DEPARTMENT: Public Works  
BY: Dana S. Hertfelder  
PHONE: 966-5356  

RECOMMENDED ACTION AND JUSTIFICATION:

Adopt Resolution by the Board of Supervisors of the County of Mariposa and the Board of Directors of the Mariposa County Public Financing Authority, Approving, Authorizing and Directing Related Actions

BACKGROUND AND HISTORY OF BOARD ACTIONS:

On June 15, 2004, the Board approved a resolution authorizing the issuance of improvement bonds in the amount of $2,700,000 for the construction of the Yosemite West Wastewater Facilities Project. On May 25, 2004, the Board of Supervisors adopted a resolution to fund the debt service requirements of the Yosemite West reserve capacity for the Yosemite West project. The reserve capacity is considered a general benefit under Proposition 218 and cannot be financed through assessment bonds. We are now requesting the Board and the Public Financing Corporation approve the attached resolutions approving and authorizing the issuance of improvement bonds and directing related actions that have been prepared by our bond counsel, Steve Casaleggi. The cover letter sent by Mr. Casaleggi is also attached for reference.

ALTERNATIVES AND CONSEQUENCES OF NEGATIVE ACTION:

N/A

Financial Impact? (x) Yes ( ) No  
Current FY Cost: $  
Budgeted In Current FY? (x) Yes ( ) No ( ) Partially Funded  
Amount in Budget: $  
Additional Funding Needed: $  
Source:  
Internal Transfer  
Unanticipated Revenue  
Transfer Between Funds  
Contingency  
( ) General  ( ) Other

List Attachments, number pages consecutively:
1. Casaleggi/Petrullos letter dated June 17, 2004
2. BOS resolution allowing County to proceed
3. Public Financing Corp resolution permitting involvement

CLERK'S USE ONLY:  
Res. No.:  
Vote – Ayes:  
Noes:  
Absent:  
Approved  
Minute Order Attached  ( ) No Action Necessary

The foregoing instrument is a correct copy of the original on file in this office.

Attest: MARGIE WILLIAMS, Clerk of the Board  
County of Mariposa, State of California

By:  
Deputy

Revised Dec. 2002
MARIPOSA COUNTY PUBLIC FINANCE CORPORATION

MINUTE ORDER

TO: TOM GUARINO, County Counsel
    JIM PETROPULOS, Public Works Director

FROM: MARGIE WILLIAMS, Clerk of the Board

SUBJECT: RESOLUTION AUTHORIZING ISSUANCE OF IMPROVEMENT BONDS AND RELATED ACTIONS RELATIVE TO YOSEMITE WEST WASTEWATER FACILITIES PROJECT
        Resolution No. 04-1

THE BOARD OF DIRECTORS OF MARIPOSA COUNTY PUBLIC FINANCE CORPORATION,
CALIFORNIA,

ADOPTED THIS Order on, July 6, 2004

ACTION AND VOTE:

10:32 a.m. PUBLIC FINANCING AUTHORITY
Adopt Resolutions by the Board of Supervisors of the County of Mariposa and the Board of Directors of the Mariposa County Public Financing Authority, Approving, Authorizing, and Directing Related Actions Relative to Improvements to Yosemite West Wastewater Facilities (Public Works Director)

COMMISSION ACTION: Discussion was held with Dana Hertfelder, Assistant Public Works Director. Supervisor Bibby advised of typographical corrections that need to be made to the documents. (M)Stetson, (S)Balmain, Public Financing Authority Res. No. 04-1 was adopted. Supervisor Balmain expressed concern with some of the wording in the documents and asked that his concerns be relayed to the Bond Counsel. Ayes: Stetson, Balmain, Bibby, Parker; Excused: Pickard.

cc: Mary Hodson, Deputy County Administrative Officer
    Ken Hawkins, Auditor
    Ed Wilson
    File
Thursday, June 17, 2004

Jim Petropulos
Public Works Director
County Of Mariposa
4639 Ben Hur Road
Mariposa, CA 95338

Via e-mail

Re: County of Mariposa—USDA Loan Documents for $300,000 Yosemite West Certificate of Participation

Dear Jim:

I understand from Dana Hertfelder that the County wishes to proceed as quickly as possible with the authorization and closing of the USDA loan for $300,000 to be secured with a "certificate of participation." This security uses the wastewater system revenues from Yosemite West to repay the loan. Dana tells me that the latest schedule calls for closing this loan and the USDA $2,700,000 loan, both on July 20, 2004.

The financing will be done by the County conveying the project to the Mariposa County Public Financing Corporation, (the "Corporation") and then "buying" it back under an installment sale agreement with the Corporation. The installment purchase payments will equal the repayments of the USDA loan. The administration of the loan is handled by the County's Auditor, as the "Trust Administrator." This is the same approach used in the County's solid waste composting facility financing in 2003 and saves several thousand dollars each year in corporate trustee fees.

While this kind of financing requires the Corporation to serve as the "seller" under the sale agreement, it does so only to facilitate the transaction. The Corporation assigns all its rights to receive installment payments to the Trust Administrator.
To allow closing on July 20, 2004, as now scheduled, the two resolutions shown below must be adopted as soon as possible. The first one is by the Board of Supervisors to allow the County to proceed, and the second is by the Corporation’s Board to allow it to be involved. Both resolutions must be adopted on the regular (not consent) agendas of the Supervisors and the Directors, by separate actions of each. These resolutions do not require any sort of noticed public hearing and both require simple majority votes for passage. The rest of the documents are supplied in draft form for information only and will be completed at loan closing. Enclosed are:

1. **Resolution of the Board of Supervisors of the County of Mariposa Approving, Authorizing and Directing Execution of Certain Installment Sale Financing Documents and Authorizing and Directing Related Actions.** This is to be adopted by the Board of Supervisors. It authorizes the financing and approves the forms of the listed legal documents on behalf of the County. It authorizes officials of the County to complete the required documents and the financing.

