insurance premiums, and including all other reasonable and necessary costs of the Agency or charges required to be paid by it to comply with the terms hereof and of any resolution authorizing the execution of any Installment Purchase Contract or of such Installment Purchase Contract or of any resolution or indenture authorizing the issuance of any Parity Obligations or of such Parity Obligations, such as compensation, reimbursement and indemnification of the trustee, seller or lessor for any such Installment Purchase Contracts or Parity Obligations and fees and expenses of Independent Certified Public Accountants and Independent Engineers, but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles.

#### Water Net Revenues

“Water Net Revenues” means, for any period, all of the Water Revenues during such period less all of the Water Maintenance and Operation Costs during such period.

#### Written Request

“Written Request,” when used with respect to the Agency, means an instrument in writing signed on behalf of the Agency by the General Manager of the Agency or by the Finance Division Manager of the Agency, or by any other officer of the Agency duly authorized by the Board of Directors for the purpose of signing documents on its behalf hereunder, and by the Secretary of the Board of Directors, with the seal of the Agency affixed; and when used with respect to the Corporation, means an instrument in writing signed on behalf of the Corporation by the President of the Corporation or the Director of Finance of the Corporation, or by any other officer of the Corporation duly authorized by the Board of Directors of the Corporation for the purpose of signing documents on its behalf hereunder, and by the Secretary of the Corporation, with the seal of the Corporation affixed thereto.

SECTION 1.02. Equal Security. In consideration of the acceptance of the Certificates by the Owners thereof, the Trust Agreement shall be deemed to be and shall constitute a contract between the Trustee and the Owners from time to time to secure the full and final payment of the interest and principal evidenced and represented by the Certificates which shall be executed and delivered hereunder from time to time, subject to the agreements, conditions, covenants and terms contained herein; and all agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the Trustee shall be for the equal and proportionate benefit, protection and security of all Owners without distinction, preference or priority as to security or otherwise of any Certificates over any other Certificates by reason of the number or date thereof or the time of execution or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein.

## ARTICLE II

### TERMS AND CONDITIONS OF CERTIFICATES

SECTION 2.01. Preparation of Certificates. The Trustee is hereby authorized and directed, upon receipt of a Written Request of the Agency, to execute and deliver the Certificates in the aggregate principal amount of [Principal] dollars (\$[PAR]), evidencing and representing the aggregate principal installments of the 2016 Installment Payments and each evidencing and representing a proportionate, undivided interest in the 2016 Installment Payments.

SECTION 2.02. Denominations, Medium, Method and Place of Payment and Dating of Certificates. The Certificates shall be prepared in the form of fully registered Certificates in denominations of five thousand dollars (\$5,000) or any integral multiple thereof, except that no Certificate shall have more than one Certificate Payment Date. The interest and principal evidenced and represented by the Certificates shall be payable in lawful money of the United States of America. The interest evidenced and represented by the Certificates shall be payable on their respective Interest Payment Dates by check mailed by first class mail by the Trustee on the date such interest is due to the respective Owners thereof as shown in the books required to be kept by the Trustee pursuant to the provisions of Section 2.07 as of the close of business on each Record Date (except that in the case of an Owner of one million dollars (\$1,000,000) or more in aggregate principal amount of Outstanding Certificates, such payment shall, at such Owner's written request received by the Trustee prior to such Record Date, be made by wire transfer of immediately available funds to a state or national bank located in the United States of America that is a member of the Federal Reserve System in accordance with written instructions provided by such Owner), and the principal evidenced and represented by the Certificates shall be payable on their respective Certificate Payment Dates or on prepayment prior thereto upon surrender thereof by the respective Owners thereof to the Trustee at its Principal Corporate Trust Office. The Trustee may treat the Owner of any Certificate as the absolute owner of such Certificate for all purposes, whether or not such Certificate shall be overdue, and the Trustee shall not be affected by any knowledge or notice to the contrary; and payment of the interest and principal evidenced and represented by such Certificate shall be made only to such Owner as above provided, which payments shall be valid and effectual to satisfy and discharge the liability evidenced and represented by such Certificate to the extent of the sum or sums so paid. All Certificates paid by the Trustee pursuant to the provisions of this section shall, on the receipt of a Written Request of the Agency, be cancelled and destroyed by the Trustee and shall not be redelivered.

The Certificates shall be dated the date of the initial delivery thereof and shall evidence and represent interest from the Interest Payment Date next preceding the date of execution thereof by the Trustee, unless such date of execution is on or after the Record Date next preceding an Interest Payment Date, in which case they shall evidence and represent interest from such Interest Payment Date, or unless such date of execution is on or prior to [September 15, 2016], in which case they shall evidence and represent interest from their date; provided, that if, at the time of execution by the Trustee of any Certificate, interest evidenced and represented by any Outstanding Certificates is in default, such Certificate shall evidence and represent interest from the last date for which such interest has been paid.

In the event that any date for the payment of the interest or principal evidenced and represented by any Certificates falls on a day which is not a Business Day, the interest or principal evidenced and represented by such Certificates which are due and payable on such date shall be paid by the Trustee on the next succeeding Business Day.

SECTION 2.03. [Payment Dates of Certificates](#). The Certificates shall have Certificate Payment Dates of April 1 in the years and shall evidence and represent the principal installments of the 2016 Installment Payments in the amounts, with interest installments thereon (computed on the basis of a 360-day year of twelve 30-day calendar months) at the rates, as follows:

Certificate Payment Date <u>(April 1)</u>	Principal <u>Amount</u>	Interest <u>Rate</u>
20__	\$	%

The interest evidenced and represented by the Certificates shall become due and payable on their respective Interest Payment Dates, beginning on the Interest Payment Date following their date and continuing to and including their Certificate Payment Dates or on prepayment prior thereto, and shall evidence and represent in sum the portions of the 2016 Installment Payments constituting the interest installments becoming due and payable on the Interest Payment Dates.

The principal evidenced and represented by the Certificates shall become due and payable on their respective Certificates Payment Dates or on prepayment prior thereto, and shall evidence and represent in sum the portions of the 2016 Installment Payments constituting the principal installments becoming due and payable on the Certificate Payment Dates or on prepayment prior thereto in each year.

SECTION 2.04. [Form of Certificates](#). The Certificates and the assignment to appear thereon shall be in substantially the form set forth in Exhibit A hereto, with appropriate or necessary insertions, omissions and variations as permitted or required thereby.

SECTION 2.05. [Execution of Certificates](#). The Certificates shall be executed by the Trustee by the manual signature of an authorized officer or signatory of the Trustee.

SECTION 2.06. [Transfer and Exchange of Certificates](#). All Certificates are transferable or exchangeable by the Owner thereof, in person or by an agent duly authorized in writing by such Owner, at the Principal Corporate Trust Office of the Trustee in the registration books required to be kept by the Trustee pursuant to the provisions of Section 2.07, upon surrender of such Certificates accompanied by delivery of a duly executed written instrument of transfer or exchange in a form approved by the Trustee. Whenever any Certificate or Certificates shall be surrendered for transfer or exchange, the Trustee shall execute and deliver a new Certificate or Certificates of authorized denominations of the same Certificate Payment Date evidencing and representing the same aggregate principal amount of Certificates without charge to the Owner, except that the Trustee shall require the payment by any Owner requesting such

transfer or exchange of any tax, governmental charge or transfer fee that may be imposed with respect to such transfer or exchange. All Certificates surrendered to the Trustee pursuant to the provisions of this section shall, on the receipt of a Written Request of the Agency, be cancelled and destroyed by the Trustee and shall not be redelivered.

The Trustee shall not be required (i) to transfer or exchange any Certificates during the fifteen-day period prior to the selection of any Certificates for prepayment in whole or in part under Article IV, or (ii) to transfer or exchange any Certificate selected for prepayment in whole or in part from and after the date that such Certificate has been selected for prepayment in whole or in part under Article IV.

SECTION 2.07. [Certificate Registration Books](#). The Trustee will keep at its Principal Corporate Trust Office sufficient books for the registration of the ownership, transfer or exchange of the Certificates, which books shall be available for inspection by the Corporation, the Agency or any Owner or his agent duly authorized in writing at reasonable hours and under reasonable conditions and upon reasonable written request during regular business hours of the Trustee; and upon presentation for such purpose the Trustee shall, under such reasonable regulations as it may prescribe, register the ownership, transfer or exchange of the Certificates in such books as hereinabove provided, and the ownership of any Certificates shall be proved by the books required to be kept by the Trustee pursuant to the provisions of this section.

SECTION 2.08. [Certificates Mutilated, Destroyed, Lost or Stolen](#). If any Certificate shall become mutilated, the Trustee shall execute and deliver a new Certificate of like tenor and Certificate Payment Date in exchange and substitution for the Certificate so mutilated, but only upon surrender to the Trustee of the Certificate so mutilated, and every mutilated Certificate surrendered to the Trustee pursuant to the provisions of this section shall be cancelled and destroyed by the Trustee and shall not be redelivered. If any Certificate shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee, and if such evidence is satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given, the Trustee shall execute and deliver a new Certificate of like tenor and Certificate Payment Date in lieu of and in substitution for the destroyed, lost or stolen Certificate. The Trustee may require payment from the Owner of a sum not exceeding the actual cost of preparing each new Certificate executed and delivered by it under this section and of the expenses which may be incurred by it under this section. Any replacement Certificate executed and delivered under the provisions of this section in lieu of and in substitution for any mutilated, destroyed, lost or stolen Certificate shall be equally and proportionately entitled to the benefit, protection and security hereof with all other Certificates executed and delivered hereunder, and the Trustee shall not be required to treat both the original Certificate and any replacement Certificate as being Outstanding for the purpose of determining the principal amount of Certificates which may be executed and delivered hereunder or for the purpose of determining any percentage of Certificates Outstanding hereunder, but both the original and the replacement Certificate shall be treated as one and the same. Notwithstanding any other provisions of this section, rather than executing and delivering a new Certificate for a mutilated, destroyed, lost or stolen Certificate which has been called for prepayment or the Certificate Payment Date of which has occurred, the Trustee may make payment of the interest and principal evidenced and represented by such mutilated, destroyed, lost or stolen Certificate directly to the Owner thereof

under such regulations as the Trustee may prescribe upon receipt of the aforementioned indemnity.

SECTION 2.09. Use of Depository for Certificates. (a) Notwithstanding anything to the contrary contained herein, the Certificates shall be registered on original execution and delivery in the name of “Cede & Co.,” as nominee of The Depository Trust Company, New York, New York, and shall be evidenced by one Certificate for each of the maturities in the principal amounts set forth in Section 2.03, and The Depository Trust Company, New York, New York, is hereby appointed depository for the Certificates. Registered ownership of the Certificates, or any portion thereof, may not thereafter be transferred except:

(i) To any successor of Cede & Co., as nominee of The Depository Trust Company, or its nominee, or to any substitute depository designated pursuant to clause (ii) of this section (a “substitute depository”); provided, that any successor of Cede & Co., as nominee of The Depository Trust Company or any substitute depository, shall be qualified under any applicable laws to provide the services proposed to be provided by it;

(ii) To any substitute depository upon (1) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository, or (2) a determination by the Agency to substitute another depository for The Depository Trust Company (or its successor) because The Depository Trust Company or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; provided, that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) To any person as provided below, upon (1) the resignation of The Depository Trust Company or its successor (or substitute depository or its successor) from its functions as depository, or (2) a determination by the Agency to remove The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository.

(b) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (a) hereof, upon receipt of the Outstanding Certificates by the Trustee, together with a Written Request of the Agency to the Trustee, a new Certificate for each Certificate Payment Date shall be executed and delivered in the aggregate principal amount of the Certificates then Outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such Written Request of the Agency.

(c) In the case of any transfer pursuant to clause (iii) of subsection (a) hereof, upon receipt of the Outstanding Certificates by the Trustee, together with a Written Request of the Agency to the Trustee, new Certificates shall be executed and delivered in such denominations and numbered in the manner determined by the Trustee and registered in the names of such persons as are designated in such a Written Request of the Agency, subject to the limitations of Section 2.02; provided, that the Trustee shall not be required to deliver new Certificates within a period less than sixty (60) days from the date of receipt of such a Written

Request of the Agency; and provided further, that after any transfer pursuant to this subsection, the Certificates shall be transferred pursuant to Section 2.06.

(d) So long as the Outstanding Certificates are registered in the name of Cede & Co. or its registered assigns, the Agency and the Trustee shall be entitled to treat the person in whose name any Certificate is registered as the Owner thereof for all purposes hereof and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the Agency; and the Agency and the Trustee shall have no responsibility for transmitting payments to, communication with, notifying, or otherwise dealing with any beneficial owners of the Certificates, and neither the Agency nor the Trustee shall have any responsibility or obligations, legal or otherwise, to the beneficial owners of the Certificates or to any other party, including The Depository Trust Company or its successor (or substitute depository or its successor).

(e) So long as the Outstanding Certificates are registered in the name of Cede & Co. or its registered assigns, the Agency and the Trustee shall cooperate with Cede & Co., as sole registered Owner of the Certificates or its registered assigns, in effecting payment of the interest and principal evidenced and represented by the Certificates by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

### ARTICLE III

#### DELIVERY OF CERTIFICATES; PROJECT FUND AND COSTS OF ISSUANCE FUND

SECTION 3.01. Delivery of Certificates. The Trustee is hereby authorized to execute and deliver the Certificates to the Purchaser upon receipt of a Written Request of the Agency and upon receipt of the purchase price thereof.

SECTION 3.02. Deposit of Purchase Price of Certificates. Upon the receipt of payment of the purchase price of the Certificates from the Purchaser when the same shall have been duly executed and delivered, the Trustee shall set aside and deposit the purchase price of the Certificates in the following funds:

(a) The Trustee shall deposit in the 2016 Certificate Payment Reserve Fund an amount of such purchase price equal to the amount of the Reserve Requirement, being the sum of \$ \_\_\_\_\_;

(b) The Trustee shall transfer to the Agency for deposit by the Finance Division Manager in the Project Fund an amount of such purchase price equal to the sum of \$ \_\_\_\_\_;

(c) The Trustee shall transfer to the Bank of Nevada the sum of \$ \_\_\_\_\_ to pay in full the Agency's obligations with respect to the Refunding Bond Agreement; and

(d) The Trustee shall transfer to the Agency for deposit by the Finance Division Manager in the Costs of Issuance Fund the remaining purchase price of the Certificates, being the sum of \$\_\_\_\_\_.

SECTION 3.03. Project Fund. The Agency hereby agrees to establish and maintain with the Finance Division Manager until the completion of the acquisition and construction of the Miners Ranch Water Treatment Plant Improvement Project a separate fund to be known as the "South Feather Water and Power Agency Miners Ranch Water Treatment Plant Improvement Project Installment Purchase Contract Acquisition and Construction Fund," into which fund the Finance Division Manager shall deposit the portion of the purchase price of the Certificates transferred to the Agency by the Trustee pursuant to Section 3.02(b). All money on deposit in the Project Fund shall be held by the Finance Division Manager in such fund and shall not be available to make payments to the Owners and shall be applied by the Finance Division Manager solely for the payment of the cost of the acquisition and construction of the Miners Ranch Water Treatment Plant Improvement Project; provided, that before any payment of money is made from the Project Fund for payment of any cost of the acquisition and construction of the Miners Ranch Water Treatment Plant Improvement Project, the Agency shall complete and file a Written Request of the Agency with the Finance Division Manager stating that the payment is a proper disbursement from the Project Fund, and is for the payment of the costs of acquisition or construction of the Miners Ranch Water Treatment Plant Improvement Project, and showing with respect to each payment of money to be made (1) the name and address of the person to whom payment is due, (2) the amount of money to be paid, and (3) the purpose for which such payment is to be made. Upon the filing of each such Written Request of the Agency with the Finance Division Manager, the Finance Division Manager shall authorize a drawing of money from the Project Fund as specified in such Written Request of the Agency.

After completion of the acquisition and construction of the Miners Ranch Water Treatment Plant Improvement Project, the Finance Division Manager shall transfer any remaining balance in the Project Fund to the Trustee for deposit in the Installment Payment Fund.

SECTION 3.04. Costs of Issuance Fund. The Agency hereby agrees to establish and maintain with the Finance Division Manager until the payment of the authorized Costs of Issuance a separate fund to be known as the "South Feather Water and Power Agency Miners Ranch Water Treatment Plant Improvement Project 2016 Certificates of Participation Costs of Issuance Fund," into which fund the Finance Division Manager shall deposit the portion of the purchase price of the Certificates transferred to the Agency by the Trustee pursuant to Section 3.02(c). All money on deposit in the Costs of Issuance Fund shall be held by the Finance Division Manager in such fund and shall not be available to make payments to the Owners and shall be applied by the Finance Division Manager solely for the payment of the Costs of Issuance (including reimbursement to the Agency for any such costs paid by it); provided, that before any payment of money is made from the Costs of Issuance Fund for payment of any of the foregoing costs, the Agency shall complete and file a Written Request of the Agency with the Finance Division Manager stating that the payment is a proper disbursement from the Costs of Issuance Fund for the payment of the Costs of Issuance, and showing with respect to each payment of

money to be made (1) the name and address of the person to whom payment is due, (2) the amount of money to be paid, and (3) the purpose for which such payment is to be made. Upon the filing of each such Written Request of the Agency with the Finance Division Manager, the Finance Division Manager shall authorize a drawing of money from the Costs of Issuance Fund as specified in such Written Request of the Agency. After completion of the payment of the Costs of Issuance, but no later than November 1, 20\_\_, the Finance Division Manager shall transfer any remaining balance in the Costs of Issuance Fund to the Trustee for deposit in the Installment Payment Fund.