2. **Resolution of the Board of Directors of the Mariposa County Public Financing Authority Approving, Authorizing and Directing Execution of Certain Installment Sale Financing Documents, and Authorizing and Directing Related Actions.** This is for adoption on the same date by Supervisors, meeting as the Corporation's Board of Directors. It makes the same approvals as the County resolution and authorizes the participation of the Corporation as the third party to make the financing work.

3. **The Acquisition Agreement.** This allows the nominal title of the project to move to the Corporation from the County so that the rest of the financing structure can be put in place. Under this Agreement, the Corporation agrees to use the project facilities only for financing and to sell them back to the County under the Installment Sale Agreement.

4. **The Installment Sale Agreement.** This is the document that creates the obligations of the County to make semiannual payments each year in amounts sufficient to make the USDA loan payments when due.

5. **The Assignment Agreement.** This assigns the Corporation's rights to receive payments under the Installment Sale Agreements to the Trust Administrator for the financing. In this way, the Trust Administrator will be able to make payments to USDA under the Trust Agreement.

6. **The Trust Agreement.** This gives all the terms and conditions of the Certificate of Participation, including the interest rate, term of years and the various covenants and conditions required for a valid security. The Trust Agreement sets up various funds, which the Trust Administrator will use to pay the delivery costs of the Certificates, pay for the project construction costs, provide for regular payments on the Certificates to USDA, and set up reserves. Per USDA, the Interest Payment begins September 2, 2004 (capitalized interest with loan proceeds) and then on each March 2 and September 2.
7. Agreement for Special Legal Services. This is a form of agreement for our services as special counsel (bond counsel) for this financing. The fee is our minimum flat fee for small financings and is contingent and payable only on closing. The form is essentially the same as the one for the solid waste financing in 2003, which was approved by County Counsel at that time. The first resolution above approves the form and authorizes execution of this agreement. If approved, I will supply you with signed copies for execution by the County.

At the closing on July 20, 2004, USDA will advance at least $51,000 (the minimum under tax law) to pay the costs of issuing the certificates of participation and any other reimbursable costs the County has incurred to date. Please consult with Jose Guardado of USDA to determine the exact amount of the first loan advance.

Please call me with any questions or comments. Any remaining blanks will be filled in during the actual closing process. By copies hereof, I am asking the USDA and its counsel to provide comments and/or corrections, the “Offer to Purchase,” and closing instructions for USDA.

Thanking you for your assistance, I am

Very truly yours,

/is/ Stephen R. Casaleggio

SRC: sgs
Enclosures
cc w/enc.: Larry Hom, Esq., USDA, OGC, San Francisco
            Janice Waddell, USDA, Davis
            Jose Guardado, USDA, Merced
            Thomas Guarino, Esq.
            Margie Williams, Clerk
            Kenneth Hawkins, Auditor
            Richard Inman, County Administrative Officer
MARIPOSA COUNTY RESOLUTION NO. 04-328

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF MARIPOSA APPROVING, AUTHORIZING AND DIRECTING EXECUTION OF CERTAIN INSTALLMENT SALE FINANCING DOCUMENTS AND AUTHORIZING AND DIRECTING RELATED ACTIONS

RESOLVED, by the Board of Supervisors (the "Board") of the County of Mariposa (the "County"), State of California, that:

WHEREAS, the County is making improvements to its Y-West Wastewater Facilities including wastewater collection and treatment facilities and related real and personal property, buildings, structures, fixtures and equipment (the "Project");

WHEREAS, the County, working together with the Mariposa County Public Financing Corporation (the "Corporation"), is proposing to proceed with an installment sale financing in order to provide financing for the Project with the United States Department of Agriculture (the "USDA"); and

WHEREAS, the documents listed below have been filed with the County and the Board of Supervisors (the "Board"), with the aid of its staff, have reviewed such documents;

NOW, THEREFORE, BE IT DETERMINED AND ORDERED by the Board of Supervisors of Mariposa County, a political subdivision of the State of California, as follows:

Section 1. The documents listed below, substantially in the forms on file with the Clerk of the Board, all dated as of the date of closing of the USDA financing, are hereby approved. The Chairman and Vice Chairman of the Board, the County Administrative Officer, the Director of Public Works, the County Auditor, the Clerk of the Board or an authorized representative of such persons (each a "County Representative") are hereby separately authorized and directed to complete, together with any additions thereto or changes therein deemed necessary or advisable by the County Representative, and to execute such documents for the County and such execution shall be conclusive evidence of approval of any such additions or changes. The documents are:

(a) the Acquisition Agreement, by and between the County and the Corporation;

(b) the Installment Sale Agreement by and between the Corporation and the County; and

(c) the Trust Agreement by and among the Corporation, the County and the County Auditor, as Trust Administrator (the "Trust Administrator") relating to the financing of the Project, and the execution and delivery of a certificate of participation (the "Certificate of Participation") evidencing the direct, undivided fractional interests of the owner thereof in the lease payments to be made by the County under the Installment Sale Agreement
Section 2. The County Representative is hereby authorized and directed to accept for the County and upon receipt by the County of an offer to purchase the Certificate of Participation, submitted to the County by the USDA, which offer is hereby approved, so long as the aggregate principal amount of the Certificate of Participation does not exceed $300,000. In connection with such offer, the County Representative is hereby authorized and directed to complete and execute for and as required by the USDA, RUS Bulletin 1780-25 “Loan Resolution (Public Bodies”), the terms of which are hereby incorporated herein by reference.

Section 3. The County Representatives and any duly authorized officers of the County are hereby authorized and directed, for and in the name and on behalf of the County, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in order to effect the purposes of this Resolution and the financing of the Project.

Section 4. The County intends to issue the Certificate of Participation, which is an “Obligation” under United States Income Tax Regulations section 1.150-2 (the “Regulations”), in the maximum principal amount of approximately $300,000 to finance all or a portion of the costs of the Project. The Board hereby declares that the County reasonably expects to use a portion of the proceeds of the Obligation for reimbursement of expenditures for the Project that are paid before the date of issuance of the Obligation. This section of this resolution shall be solely for the purpose of complying with the provisions of the Regulations and shall not be deemed an approval of all or any part of the Project or a commitment on the part of this Board to issue any or all of the Obligation or otherwise provide for financing.

Section 5. The Board hereby approves the Agreement for Special Legal Services with Jones Hall, A Professional Law Corporation, San Francisco, California, in substantially the form on file with the County, for the purposes of these proceedings to authorize, issue and deliver the Certificate of Participation. The County Representatives are hereby authorized and directed to execute such agreement for the County.

Section 6. This Resolution shall take effect from and after the date of its passage and adoption.

************
PASSED and ADOPTED this 6th day of July, 2004, by the Board of Supervisors of Mariposa County, by the following vote:

AYES: STETSON, BALMAIN, BIBBY, PARKER

NOES: NONE

ABSENT: PICKARD

ABSTAINED: NONE

COUNTY OF MARIPOSA

[Signature]
GARRY R. PARKER, Chairman
Board of Supervisors

ATTEST:

[Signature]
MARGIE WILLIAMS
Clerk, Board of Supervisors

APPROVED AS TO FORM AND LEGAL SUFFICIENCY:

[Signature]
THOMAS P. GUARINO,
County Counsel
MARIPOSA COUNTY PUBLIC FINANCING CORPORATION
RESOLUTION NO. 04-1

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MARIPOSA COUNTY
PUBLIC FINANCING AUTHORITY APPROVING, AUTHORIZING AND DIRECTING
EXECUTION OF CERTAIN INSTALLMENT SALE FINANCING DOCUMENTS, AND
AUTHORIZING AND DIRECTING RELATED ACTIONS

RESOLVED by the Board of Directors (the "Board") of the Mariposa County Public
Financing Corporation (the "Corporation"), County of Mariposa (the "County"), State of
California that:

WHEREAS, the County of Mariposa (the "County") is making improvements to its Y-
West Wastewater Facilities including wastewater collection and treatment facilities and related
real and personal property, buildings, structures, fixtures and equipment (the "Project").

WHEREAS, the County, working together with the Corporation, is proposing to proceed
with an installment sale financing in order to provide permanent financing for the Project from
the United States Department of Agriculture (the "USDA"); and

WHEREAS, the documents below specified have been filed with the Corporation, and
the Board, with the aid of its staff, have reviewed such documents;

NOW, THEREFORE, it is hereby ORDERED AND DETERMINED, by the Board of
Directors of the Corporation as follows:

Section 1. The documents listed below, substantially in the forms on file with the Clerk
of the Board, all dated as of the date of closing of the USDA financing, are hereby approved.
The President, Vice-President, Executive Director, Secretary or Treasurer and any authorized
representative of such persons (each a "Corporation Representative") are hereby separately
authorized and directed to complete, together with any additions thereto or changes therein
deemed necessary or advisable by the Corporation Representative, and to execute such
documents for the County and such execution shall be conclusive evidence of approval of any
such additions or changes. The documents are:

(a) the Acquisition Agreement by and between the County and the
Corporation;

(b) the Installment Sale Agreement by and between the Corporation and the
County;

(c) the Trust Agreement by and among the Corporation, the County and the
County Auditor, as Trust Administrator (the "Trust Administrator") relating to the
financing of the Project, and the execution and delivery of a certificate of participation
evidencing the direct, undivided fractional interests of the owner thereof in the
installment payments to be made by the County under the Installment Sale Agreement
(the "Certificate of Participation"); and
(d) the Assignment Agreement by and between the Corporation and the Trust Administrator, by which the Corporation will assign certain of its rights under the Installment Sale Agreement, including its right to receive the respective installment payments, to the Trust Administrator.

Section 2. Each Corporation Representative, and any other duly-authorized officers or agents of the Corporation, are hereby authorized and directed, for and in the name and on behalf of the Corporation, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in order to effect the purposes of this resolution and the financing for the Project.

Section 3. This resolution shall take effect from and after the date of its passage and adoption.