## ARTICLE IV

### PREPAYMENT OF CERTIFICATES

SECTION 4.01. Optional Prepayment. The Certificates are subject to optional prepayment prior to their respective Certificate Payment Dates, upon notice as hereinafter provided, as a whole on any date on or after April 1, 20\_\_, or in part in such amounts as may be selected by the Agency in integral multiples of five thousand dollars (\$5,000) on any date on or after April 1, 20\_\_, in either case from any source of available funds, at a prepayment price equal to the sum of the principal amount or such part thereof evidenced and represented by the Certificates to be prepaid plus accrued interest evidenced and represented thereby to the date fixed for prepayment, without a prepayment premium.

SECTION 4.02. Mandatory Sinking Account Prepayment. The Certificates maturing on April 1, 20\_\_ (the “20\_\_ Term Certificates”) shall also be subject to mandatory prepayment in whole, or in part by lot, on April 1 in each year, commencing April 1, 20\_\_, from 2016 Installment Payments made by the Agency, at a prepayment price equal to the principal amount evidenced thereby to be prepaid, without premium, in the aggregate respective principal amounts and on April 1 in the respective years as set forth in the following table; provided, however, that (i) in lieu of prepayment thereof the 20\_\_ Term Certificates may be purchased by the Agency and tendered to the Trustee, and (ii) if some but not all of such 20\_\_ Term Certificates have been prepaid pursuant to optional prepayment or due to a casualty loss or governmental taking of the Water System, the total amount of all future sinking fund 2016 Installment Payments shall be reduced by the aggregate principal amount of such 20\_\_ Term Certificates so prepaid, to be allocated among such sinking fund 2016 Installment Payments on a pro rata basis in integral multiples of \$5,000, as determined by the Agency.

<b>20__ Term Certificates</b>	
<b>Payment Date</b>	<b>Principal Amount</b>
<u>(April 1)</u>	<u>Principal Amount</u>

Certificates maturing on April 1, 20\_\_ (the “20\_\_ Term Certificates”) shall also be subject to mandatory prepayment in whole, or in part by lot, on April 1 in each year, commencing April 1, 20\_\_, from 2016 Installment Payments made by the Agency, at a

prepayment price equal to the principal amount evidenced thereby to be prepaid, without premium, in the aggregate respective principal amounts and on April 1 in the respective years as set forth in the following table; provided, however, that (i) in lieu of prepayment thereof the 20\_\_ Term Certificates may be purchased by the Agency and tendered to the Trustee, and (ii) if some but not all of such 20\_\_ Term Certificates have been prepaid pursuant to optional prepayment or due to a casualty loss or governmental taking of the Water System, the total amount of all future sinking fund 2016 Installment Payments shall be reduced by the aggregate principal amount of such 20\_\_ Term Certificates so prepaid, to be allocated among such sinking fund 2016 Installment Payments on a pro rata basis in integral multiples of \$5,000, as determined by the Agency.

**20\_\_ Term Certificates**

Payment Date	
<u>(April 1)</u>	<u>Principal Amount</u>

SECTION 4.03. [Selection of Certificates for Prepayment.](#) Whenever less than all the Outstanding Certificates of any one Certificate Payment Date are to be prepaid on any one date, the Trustee (upon receipt of a Written Request of the Agency) shall select the Certificates of such Certificate Payment Date to be prepaid from the Outstanding Certificates of such Certificate Payment Date in any manner that the Trustee deems appropriate, and the Trustee shall promptly notify the Corporation and the Agency in writing of the numbers of the Certificates so selected for prepayment on such date.

SECTION 4.04. [Notice of Prepayment of Certificates.](#) Notice of prepayment of Certificates shall be given by mail on behalf of and at the expense of the Agency in accordance with Section 12.07 to the respective Owners of any Certificates designated for prepayment in whole or in part prior to their prepayment date and to the Depository Trust Company, New York, New York (“DTC”). Each notice of prepayment shall state the date of notice, the prepayment date, the prepayment place (including the name and address of the Trustee) and the prepayment price, shall designate the Certificate Payment Date, the CUSIP numbers, if any, and, if less than all Certificates of any one Certificate Payment Date are to be prepaid, the serial numbers of the Certificates to be prepaid by giving the individual number of each Certificate or by stating that all Certificates between two stated numbers, both inclusive, have been called for prepayment, shall (in the case of any Certificate called for prepayment in part only) state the portion of the principal amount evidenced and represented thereby which is to be prepaid, and shall state that the interest evidenced and represented by the Certificates or the portions thereof designated for prepayment shall cease to accrue from and after such prepayment date and that on such prepayment date there will become due and payable on each of the Certificates or portions thereof designated for prepayment the prepayment price evidenced and represented thereby, and shall require that such Certificates be surrendered for prepayment at the address of the Trustee so designated, and if any Certificate chosen for prepayment shall not be prepayable in whole, such notice shall also state that such Certificate is to be prepaid in part only and that upon presentation of such Certificate for prepayment in part there will be executed and delivered in lieu of the unprepaid principal amount evidenced and represented thereby a new Certificate or Certificates of the same Certificate Payment Date of authorized denominations equal in aggregate principal amount to such unrepaid principal amount; provided, that the

Trustee shall have no responsibility for any defect in the CUSIP number that appears on any Certificate or in the prepayment notice thereof and such notice shall state that the CUSIP numbers have been assigned by an independent service and are included in such notice solely for the convenience of the Owners and that the Agency and the Trustee are not liable for any inaccuracies in such numbers.

The Trustee shall give notice of any prepayment of Certificates to be prepaid in accordance with Section 12.07 hereunder. Such notice may be conditioned on any fact or circumstance stated therein, and if such condition shall not have been satisfied on or prior to the prepayment date stated in such notice, said notice shall be of no force and effect on and as of the stated prepayment date, the prepayment shall be cancelled, and the Agency shall not be required to prepay the Certificates that were the subject of the notice. The Trustee shall give notice of such cancellation and the reason therefor in the same manner in which notice of prepayment was originally given. The actual receipt by the owner of any Certificate of notice of such cancellation shall not be a condition precedent to cancellation, and failure to receive such notice or any defect in such notice shall not affect the validity of the cancellation.

SECTION 4.05. [Partial Prepayment of Certificates](#). Upon surrender of any fully registered Certificate prepaid in part only, the Trustee shall execute and deliver to the Owner thereof a new Certificate or Certificates representing the unprepaid principal amount of the Certificate surrendered.

SECTION 4.06. [Effect of Prepayment of Certificates](#). If notice of prepayment of any Certificates has been duly given to the Owners thereof as aforesaid and money for the payment of the prepayment price of such Certificates or the portions thereof to be prepaid is held by the Trustee, then on the prepayment date designated in such notice such Certificates or such portions thereof so called for prepayment shall become due and payable at the prepayment price evidenced and represented thereby as specified in such notice; and from and after the date so designated the interest evidenced and represented by such Certificates or such portions thereof so called for prepayment shall cease to accrue, such Certificates or such portions thereof shall cease to be entitled to any benefit, protection or security hereunder and the Owners of such Certificates shall have no rights in respect thereof except to receive payment of the prepayment price evidenced and represented by such Certificates or such portions to be prepaid. The Trustee shall, upon surrender for prepayment of any of the Certificates to be prepaid in whole or in part on their prepayment dates, pay such Certificates or such portions thereof at the prepayment price evidenced and represented thereby, and all Certificates paid by the Trustee pursuant to the provisions of this article shall be cancelled and destroyed by the Trustee and shall not be redelivered. All money held by or on behalf of the Trustee for the prepayment of any particular Certificates shall be held in trust for the account of the Owners of the Certificates to be prepaid, and the Trustee shall not be liable for any interest earned on the amounts so held by it.

## ARTICLE V

### 2016 INSTALLMENT PAYMENTS; FUNDS AND ACCOUNTS

SECTION 5.01. Pledge and Use of 2016 Installment Payments. The 2016 Installment Payments are hereby irrevocably pledged to and shall be used for the punctual payment of the interest and principal evidenced and represented by the Certificates, and the 2016 Installment Payments shall not be used for any other purposes while any of the Certificates remain Outstanding. This pledge shall constitute a first and exclusive lien on the 2016 Installment Payments in accordance with the terms hereof.

All 2016 Installment Payments shall be paid directly by the Agency to the Trustee, and if received by the Corporation at any time shall be deposited by the Corporation with the Trustee within one (1) Business Day after the receipt thereof. All 2016 Installment Payments shall be held in trust by the Trustee in the "South Feather Water and Power Agency Miners Ranch Water Treatment Plant Improvement Project Installment Purchase Contract Installment Payment Fund," which fund the Trustee hereby agrees to establish and maintain so long as any Certificates are Outstanding for the benefit of the Agency until deposited in the funds provided in Section 5.02, whereupon they shall be held in trust by the Trustee in such funds for the benefit of the Owners from time to time. The Agency and the Corporation hereby pledge and grant a lien on and a security interest in the money in the Installment Payment Fund to the Trustee for the benefit of the Owners. All deposits made with the Trustee prior to each Interest Payment Date or Certificate Payment Date pursuant to this section shall be invested by the Trustee in those Permitted Investments described in paragraph (5) of the definition thereof maturing on or prior to such Interest Payment Date or Certificate Payment Date, and [all earnings on such investments shall be retained by the Trustee in the Installment Payment Fund and credited against the next ensuing 2016 Installment Payment.] [To discuss.]

SECTION 5.02. Deposit of Money in the Installment Payment Fund. The Trustee shall deposit the money contained in the Installment Payment Fund at the following respective times in the following respective accounts in the manner hereinafter provided, each of which accounts the Trustee hereby agrees to establish and maintain so long as any Certificates are Outstanding, and the money in each of such accounts shall be disbursed only for the purposes and uses hereinafter authorized.

(a) Interest Account. The Trustee, on or before each Interest Payment Date (commencing on April 1, 2017), shall deposit in the Interest Account that amount of money evidencing and representing the portion of the 2016 Installment Payments designated as interest becoming due and payable on such Interest Payment Date. All money in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying when due the interest evidenced and represented by the Certificates on their respective Interest Payment Dates.

(b) Principal Account. The Trustee, on or before each Principal Payment Date (commencing on April 1, 20\_\_), shall deposit in the Principal Account that amount of money evidencing and representing the portion of the 2016 Installment Payments designated as principal becoming due and payable on such Principal Payment Date. All money in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the

principal evidenced and represented by the Certificates on their respective Certificate Payment Dates or on prepayment prior thereto pursuant to Section 4.01.

(c) Prepayment Account. The Trustee, on the prepayment date specified in the Written Request of the Agency filed with the Trustee at the time that any prepaid 2016 Installment Payment is paid to the Trustee pursuant to the 2016 Installment Purchase Contract, shall deposit in the Prepayment Account that amount of money representing the portion of the 2016 Installment Payments designated as prepaid 2016 Installment Payments. All money in the Prepayment Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest and principal evidenced and represented by the Certificates to be prepaid on their respective prepayment dates.

SECTION 5.03. 2016 Certificate Payment Reserve Fund. The Agency hereby agrees to establish and maintain with the Trustee so long as any Certificates are Outstanding a separate fund designated the “South Feather Water and Power Agency Miners Ranch Water Treatment Plant Improvement Project Installment Purchase Contract Reserve Fund” (the “2016 Certificate Payment Reserve Fund”) All money on deposit in the 2016 Certificate Payment Reserve Fund in excess of the Reserve Requirement shall, on April 1 and October 1 of each year (beginning in April, 2017), be transferred to the Agency (upon receipt of a Certification of the Agency certifying that the Agency is in compliance with the 2016 Installment Purchase Contract) for deposit in the Revenue Fund; and for this purpose all investments in the 2016 Certificate Payment Reserve Fund shall be valued on or before April 1 and October 1 of each year (beginning in \_\_\_\_\_, 20\_\_) at the market value of such investments. The Agency and the Corporation hereby pledge and grant a first and exclusive lien on and a security interest in the money in the 2016 Certificate Payment Reserve Fund to the Trustee for the benefit of the Owners in order to secure the Agency’s obligation to pay the 2016 Installment Payments due under the 2016 Installment Purchase Contract, and the Trustee is authorized to withdraw any money on deposit in the 2016 Certificate Payment Reserve Fund solely for the payment of 2016 Installment Payments due and payable by the Agency under the 2016 Installment Purchase Contract if and when money has not been provided by the Agency in time sufficient to make such 2016 Installment Payments; provided, that the application of any money on deposit in the 2016 Certificate Payment Reserve Fund to make an 2016 Installment Payment shall not relieve the Agency of its obligation to make such 2016 Installment Payment as and when due and payable, and upon receipt by the Trustee from the Agency of any delinquent 2016 Installment Payment for which money has been advanced from the 2016 Certificate Payment Reserve Fund, such delinquent payment shall be deposited in the 2016 Certificate Payment Reserve Fund to the extent of such advance. Upon the discharge hereof, any balance of money remaining in the 2016 Certificate Payment Reserve Fund shall, after payment of amounts due the Trustee hereunder, be released from the foregoing pledge, lien and security interest and shall be transferred to such other account or fund of the Agency or shall be otherwise used by the Agency for any lawful purposes as the Agency may direct in a Written Request of the Agency filed with the Trustee.

## ARTICLE VI

### COVENANTS

SECTION 6.01. Compliance with the Trust Agreement. The Trustee will not execute or deliver any Certificates in any manner other than in accordance with the provisions hereof, and neither the Corporation nor the Agency will suffer or permit any default by either of them to occur hereunder, but both of them will faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms hereof required to be complied with, kept, observed and performed by them.

SECTION 6.02. Compliance with and Amendment of or Supplement to the 2016 Installment Purchase Contract. The Corporation and the Agency will faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms contained in the 2016 Installment Purchase Contract required to be complied with, kept, observed and performed by them, and together with the Trustee, will enforce the 2016 Installment Purchase Contract against the other party thereto in accordance with its terms.

The Corporation and the Agency will not amend or supplement the 2016 Installment Purchase Contract without the prior written consent of the Trustee and the Certificate Insurer, which consent by the Trustee shall be given only (A) if the Trustee has been furnished an Opinion of Counsel or a Certification of the Agency to the effect that such amendments or supplements are not materially adverse to the interests of the Owners and that such amendments or supplements are limited to amendments or supplements (i) to add to the agreements and covenants of either party other agreements and covenants to be observed, or to surrender any right or power therein reserved to the Agency, or (ii) to cure, correct or supplement any ambiguous or defective provision contained therein, or (iii) to resolve questions arising thereunder as the parties thereto may deem necessary or desirable and which do not materially adversely affect the interests of the Owners of the Certificates; or (B) if the Trustee first obtains the written consent of the Owners of at least a majority in aggregate principal amount of the Certificates then Outstanding to such amendment or supplement; provided, that no such amendment or supplement shall reduce the principal or interest component of any 2016 Installment Payment or reduce the threshold for Owner consent and direction without the written consent of the Owner of each Certificate evidencing and representing an interest therein. The Agency will give notice of any such amendment or supplement to each Rating Agency then rating the Certificates.

SECTION 6.03. Observance of Laws and Regulations. To the extent necessary to perform their respective obligations hereunder, the Corporation and the Agency and the Trustee will faithfully comply with, keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on them by contract, or prescribed by any law of the United States of America or of the State of California, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of each and every franchise, right or privilege now owned or hereafter acquired by them, including their right to exist and carry on their respective businesses, to the end that such franchises, rights and privileges shall be maintained and preserved and shall not become abandoned, forfeited or in any manner impaired.

SECTION 6.04. [Other Liens](#). So long as any Certificates are Outstanding, the Corporation and the Agency will keep the Enterprise and all portions thereof free from judgments and liens and free from all claims, demands or encumbrances of whatever nature or character, and free from any claim or liability which might embarrass or hamper the Agency in conducting its business or utilizing the Enterprise or any portion thereof. The Agency will notify the Trustee within five (5) days of receipt by the Agency of notice of any lien, claim or liability encompassed by this section, and the Trustee in its sole discretion (after first giving the Agency ten (10) days' written notice to comply therewith and failure of the Agency to so comply within such period) may defend against any and all actions or proceedings in which the validity hereof is or might be questioned, or may pay or compromise any claim or demand asserted in any such actions or proceedings; provided, that in defending against any such actions or proceedings or in paying or compromising any such claims or demands, the Trustee shall not in any event be deemed to have waived or released the Agency from liability for or on account of the Agency's failure to observe or perform any of the agreements, conditions, covenants or terms contained herein required to be observed or performed by it, or from its liability hereunder to defend the validity hereof and to observe and perform all such agreements, conditions, covenants and terms.

So long as any Certificates are Outstanding, neither the Corporation nor the Agency will create or suffer to be created any pledge of or lien on the money in the Installment Payment Fund or the 2016 Certificate Payment Reserve Fund other than as provided in Article V.

SECTION 6.05. [Prosecution and Defense of Suits](#). The Agency will promptly, upon request of the Trustee or any Owner, take such action from time to time as may be necessary or proper to remedy or cure any cloud upon or defect in the title to the Enterprise or any part thereof, whether now existing or hereafter developing, will prosecute all actions, suits or other proceedings as may be appropriate for such purpose and will indemnify and save the Trustee and every Owner harmless from all cost, damage, expense or loss, including attorneys' fees, which they or any of them may incur by reason of any such cloud, defect, action, suit or other proceeding.

The Agency will defend against every action, suit or other proceeding at any time brought against the Trustee, the Corporation or any Owner upon any claim arising out of the receipt, deposit or disbursement of any of the 2016 Installment Payments or involving any rights or obligations of the Trustee or any Owner hereunder; provided, that the Trustee, the Corporation or any Owner at its or his election may appear in and defend any such action, suit or other proceeding. The Agency will indemnify and hold harmless the Trustee, the Corporation and the Owners against any and all liability claimed or asserted by any person arising out of any such receipt, deposit or disbursement, and will indemnify and hold harmless the Trustee and the Owners against any attorneys' fees or other expenses which any of them may incur in connection with any litigation or otherwise in connection with the foregoing to which any of them may become a party in order to enforce their rights hereunder or under the Certificates; provided, that, in the case of the Owners, such litigation shall be concluded favorably to such Owners' contentions therein.