* * * * * * * *

PASSED and ADOPTED this 6th day of July, 2004, by the Board of Directors of the Mariposa Public Financing Corporation, by the following vote:

AYES: STETSON, BALMAIN, BIBBY, PARKER

NOES: NONE

ABSENT: PICKARD

ABSTAINED: NONE

MARIPOSA COUNTY PUBLIC FINANCING CORPORATION

[Signature]
GARRY R. PARKER, President
Board of Directors

[SEAL]

ATTEST:

[Signature]
MARGIE WILLIAMS
Secretary, Board of Directors

APPROVED AS TO FORM AND LEGAL SUFFICIENCY:

[Signature]
THOMAS P. GUARINO,
County Counsel
ACQUISITION AGREEMENT

Dated as of July 20, 2004

by and between the

COUNTY OF MARIPOSA,
as Seller

and the

MARIPOSA COUNTY PUBLIC FINANCING CORPORATION,
as Purchaser

For

$300,000
Certificate of Participation
(County of Mariposa—Y-West Wastewater Project)
Series 2004
ACQUISITION AGREEMENT

THIS ACQUISITION AGREEMENT, dated as of July 20, 2004, is by and between COUNTY OF MARIPOSA, a county and political subdivision organized and existing under the laws of the State of California (the “County”), as seller, and the MARIPOSA COUNTY PUBLIC FINANCING CORPORATION, a non-profit corporation, duly organized and existing under and the laws of the State of California (the “Corporation”), as purchaser.

BACKGROUND

A. The County is making improvements to its Y-West Wastewater Facilities including wastewater collection and treatment facilities and related real and personal property, buildings, structures, fixtures and equipment as more particularly described in Exhibit A attached hereto and made a part hereof (the “Project”).

B. The Corporation wishes to acquire the Project from the County for the purpose of providing moneys to repay a portion of the cost of the construction of the Project.

C. The Corporation proposes to sell the Project back to the County pursuant to an Installment Sale Agreement, dated as of the date hereof, by and between the Corporation and the County (the “Installment Sale Agreement”).

D. Under the Installment Sale Agreement, the Corporation is required to deposit or cause to be deposited with the Auditor of the County, as trust administrator (the “Trust Administrator”) certain moneys to be credited, held and applied in accordance with an agreement by and among the Trust Administrator, the Corporation and the County, dated as of date hereof, together with any amendments or supplements thereto (the “Trust Agreement”).

E. Upon delivery of the Installment Sale Agreement and the deposit of moneys by the Corporation with respect thereto, the County is obligated to pay certain installment payments to the Corporation or its assignee. For the purpose of obtaining the moneys required to be deposited with the Trust Administrator, the Corporation is willing to assign and transfer its right, title and interest under the Installment Sale Agreement to the Trust Administrator for the benefit of the owner of the Certificate of Participation (County of Mariposa—Y-West Wastewater Project), Series 2004 (the “Certificate”) to be executed and delivered under the Trust Agreement, and in consideration of such assignment, the Trust Administrator is executing and delivering the Certificate to the initial purchaser thereof, the proceeds of which sale are anticipated by the Corporation to be sufficient to provide the moneys required to be deposited by the Corporation pursuant to the Installment Sale Agreement.

AGREEMENT

In consideration of the mutual covenants herein contained, and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto recite and agree as follows:

Section 1. Acquisition of the Project. The County hereby grants, conveys and sells to the Corporation all right, title and interest of the County in and to the Project and the Corporation hereby acquires all of the right, title and interest of the County in the Project.

Section 2. Acquisition Price. In consideration of the acquisition by the Corporation of the County’s right, title and interest in the Project pursuant to Section 1, the Corporation hereby
agrees to pay to the County the amount of not to exceed $300,000 payment of which shall be made in the form of the making of the deposits and application of the proceeds of the Certificate as set forth in Section 2.07 of the Trust Agreement.

Section 3. Amendment. This Acquisition Agreement may be amended by the parties hereto at any time during the Term of the Agreement (as defined in the Installment Sale Agreement).

Section 4. Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Acquisition Agreement.

Section 5. Execution. This Acquisition Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original but all together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the County and the Corporation have caused this Acquisition Agreement to be executed by their respective, duly authorized officers, all as of the day and year first above written.

MARIPOSA COUNTY PUBLIC
FINANCING CORPORATION,
as Purchaser

By: [Signature]
Secretary Board of Directors

COUNTY OF MARIPOSA,
as Seller

By: [Signature]
Auditor
EXHIBIT A

DESCRIPTION OF THE PROJECT

Within the County of Mariposa (the “County”), State of California, the construction and acquisition of improvements to the public wastewater collection and treatment facilities and related improvements for the County’s Y-West Wastewater Facilities (the “Project”), including the acquisition of all lands, easements, rights-of-way, licenses, franchises, and permits in accordance with plans and specifications to be approved by the County. The Project generally consists of the following:

1. Wastewater treatment and disposal system improvements, including conversion of aerated lagoons to extended aeration process treatment units and the conversion of the existing effluent disposal system from winter leach field/summer spray irrigation system to a year-round subsurface drip irrigation system, to be constructed within the existing Y-West Wastewater Facilities site and including the installation of a new headworks and a comminutor.

2. Wastewater collection system piping rehabilitation improvements, including repairs and replacements recommended by the Psomas dated April 2, 2001, entitled “Yosemite West Build-Out Improvements Report” (the “Psomas Report”) to reduce infiltration and inflow to the system.

3. All other incidental work that is necessary and/or convenient to accomplish the above, including the reimbursement of all or a portion of the costs of works already installed, to the extent permitted by applicable law.
INSTALLMENT SALE AGREEMENT

Dated as of July 20, 2004

by and between the

MARIPOSA COUNTY PUBLIC FINANCING CORPORATION,
as Seller

and the

COUNTY OF MARIPOSA,
as Purchaser

For

$300,000
Certificate of Participation
(County of Mariposa—Y-West Wastewater Project)
Series 2004
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Exhibit A  Description of the Project
Exhibit B  Schedule of Installment Payments
INSTALLMENT SALE AGREEMENT

THIS INSTALLMENT SALE AGREEMENT, dated as of July 20, 2004, by and between the MARIPOSA COUNTY PUBLIC FINANCING CORPORATION, a non-profit corporation duly organized and existing under the laws of the State of California, as seller (the "Corporation"), and the COUNTY OF MARIPOSA, a county and a political subdivision organized and existing under the laws of the State of California, as purchaser (the "County").

BACKGROUND

A. The County is making improvements to its Y-West Wastewater Facilities including wastewater collection and treatment facilities and related real and personal property, buildings, structures, fixtures and equipment, as more particularly described in Exhibit A hereto (the "Project");

B. The County's Board of Supervisors has determined that in order to accomplish such financing it is necessary and desirable to purchase the Project pursuant to this Installment Sale Agreement; and

C. The County will agree to make installment payments pursuant to this Installment Sale Agreement in order to purchase the Project from the Corporation;

AGREEMENT

In consideration of the above premises and of the mutual covenants hereinafter contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:
ARTICLE I

GENERAL

Section 1.01. Definitions. Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in this Installment Sale Agreement shall have the respective meanings given those terms in Appendix A to the Trust Agreement.

Section 1.02. Representations, Covenants and Warranties. The County and the Corporation represent, covenant and warrant to each other as follows:

(a) Each is validly organized and existing under the laws of the State.

(b) The laws of the State authorize each to enter into this Installment Sale Agreement and the Trust Agreement and to enter into the transactions contemplated by and to carry out its obligations under each of the aforesaid agreements, and the each has duly authorized and executed such agreements.

(c) The execution and delivery of this Installment Sale Agreement, the Trust Agreement, the fulfillment of or compliance with their terms and conditions and the consummation of the transactions contemplated by this Installment Sale Agreement and the Trust Agreement do not conflict with and do not result in a material breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which each is now a party or by which each is bound or constitutes a default under any of such agreement or instrument.

(d) Each has authorized and executed this Installment Sale Agreement in accordance with the laws of the State.

Section 1.03. Written Certificates.

(a) Contents. Every certificate provided for in this Installment Sale Agreement with respect to compliance with any provision hereof shall include (a) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the certificate is based; (c) a statement that, in the opinion of such person, he or she has made or caused to be made such examination or investigation as is necessary to enable him or her to express an informed opinion with respect to the subject matter referred to in the instrument to which his or her signature is affixed; (d) a statement of the assumptions upon which such certificate is based, and that such assumptions are reasonable; and (e) a statement as to whether, in the opinion of such person, such provision has been complied with.

(b) Reliance. Any such certificate made or given by a County Representative may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel or an accountant, unless such County Representative knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel or an accountant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the County, as the case may be) upon a certificate or opinion of or representation by a County
Representative, unless such counsel or accountant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such person’s certificate or opinion or representation may be based is erroneous. The same County Representative, or the same counsel or accountant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Installment Sale Agreement, but different officers, counsel or accountants may certify to different matters, respectively.

**Section 1.04. Exhibits.** The following Exhibits are attached to, and by this reference are made a part of, this Installment Sale Agreement:

- **Exhibit A:** Description of the Project
- **Exhibit B:** Schedule of Installment Payments
ARTICLE II

DEPOSITS; PAYMENTS ; CONSTRUCTION

Section 2.01. Deposit of Moneys. On the Closing Date, the County shall cause to be deposited with the Trust Administrator, the amount derived from Certificate proceeds in the funds as provided in the Trust Agreement.

Section 2.02. Payment of Construction Costs and Delivery Costs. Payment of the Construction Costs shall be made from the moneys deposited with the Trust Administrator in the Construction Fund, which moneys shall be disbursed for such purpose in accordance and upon compliance with Section 3.02 of the Trust Agreement. Payment of Delivery Costs shall be made from the moneys deposited with the Trust Administrator in the Construction Fund, which moneys shall be disbursed for such purpose in accordance and upon compliance with Section 3.04 of the Trust Agreement. The County hereby covenants to pay necessary Construction Costs and Delivery Costs in excess of amounts available from Certificate proceeds from any legally available source of funds.

Section 2.03. Unexpended Proceeds. In accordance with Section 3.05 of the Trust Agreement, all excess moneys remaining in the Construction Fund and not required for payment of Construction Costs shall be transferred to the Installment Payment Fund and applied to the prepayment of Certificate.

Section 2.04. Construction of Project. The Corporation hereby appoints the County its agent to acquire and construct the Project.
ARTICLE III

PROJECT SALE AND TITLE; INSTALLMENT PAYMENTS; NET REVENUES

Section 3.01. Sale. The Corporation hereby sells, bargains and conveys the Project to the County, and the County hereby purchases the Project from the Corporation upon the terms and conditions set forth in this Installment Sale Agreement.

Section 3.02. Title. The County and the Corporation agree that title to the Project shall be deemed conveyed to and vested in the County on the Closing Date, subject only to Permitted Encumbrances. The Corporation and its officers shall take all actions necessary to vest in the County all of the Corporation’s rights in and title to the Project.

Section 3.03. Assignment by the Corporation. The Corporation’s right, title and interest in this Installment Sale Agreement, including the right to receive and enforce payment of the Installment Payments to be made by the County under this Installment Sale Agreement, have been assigned to the Trust Administrator, subject to certain exceptions, pursuant to the Assignment Agreement, to which assignment the County hereby consents. The County understands and agrees that the Corporation has assigned its right, title and interest (but not its duties or obligations) in this Installment Sale Agreement to the Trust Administrator pursuant to the Assignment Agreement for the benefit of the Owners and the County assents to such assignment. The Corporation hereby directs the County, and the County hereby agrees, to pay to the Trust Administrator at the Trust Administrator’s principal corporate trust office or at such other place as the Trust Administrator shall direct in writing, all payments payable by the County pursuant to this Installment Sale Agreement.