SECTION 6.06. [Accounting Records and Statements](#). [To discuss.] The Trustee will keep proper accounting records in accordance with corporate trust industry

standards in which complete and correct entries shall be made of all transactions relating to the receipt, deposit and disbursement of the 2016 Installment Payments, and the Trustee will furnish to the Corporation, to the Agency and to any Owner who may so request in writing (at the expense of such Owner) a complete statement covering the receipts, deposits and disbursements of the 2016 Installment Payments for the preceding month prepared in accordance with industry standards.

SECTION 6.07. [Recordation and Filing](#). The Agency will instruct the Trustee to file, record, register, renew, refile and rerecord all such documents, including financing statements (or continuation statements in connection therewith), as may be required by law in order to maintain the 2016 Installment Purchase Contract and the Assignment Agreement and the Trust Agreement at all times as a security interest in the 2016 Installment Payments, all in such manner, at such times and in such places as may be required and to the extent permitted by law in order to fully perfect, preserve and protect the security of the Owners and the rights and security interests of the Trustee, and the Trustee will do whatever else may be necessary or be reasonably required in order to perfect and continue the lien of the 2016 Installment Purchase Contract and of the Assignment Agreement and hereof as specified in writing by the Agency.

SECTION 6.08. [Tax Covenants](#).

(a) The Agency will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest installments of the Certificates or the obligation they evidence and represent under Section 103 of the Code. The Agency will not directly or indirectly use or permit the use of any proceeds of the Certificates or the obligation which they evidence and represent or any other funds of the Agency or take or omit to take any action that would cause the Certificates or the obligation which they evidence and represent to be “private activity bonds” within the meaning of Section 141(a) of the Code or obligations which are “federally guaranteed” within the meaning of Section 149(b) of the Code. The Agency will not allow ten per cent (10%) or more of the proceeds of the Certificates or the obligation which they evidence and represent to be used in the trade or business of any nongovernmental units and will not lend five per cent (5%) or more of the proceeds of the Certificates or the obligation which they evidence and represent to any nongovernmental units.

(b) The Agency will not directly or indirectly use or permit the use of any proceeds of the Certificates or the obligation which they evidence and represent or any other funds of the Agency or take or omit to take any action that would cause the Certificates or the obligation which they evidence and represent to be “arbitrage bonds” within the meaning of Section 148 of the Code. To that end, the Agency will comply with all requirements of Section 148 of the Code to the extent applicable to the Certificates or the obligation which they evidence and represent. In the event that at any time the Agency is of the opinion that for purposes of this section it is necessary to restrict or to limit the yield on the investment of any money held by the Trustee hereunder, the Agency will so instruct the Trustee by a Written Request of the Agency, and the Trustee hereby agrees to take such action as may be necessary in accordance with such instructions.

(c) In addition to the accounts created under Section 5.02, the Trustee shall establish and maintain a fund separate from any other account or fund established and maintained hereunder designated the “South Feather Water and Power Agency Miners Ranch Water Treatment Plant Improvement Project 2016 Certificates of Participation Rebate Fund.” There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Certificate), for payment to the United States of America. Notwithstanding any other provision hereof or of the 2016 Installment Purchase Contract, all amounts required to be deposited into or on deposit in the Rebate Fund shall be governed exclusively by this section and by the Tax Certificate (which is incorporated herein by reference), and the Trustee shall be deemed conclusively to have complied with such provisions if it follows the Written Requests of the Agency, and shall have no liability or responsibility to enforce compliance by the Agency with the terms of the Tax Certificate.

SECTION 6.09. Continuing Disclosure. The Agency will comply with and carry out all of the provisions of the Continuing Disclosure Certificate executed by the Agency and dated the date of the original execution and delivery of the Certificates, as originally executed and as it may be amended from time to time in accordance with the terms thereof, and notwithstanding any other provision hereof, failure of the Agency to comply with such Continuing Disclosure Certificate shall not be considered an Event of Default hereunder; provided, that any Owner of Certificates may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency to comply with its obligations under the Continuing Disclosure Certificate.

SECTION 6.10. Further Assurances. Whenever and so often as requested to do so by the Trustee or any Owner, the Corporation and the Agency will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the Owners all advantages, benefits, interests, powers, privileges and rights conferred or intended to be conferred upon them hereby.

## ARTICLE VII

### DEFAULT AND LIMITATIONS OF LIABILITY

SECTION 7.01. Action on Default. If an Event of Default shall happen, then in each and every such case during the continuance of such Event of Default the Trustee may, and upon the written direction of the Owners of not less than a majority in principal amount of the Outstanding Certificates shall, upon notice in writing to the Agency and the Corporation, exercise the remedies provided to the Corporation in the 2016 Installment Purchase Contract; provided, that nothing contained herein shall affect or impair the right of action of any Owner to institute suit directly against the Agency to enforce payment of the obligation evidenced and represented by such Owner’s Certificate; and provided further, that notwithstanding anything to the contrary contained herein, upon the occurrence of an Event of

Default, the Certificate Insurer, acting alone, shall have the right to direct all remedies granted to the Owners or the Trustee for the benefit of the Owners hereunder, and the Certificate Insurer shall be recognized as the registered owner of each Certificate for the purposes of exercising all rights and privileges available to the Owners, and in such capacity the Certificate Insurer shall have the right to institute any suit, action or proceeding at law or in equity under the same terms as an Owner in accordance with the applicable provisions hereof, and any acceleration of principal of the Certificates shall be subject to the Certificate Insurer's prior written consent.

SECTION 7.02. [Other Remedies of the Trustee](#). The Trustee shall have the right --

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the Corporation or the Agency or any director, officer or employee of either thereof, and to compel the Corporation or the Agency or any such director, officer or employee to perform or carry out its or his duties under law and the agreements and covenants required to be performed by it or him contained herein;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Trustee; or

(c) by suit in equity upon the happening of any default hereunder to require the Agency and its directors, officers and employees to account as the trustee of an express trust.

SECTION 7.03. [Non-Waiver](#). A waiver of any Event of Default by the Trustee hereunder shall not affect any subsequent Event of Default or impair any rights or remedies on any such subsequent Event of Default, and no delay or omission by the Trustee to exercise any right or remedy accruing upon any Event of Default hereunder shall impair any such right or remedy or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, and every right or remedy conferred upon the Trustee by law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee.

If any action, proceeding or suit to enforce any right or to exercise any remedy is abandoned or determined adversely to the Trustee, the Trustee and the Corporation and the Agency shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

SECTION 7.04. [Application of Funds](#). All money received by the Trustee pursuant to any right given or action taken under the provisions of this article or of Article VI of the 2016 Installment Purchase Contract shall be deposited in a segregated account and shall be applied by the Trustee in the following order and upon presentation of the several Certificates, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid --

First, Costs and Expenses: to the payment of the fees, costs and expenses of the Trustee and, after payment in full to the Trustee, of the Owners in declaring such Event of Default, including reasonable compensation to its or their agents, accountants and counsel;

Second, Interest: to the payment to the persons entitled thereto of all payments of interest evidenced and represented by the Certificates then due, and, if the amount available shall not be sufficient to pay in full any payment or payments of interest becoming due on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Third, Principal: to the payment to the persons entitled thereto of the unpaid principal evidenced and represented by any Certificates which shall have become due, with interest on the overdue principal evidenced and represented by such Certificates to be paid at a rate equal to the rate or rates of interest then applicable to the Certificates if paid in accordance with their terms, and, if the amount available shall not be sufficient to pay in full all the amounts due with respect to the Certificates on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference.

SECTION 7.05. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any law.

SECTION 7.06. No Liability by the Corporation to the Owners. Except as expressly provided herein, the Corporation shall not have any obligation or liability to the Owners with respect to the payment when due of the 2016 Installment Payments by the Agency, or with respect to the performance by the Agency of the other agreements and covenants required to be performed by it contained in the 2016 Installment Purchase Contract or herein, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained herein.

SECTION 7.07. No Liability by the Agency to the Owners. Except for the payment when due of the 2016 Installment Payments and the performance of the other agreements and covenants required to be performed by it contained in the 2016 Installment Purchase Contract or herein, the Agency shall not have any obligation or liability to the Owners with respect hereto or the preparation, execution, delivery or transfer of the Certificates or the disbursement of the 2016 Installment Payments by the Trustee to the Owners, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained herein.

SECTION 7.08. No Liability by the Trustee to the Owners. Except as expressly provided herein, the Trustee shall not have any obligation or liability to the Owners with respect to the payment when due of the 2016 Installment Payments by the Agency, or with respect to the performance or performances by the Agency of the other agreements, conditions, covenants and terms required to be observed or performed by it contained in the 2016 Installment Purchase Contract or herein, and the recitals of facts, covenants and agreements contained herein and in the Certificates shall be taken as statements, covenants and agreements of the Agency, and the Trustee neither assumes any responsibility for the accuracy of the same, nor makes any representations as to the validity or sufficiency hereof or of the Certificates, nor

shall the Trustee incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Certificates assigned to or imposed upon the Trustee.

SECTION 7.09. [Actions by Trustee as Attorney-in-Fact](#). Any suit, action or proceeding which any Owner shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners similarly situated, and the Trustee is hereby appointed (and the successive respective Owners, by taking and holding the same, shall be conclusively deemed so to have appointed the Trustee) the true and lawful attorney-in-fact of the respective Owners for the purpose of bringing any such suit, action, or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact.

SECTION 7.10. [Power of Trustee to Control Proceedings](#). In the event that the Trustee, upon the occurrence of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of at least a majority in principal amount of the Outstanding Certificates, it shall have full power, in the exercise of its discretion for the best interests of the Owners, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, that the Trustee shall not, unless there no longer continues such an Event of Default, discontinue, withdraw, compromise, settle or otherwise dispose of any litigation pending at law or in equity if at the time there has been filed with the Trustee a written request signed by the Owners of at least a majority in principal amount of the Outstanding Certificates, together with indemnification satisfactory to the Trustee opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

## ARTICLE VIII

### THE TRUSTEE

SECTION 8.01. [Employment and Duties of the Trustee](#). The Agency hereby appoints and employs the Trustee to receive, deposit and disburse the 2016 Installment Payments, to prepare, execute, deliver and transfer the Certificates and to perform the other functions contained herein; all in the manner provided herein and subject to the conditions and terms hereof. By executing and delivering the Trust Agreement, the Trustee accepts the appointment and employment hereinabove referred to and accepts the rights and obligations of the Trustee provided herein, subject to the conditions and terms hereof; and the Trustee undertakes to perform such obligations (and only such obligations) as are specifically set forth herein, and no implied obligations shall be read herein against the Trustee.

Prior to any resignation by the Trustee pursuant to Section 8.02, the Trustee will faithfully observe and perform all lawful and valid obligations or regulations now or hereafter imposed on it by contract, or prescribed by any state or federal law, or by any officer, board or commission having jurisdiction or control over the Trustee, as a condition of the continued enjoyment of each and every franchise, right or privilege now owned or hereafter acquired by it, including its right to exist and carry on its business, to the end that such franchises, rights and

privileges shall be maintained and preserved and shall not be abandoned, forfeited or in any manner impaired.

SECTION 8.02. [Removal and Resignation of the Trustee](#). The Agency, or the Owners of at least a majority in principal amount of the Outstanding Certificates, may at any time (in the absence of an Event of Default which shall then be continuing and with the prior written consent of the Certificate Insurer) remove the original Trustee hereunder and any successor thereto by giving written notice of such removal to such Trustee and by giving notice by mail in accordance with Section 12.07 of such removal to all Owners of Certificates, and the original Trustee hereunder and any successor thereto may at any time resign by giving written notice of such resignation to the Agency and to the Certificate Insurer and by giving notice by mail in accordance with Section 12.07 of such resignation to all Owners of Certificates. Upon giving any such notice of removal or upon receiving any such notice of resignation, the Agency shall (subject to the prior written consent of the Certificate Insurer) promptly appoint a successor Trustee by an instrument in writing; provided, that in the event the Agency does not appoint a successor Trustee who shall have accepted its appointment within thirty (30) days following the giving of any such notice of removal or the receipt of any such notice of resignation, the removed or resigning Trustee may petition any appropriate court having jurisdiction to appoint a successor Trustee. Any such successor Trustee shall be a bank or trust company doing business and having a corporate trust office in San Francisco, California, having a combined capital (exclusive of borrowed capital) and surplus of at least one hundred million dollars (\$100,000,000) and subject to supervision or examination by federal or state authorities; provided, that if such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Agency shall notify the Certificate Insurer in writing of the resignation or removal of the Trustee and the appointment of any successor thereto, and any resignation or removal of a Trustee and appointment of a successor Trustee shall become effective only after a successor Trustee acceptable to the Certificate Insurer shall have been appointed and upon the acceptance of the appointment by the successor Trustee.

SECTION 8.03. [Compensation and Indemnification of the Trustee](#). The Agency shall from time to time, subject to any agreement then in effect with the Trustee, pay the Trustee compensation for its services and reimburse the Trustee for all its advances and expenditures hereunder, including but not limited to advances to and fees and expenses of accountants, agents, appraisers, consultants, counsel or other experts employed by it in the exercise and performance of its rights and obligations hereunder; provided, that the Trustee shall not have any lien for such compensation or reimbursement against any money held by it in any of the funds established hereunder, although it may take whatever legal actions are lawfully available to it directly against the Agency. The Trustee shall notify the Agency about any increases to the Trustee's fees or other compensation.

The Agency shall indemnify the Trustee against any loss, cost, claim, expense or liability incurred by it in connection with the execution hereof and the administration hereof.

The Trustee shall notify the Agency promptly of any claim for which it may seek indemnity, and the Agency shall defend such claim and the Trustee shall cooperate in the defense thereof. The Trustee may have separate counsel and the Agency shall pay the reasonable fees and expenses of such counsel. The Agency need not pay for any settlement made without its consent. The Agency need not reimburse any expense or indemnify against any loss or liability incurred by the Trustee through negligence or willful default.

SECTION 8.04. [Protection of the Trustee and the Corporation](#). The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any affidavit, bond, certificate, consent, notice, request, requisition, resolution, statement, telegram, facsimile transmission, electronic mail, voucher, waiver or other paper or document which it shall in good faith believe to be genuine and to have been adopted, executed or delivered by the proper party or pursuant to any of the provisions hereof, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but the Trustee may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee shall not be bound to recognize any person as an Owner of any Certificate or to take any action at the request of any such person unless such Certificate shall be deposited with the Trustee or satisfactory evidence of the ownership of such Certificate shall be furnished to the Trustee. The Trustee may consult with counsel, who may be counsel to the Corporation or the Agency, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith in accordance therewith.

The Trustee shall not be responsible for the sufficiency of the 2016 Installment Purchase Contract, or of the assignment made to it by the Assignment Agreement of all rights to receive the 2016 Installment Payments thereunder, or of the title to or value of the Project. The Corporation shall not be responsible for the sufficiency of the 2016 Installment Purchase Contract or of the title to or value of the Project.

Whenever in the administration of its rights and obligations hereunder the Trustee or the Corporation shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder or under the 2016 Installment Purchase Contract, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the Agency, and such certificate shall be full warrant to the Trustee or the Corporation, as applicable, for any action taken or suffered under the provisions hereof upon the faith thereof, but in its discretion the Trustee or the Corporation, as applicable, may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Trustee and the Corporation may buy, sell, own, hold and deal in any of the Certificates and may join in any action which any Owner may be entitled to take with like effect as if the Trustee or the Corporation, as applicable, were not a party hereto. The Trustee or the Corporation, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Agency, the Trustee or the Corporation, and may act as agent, depository or trustee for any committee or body of Owners or of owners of obligations of the Corporation or the Agency as freely as if it were not the Trustee hereunder.

The Trustee may, to the extent reasonably necessary, execute any of the trusts or powers hereof and perform any rights and obligations required of it hereunder by or through agents, attorneys or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its rights and obligations hereunder, and the Trustee shall not be answerable for the default or misconduct of any such agent, attorney or receiver selected by it with reasonable care.

The Trustee shall not be answerable for the exercise of any trusts or powers hereunder or for anything whatsoever in connection with the funds established hereunder, except only for its own willful default or negligence.

The Trustee shall not be deemed to have knowledge of any Event of Default unless and until an officer at the Trustee's corporate trust office responsible for the administration of its duties hereunder shall have actual knowledge thereof or the Trustee shall have received written notice thereof at its Principal Corporate Trust Office.

The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Certificates.

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

No provision hereof or any other document related hereto shall require the Trustee to risk or advance its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of its rights hereunder.

Before taking any action under Article VII, the Trustee may require indemnity satisfactory to the Trustee be furnished from any expenses and to protect it against any liability it may incur hereunder, and the immunities extended to the Trustee also extend to its directors, officers, employees and agents.

The Trustee shall not be liable for any action taken or not taken by it in accordance with the direction of a majority (or other percentage provided for herein) in aggregate principal amount of Certificates Outstanding relating to the exercise of any right, power or remedy available to the Trustee.

The permissive right of the Trustee to do things enumerated herein shall not be construed as a duty.

The Trustee shall 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 Corporation or the County, 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 and/or occurrences beyond the control of the Trustee.

The Trustee agrees to accept and act upon facsimile transmission of written instructions and/or directions pursuant to the Trust Agreement; provided, that (a) subsequent to such facsimile transmission of written instructions and/or directions, the Trustee shall forthwith receive the originally executed instructions and/or directions, (b) such originally executed instructions and/or directions shall be signed by a person as may be designated and authorized to sign for the party signing such instructions and/or directions, and (c) the Trustee shall have received a current incumbency certificate containing the specimen signature of such designated person.