Section 3.04. Term of the Installment Sale Agreement. The Term of the Installment Sale Agreement shall be as provided in Exhibit A of the Trust Agreement, unless sooner terminated.

Section 3.05. Installment Payments.

(a) Obligation to Pay. The County agrees to pay to the Corporation, its successors and assigns, as the purchase price of the Project, the Installment Payments, consisting of components of principal and interest, on the Installment Payment Dates and in the amounts specified in Exhibit B hereto, except such amounts shall be reduced by moneys on deposit in the Installment Payment Fund and credited to the payment of Installment Payments next due. The Installment Payments shall be payable solely from Net Revenues as hereinafter provided.

(b) Reduction Upon Partial Prepayment. In the event the County prepays less than all of the remaining principal components of the Installment Payments pursuant to Sections 4.02 and 4.03 hereof, the amount of such prepayment shall be applied to reduce the principal component of the subsequent remaining Installment Payments in any manner as directed by the County in a Written Certificate and the interest component of each subsequent remaining Installment Payment shall be reduced by the aggregate corresponding amount of interest which would otherwise be payable with respect to the Certificate redeemed as a result of such prepayment.

(c) Rate on Overdue Payments. In the event the County should fail to make any of the payments required in this Section 3.05 so that there are insufficient moneys on hand in the Installment Payment Fund to pay any Installment Payment in full on an
Installment Payment Date, the Installment Payment in default shall continue as an obligation of the County until the amount in default shall have been fully paid and the County agrees to pay the same with interest thereon, to the extent permitted by law, from the date thereof at the rate of interest payable with respect to the Certificate.

Section 3.06. Special Obligation of the County.

(a) **Limitations** The County's obligation to pay the Installment Payments shall be a special obligation limited solely to Net Revenues. Under no circumstances shall the County be required to advance any moneys derived from any source of income other than the Net Revenues and other sources specifically identified herein for the payment of the Installment Payments, nor shall any other funds or property of the County be liable for the payment of the Installment Payments.

(b) **Obligations Unconditional.** The obligations of the County to make the Installment Payments from Net Revenues and to perform and observe the other agreements contained herein shall be absolute and unconditional and shall not be subject to any defense or any right of set-off, counterclaim or recoupment arising out of any breach of the County, the Corporation or the Trust Administrator of any obligation to the County or otherwise with respect to the Project, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the County by the Corporation or the Trust Administrator.

(c) **Obligations Specified.** Until such time as all of the Installment Payments shall have been fully paid or prepaid, the County:

(i) suspend, abate, or discontinue any payments provided for in Section 3.05 hereof;

(ii) will perform and observe all other agreements contained in this Installment Sale Agreement; and

(iii) will not terminate the Term of the Installment Sale Agreement for any cause, including, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, the taking by eminent domain of title to or temporary use of any or all 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 or any political subdivision of either thereof or any failure of the Corporation or the Trust Administrator to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Trust Agreement, the Assignment Agreement or this Installment Sale Agreement.

(d) **Corporation Obligations.** Nothing contained in this Section 3.05 shall be construed to release the Corporation from the performance of any of the agreements on its part herein contained, and in the event the Corporation shall fail to perform any such agreements on its part, the County may institute such action against the Corporation as the County may deem necessary to compel performance so long as such action does not abrogate the obligations of the County contained in Section 3.05(b) above. The County may, however, at the County's own cost and expense and in the County's 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 County deems reasonably necessary in order to secure or protect the County's right of possession, occupancy and use hereunder, and in such event the Corporation hereby agrees to cooperate fully with the
County and to take such action necessary to effect the substitution of the County for the Corporation in such action or proceeding if the County shall so request.

Section 3.07. Pledge of Net Revenues; Transfer to Pay Installment Payments; Release from Lien.

(a) Pledge of Net Revenues. The County hereby agrees that the payment of the Installment Payments shall be secured by a pledge, charge and first and prior lien upon Net Revenues, and Net Revenues sufficient to pay the Installment Payments as they become due and payable are hereby pledged, charged, assigned, transferred and set over by the County to the Corporation and its assigns for the purpose of securing payment of the Installment Payments. The Net Revenues shall constitute a trust fund for the security and payment of the Installment Payments.

(b) Transfer to Pay Installment Payments. In order to provide for the payment of Installment Payments when due, the County shall, on or before each Installment Payment Date, transfer to the Trust Administrator for deposit into the Installment Payment Fund the amount indicated in Exhibit B attached hereto as required for the next occurring Installment Payment Date. Notwithstanding Exhibit B attached hereto, the County shall be obligated to make Installment Payments sufficient to pay all principal and interest due with respect to the Certificate.

(c) Release from Lien. Following the transfer described in paragraph (b) of this Section 3.07 with respect to the June 1 Installment Payment Date, Net Revenues in excess of amounts required for the payment of Installment Payments and any Parity Debt and for the replenishment of the Reserve Fund in that Fiscal Year shall be released from the lien of this Installment Sale Agreement and shall be available for any lawful purpose of the County.

Section 3.08. Rate Covenant. The County hereby covenants that it shall prescribe, revise and collect such charges for the services and facilities of the Enterprise which, after allowances for contingencies and error in the estimates, shall produce Gross Revenues sufficient in each Fiscal Year to provide Net Revenues equal to at least (i) the Installment Payments coming due and payable during such Fiscal Year, (ii) all payments required with respect to Parity Debt, and (iii) amounts required to replenish the Reserve Fund, as required by Section 6.05 of the Trust Agreement.

Section 3.09. Limitations on Future Obligations Secured by Net Revenues.

(a) No Obligations Superior to Installment Payments. In order to protect further the availability of the Net Revenues and the security for the Installment Payments and any Parity Debt, the County hereby agrees that the County shall not, so long as any Certificates are outstanding, issue or incur any obligations payable from Gross Revenues or Net Revenues superior to the Installment Payments or such Parity Debt.

(b) Parity Debt. The County further covenants that, except for obligations issued or incurred to prepay the Installment Payments in full pursuant to Section 4.02 hereof, the County shall not issue or incur any Parity Debt unless:

(i) The County is not in default under the terms of this Installment Sale Agreement;

(ii) Net Revenues, calculated on sound accounting principles, as shown by the books of the County for the latest Fiscal Year or any more recent
twelve (12) month period selected by the County ending not more than sixty (60) days prior to the adoption of the resolution pursuant to which instrument such Parity Debt is issued or incurred, as shown by the books of the County, plus, at the option of the County, the additional allowance described below, shall have amounted to at least 1.25 times the sum of the maximum Installment Payments coming due and payable in any future Fiscal Year and the maximum annual debt service on all Parity Debt outstanding immediately subsequent to the incurring of such additional obligations. Either or both of the following items may be added to such Net Revenues for the purpose of applying the restriction contained in this subsection (b)(ii):

(A) An allowance for revenues from any additions to or improvements or extensions of the Enterprise to be constructed with the proceeds of such additional obligations, and also for net revenues from any such additions, improvements or extensions which have been from moneys from any source but which, during all or any part of such Fiscal Year, were not in service, all in an amount equal to 70% of the estimated additional average annual Net Revenues to be derived from such additions, improvements and extensions for the first 36-month period following closing of the proposed Parity Debt, all as shown by the certificate or opinion of a qualified independent consultant employed by the County, may be added to such Net Revenues for the purpose of applying the restriction contained in this subsection (b)(ii).

(B) An allowance for earnings arising from any increase in the charges made for service from the Enterprise which has become effective prior to the incurring of such additional obligations but which, during all or any part of such Fiscal Year, was not in effect, in an amount equal to 100% of the amount by which the Net Revenues would have been increased if such increase in charges had been in effect during the whole of such Fiscal Year and any period prior to the incurring of such additional obligations, as shown by the certificate or opinion of a qualified independent engineer employed by the County.

(iii) A reserve fund shall be funded, for such Parity Debt which is at least equal to the amount resulting from the application on the closing date of such Parity Debt of the formula contained in the definition of "Reserve Requirement" contained herein.

(iv) So long as all of the Outstanding Certificates are held by the Original Purchaser, the prior written consent of such Certificate Owner shall have been obtained, which consent shall not be unreasonably withheld.

Section 3.10. Additional Payments. In addition to the Installment Payments, the County shall pay, from Net Revenues, when due all costs and expenses incurred by the Corporation to comply with the provisions of the Trust Agreement and this Installment Sale Agreement, including, without limitation all Delivery Costs (to the extent not paid from amounts on deposit in the Construction Fund), compensation due to the Trust Administrator for its fees, costs and expenses incurred under the Trust Agreement and the Assignment Agreement and all costs and expenses of attorneys, auditors, engineers and accountants.

Section 3.11. Payments to Reserve Fund. In addition to the Installment Payments, the County shall pay to the Trust Administrator, from Net Revenues, (a) on each Installment Payment Date, and for the Term of the Installment Sale Agreement, an amount equal to one-twentieth
(1/20th) of the average annual Debt Service on the Certificate, and (b) such amounts as shall be required to replenish the Reserve Fund in the event of a draw therefrom or a valuation determines that a deficiency exists therein, all in accordance with Section 6.05 of the Trust Agreement; provided, however, that in the event the amount on deposit in the Reserve Fund reaches the Reserve Requirement, the County shall discontinue the aforesaid payments to the Reserve Fund (except to the extent necessary to replenish the Reserve Fund) and direct the application of such payments to the payment of Operation and Maintenance Expenses and any further interest earnings on the Reserve shall be allocated under Section 8.03 of the Trust Agreement. For purposes of payment of such Operation and Maintenance Expenses, the County shall establish and maintain a fund designated the “Renewal and Replacement Fund” into which such moneys shall be placed.
ARTICLE IV

PREPAYMENT OF INSTALLMENT PAYMENTS

Section 4.01. Prepayment. The County shall have the right to prepay the Installment Payments, but only in the manner, at the times and in all respects in accordance with the provisions of this Article IV.

Section 4.02. Optional Prepayment. Subject to the terms and conditions of this Section 10.02, the Corporation hereby grants an option to County to prepay the Installment Payments in full, by paying the total unpaid principal component of the Installment Payments as set forth in Exhibit B or in part, but not in an amount of less than the Denomination Amount or any integral multiple thereof, at any one time. Such option may be exercised at any time. Said option shall be exercised by County by giving written notice to the Corporation and the Trust Administrator of the exercise of such option at least sixty (60) days prior to date of execution thereof. Such option shall be exercised in the event of prepayment in full, by depositing by the applicable date of prepayment listed below cash in the amount sufficient to pay the total unpaid principal component of the Installment Payments as set forth in Exhibit B on each Installment Payment Date, together with any Installment Payments then due but unpaid, or, in the event of prepayment in part, by depositing by the applicable date of prepayment, an amount divisible by the Denomination Amount equal to the amount desired to be prepaid together with any Installment Payments then due but unpaid.