SECTION 8.05. Merger or Consolidation of the Trustee. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business (provided such company is eligible under Section 8.02 hereof) shall be the successor to the Trustee without the execution or filing of any paper or further act, notwithstanding anything to the contrary contained herein.

## ARTICLE IX

### AMENDMENT OF OR SUPPLEMENT TO THE TRUST AGREEMENT

SECTION 9.01. Procedure for Amendment or Supplement to the Trust Agreement.

(a) Amendment or Supplement by Consent of Owners. The Trust Agreement and the rights and obligations of the Corporation and the Agency and the Owners and the Trustee hereunder may be amended or supplemented at any time by an amendment hereof or supplement hereto which shall become binding when the written consents of the Owners of at least a majority in principal amount of the Outstanding Certificates, exclusive of Certificates disqualified as provided in Section 9.02, and the written consent of the Certificate Insurer are filed with the Trustee. No such amendment or supplement shall (1) extend the Certificate Payment Date of any Certificate, or reduce the rate of interest evidenced and represented thereby, or extend the time of payment of such interest, or reduce the amount of principal evidenced and represented thereby, without the prior written consent of the Owner of the Certificate so affected, or (2) reduce the percentage of Owners whose consent is required for the execution of any amendment hereof or supplement hereto, or (3) modify any of the rights or obligations of the Trustee or the Corporation without its prior written consent thereto.

(b) Amendment or Supplement Without Consent of Owners. The Trust Agreement and the rights and obligations of the Corporation and the Agency and the Owners and the Trustee hereunder may also be amended or supplemented at any time by an amendment hereof or supplement hereto which shall become binding upon execution without the written

consents of any Owners, but only to the extent permitted by law and after receipt of an approving Opinion of Counsel and only for any one or more of the following purposes --

(i) to add to the agreements, conditions, covenants and terms required to be observed or performed by the Corporation, the Trustee or the Agency herein other agreements, conditions, covenants and terms thereafter to be observed or performed by the Corporation, the Trustee or the Agency, or to surrender any right or power reserved herein to or conferred herein on the Corporation, the Trustee or the Agency, and which in either case shall not adversely affect the interests of the Owners;

(ii) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or in regard to questions arising hereunder which the Agency may deem desirable or necessary and not inconsistent herewith, and which shall not adversely affect the interests of the Owners;

(iii) to modify, amend or supplement the Trust Agreement in such manner as to preserve the exemption of the Certificates from the registration requirements of the Securities Act of 1933 or any similar federal statute hereafter in effect or to permit the qualification of the Trust Agreement under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect;

(iv) to make any modifications or changes necessary or appropriate in the Opinion of Counsel to preserve or protect the exclusion from gross income for federal income tax purposes or the exemption from State of California personal income taxes of the interest evidenced and represented by the Certificates;

(v) [if and to the extent specified in an Opinion of Counsel filed with the Agency, the Corporation and the Trustee, to make such additions, deletions or modifications as may be necessary or appropriate to maintain any then-current Rating on the Certificates;] or

(vi) to add to the rights of the Trustee.

Copies of all such Supplemental Trust Agreement shall be promptly forwarded by the Agency to the Certificate Insurer and to the Rating Agencies.

SECTION 9.02. [Disqualified Certificates](#). Certificates owned or held by or for the account of the Agency (but excluding Certificates held in any pension or retirement fund of the Agency) shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Certificates provided in this article, and shall not be entitled to consent or to take any other action provided in this article, and the Trustee may adopt appropriate regulations to require each Owner, before his consent provided for herein shall be deemed effective, to reveal if the Certificates as to which consent is given are disqualified as provided in this section.

SECTION 9.03. [Endorsement or Replacement of Certificates After Amendment or Supplement](#). After the effective date of any action taken as hereinabove

provided, the Trustee may determine that the Certificates may bear a notation by endorsement in form approved by the Trustee as to such action, and in that case upon demand on the Owner of any Outstanding Certificate and presentation of his Certificate for such purpose at the Principal Corporate Trust Office of the Trustee, a suitable notation as to such action shall be made on each Certificate. If the Trustee shall so determine, new Certificates so modified as in the opinion of the Trustee shall be necessary to conform to such action shall be prepared, and in that case upon demand on the Owner of any Outstanding Certificates such new Certificates shall be exchanged at the Principal Corporate Trust Office of the Trustee without cost to each Owner for Certificates then Outstanding upon surrender of such Outstanding Certificates.

SECTION 9.04. [Amendment by Mutual Consent](#). The provisions of this article shall not prevent any Owner from accepting any amendment as to the particular Certificates held by him, provided that due notation thereof is made on such Certificates.

## ARTICLE X

### [DEFEASANCE](#)

SECTION 10.01. [Discharge of Certificates and Trust Agreement](#).

(a) If the Trustee shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Certificates the interest and principal evidenced and represented thereby at the times and in the manner stipulated herein and therein, then such Owners shall cease to be entitled to the pledge of and lien on the 2016 Installment Payments as provided herein, and all agreements and covenants of the Corporation, the Agency and the Trustee to such Owners hereunder (other than the obligations set forth in Section 6.08 hereof) shall thereupon cease, terminate and become void and shall be discharged and satisfied.

(b) Any Outstanding Certificates shall on or prior to their Certificate Payment Date be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if there shall be on deposit with the Trustee money which is sufficient to pay the interest and principal evidenced and represented by such Certificates payable on or prior to such Certificate Payment Date.

(c) Any Outstanding Certificates shall prior to their Certificate Payment Dates be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section (except that the Agency shall remain liable for the payment of such Certificates, but only out of the money or securities deposited with the Trustee) if (1) there shall have been deposited with the Trustee either money in an amount which shall be sufficient, or Federal Securities which are not subject to redemption except by the holder thereof prior to maturity (including any such securities issued or held in book-entry form), or tax-exempt obligations of a state or a political subdivision thereof which have been defeased under irrevocable escrow instructions with Federal Securities and which are rated in the highest rating category by Moody's and by S&P, the interest on and principal of which when paid will provide money which, together with money, if any, deposited with the Trustee at the same time, shall be sufficient (as evidenced by a report of an Independent Certified Public Accountant regarding

such sufficiency) to pay when due the interest evidenced and represented by such Certificates on and prior to their Certificate Payment Dates or prepayment dates and the principal evidenced and represented by such Certificates on their Certificate Payment Dates or prepayment dates, (2) the Agency shall have given the Trustee in form satisfactory to it irrevocable instructions to give notice by mail in accordance with Section 12.07 to the Owners of such Certificates that the deposit required by clause (1) above has been made with the Trustee and that such Certificates are deemed to have been paid in accordance with this section and stating the dates upon which money is to be available for the payment of the interest and principal evidenced and represented by such Certificates, and (3) an Opinion of Counsel is filed with the Trustee to the effect that the action taken pursuant to this subsection will not affect the exclusion from gross income for federal income tax purposes or the exemption from State of California personal income taxes of the interest evidenced and represented by the Certificates.

(d) After the payment of all the interest and principal evidenced and represented by all Outstanding Certificates as provided in this section, the Trustee shall execute and deliver to the Corporation and the Agency all such instruments as may be necessary or desirable to evidence the discharge and satisfaction hereof, and the Trustee shall pay over or deliver to the Agency all money or securities held by it pursuant hereto which are not required for the payment of the interest and principal evidenced and represented by such Certificates.

(e) Notwithstanding anything herein to the contrary, in the event that any interest or principal evidenced and represented by any Certificate shall be paid by the Certificate Insurer pursuant to the Certificate Insurance Policy, such Certificate shall remain Outstanding for all purposes, shall not be defeased or otherwise satisfied and shall not be considered paid by the Agency, and the assignment and pledge hereof and all agreements, covenants and other obligations of the Agency to the Owner of such Certificate shall continue to exist and shall run to the benefit of the Certificate Insurer, and the Certificate Insurer shall be subrogated to the rights of such Owner.

SECTION 10.02. Unclaimed Money. Subject to applicable unclaimed property laws, anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest or principal evidenced and represented by any of the Certificates which remain unclaimed for two (2) years after the date when the payments represented by such Certificates have become payable, if such moneys were held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when the interest and principal evidenced and represented by such Certificates have become payable, shall at the Written Request of the Agency be repaid by the Trustee to the Agency as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the Agency for the payment of the interest and principal evidenced and represented by such Certificates; provided, that before being required to make any such payment to the Agency, the Trustee shall, at the expense of the Agency, cause to be mailed to all such Owners in accordance with Section 12.07 and to DTC a notice that such money remains unclaimed and that after a date named in such notice, which date shall not be less than thirty (30) days after the date of the first mailing of such notice, such money will be returned to the Agency.

## ARTICLE XI

### PROVISIONS RELATING TO THE CERTIFICATE INSURANCE POLICY AND THE CERTIFICATE INSURER

SECTION 11.01. Consents and Rights of the Certificate Insurer. While the Certificate Insurance Policy is in effect, the Agency and the Trustee agree to comply with the following provisions:

(a) All money held under the terms hereof shall be invested only in Permitted Investments.

(b) Any provision hereof expressly recognizing or granting rights in or to the Certificate Insurer may not be amended in any manner which affects the rights of the Certificate Insurer without the prior written consent of the Certificate Insurer, and the prior written consent of the Certificate Insurer shall be required for the approval of any action which requires consent of the Owners.

(c) The Agency agrees to reimburse the Certificate Insurer immediately and unconditionally, upon demand, to the extent permitted by law, for all reasonable expenses, including attorneys' fees and expenses, incurred by the Certificate Insurer in connection with (i) the enforcement by the Certificate Insurer of the Agency's obligations, or the preservation or defense of any rights of the Certificate Insurer, hereunder and under any other document executed in connection with the execution and delivery of the Certificates, and (ii) any consent, amendment, waiver or other action with respect hereto or any related document, whether or not granted or approved, together with interest on all such expenses from and including the date incurred to the date of payment at [Citibank's Prime Rate plus 3%] or the maximum interest rate permitted by law, whichever is less; and, in addition, the Certificate Insurer reserves the right to charge a fee in connection with its review of any such consent, amendment or waiver, whether or not granted or approved.

(d) The Agency agrees not to use the Certificate Insurer's name in any public document including, without limitation, a press release or presentation, announcement or forum without the Certificate Insurer's consent; and in the event that the Agency is advised by counsel that it has a legal obligation to disclose the Certificate Insurer's name in any press release, public announcement or other public document, the Agency shall provide the Certificate Insurer with at least three (3) Business Days' prior written notice of its intent to use the Certificate Insurer's name together with a copy of the proposed use of the Certificate Insurer's name and of any description of a transaction with the Certificate Insurer and shall obtain the Certificate Insurer's prior consent as to the form and substance of the proposed use of the Certificate Insurer's name and any such description.

(e) The Agency shall not enter into any agreement nor shall it consent to or participate in any arrangement pursuant to which Certificates are tendered or purchased for any purpose other than the prepayment and cancellation or legal defeasance of such Certificates without the prior written consent of the Certificate Insurer.

SECTION 11.02. [Information to Be Provided to the Certificate Insurer.](#)

While the Certificate Insurance Policy is in effect, the Agency or the Trustee, as appropriate, shall furnish to the Certificate Insurer:

(a) A copy of each annual audited financial statement of the Agency and a copy of each annual report of the Agency and a copy of each annual budget of the Agency as soon as practicable after the filing thereof;

(b) A copy of any notice required to be given hereunder to the Owners, including, without limitation, notice of any prepayment of or defeasance of any Certificates, and any certificate rendered pursuant hereto relating to the security for the Certificates;

(c) A copy of any notice given by the Agency to the Trustee or the Trustee to the Agency hereunder or received by the Agency from the Trustee or the Trustee from the Agency hereunder;

(d) A copy of any notice of the resignation or removal of the Trustee and the appointment of a successor thereto;

(e) A copy of the disclosure document, if any, circulated with respect to the issuance of any additional Parity Obligations or the execution of any additional Installment Purchase Contracts; and

(f) Such additional information as it may reasonably request.

[All notices required to be given to the Certificate Insurer hereunder shall be in writing and shall be sent by registered or certified mail addressed to [CERTIFICATE INSURER].]

SECTION 11.03. [Payment Procedure for the Certificates Pursuant to the Certificate Insurance Policy.](#) While the Certificate Insurance Policy is in effect, the Agency and the Trustee agree to comply with the following provisions:

[To come if applicable.]

## ARTICLE XII

### MISCELLANEOUS

SECTION 12.01. [Benefits of the Trust Agreement Limited to Parties.](#)

Nothing contained herein, expressed or implied, is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Agency, the Corporation, the Trustee, the Certificate Insurer and the Owners, any right, remedy or claim under or by reason hereof or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements herein contained by and on behalf of the Corporation or the Agency shall be for the sole and exclusive benefit of the Corporation, the Agency, the Trustee[, the Certificate Insurer] and the Owners[; and to the extent that the Trust Agreement confers upon or gives or grants to the Certificate Insurer any right, remedy or claim under or by reason hereof, the Certificate

Insurer is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder].

SECTION 12.02. [Successor Deemed Included in All References to Predecessor](#). Whenever either the Corporation, the Agency or the Trustee or any director, officer or employee of any thereof is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Corporation, the Agency or the Trustee or such director, officer or employee, as the case may be, and all agreements, conditions, covenants and terms required hereby to be observed or performed by or on behalf of the Corporation, the Agency or the Trustee or any director, officer or employee of any thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

SECTION 12.03. [Execution of Documents by Owners](#). Any declaration, request or other instrument which is permitted or required herein to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or his attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to make acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request 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, or by such other proof as the Trustee may accept which it may deem sufficient.

The ownership of any Certificate and the amount, payment date, number and date of owning the same may be proved by the books required to be kept by the Trustee pursuant to the provisions of Section 2.07.

Any declaration, request or other instrument in writing of the Owner of any Certificate shall bind all future Owners of such Certificate with respect to anything done or suffered to be done by the Corporation or the Agency or the Trustee in good faith and in accordance therewith.

SECTION 12.04. [Waiver of Personal Liability](#). No director, officer or employee of the Agency shall be individually or personally liable for the payment of the interest or principal evidenced and represented by the Certificates, but nothing contained herein shall relieve any such director, officer or employee of the Agency from the performance of any official duty provided by any applicable provisions of law or by the 2016 Installment Purchase Contract or hereby.

SECTION 12.05. [Acquisition of Certificates by the Agency](#). All Certificates acquired by the Agency, whether by purchase or gift or otherwise, shall be surrendered to the Trustee and shall be cancelled and destroyed by the Trustee and shall not be redelivered.

SECTION 12.06. [Content of Certifications of the Agency](#). Every Certification of the Agency with respect to compliance with any agreement, condition, covenant

or term contained herein shall include (a) a statement that the person or persons making or giving such certification have read such agreement, condition, covenant or term and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements contained in such certification are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such agreement, condition, covenant or term has been complied with; and (d) a statement as to whether, in the opinion of the signers, such agreement, condition, covenant or term has been complied with.

Any Certification of the Agency may be based, insofar as it relates to legal matters, upon an Opinion of Counsel unless the person making or giving such certification knows that the Opinion of Counsel with respect to the matters upon which his certification may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters information with respect to which is in the possession of the Agency, upon a representation by an officer or officers of the Agency unless the counsel executing such Opinion of Counsel knows that the representation with respect to the matters upon which his opinion may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous.

SECTION 12.07. [Notice by Mail](#). Any notice required to be given hereunder by mail to any Owners of Certificates shall be given by mailing a copy of such notice, first class postage prepaid, to the Owners of such Certificates at their addresses appearing in the books required to be kept by the Trustee pursuant to the provisions of Section 2.07 not less than thirty (30) days nor more than sixty (60) days following the action or prior to the event concerning which notice thereof is required to be given; provided, that receipt of any such notice shall not be a condition precedent to the effect of such notice and neither failure to receive any such notice nor any immaterial defect contained therein shall affect the validity of the proceedings taken in connection with the action or the event concerning which such notice was given.

SECTION 12.08. [Accounts and Funds](#). Any account or fund required to be established and maintained herein by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or as a fund, and may, for the purposes of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such accounts and funds shall at all times be maintained in accordance with sound corporate trust accounting practice and with due regard for the protection of the security of the Certificates and the rights of the Owners.

SECTION 12.09. [Deposits and Investments](#). Any money held by the Trustee or the Agency in any of the funds provided herein or in the 2016 Installment Purchase Contract may be invested as directed in a Written Request of the Agency in Permitted Investments which will, as nearly as practicable, mature on or before the dates on which such money is anticipated to be needed for disbursement hereunder, except that any money in the 2016 Certificate Payment Reserve Fund shall be invested by the Trustee as directed in a Written Request of the Agency only in Federal Securities which mature not later than five (5) years from the date of their purchase or the latest Certificate Payment Date of any Outstanding Certificates, whichever is

earlier, and the Trustee shall be entitled to rely on any such investment direction from the Agency as a certification by the Agency that any such investment constitutes a Permitted Investment or a Federal Security, as defined herein, as the case may be; provided, that if the Agency fails to direct the Trustee to invest any such money, such money shall be invested in Permitted Investments of the type described in paragraph (5) of the definition thereof.

The Trustee may act as principal or agent in the acquisition or disposition of any such deposit or investment and may, but only in its sole discretion for the purpose of any such deposit or investment, commingle any of the money held by it in any of the accounts and funds established hereunder or under the 2016 Installment Purchase Contract (except for money held in the Rebate Fund), but shall account for each account and fund separately, and the Trustee shall not be liable or responsible for any loss suffered in connection with any such deposit or investment made by it under the terms of and in accordance with this section. The Trustee may present for redemption or sell any such deposit or investment whenever it shall be necessary in order to provide money to meet any payment of the money so deposited or invested, and the Trustee shall not be liable or responsible for any losses resulting from any such deposit or investment presented for redemption or sold.

The Agency acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Agency the right to receive brokerage confirmations of security transactions as they occur, the Agency will not receive such confirmation to the extent permitted by law, and the Trustee will furnish the Agency periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder.

The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder.

SECTION 12.10. [Article and Section Headings, Gender and References](#). The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders, and all references herein to “Articles,” “Sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words “hereby,” “herein,” “hereto,” “herewith,” “hereunder” and other words of similar import refer to the Trust Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

SECTION 12.11. [Partial Invalidity](#). If any one or more of the agreements, conditions, covenants or terms required herein to be observed or performed by or on the part of the Corporation, the Agency or the Trustee shall be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms shall be null and void and shall be deemed separable from the remaining agreements, conditions, covenants and terms hereof and shall in no way affect the validity hereof or of the Certificates, and the Owners shall retain all the benefit, protection and security afforded to them hereunder and under any applicable provisions of law. The Corporation, the Agency and the Trustee hereby declare that they would have executed and entered into the Trust Agreement, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the execution and delivery of the Certificates pursuant hereto irrespective

of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

SECTION 12.12. [California Law](#). The Trust Agreement shall be construed and governed in accordance with the laws of the State of California.

SECTION 12.13. [Notices](#). All written notices to be given hereunder shall be given by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the Trustee:

U.S. Bank National Association  
Attention: Global Corporate Trust Services  
1 California Street, Suite 1000  
San Francisco, California 94111

If to the Corporation:

South Feather Water and Power Agency Financing Corporation  
c/o South Feather Water and Power Agency  
Attention: Finance Division Manager  
2310 Oro-Quincy Hwy  
Oroville, California 95966

If to the Agency:

South Feather Water and Power Agency  
Attention: General Manager  
2310 Oro-Quincy Hwy  
Oroville, California 95966

If to the Certificate Insurer:

[CERTIFICATE INSURER]  
Attention: [Authorized Officer / Office]  
[Address]

SECTION 12.14. [Effective Date](#). The Trust Agreement shall become effective upon its execution and delivery.

SECTION 12.15. [Execution in Counterparts](#). The Trust Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed and attested the Trust Agreement by their officers duly authorized as of the day and year first written above.

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee

By \_\_\_\_\_  
Authorized Officer

SOUTH FEATHER WATER AND POWER  
AGENCY FINANCING CORPORATION

By \_\_\_\_\_  
President

(SEAL)

ATTEST:

\_\_\_\_\_  
Secretary

SOUTH FEATHER WATER AND POWER  
AGENCY

By \_\_\_\_\_  
President of the Board of Directors

(SEAL)

ATTEST:

\_\_\_\_\_  
Secretary of the Board of Directors

EXHIBIT A

[FORM OF CERTIFICATES OF PARTICIPATION]

UNITED STATES OF AMERICA  
STATE OF CALIFORNIA  
COUNTY OF ALAMEDA

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

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

SOUTH FEATHER WATER AND POWER AGENCY  
MINERS RANCH WATER TREATMENT PLANT IMPROVEMENT PROJECT  
2016 CERTIFICATE OF PARTICIPATION  
Evidencing and Representing a Proportionate,  
Undivided Interest of the Owner Hereof in  
Installment Payments to be Made  
by the  
SOUTH FEATHER WATER AND POWER AGENCY  
to the  
OROVILLE-WYANDOTTE IRRIGATION  
DISTRICT FINANCING CORPORATION  
Under the  
2016 INSTALLMENT PURCHASE CONTRACT  
for the  
SOUTH FEATHER WATER AND POWER AGENCY  
MINERS RANCH WATER TREATMENT PLANT IMPROVEMENT PROJECT  
2016 CERTIFICATES OF PARTICIPATION

<u>Interest</u> <u>Rate</u>	<u>Certificate</u> <u>Payment Date</u>	<u>Dated as of</u>	<u>CUSIP</u>
_____%	April 1, 20__	_____	_____

REGISTERED OWNER:

PRINCIPAL SUM:

DOLLARS

THIS IS TO CERTIFY that the registered owner set forth above of this Revenue Certificate of Participation (the "Certificate") is the owner of a proportionate, undivided interest in the rights to receive certain 2016 Installment Payments (as that term is defined in the Trust Agreement hereinafter mentioned) under the 2016 Installment Purchase Contract (the "2016 Installment Purchase Contract") for the South Feather Water and Power Agency Miners Ranch Water Treatment Plant Improvement Project executed and entered into as of [September 1, 2016], by and between the South Feather Water and Power Agency (the "Agency"), an irrigation district duly organized and existing under and by virtue of the laws of the State of California, and the South Feather Water and Power Agency Financing Corporation (the "Corporation"), a nonprofit public benefit corporation duly organized and existing under the laws of the State of California, all of which rights to receive such 2016 Installment Payments have been assigned

without recourse by the Corporation to U.S. Bank National Association, a national banking association duly organized and existing under the laws of the United States of America, at its Principal Corporate Trust Office (as that term is defined in the Trust Agreement hereinafter mentioned, and herein the “Principal Corporate Trust Office”), as original Trustee, or any successor Trustee which may at any time be substituted in the place of the original Trustee or any successor Trustee as provided in the Trust Agreement hereinafter mentioned (the “Trustee”).

The registered owner of this Certificate is entitled to receive, subject to the terms of the 2016 Installment Purchase Contract and any right of prepayment prior thereto hereinafter provided for, on the Certificate Payment Date set forth above (the “Certificate Payment Date”), upon surrender of this Certificate on the Certificate Payment Date or on the date of prepayment prior thereto at the Principal Corporate Trust Office of the Trustee, the principal sum set forth above, representing the registered owner’s proportionate share of the 2016 Installment Payments designated as principal becoming due and payable on such Certificate Payment Date or on the date of prepayment prior thereto, and to receive interest installments on such principal installments at the rate per annum specified above on April 1 and October 1 of each year, commencing on April 1, 2017 (the “Interest Payment Dates”). The registered owner of this Certificate as shown in the registration books maintained by the Trustee pursuant to the Trust Agreement as of the close of business on the fifteenth (15th) day of the month next preceding each Interest Payment Date (each, a “Record Date”) is entitled to receive such registered owner’s proportionate share of the 2016 Installment Payments constituting interest accruing from the Interest Payment Date next preceding the date of execution thereof by the Trustee, unless such date of execution is on or after the Record Date next preceding an Interest Payment Date, in which case from such Interest Payment Date, or unless such date of execution is on or prior to March 15, 2017, in which case from its date (except that if at the time of execution by the Trustee of any Certificate interest on outstanding Certificates is in default, in which case from the last date for which such interest has been paid), such interest to be paid by check mailed by first class mail by the Trustee on each Interest Payment Date to such registered owner (except that in the case of a registered owner of one million dollars (\$1,000,000) or greater in principal amount of outstanding Certificates, such payment shall, at such registered owner’s written request received by the Trustee by the Record Date next preceding any Interest Payment Date, be made by wire transfer of immediately available funds to an account in a state or national bank located in the United States of America that is a member of the Federal Reserve System in accordance with written instructions provided by such registered owner), which proportionate share is determined by the multiplication of the aforesaid portion of the 2016 Installment Payments constituting principal becoming due and payable on such Certificate Payment Date by the interest rate per annum set forth above computed on the basis of a 360-day year of twelve 30-day months. All such amounts are payable in lawful money of the United States of America.

This Certificate is one of the duly authorized Certificates aggregating [Principal] (\$[PAR]) which have been executed by the Trustee pursuant to the terms of a Trust Agreement (the “Trust Agreement”) by and among the Trustee, the Corporation and the Agency executed and entered into as of [September 1, 2016], copies of which are on file at the Principal Corporate Trust Office of the Trustee, and reference is made hereby to the Trust Agreement and to any and all amendments thereof and supplements thereto for a description of the agreements, conditions, covenants and terms securing the Certificates, for the nature, extent and manner of enforcement

of such agreements, conditions, covenants and terms, for the rights and remedies of the registered owners of the Certificates with respect thereto and for the other agreements, conditions, covenants and terms upon which the Certificates are executed and delivered thereunder.

To the extent and in the manner permitted by the terms of the Trust Agreement, the provisions of the Trust Agreement may be amended or supplemented by the parties thereto, but no such amendment or supplement shall (1) extend the Certificate Payment Date of this Certificate, or reduce the rate of interest represented hereby, or extend the time of payment of such interest, or reduce the amount of principal represented hereby, without the prior written consent of the registered owner hereof, or (2) reduce the percentage of registered owners of Certificates whose consent is required for the execution of any amendment of or supplement to the Trust Agreement, or (3) modify any rights or obligations of the Trustee without its prior written consent thereto.

The Certificates are authorized to be executed and delivered as fully registered Certificates in denominations of five thousand dollars (\$5,000) principal or any integral multiple thereof, except that no Certificate shall have more than one Certificate Payment Date.

This Certificate is transferable or exchangeable by the registered owner hereof, in person or by his attorney duly authorized in writing, at the Principal Corporate Trust Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Trust Agreement; and upon surrender of this Certificate for cancellation accompanied by delivery of a duly executed written instrument of transfer or exchange, a new Certificate or Certificates of authorized denominations of the same Certificate Payment Date equal to the principal amount evidenced and represented hereby will be executed and delivered by the Trustee to the registered owner thereof in exchange or transfer herefor. The Trustee may treat the registered owner hereof as the absolute owner hereof for all purposes, whether or not this Certificate shall be overdue, and the Trustee shall not be affected by any knowledge or notice to the contrary; and payment of the interest and principal evidenced and represented by this Certificate shall be made only to such registered owner as above provided, which payments shall be valid and effectual to satisfy and discharge the liability evidenced and represented by this Certificate to the extent of the sum or sums so paid.

The Certificates are subject to optional prepayment prior to their respective Certificate Payment Dates, upon notice as hereinafter provided, as a whole on any date on or after April 1, 20\_\_, or in part in such amounts as may be selected by the Agency in integral multiples of five thousand dollars (\$5,000) on any date on or after April 1, 20\_\_, in either case from any source of available funds, at a prepayment price equal to the sum of the principal amount or such part thereof evidenced and represented by the Certificates to be prepaid plus accrued interest evidenced and represented thereby to the date fixed for prepayment, without a prepayment premium.

As provided in the Trust Agreement, notice of prepayment hereof or of any part hereof shall be mailed, first class postage prepaid, not less than thirty (30) nor more than sixty (60) days prior to the prepayment date, to the registered owner of this Certificate at his address as

it appears on the registration books maintained by the Trustee and to DTC (as that term is defined in the Trust Agreement); provided, that receipt of any such notice shall not be a condition precedent to the effect of such notice and neither failure to receive any such notice nor any immaterial defect contained therein shall affect the sufficiency or validity of the proceedings for the prepayment of this Certificate or such part thereof. As provided in the Trust Agreement, any notice of prepayment of Certificates may be rescinded by a Written Request of the Agency (as that term is defined in the Trust Agreement) given to the Trustee by the Agency no later than ten (10) Business Days (as that term is defined in the Trust Agreement) prior to the date specified for prepayment, and the Trustee shall give notice of such rescission as soon thereafter as practicable in the same manner, and to the same persons, as the notice of such prepayment was given as described above.

If this Certificate or any part thereof is called for prepayment and notice of such prepayment is duly given as aforesaid and payment is duly provided therefor as specified in the Trust Agreement, the interest evidenced and represented hereby or by such part shall cease to accrue from and after the date fixed for such prepayment. The Certificates each evidence and represent an interest in the 2016 Installment Payments and enjoy the benefits of a security interest in the moneys held in certain of the funds established pursuant to the Trust Agreement, subject to the provisions of the Trust Agreement permitting the disbursement thereof for or to the purposes and on the conditions and terms set forth therein.

THE OBLIGATION OF THE AGENCY TO MAKE THE 2016 INSTALLMENT PAYMENTS IS A SPECIAL OBLIGATION OF THE AGENCY, PAYABLE SOLELY FROM AND SECURED BY THE NET REVENUES (AS THAT TERM IS DEFINED IN THE 2016 INSTALLMENT PURCHASE CONTRACT) AND THE OTHER FUNDS PROVIDED IN THE 2016 INSTALLMENT PURCHASE CONTRACT, AND DOES NOT CONSTITUTE A DEBT OF THE AGENCY OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE AGENCY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE AGENCY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

The Trustee has no obligation or liability to the registered owners of the Certificates for the payment of the interest or principal evidenced and represented by the Certificates out of its own funds; but rather the Trustee's sole obligations are those stated in the Trust Agreement. The recitals of fact herein shall be taken as those of the Agency and the Trustee shall not be responsible for the accuracy of any thereof. The Corporation has no obligation or liability whatsoever to the registered owners of the Certificates.

The Agency has certified that all acts, conditions and things required by the Constitution and statutes of the State of California and the Trust Agreement to exist, to have happened and to have been performed precedent to the execution and delivery of this Certificate do exist, have happened and have been performed in regular and due time, form and manner as required by law, and that the Trustee is duly authorized to execute and deliver this Certificate, and that the amount of this Certificate, together with all other Certificates executed and delivered

under the Trust Agreement, is not in excess of the amount of Certificates authorized to be executed and delivered thereunder.

IN WITNESS WHEREOF, this Certificate has been executed by the manual signature of an authorized signatory of the Trustee as of \_\_\_\_\_.

Date of Execution:

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee

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

[FORM OF ASSIGNMENT]

For value received, the undersigned do(es) hereby sell, assign and transfer unto the within Certificate and do(es) hereby irrevocably constitute and appoint attorney to transfer such Certificate on the register of the Trustee, with full power of substitution in the premises.

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

\_\_\_\_\_

SIGNATURE GUARANTEED BY:

\_\_\_\_\_

\_\_\_\_\_

Note: The signature(s) to this Assignment must correspond with the name(s) as written on the face of the within Certificate in every particular, without alteration or enlargement or any change whatsoever, and the signature(s) must be guaranteed by an eligible guarantor institution.

Social Security Number, Address, Taxpayer Identification Number or other Identifying Number of Assignee:

\_\_\_\_\_

[FORM OF DTC ENDORSEMENT]

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof Cede & Co. has an interest herein.

**STATEMENT OF INSURANCE**

[To come if applicable.]

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2016 INSTALLMENT PURCHASE CONTRACT

by and between the

SOUTH FEATHER WATER AND POWER AGENCY

and the

SOUTH FEATHER WATER AND POWER AGENCY  
FINANCING CORPORATION

RELATING TO THE  
SOUTH FEATHER WATER AND POWER AGENCY  
MINERS RANCH WATER TREATMENT PLANT IMPROVEMENT PROJECT  
2016 CERTIFICATES OF PARTICIPATION

Executed and Entered Into as of [September 1, 2016]

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## 2016 INSTALLMENT PURCHASE CONTRACT

This 2016 Installment Purchase Contract (the “2016 Installment Purchase Contract”), executed and entered into as of [September 1, 2016], by and between the South Feather Water and Power Agency, an irrigation district duly organized and existing under the laws of the State of California (the “Agency”), and the South Feather Water and Power Agency Financing Corporation, a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California (the “Corporation”);

### WITNESSETH:

WHEREAS, the Agency presently owns and operates certain facilities and property for its domestic water system and hydroelectric system (collectively, the “Enterprise”); and

WHEREAS, the Agency is authorized by law to purchase improvements to its Enterprise; and

WHEREAS, the Agency has previously entered into a Refunding Bond Agreement (the “Refunding Bond Agreement”), by and between the Agency and Bank of Nevada, dated as of October 1, 2012, whereby the Agency refunded certain obligations incurred to refinance certain projects relating to the Enterprise (the “Prior Project”); and

WHEREAS, the Agency has determined that it is in the best interests of the Agency and the residents within its jurisdiction and is necessary and proper for the Agency that certain expansion and upgrade improvements to the Enterprise of the Agency (the “Miners Ranch Water Treatment Plant Improvement Project” and, together with the Prior Project, the “Project”) be purchased by the Agency; and

WHEREAS, the Corporation has agreed to assist the Agency by acquiring, constructing, rehabilitating and equipping the Miners Ranch Water Treatment Plant Improvement Project for and by conveying and selling the Miners Ranch Water Treatment Plant Improvement Project and the Prior Project to the Agency, and the Agency has agreed to purchase the Project from the Corporation, all as provided herein; and

WHEREAS, the Agency has agreed to make scheduled installment payments to the Corporation for the purchase of the Project from the Corporation, all as provided herein; and

WHEREAS, the Agency and the Corporation hereby certify that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to the execution and entering into of the 2016 Installment Purchase Contract do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into the 2016 Installment Purchase Contract;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

## ARTICLE I

### DEFINITIONS

SECTION 1.01. Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any report or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

#### Accountant's Report

“Accountant's Report” means a report signed by an Independent Certified Public Accountant.

#### Agency

“Agency” means the South Feather Water and Power Agency, an irrigation district duly organized and existing under and by virtue of the laws of the State of California.

#### Board of Directors

“Board of Directors” means the Board of Directors of the Agency.

#### Business Day

“Business Day” means any day (other than a Saturday or a Sunday) on which banks in New York, New York, are open for business and on which the Trustee is open for business at its Principal Corporate Trust Office.

#### Certificate Insurer

[“Certificate Insurer” means [CERTIFICATE INSURER], a stock insurance company incorporated under the laws of the State of New York, as issuer of the financial guaranty insurance policy insuring the payment when due of the interest and principal evidenced and represented by the Certificates as provided therein.]

#### Certificates

“Certificates” means the South Feather Water and Power Agency Miners Ranch Water Treatment Plant Improvement Project 2016 Certificates of Participation authorized by the Trust Agreement and at any time outstanding thereunder that are executed and delivered by the Trustee thereunder.

### Code

“Code” means the Internal Revenue Code of 1986 and all then applicable regulations of the United States Department of the Treasury issued thereunder, and in this regard reference to any particular section of the Code shall include reference to all successors to such section of the Code.

### Corporation

“Corporation” means the South Feather Water and Power Agency Financing Corporation, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California.

### Date of Operation

“Date of Operation” means, with respect to any uncompleted Project, the estimated date by which such Project will have been completed and, in the opinion of an Independent Engineer, will be ready for use and operation by the Agency.

### Debt Service

“Debt Service” means, for any designated period, the sum of (1) the interest accruing during such period on all outstanding Parity Obligations, assuming that all outstanding serial Parity Obligations are retired as scheduled and that all outstanding term Parity Obligations are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is to be paid from the proceeds of sale of any Parity Obligations), (2) that portion of the principal amount of all outstanding serial Parity Obligations maturing on the next succeeding principal payment date that would have accrued during such period if such principal amount were deemed to accrue daily in equal amounts from the next preceding principal payment date or during the year preceding the first principal payment date, as the case may be, (3) that portion of the principal amount of all outstanding term Parity Obligations required to be redeemed or paid on the next succeeding redemption date (together with the redemption premiums, if any, thereon) that would have accrued during such period if such principal amount (and redemption premiums) were deemed to accrue daily in equal amounts from the next preceding redemption date or during the year preceding the first redemption date, as the case may be, and (4) that portion of the Installment Payments required to be made at the times provided in the Installment Purchase Contracts that would have accrued during such period if such Installment Payments were deemed to accrue daily in equal amounts from, in each case, the next preceding installment payment date of interest or principal or the date of the pertinent Installment Purchase Contract, as the case may be.

### Engineer’s Report

“Engineer’s Report” means a report signed by an Independent Engineer.

### Enterprise

“Enterprise” means collectively the Water Enterprise and the Hydropower Enterprise.

### Event of Default

“Event of Default” means an event defined as such in Sections 6.01(a), (b), (c) or (d) hereof.

### Federal Securities

“Federal Securities” means direct obligations of (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States), or obligations the timely payment of the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America.

### Fiscal Year

“Fiscal Year” means any twelve-month period extending from January 1 to December 31 in one calendar year, both dates inclusive, or any other twelve-month period selected and designated by the Agency, as applicable, as its official fiscal year period.

### Generally Accepted Accounting Principles

“Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures prescribed by the California State Controller or his or her successor for special districts in the State of California, or failing the prescription of such procedures means generally accepted accounting principles as presented and recommended by the American Institute of Certified Public accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

### Hydropower Enterprise

“Hydropower Enterprise” means the Agency’s domestic hydroelectric system, including the North Yuba Water District hydroelectric project, including all facilities, works, properties and structures of the Agency for the storage, treatment, transmission and distribution of power, including all contractual rights to power, transmission, easements, rights-of-way and other works, property or structures necessary or convenient for such facilities, together with all additions, betterments, extension and improvements to such facilities or any party thereof hereafter acquired or constructed.

### Hydropower Maintenance and Operation Costs

“Hydropower Maintenance and Operation Costs” means all reasonable and necessary costs paid or incurred by the Agency for maintaining and operating the Hydropower Enterprise, determined in accordance with Generally Accepted Accounting Principles, including

expenses related to the storage, treatment, transmission and distribution of power and including all reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Hydropower Enterprise in good repair and working order, and including all administrative costs of the Agency that are charged directly or apportioned to the operation of the Hydropower Enterprise, such as salaries and wages of employees, overhead, taxes (if any) and insurance premiums, and including all other reasonable and necessary costs of the Agency or charges required to be paid by it to comply with the terms hereof and of any resolution authorizing the execution of any Installment Purchase Contract or of such Installment Purchase Contract or of any resolution or indenture authorizing the issuance of any Parity Obligations or of such Parity Obligations, such as compensation, reimbursement and indemnification of the trustee, seller or lessor for any such Installment Purchase Contracts or Parity Obligations and fees and expenses of Independent Certified Public Accountants and Independent Engineers, but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles.

#### Hydropower Net Revenues

“Hydropower Net Revenues” means, for any period, all of the Hydropower Revenues during such period less all of the Hydropower Maintenance and Operation Costs during such period.

#### Hydropower Revenues

“Hydropower Revenues” means all gross income and revenue received or receivable by the Agency from the ownership and operation of the Hydropower Enterprise, calculated in accordance with Generally Accepted Accounting Principles, including all rates, fees and charges (including connection fees) received by the Agency and all other income and revenue howsoever derived by the Agency from the Hydropower Enterprise or arising from the Hydropower Enterprise; provided, however, that (i) any specific charges levied for the express purpose of reimbursing others for all or a portion of the cost of the acquisition or construction of the specific facilities, (ii) grants that are designated by the grantor for a specific purpose and are therefore not available for other purposes, or (iii) customers’ deposits or any other deposits subject to refund until such deposits have become the property of the Agency are not Hydropower Revenues and are not subject to the lien hereof.

#### Independent Certified Public Accountant

“Independent Certified Public Accountant” means any firm of certified public accountants duly licensed and entitled to practice and practicing as such under the laws of the State of California, appointed and paid by the Agency, and each of whom --

- (1) is in fact independent and not under the domination of the Agency;
- (2) does not have a substantial financial interest, direct or indirect, in the operations of the Agency; and

(3) is not connected with the Agency as a member of the Board of Directors or an officer or employee of the Agency, but may be regularly retained to audit the accounting records of the Agency and make reports thereon to the Agency.

#### Independent Engineer

“Independent Engineer” means any registered engineer or firm of engineers generally recognized to be well-qualified in engineering matters relating to water systems similar to the Enterprise, appointed and paid by the Agency, and each of whom:

- (1) is in fact independent and not under the domination of the Agency;
- (2) does not have a substantial financial interest, direct or indirect, in the operations of the Agency; and
- (3) is not connected with the Agency as a member of the Board of Directors or an officer or employee of the Agency, but may be regularly retained to make reports to the Agency.

#### Installment Payment Date; 2016 Installment Payment Date

“Installment Payment Date” means any date on which Installment Payments are scheduled to be paid by the Agency under and pursuant to any Installment Purchase Contract. “2016 Installment Payment Date” means any date on which 2016 Installment Payments are scheduled to be paid by the Agency under and pursuant hereto, being April 1 and October 1 of each year in which 2016 Installment Payments are due, commencing on [October 1, 2016].

#### Installment Payment Fund

“Installment Payment Fund” means the South Feather Water and Power Agency Miners Ranch Water Treatment Plant Improvement Project Installment Purchase Contract Payment Fund established under Section 5.01 of the Trust Agreement.

#### Installment Payments; 2016 Installment Payments

“Installment Payments” means the installment payments of interest and principal scheduled to be paid by the Agency under all Installment Purchase Contracts. “2016 Installment Payments” means the Installment Payments scheduled to be paid by the Agency hereunder.

#### Installment Purchase Contracts; 2016 Installment Purchase Contract

“Installment Purchase Contracts” means all installment purchase contracts of the Agency (including the 2016 Installment Purchase Contract) authorized and executed by the Agency under the Law, the Installment Payments under which are payable on a parity with the payment of the Parity Obligations and which are secured on a parity by a pledge of and lien on the Net Revenues. “2016 Installment Purchase Contract” means this 2016 Installment Purchase Contract executed and entered into as of [September 1, 2016], by and between the Agency and

the Corporation, as originally executed and entered into and as it may from time to time be amended or supplemented in accordance herewith.

#### Law

“Law” means the County Water District Law of the State of California (constituting Sections 20500 et seq. of the Water Code of the State of California), and all laws amendatory thereof or supplemental thereto.

#### Maintenance and Operation Costs

“Maintenance and Operation Costs” means collectively the Water Maintenance and Operation Costs and the Hydropower Maintenance and Operation Costs.

#### Miners Ranch Water Treatment Plant Improvement Project

“Miners Ranch Water Treatment Plant Improvement Project” means the additions, betterments, extensions and improvements to the Enterprise defined and described as the Miners Ranch Water Treatment Plant Improvement Project.

#### Net Proceeds

“Net Proceeds” means, when used with respect to any insurance or condemnation award, the proceeds from such insurance or condemnation award remaining after payment of all expenses (including attorneys’ fees) incurred in the collection of such proceeds.

#### Net Revenues

“Net Revenues” means collectively the Water Net Revenues and the Hydropower Net Revenues.

#### Owner

“Owner” means the registered owner of any outstanding Certificate, as shown on the registration books maintained by the Trustee under the Trust Agreement.

#### Parity Obligations

“Parity Obligations” means the Certificates, and all other bonds, notes, loan agreements, installment sale agreements, leases, or other obligations of the Agency, the payments of which are payable on a parity with the payment of the Installment Payments and which are secured on a parity by a pledge of and lien on the Net Revenues.

#### Principal Corporate Trust Office

“Principal Corporate Trust Office” means the corporate trust office of the Trustee in San Francisco, California; provided, that for the purposes of the transfer, registration, exchange, payment and surrender of the Certificates, “Principal Corporate Trust Office” shall

mean the corporate trust office of the Trustee in St. Paul, Minnesota, or such other office designated by the Trustee from time to time.

#### Prior Project

“Prior Project” means the project refinanced with proceeds of the bonds issued and sold pursuant to the Refunding Bond Agreement, by and between the Agency and Bank of Nevada, dated as of October 1, 2012.

#### Project

“Project” means, collectively, the Miners Ranch Water Treatment Plant Improvement Project and the Prior Project.

#### Project Fund

“Project Fund” means the South Feather Water and Power Agency Miners Ranch Water Treatment Plant Improvement Project 2016 Certificates of Participation Project Fund established under Section 3.03 of the Trust Agreement.

#### Purchase Price

“Purchase Price” means the portion of the principal amount of the 2016 Installment Payments plus the interest thereon owed by the Agency to the Corporation for the purchase of the Miners Ranch Water Treatment Plant Improvement Project under the terms hereof.

#### Reserve Funds; 2016 Certificate Payment Reserve Fund

“Reserve Funds” means the 2016 Certificate Payment Reserve Fund and all other reserve funds established to secure the payment of all Parity Obligations and Installment Purchase Contracts. “2016 Certificate Payment Reserve Fund” means the South Feather Water and Power Agency Miners Ranch Water Treatment Plant Improvement Project Installment Purchase Contract Reserve Fund established under Section 5.03 of the Trust Agreement.

#### Reserve Requirement

“Reserve Requirement” means the amount defined as such in the Trust Agreement.

#### Revenue Fund

“Revenue Fund” means the South Feather Water and Power Agency Water Revenue Fund now existing in the treasury of the Agency and maintained by the Agency under Section 3.02.

## Revenues

“Revenues” means collectively the Water Revenues and the Hydropower Revenues. Revenues shall include amounts on deposit in the Revenue Fund that have been previously released from the pledge and lien hereof.

## Trust Agreement

“Trust Agreement” means the Trust Agreement executed and entered into as of [September 1, 2016], by and among the Trustee, the Corporation and the Agency relating to the Certificates, as originally executed and entered into and as it may from time to time be amended or supplemented in accordance therewith.

## Trustee

“Trustee” means U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America and authorized to accept and execute trusts of the character set forth in the Trust Agreement, at its Principal Corporate Trust Office, and its successors or assigns, or any other bank or trust company or national banking association which may at any time be substituted in its place under Section 8.02 of the Trust Agreement.

## Water Enterprise

“Water Enterprise” means the Agency’s domestic water system, including all facilities, works, properties and structures of the Agency for the storage, treatment, transmission and distribution of water, including all contractual rights to water, transmission, easements, rights-of-way and other works, property or structures necessary or convenient for such facilities, together with all additions, betterments, extension and improvements to such facilities or any party thereof hereafter acquired or constructed.

## Water Enterprise Rate Stabilization Fund

“Water Enterprise Rate Stabilization Fund” means the fund by that name established and maintained by the Agency pursuant to Section 5.19.

## Water Maintenance and Operation Costs

“Water Maintenance and Operation Costs” means all reasonable and necessary costs paid or incurred by the Agency for maintaining and operating the Water Enterprise, determined in accordance with Generally Accepted Accounting Principles, including expenses related to the storage, treatment, transmission and distribution of water and any costs that would be found to constitute maintenance and operation costs under the “Agreement Between South Feather Water and Power Agency and Yuba County Water District,” by and between the Agency and the North Yuba Water District, formerly the Yuba County Water District, dated May 27, 2005, as amended, all costs of water purchased for the Water Enterprise (except those costs paid from taxes), and including all reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Water Enterprise in good repair and working order, and

including all administrative costs of the Agency that are charged directly or apportioned to the operation of the Water Enterprise, such as salaries and wages of employees, overhead, taxes (if any) and insurance premiums, and including all other reasonable and necessary costs of the Agency or charges required to be paid by it to comply with the terms hereof and of any resolution authorizing the execution of any Installment Purchase Contract or of such Installment Purchase Contract or of any resolution or indenture authorizing the issuance of any Parity Obligations or of such Parity Obligations, such as compensation, reimbursement and indemnification of the trustee, seller or lessor for any such Installment Purchase Contracts or Parity Obligations and fees and expenses of Independent Certified Public Accountants and Independent Engineers, but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles.

#### Water Net Revenues

“Water Net Revenues” means, for any period, all of the Water Revenues during such period less all of the Water Maintenance and Operation Costs during such period.

#### Water Revenues

“Water Revenues” means all gross income and revenue received or receivable by the Agency from the ownership and operation of the Water Enterprise, calculated in accordance with Generally Accepted Accounting Principles, including all rates, fees and charges (including connection fees) received by the Agency and all other income and revenue howsoever derived by the Agency from the Water Enterprise or arising from the Water Enterprise; provided, however, that (i) any specific charges levied for the express purpose of reimbursing others for all or a portion of the cost of the acquisition or construction of the specific facilities, (ii) grants that are designated by the grantor for a specific purpose and are therefore not available for other purposes, or (iii) customers’ deposits or any other deposits subject to refund until such deposits have become the property of the Agency are not Water Revenues and are not subject to the lien hereof.

## ARTICLE II

### THE PROJECT

#### SECTION 2.01. Acquisition, Construction, Sale and Purchase of the Project.

The Corporation hereby agrees to finance and/or refinance the acquisition, construction, rehabilitation and equipping of the Project for and to sell the Project to the Agency, and the Agency agrees to purchase the Project from the Corporation, all as provided herein; and in order to implement this provision, the Corporation hereby appoints the Agency as its agent for the purpose of financing and/or refinancing such acquisition and construction, and the Agency hereby agrees to enter into such engineering, design, purchase and construction contracts as may be necessary, as agent for the Corporation, to provide for the acquisition and construction of the Miners Ranch Water Treatment Plant Improvement Project, and the Agency hereby agrees that as such agent it will cause the acquisition, construction, rehabilitation and equipping of the Miners Ranch Water Treatment Plant Improvement Project to be diligently completed from the funds on deposit in the Project Fund for this purpose; provided, that the Agency shall only be

obligated for the payment of costs or expenses (whether as agent for the Corporation or otherwise) for the acquisition, construction, rehabilitation and equipping of the Miners Ranch Water Treatment Plant Improvement Project from funds on deposit in the Project Fund pursuant to Section 3.03 of the Trust Agreement. The Corporation hereby agrees to convey and sell, and hereby conveys and sells, the Project to the Agency, and the Agency hereby agrees to purchase, and hereby purchases, the Project from the Corporation. Notwithstanding the foregoing, it is hereby expressly understood and agreed that the Corporation shall be under no liability of any kind or character whatsoever for the payment of any costs or expenses incurred by the Agency (whether as agent for the Corporation or otherwise) for the acquisition, construction, rehabilitation and equipping of the Miners Ranch Water Treatment Plant Improvement Project and that all such costs and expenses shall be paid by the Agency, regardless of whether the funds deposited in the Project Fund are sufficient to cover all such costs and expenses.

In the event the Corporation fails to observe or perform any agreement, condition, covenant or term contained herein required to be observed or performed by it, the Agency may institute such action or proceeding against the Corporation as the Agency may deem necessary to compel the observance or performance of such agreement, condition, covenant or term, or to recover damages for the nonobservance or nonperformance thereof. The Agency may, at its own cost and expense and in its own name or in the name of the Corporation, prosecute or defend any action or proceeding or take any other action involving third persons which the Agency deems reasonably necessary in order to protect or secure its rights hereunder, and in such event the Corporation agrees to cooperate fully with the Agency and to take all action necessary to effect the substitution of the Agency for the Corporation in any action or proceeding if the Agency shall so request.

SECTION 2.02. [Additions to or Deletions from the Miners Ranch Water Treatment Plant Improvement Project](#). The Agency may at any time make additions to or make deletions from the Miners Ranch Water Treatment Plant Improvement Project, but only if the Agency first files with the Trustee a Certification of the Agency (as that term is defined in the Trust Agreement):

(a) identifying the work to be added to the Miners Ranch Water Treatment Plant Improvement Project and/or the work to be deleted from the Miners Ranch Water Treatment Plant Improvement Project; and

(b) stating (in the case of such an addition) that the estimated costs of the acquisition of such addition to the Miners Ranch Water Treatment Plant Improvement Project are not greater than the funds then on deposit in the Project Fund available to pay such estimated costs.

SECTION 2.03. [Title to the Project](#). Upon acquisition or construction of each portion of the Project by the Agency as agent for the Corporation, all right, title and interest therein shall automatically vest in the Agency, which automatic vesting shall occur without further action by the Corporation; provided, that the Corporation shall, if requested by the Agency or if necessary to assure such automatic vesting of such right, title or interest, execute and deliver any and all documents required to assure such vesting.

ARTICLE III

2016 INSTALLMENT PAYMENTS

SECTION 3.01. Purchase Price.

(a) The Purchase Price to be paid by the Agency hereunder to the Corporation for the purchase of the Project shall be the sum of the principal installments of the Agency's obligations hereunder plus the interest to accrue on the unpaid balance of such principal installments from the date hereof over the term hereof (subject in each case to any right of prepayment provided in Section 3.03) plus the 2016 Certificate Payment Reserve Fund deposits as provided in Section 4.02.

(b) The principal amount of the Agency's obligations hereunder is [Principal Amount] dollars (\$[PAR]).

(c) The principal installments of the Agency's obligations hereunder shall be due on the following 2016 Installment Payment Dates, and the interest on the unpaid balance of such principal installments shall accrue from the date of the initial delivery of the Certificates on such principal installments of the 2016 Installment Payments at the following annual rates of interest per annum, and shall be paid by the Agency as and constitute interest paid on the principal installments of the Agency's obligations hereunder, namely:

<u>2016 Installment Payment Date</u> <u>( ____ 1 )</u>	<u>Principal Installment</u>	<u>Interest Rate</u>
20__	\$	%

SECTION 3.02. Payment of the 2016 Installment Payments. The Agency shall, subject to any right of prepayment as provided in Section 3.03, pay the Corporation the 2016 Installment Payments as herein provided, without offset or deduction of any kind, by paying the principal installments of the 2016 Installment Payments annually in the amounts and on \_\_\_\_ 1 in each of the years in accordance with Exhibit A attached hereto and incorporated herein and made a part hereof, and by paying the interest installments of the 2016 Installment Payments, which interest installments shall be paid on [October 1, 2016], and semiannually thereafter on April 1 and October 1 in each of the years in the amounts in accordance with Exhibit A attached hereto and incorporated herein and made a part hereof; provided, that in the event the Agency fails to make any 2016 Installment Payment when due, such 2016 Installment Payment shall

continue as an obligation of the Agency, and the Agency shall pay the same with interest thereon from the due date thereof at the rate of interest applicable thereto.

In order to provide for the timely payment of the 2016 Installment Payments, the Agency agrees and covenants that it will, from Net Revenues on deposit in the Installment Payment Fund, on or before the fifth (5th) Business Day immediately preceding each date for which 2016 Installment Payments are due, deposit with the Trustee an amount equal to the 2016 Installment Payments due on such date; and in accordance with Section 5.01 of the Trust Agreement, amounts so deposited shall, until such due date, be invested for the benefit of the Agency and all earnings on such investment shall be retained by the Trustee in the Installment Payment Fund and credited against the next ensuing 2016 Installment Payment.

The obligation of the Agency to pay the 2016 Installment Payments from the Net Revenues as herein provided is absolute and unconditional, and until such time as the 2016 Installment Payments shall have been fully paid (or provision for the payment thereof shall have been made pursuant to Section 7.01), the Agency will not discontinue or suspend any 2016 Installment Payments required to be made by it under this section, whether or not the Enterprise or any part thereof is operating or operable, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such payments shall not be subject to abatement because of any damage to or destruction or condemnation of the Enterprise or any part thereof, and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

SECTION 3.03. [Prepayment of the 2016 Installment Payments.](#) The Agency may prepay the principal installments of the 2016 Installment Payments becoming due and payable on and after \_\_\_\_ 1, 20\_\_, on any date on or after \_\_\_\_ 1, 20\_\_, as a whole or in part (with each prepayment from such dates as may be selected by the Agency in integral multiples of five thousand dollars (\$5,000) principal amount), from any source of available funds, at a prepayment price equal to the sum of the principal amount prepaid plus accrued interest thereon to the date of prepayment, without a prepayment premium.

Before making any prepayment pursuant to this section, the Agency shall give written notice to the Corporation specifying the date on which the prepayment will be made, which date shall be not less than thirty-five (35) days from the date such notice is given.

Notwithstanding any such prepayment, the Agency shall not be relieved of its obligations hereunder until all 2016 Installment Payments shall have been fully paid (or provision for the payment thereof shall have been made under Section 7.01).

## ARTICLE IV

### REVENUES

SECTION 4.01. Pledge of Net Revenues; Revenue Fund. All Net Revenues are hereby irrevocably pledged to the payment on a parity of the 2016 Installment Payments and all other Installment Payments and Parity Obligations in accordance with the terms hereof and thereof as provided herein and therein, and the Net Revenues shall not be used for any other purpose while any of the 2016 Installment Payments remain unpaid; provided, that out of the Net Revenues there may be apportioned such sums for such purposes as are expressly permitted by this article. This pledge shall constitute a first and exclusive lien on the Net Revenues for the payment of the 2016 Installment Payments and all other Installment Purchase Contracts and Parity Obligations in accordance with the terms hereof and thereof, and the 2016 Installment Payments shall be secured by and payable on a parity with all such payments.

SECTION 4.02. Allocation of Revenues. In order to carry out and effectuate the pledge and lien contained herein, the Agency agrees and covenants that all Revenues shall be received by the Agency in trust hereunder and shall be deposited when and as received in the Revenue Fund, which fund was previously established in the treasury of the Agency and which fund the Agency agrees and covenants to continue to maintain in the treasury of the Agency so long as any 2016 Installment Payments remain unpaid, and all money in the Revenue Fund shall be applied and used as provided herein. The Agency shall pay all Maintenance and Operation Costs (including amounts reasonably required to be set aside in contingency reserves for Maintenance and Operation Costs the payment of which is not then immediately required) from the Revenue Fund as they become due and payable, and all remaining money in the Revenue Fund shall be set aside by the Agency (on a parity with the transfers for the payment of all other Debt Service, Installment Purchase Contracts and Parity Obligations, as applicable) at the following times in the following respective special funds (each of which is hereby established and each of which the Agency hereby agrees and covenants to maintain so long as any 2016 Installment Payments remain unpaid) in the following order of priority:

- (1) Installment Payment Fund (to be held by the Trustee); and
- (2) 2016 Certificate Payment Reserve Fund (to be held by the Trustee).

All money in each of such funds shall be held in trust and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this section.

(a) Installment Payment Fund. On or before the fifth (5th) Business Day before \_\_\_\_ 1 and \_\_\_\_\_ 1 of each year, beginning in \_\_\_\_\_, \_\_\_\_\_, the Agency shall, from the money in the Revenue Fund, transfer to the Trustee (on a parity with the transfers for the payment of all other Debt Service) for deposit in the Installment Payment Fund a sum equal to the amount of the interest installment becoming due hereunder on the next succeeding \_\_\_\_ 1 or \_\_\_\_ 1, as the case may be, and on or before the fifth (5th) Business Day before \_\_\_\_ 1 of each year, beginning in \_\_\_\_\_, 20\_\_\_\_, the Agency shall, from the money in the Revenue Fund, transfer to the Trustee (on a parity with the transfers for the payment of all other Debt Service) for deposit in the Installment Payment

Fund a sum equal to the amount of the principal installment becoming due hereunder on the next succeeding \_\_\_\_ 1.

No transfer to and deposit in the Installment Payment Fund need be made if the amount available and contained therein is at least equal to the amount of the interest installment becoming due hereunder on the next succeeding \_\_\_\_ 1 or \_\_\_\_ 1, as the case may be, plus (in the case of deposits required to be made on or before the fifth (5th) Business Day before each \_\_\_\_ 1) the amount of the principal installment becoming due hereunder on the next succeeding \_\_\_\_ 1.

[To discuss.]

(b) 2016 Certificate Payment Reserve Fund. On or before the fifth (5th) Business Day before \_\_\_\_ 1 and \_\_\_\_ 1 of each year, beginning in \_\_\_\_, 20\_\_, and on or before the fifth (5th) Business Day before the next succeeding \_\_\_\_ 1 or \_\_\_\_ 1, as the case may be, the Agency shall, from the remaining money in the Revenue Fund, thereafter transfer to the Trustee (on a parity with the transfers for the deposit in the Reserve Funds for all other Installment Purchase Contracts and Parity Obligations) for deposit in the 2016 Certificate Payment Reserve Fund an amount of money equal to the sum determined to be necessary to restore the 2016 Certificate Payment Reserve Fund to an amount equal to the Reserve Requirement (or to replenish any surety bond issued in lieu thereof), except that if the deficiency in the 2016 Certificate Payment Reserve Fund was occasioned by a reduction in the market valuation thereof (rather than a transfer therefrom), such deposit of money shall be equal to the sum determined to be necessary prior to such transfer to restore the 2016 Certificate Payment Reserve Fund to the Reserve Requirement.

No transfer to and deposit need be made in the 2016 Certificate Payment Reserve Fund if the amount available and contained therein is at least equal to the Reserve Requirement.

On \_\_\_\_ 1 of each year, beginning in 20\_\_, all remaining money in the Revenue Fund, after the foregoing deposits have been made, may be withdrawn from the Revenue Fund and deposited by the Agency in such fund as it may determine for expenditure for any lawful purpose of the Agency.

SECTION 4.03. Additional Installment Purchase Contracts and Parity Obligations. The Agency will not incur any obligations payable from the Net Revenues superior to the payment of the 2016 Installment Payments, although the Agency may at any time execute any Installment Purchase Contract or issue any Parity Obligations, as the case may be, to finance or refinance any Project the Debt Service on which Installment Purchase Contract or Parity Obligations is payable on a parity with the payment by the Agency of the 2016 Installment Payments from the Net Revenues if:

[To be discussed]

(a) The Net Revenues for the most recently audited Fiscal Year preceding the date of the adoption by the Board of Directors of the resolution authorizing the execution

of such Installment Purchase Contract or the issuance of such Parity Obligations, as the case may be (including adjustments to give effect to increases or decreases in charges, fees or rates for the use of the Enterprise approved and in effect as of the date of calculation), calculated (with respect to fees) on the basis of the average annual connection fees, annexation fees and other one-time fees received by the Agency during the immediately preceding three (3) audited Fiscal Year period, as evidenced by both a calculation prepared by the Agency and a special report prepared by an Independent Certified Public Accountant on such calculation on file with the Agency, shall have produced a sum equal to at least one hundred twenty-five per cent (125%) of the Debt Service for such Fiscal Year on all then outstanding Installment Purchase Contracts and Parity Obligations; and

(b) The estimated Net Revenues for the first Fiscal Year after the latest Date of Operation of any uncompleted Project (or the period for which interest is capitalized, whichever is longer), as evidenced by a calculation prepared by an Independent Engineer on file with the Agency, plus (after giving effect to the completion of all uncompleted Projects) an allowance for estimated Revenues for such Fiscal Year arising from any increase in the charges, fees or rates estimated to be fixed and prescribed for the use of the Enterprise in an amount equal to ninety per cent (90%) of the amount by which such Revenues would have been increased if such increase had been in effect during such Fiscal Year (as similarly evidenced), shall produce a sum equal to at least one hundred twenty-five per cent (125%) of the estimated Debt Service for such Fiscal Year; after giving effect, in either case, to the execution of all Installment Purchase Contracts and the issuance of all Parity Obligations estimated to be required to be executed or issued to pay the costs of completing all uncompleted Projects, assuming that all such Installment Purchase Contracts and Parity Obligations have maturities, interest rates and proportionate principal repayment provisions similar to the Installment Purchase Contract last executed or then being executed or the Parity Obligations last issued or then being issued for the purpose of acquiring and constructing any of such uncompleted Projects; and

(c) The Project to be acquired and constructed with the proceeds of such Installment Purchase Contract or such Parity Obligations, as the case may be, is technically feasible and the estimated cost of the acquisition and construction thereof is reasonable, and (after giving effect to the completion of all uncompleted Projects) the rates, fees and charges estimated to be fixed and prescribed for the use of the Enterprise for such Fiscal Year from the Fiscal Year in which such Installment Purchase Contract is executed or such Parity Obligations are issued, as the case may be, to and including the first complete Fiscal Year after the latest Date of Operation of any uncompleted Project are economically feasible and reasonably considered necessary based on projected operations for such period, as evidenced by an Engineer's Report (prepared at the time of the execution of the initial Installment Purchase Contract or the issuance of the initial Parity Obligations, as the case may be, for the purpose of acquiring and constructing the Project) on file with the Agency;

provided, that notwithstanding the foregoing conditions, any Installment Purchase Contract may be executed and delivered and any Parity Obligations may be issued without regard to such

conditions if the Debt Service in each Fiscal Year after the execution and delivery of any such Installment Purchase Contract or the issuance of any such Parity Obligations, as the case may be, is not increased by reason of the execution and delivery of such Installment Purchase Contract or the issuance of such Parity Obligations; and provided further, that notwithstanding the foregoing conditions, no such Installment Purchase Contract shall be executed and delivered nor such Parity Obligations shall be issued if an Event of Default shall have occurred and shall be then continuing.

## ARTICLE V

### COVENANTS OF THE AGENCY

SECTION 5.01. Compliance with the 2016 Installment Purchase Contract. The Agency will punctually pay the 2016 Installment Payments in strict conformity with the terms hereof, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by it, and will not terminate the 2016 Installment Purchase Contract for any cause whatsoever, including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to any portion of the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either or any failure of the Corporation to observe or perform any agreement, condition, covenant or term contained herein required to be observed and performed by it, whether express or implied. The Agency will, so long as any 2016 Installment Payments remain unpaid, maintain the Revenue Fund and apply the money therein as provided herein.

SECTION 5.02. Against Encumbrances. The Agency will not make any pledge of or place any lien on the Net Revenues except as provided herein; provided, that the Agency may at any time, or from time to time, issue evidences of indebtedness for any lawful purpose which are payable from and secured by a pledge of and lien on any Net Revenues then remaining in the Revenue Fund as provided in the last sentence of Section 4.02 so long as such pledge and lien shall be subordinate in all respects to the pledge of and lien on the Net Revenues provided herein.

SECTION 5.03. Against Sale or Other Disposition of the Enterprise. The Agency will not sell, lease or otherwise dispose of the Enterprise or any part thereof essential to the proper operation of the Enterprise or to the maintenance of the Net Revenues. The Agency will not enter into any agreement or lease which impairs the operation of the Enterprise or any part thereof necessary to secure adequate Net Revenues for the payment of the 2016 Installment Payments, or which would otherwise impair the rights of the Owners with respect to the Net Revenues or the operation of the Enterprise. Any real or personal property which has become nonoperative or which is not needed for the efficient and proper operation of the Enterprise, or any material or equipment which has become worn out, may be sold if such sale will not reduce the Net Revenues and if the proceeds of such sale are deposited in the Revenue Fund.

SECTION 5.04. Against Competitive Facilities. The Agency will not, to the extent permitted by law, acquire, construct, maintain or operate and will not, to the extent

permitted by law and within the scope of its powers, permit any other public or private agency, corporation, agency or political subdivision or any person whomsoever to acquire, construct, maintain or operate within the jurisdiction of the Agency any enterprise competitive with the Enterprise; provided, that nothing contained herein shall prevent the Agency from permitting other parties to sell services to retail customers within the area currently served by the Enterprise.

SECTION 5.05. Tax Covenants. The Agency will at all times do and perform all acts and things permitted by law which are necessary or desirable in order to assure that the interest installments of the 2016 Installment Payments will not be included in the gross income of the Owners for federal income tax purposes under the Code and will be exempt from State of California personal income taxes, and will take no action that would result in such interest being so included or not being so exempt. Without limiting the foregoing, the Agency and the Corporation will at all times comply with the requirements of the Tax Certificate (as that term is defined in the Trust Agreement) executed in connection with the delivery of the Certificates by the Trustee. This covenant shall survive any defeasance or discharge of the 2016 Installment Payments pursuant to Article VII or any prepayment of principal installments of the 2016 Installment Payments pursuant to Article III.

SECTION 5.06. Prompt Acquisition and Construction of the Miners Ranch Water Treatment Plant Improvement Project. The Agency will, as agent for the Corporation, acquire and construct the Miners Ranch Water Treatment Plant Improvement Project with all practicable dispatch, and such acquisition and construction will be made in an expeditious manner and in conformity with law so as to complete the same as soon as possible.

SECTION 5.07. Maintenance and Operation of the Enterprise. The Agency will maintain and preserve the Enterprise in good repair and working order at all times and will operate the Enterprise in an efficient and economical manner and will pay all Maintenance and Operation Costs as they become due and payable.

SECTION 5.08. Budgets. On or before the first day of each Fiscal Year, the Agency will adopt a budget approved by the Board of Directors setting forth the estimated Maintenance and Operation Costs and Revenues for such Fiscal Year, which budget may be amended at any time during such Fiscal Year.

SECTION 5.09. Payment of Claims. The Agency will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien on the Net Revenues or any part thereof or on any funds in the hands of the Agency prior to or superior to the lien of the 2016 Installment Payments or which might impair the security of the 2016 Installment Payments; provided, that nothing contained herein shall require the Agency to make any such payments so long as the Agency in good faith shall contest the validity of any such claims.

SECTION 5.10. Compliance with Contracts. The Agency will comply with, keep, observe and perform all agreements, conditions, covenants and terms, express or implied, required to be kept, observed and performed by it contained in all contracts for the use of the Enterprise and all other contracts affecting or involving the Enterprise to the extent that the Agency is a party thereto.

SECTION 5.11. [Insurance.](#)

(a) The Agency will procure and maintain insurance on the Enterprise with responsible insurers in such amounts and against such risks (including accident to or destruction of the Enterprise) as are usually covered in connection with Enterprises similar to the Enterprise so long as such insurance is available from reputable insurance companies. In the event of any damage to or destruction of the Enterprise caused by the perils covered by such insurance, the Net Proceeds thereof shall be applied to the reconstruction, repair or replacement promptly after such damage or destruction shall occur, and the Agency shall continue and properly complete such reconstruction, repair or replacement as expeditiously as possible, and shall pay out of such Net Proceeds all costs and expenses in connection with such reconstruction, repair or replacement so that the same shall be completed and the Enterprise shall be free and clear of all claims and liens; provided, that if such Net Proceeds are sufficient to enable the Agency to retire all Installment Purchase Contracts and Parity Obligations, the Agency may elect not to reconstruct, repair or replace the damaged or destroyed portion of the Enterprise, and thereupon such Net Proceeds shall be applied to the retirement of all such Installment Purchase Contracts and Parity Obligations.

(b) The Agency will procure and maintain such other insurance which it shall deem advisable or necessary to protect its interests and the interests of the Owners, which insurance shall afford protection in such amounts and against such risks as are usually covered in connection with Enterprises similar to the Enterprise; provided, that any such insurance may be maintained under a self-insurance program so long as such self-insurance is maintained in the amounts and manner usually maintained in connection with Enterprises similar to the Enterprise.

All policies of insurance required to be maintained herein shall provide that the Trustee shall be given thirty (30) days' written notice of any intended cancellation thereof or reduction of coverage provided thereby.

SECTION 5.12. [Accounting Records; Financial Statements and Other Reports.](#)

(a) The Agency will keep appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the Enterprise, which records shall be available for inspection by the Corporation and the Owners at reasonable hours and under reasonable conditions.

(b) The Agency will prepare and file with the Corporation and the Trustee annually within two hundred forty (240) days after the close of each Fiscal Year (commencing with the Fiscal Year ending December 31, 2016) --

(i) financial statements of the Agency for the preceding Fiscal Year prepared in accordance with Generally Accepted Accounting Principles, together with an Accountant's Report thereon and a special report prepared by the Independent Certified Public Accountant who examined such financial statements stating that nothing came to his attention in connection with such examination that indicated that the Agency was not in compliance with any of the financial

agreements or financial covenants contained herein, and the Trustee shall have no duty to review any such financial statements; and

(ii) a Certification of the Agency (as that term is defined in the Trust Agreement) that the Agency is currently maintaining in full force and effect all policies of insurance (or self-insurance provisions) required to be maintained by the Agency under Section 5.11, and the Trustee shall have no liability for the coverage or amounts of coverage of such policies.

(c) The Agency will prepare annually not more than two hundred forty (240) days after the close of each Fiscal Year (commencing with the Fiscal Year ending December 31, 2016) a Certification of the Agency (as that term is defined in the Trust Agreement) certifying that the Agency is in full compliance with all the agreements, conditions, covenants and terms hereof, and will furnish a copy of such Certification of the Agency to the Trustee, to any Owner and to any investment bankers, securities dealers and others interested in the Certificates requesting copies thereof.

SECTION 5.13. Protection of Security and Rights of Corporation. The Agency will preserve and protect the security hereof and the rights of the Corporation to the 2016 Installment Payments hereunder and will warrant and defend such rights against all claims and demands of all persons.

SECTION 5.14. Payment of Taxes and Compliance with Governmental Regulations. The Agency will pay and discharge all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon the Enterprise or any part thereof or upon the Revenues when the same shall become due. The Agency will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the Enterprise or any part thereof, but the Agency shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith.

SECTION 5.15. Amount of Charges, Fees and Rates. The Agency will fix, prescribe and collect charges, fees and rates for the Enterprise which are reasonably fair and nondiscriminatory and which will be at least sufficient to yield, during each Fiscal Year, Net Revenues equal to [one hundred twenty-five] per cent ([125]%) of the Debt Service for such Fiscal Year, plus the amount necessary to restore the 2016 Certificate Payment Reserve Fund to the Reserve Requirement in such Fiscal Year as provided herein. The Agency may make adjustments from time to time in such charges, fees and rates and may make such classification thereof as it deems necessary, but shall not reduce the charges, fees and rates then in effect unless the Net Revenues from such reduced charges, fees and rates will at all times be sufficient to meet the requirements of this section. If for any Fiscal Year the Agency does not meet the within rate covenant, the Agency will engage an Independent Engineer to recommend revised charges, fees and rates, and the Agency will, to the extent practicable and subject to applicable requirements and restrictions imposed by law and subject to a good faith determination by the Agency that such recommendations, in whole or in part, are in the best interests of the Agency, implement such revised charges, fees and rates so as to produce the necessary Net Revenues.

SECTION 5.16. [Collection of Charges, Fees and Rates](#). The Agency will have in effect at all times rules and regulations requiring each user of the Enterprise to pay the charges, fees and rates applicable to the Enterprise and providing for the billing thereof and for a due date and a delinquency date for each bill, and in each case where such bill remains unpaid in whole or in part after it becomes delinquent, the Agency will enforce the collection procedures contained in such rules and regulations. To the extent permitted by law, the Agency will not permit any part of the Enterprise or any facility thereof to be used or taken advantage of free of charge by any corporation, firm or person, or by any public agency (including the United States of America, the State of California and any city, county, Agency, political subdivision, public corporation or agency of any thereof).

SECTION 5.17. [Eminent Domain Proceeds](#). If all or any part of the Enterprise shall be taken by eminent domain proceedings, the Net Proceeds thereof shall be applied as follows:

(a) If (1) the Agency obtains and files with the Trustee an Engineer's Report showing (i) the estimated loss of annual Net Revenues, if any, suffered or to be suffered by the Agency by reason of such eminent domain proceedings, (ii) a general description of the additions, betterments, extensions or improvements to the Enterprise proposed to be acquired and constructed by the Agency from such Net Proceeds, and (iii) an estimate of the additional annual Net Revenues to be derived from such additions, betterments, extensions or improvements, and (2) the Agency, on the basis of such Engineer's Report, determines that the estimated additional annual Net Revenues will sufficiently offset the estimated loss of annual Net Revenues resulting from such eminent domain proceedings so that the ability of the Agency to meet its obligations hereunder will not be substantially impaired (which determination shall be final and conclusive), then the Agency shall promptly proceed with the acquisition and construction of such additions, betterments, extensions or improvements substantially in accordance with such Engineer's Report and such Net Proceeds shall be applied as set forth in a Written Request of the Agency (as that term is defined in the Trust Agreement) for the payment of the costs of such acquisition and construction, and any balance of such Net Proceeds not required by the Agency for such purpose shall be deposited in the Revenue Fund.

(b) If the foregoing conditions are not met, then such Net Proceeds shall be applied on a pro rata basis to the retirement of the Installment Purchase Contracts and the Parity Obligations.

SECTION 5.18. [Further Assurances](#). The Agency will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Corporation of the rights and benefits provided to it herein.

SECTION 5.19. [Water Enterprise Rate Stabilization Fund](#). The Agency covenants to maintain and hold a Water Enterprise Rate Stabilization Fund. The Agency may deposit Water Net Revenues or any other lawfully available funds in the Water Enterprise Rate Stabilization Fund as the Agency may determine, provided, that deposits for each Fiscal Year

may be made until (but not after) 120 days following the end of such Fiscal Year. The Agency may withdraw amounts from the Water Enterprise Rate Stabilization Fund for inclusion in Water Revenues for any Fiscal Year, but only until (but not after) 120 days after the end of such Fiscal Year. All interest earnings on the deposits in the Water Enterprise Rate Stabilization Fund shall be withdrawn and deposited in the Revenue Fund and accounted for as Water Revenues. Withdrawals from the Water Enterprise Rate Stabilization Fund may be made at any time by the Agency for any lawful purpose of the Water Enterprise.

SECTION 5.20. [Covenants Relating to Hydroelectric Enterprise Renewal Contracts](#). [The Agency shall use commercially reasonable efforts to maintain Hydropower Revenues at reasonable commercial levels and shall, at or prior to the expiration of any contracts or agreements from which Hydropower Revenues are derived, use commercially reasonable efforts to enter into new agreements or contracts such that it will continue to derive Hydropower Revenues at commercially reasonable rates.]

## ARTICLE VI

### EVENTS OF DEFAULT AND REMEDIES OF THE CORPORATION

SECTION 6.01. [Events of Default](#). If one or more of the following Events of Default shall happen, that is to say --

(a) if default shall be made in the due and punctual payment of any 2016 Installment Payment when and as the same shall become due and payable;

(b) if default shall be made by the Agency in the payment of Debt Service due under any other Installment Purchase Contract or any Parity Obligations;

(c) if default shall be made by the Agency in the observance or performance of any of the other agreements, conditions, covenants or terms on its part contained herein or in any Installment Purchase Contract or in any Parity Obligations required to be observed or performed by it, and such default shall have continued for a period of thirty (30) days after the Agency shall have been given notice in writing of such default by the Corporation, the Certificate Insurer or the Trustee; provided, that such default shall not constitute an Event of Default hereunder if the Agency shall commence to cure such default within such thirty (30)-day period and thereafter diligently and in good faith shall proceed to cure such default within a reasonable period of time; or

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

then, and in each and every such case during the continuance of such Event of Default the Trustee may, with the prior written consent of the Certificate Insurer, and shall, at the direction of the Certificate Insurer or the Owners of not less than a majority in aggregate principal amount of outstanding Certificates, with the prior written consent of the Certificate Insurer, by notice in writing to the Agency, declare the entire principal amount of the unpaid 2016 Installment Payments and the accrued interest thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything continued herein to the contrary notwithstanding; provided, that if at any time after the entire principal amount of the unpaid 2016 Installment Payments and the accrued interest thereon shall have been so declared due and payable and before any judgment or decree for the payment of the money thereby due shall have been obtained or entered the Agency shall deposit with the Trustee a sum sufficient to pay the unpaid principal amount of the 2016 Installment Payments due prior to such declaration and the accrued interest thereon, and the reasonable expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of the entire principal amount of the unpaid 2016 Installment Payments and the accrued interest thereon due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor and any amounts due and owing to the Certificate Insurer shall have been paid in full, then and in every case the Trustee, with the prior written consent of the Certificate Insurer, by written notice to the Agency, may rescind and annul such declaration and its consequences, except that no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon; and provided further, that in the case of an Event of Default, the Corporation shall exercise only such remedies as the Certificate Insurer shall direct or to which it shall consent.

SECTION 6.02. Application of Funds upon Acceleration. All money in the Revenue Fund on the date of the declaration of acceleration by the Corporation as provided in Section 6.01 allocable to the 2016 Installment Payments due hereunder and all Net Revenues thereafter received by the Agency allocable to the 2016 Installment Payments due hereunder shall be applied as provided in Section 7.04 of the Trust Agreement.

SECTION 6.03. Other Remedies of the Corporation. The Corporation shall have the right --

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the Agency or any member of the board of directors or officer or employee of the Agency, and to compel the Agency or any such member of the board of directors or officer or employee of the Agency to perform and carry out its or his or her duties under agreements and covenants required to be performed by it or him or her contained herein;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Corporation; or

(c) by suit in equity upon the happening of an Event of Default to require the Agency and the members of the board of directors and the officers and employees of the Agency to account as the trustee of an express trust.

SECTION 6.04. [Non-Waiver](#). Nothing in this article or in any other provision hereof shall affect or impair the obligation of the Agency, which is absolute and unconditional, to pay the 2016 Installment Payments to the Corporation at their respective due dates or upon prepayment as provided herein from the Net Revenues, or shall affect or impair the right of the Corporation, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

A waiver of any default or breach of duty or contract by the Corporation (which waiver shall be subject to the prior written consent of the Certificate Insurer) shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract, and no delay or omission by the Corporation to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Corporation by applicable law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Corporation.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely to the Corporation, the Agency and the Corporation and the Certificate Insurer shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

SECTION 6.05. [Remedies Not Exclusive](#). No remedy herein conferred upon or reserved to the Corporation is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by applicable law.

## ARTICLE VII

### DISCHARGE OF OBLIGATIONS

SECTION 7.01. [Discharge of Obligations](#).

(a) If the Agency shall pay or cause to be paid all the 2016 Installment Payments at the times and in the manner provided herein, the right, title and interest of the Corporation herein and the obligations of the Agency hereunder shall thereupon cease, terminate, become void and be completely discharged and satisfied.

(b) All or any portion of any unpaid principal installment of the 2016 Installment Payments shall on its scheduled payment date or date of prepayment be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if the Agency makes payment of such 2016 Installment Payments and the interest thereon in the manner provided herein, and money for the purpose of such payment or prepayment is then held by the Trustee.

(c) All or any portion of any unpaid principal installment of the 2016 Installment Payments shall, prior to its scheduled payment date or date of prepayment, be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section (except that the Agency shall remain liable for the payment of such 2016 Installment Payments, but only out of the money or securities deposited with the Trustee) if (i) there shall have been deposited with the Trustee either money in an amount which shall be sufficient, or Federal Securities which are not subject to redemption except by the holder thereof prior to maturity (including any such securities issued or held in book entry form), or tax-exempt obligations of a state or a political subdivision thereof which have been defeased under irrevocable escrow instructions with Federal Securities and which are rated in one of the two highest rating category by Moody's Investors Service and by Standard & Poor's Ratings Services, a division of S&P Global Inc., the interest on and principal of which when paid will provide money which, together with money, if any, deposited with the Trustee at the same time, shall be sufficient (as evidenced by a report of an Independent Certified Public Accountant regarding such sufficiency) to pay when due the principal installments of such 2016 Installment Payments or such portions thereof and the interest thereon on and prior to their payment dates or their dates of prepayment, as the case may be, (ii) notice of such deposit is given by the Agency to the Trustee, and (iii) an Opinion of Counsel (as the term is defined in the Trust Agreement) is filed with the Trustee to the effect that the action taken pursuant to this subsection will not cause the interest installments of the 2016 Installment Payments to be includable in gross income under the Code for federal income tax purposes and will not cause such interest installments not to be exempt from State of California personal income taxes.

## ARTICLE VIII

### MISCELLANEOUS

SECTION 8.01. Liability of Agency Limited to Net Revenues. Notwithstanding anything contained herein, the Agency shall not be required to advance any money derived from any source of income other than the Net Revenues for the payment of the 2016 Installment Payments or for the performance of any agreements or covenants required to be performed by it contained herein; provided, that the Agency may advance money for any such purpose so long as such money is derived from a source legally available for such purpose and may be legally used by the Agency for such purpose.

The obligation of the Agency to make the 2016 Installment Payments is a special obligation of the Agency and is payable solely from the Net Revenues, and does not constitute a debt of the Agency or the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction, and does not constitute an obligation for which the Agency is obligated to levy or pledge any form of taxation or for which the Agency has levied or pledged any form of taxation.

SECTION 8.02. Benefits of the 2016 Installment Purchase Contract Limited to Parties. Except as provided in Section 8.03, nothing contained herein, expressed or implied, is intended to give to any person other than the Agency, the Corporation and the Certificate Insurer any right, remedy or claim under or pursuant hereto, and any agreement or covenant required herein to be performed by or on behalf of the Agency or the Corporation shall be for the sole and

exclusive benefit of the Agency, the Corporation and the Certificate Insurer, which shall be deemed a beneficiary hereof.

SECTION 8.03. [Successor Is Deemed Included in All References to Predecessor](#). Whenever either the Agency or the Corporation is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Agency or the Corporation, and all agreements and covenants required hereby to be performed by or on behalf of the Agency or the Corporation shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

SECTION 8.04. [Waiver of Personal Liability](#). No member of the Board of Directors or officer or employee of the Agency shall be individually or personally liable for the payment of the 2016 Installment Payments, but nothing contained herein shall relieve any member of the Board of Directors or officer or employee of the Agency from the performance of any official duty provided by any applicable provisions of law or hereby.

SECTION 8.05. [Article and Section Headings, Gender and References](#). The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, convenience or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to “Articles,” “Sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words “hereby,” “herein,” “hereto,” “herewith,” “hereunder” and other words of similar import refer to the 2016 Installment Purchase Contract as a whole and not to any particular article, section, subdivision or clause hereof.

SECTION 8.06. [Partial Invalidity](#). If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the Agency or the Corporation shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof, and the Agency and the Corporation hereby declare that they would have executed the 2016 Installment Purchase Contract and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

SECTION 8.07. [Assignment](#). The 2016 Installment Purchase Contract and any rights hereunder may be assigned by the Corporation, as a whole or in part, without the necessity of obtaining the prior consent of the Agency.

SECTION 8.08. [Net Contract](#). The 2016 Installment Purchase Contract shall be deemed and construed to be a net contract, and the Agency shall pay absolutely net during the term hereof the 2016 Installment Payments and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off whatsoever.

SECTION 8.09. [California Law](#). The 2016 Installment Purchase Contract shall be construed and governed in accordance with the laws of the State of California.

SECTION 8.10. [Notices](#). All written notices to be given hereunder shall be given by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to the Agency:

South Feather Water and Power Agency  
Attention: General Manager  
2310 Oro-Quincy Hwy  
Oroville, California 95966

If to the Corporation:

South Feather Water and Power Agency Financing Corporation  
c/o South Feather Water and Power Agency  
Attention: Finance Division Manager  
2310 Oro-Quincy Hwy  
Oroville, California 95966

If to the Certificate Insurer:

[\_\_\_\_\_]

If to the Trustee:

U.S. Bank National Association  
Attention: Global Corporate Trust Services  
1 California Street, Suite 1000  
San Francisco, California 94111

SECTION 8.11. [Effective Date](#). The 2016 Installment Purchase Contract shall become effective upon its execution and delivery.

SECTION 8.12. [Execution in Counterparts](#). The 2016 Installment Purchase Contract may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed the 2016 Installment Purchase Contract by their officers thereunto duly authorized as of the day and year first written above.

SOUTH FEATHER WATER AND POWER  
AGENCY

By \_\_\_\_\_  
President of the Board of Directors

(SEAL)

ATTEST:

\_\_\_\_\_  
Secretary of the Board of Directors

SOUTH FEATHER WATER AND POWER  
AGENCY FINANCING CORPORATION

By \_\_\_\_\_  
President

(SEAL)

ATTEST:

\_\_\_\_\_  
Secretary

EXHIBIT A

2016 INSTALLMENT PAYMENT SCHEDULE

<u>2016 Installment Payment Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total 2016 Installment Payment</u>
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<u>2016 Installment Payment Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total 2016 Installment Payment</u>
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