In the event of prepayment in part, the partial prepayment shall be applied by the Corporation or its assignee against Installment Payments in such order as directed by the County, and the County shall prepare (or cause to be prepared) and provide to the Trust Administrator a revised schedule of Installment Payments reflecting such partial prepayment.

Section 4.03. Mandatory Prepayment From Net Proceeds of Insurance or Condemnation and from Unexpended Proceeds. The County shall be obligated to prepay the Installment Payments in whole or in part on any Installment Payment Date from and to the extent of (a) any Net Proceeds of any insurance or condemnation award theretofore deposited in the Installment Payment Fund for such purpose pursuant to Section 5.07 hereof or pursuant to Section 6.02 of the Trust Agreement; and (b) from any excess monies remaining in the Construction Fund and not required for payment of Construction Costs ("Unexpended Proceeds"). The County and the Corporation hereby agree that such Net Proceeds and Unexpended Proceeds shall be credited towards the County's obligations under this Section 10.03. Except in the case of such prepayment of the Installment Payments in full, such payment shall be in addition to the Installment Payment required to be paid by the County on such date.

Section 4.04. Credit for Amounts on Deposit. In the event the County elects or is required to prepay the Installment Payments in full under this Article IV, such that the Trust Agreement shall be discharged by its terms as a result of such prepayment, all amounts then on deposit in the Installment Payment Fund, the Construction Fund or the Reserve Fund shall be credited towards the amounts required to be so prepaid.

Section 4.05. Security Deposit. Notwithstanding any other provision of this Installment Sale Agreement, the County may, on any date, secure the payment of Installment Payments by a deposit with the Trust Administrator, as escrow holder under an escrow deposit and trust agreement as referenced in Section 14.01(d) of the Trust Agreement, of:
(a) **All Installment Payments.** In the case of a security deposit relating to all Installment Payments, either (i) an amount which, together with amounts on deposit in the Installment Payment Fund and the Reserve Fund, is sufficient to pay all unpaid Installment Payments, including the principal and interest components thereof, in accordance with the Installment Payment schedule set forth in Exhibit B attached hereto, or (ii) Defeasance Obligations, together with cash, if required, in such amount as will, in the opinion of nationally-recognized bond counsel and of an independent certified public accountant, together with interest to accrue thereon and, if required, all or a portion of moneys or Defeasance Obligations then on deposit in the Installment Payment Fund and the Reserve Fund, be fully sufficient to pay all unpaid Installment Payments on their Installment Payment Date; or

(b) **Portion of Installment Payments.** In the case of a security deposit relating to a portion of the Installment Payments both (i) a certificate executed by a County Representative designating the portion of the Installment Payments to which the deposit pertains, and (ii) cash or Defeasance Obligations, in such amount as will, together with interest to be received thereon, if any, and an allocable portion of amounts on deposit in the Installment Payment Fund and the Reserve Fund, be fully sufficient in the opinion of an independent certified public accountant, to pay the portion of the Installment Payments designated in the aforesaid County Representative’s certificate.

(c) **Effect.** In the event of a deposit pursuant to this Section 4.05, all obligations of the County under this Installment Sale Agreement pertaining to the portion of the Project for which the deposit has been made shall cease and terminate, excepting only the obligation of the County to make, or cause to be made, all Installment Payments, or the portion of Installment Payments to which the deposit pertains, from the deposit made by County pursuant to this Section 4.05. Such deposit shall be deemed to be and shall constitute a special fund for the payment of Installment Payments in accordance with the provisions of this Installment Sale Agreement; and further provided that any security deposit relating to the Project shall not affect the covenant of the County contained in Section 3.09 hereof in the event such security deposit is insufficient to pay or prepay all Installment Payments relating to the Project when and as the same become due and payable. Upon such deposit, the Corporation will execute or cause to be executed any and all documents as may be necessary to release the security provided hereby to the extent of such deposit.
ARTICLE V

MAINTENANCE; TAXES; INSURANCE; AND OTHER MATTERS

Section 5.01. Maintenance, Taxes and Assessments, Contests.

(a) Operation. The County covenants to operate the Enterprise in an efficient and economical manner and operate, maintain and preserve the Enterprise in good repair and working order in accordance with customary standards and practices applicable to similar facilities.

(b) Taxes and Assessments. The County shall also pay or cause to be paid all taxes and assessments of any type or nature charged to the Corporation or the County or levied, assessed or charged against the Enterprise or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the County shall be obligated to pay only such installments as are required to be paid during the Term of the Installment Sale Agreement as and when the same become due. The County shall not be required to pay any federal, state or local income, inheritance, estate, succession, transfer, gift, franchise, gross receipts, profit, excess profit, capital stock, corporate, or other similar tax payable by the Corporation, its successors or assigns, unless such tax is made in lieu of or as a substitute for any real estate or other tax upon property.

(c) Contest. The County may, at the County's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Corporation shall notify the County that, in the opinion of Independent Counsel, by nonpayment of any such items, or the Project or any part thereof will be subject to loss or forfeiture, in which event the County shall promptly pay such taxes, assessments or charges or provide the Corporation with full security against any loss which may result from nonpayment, in form satisfactory to the Corporation.

Section 5.02. Modification of Project. The County shall, at its own expense, have the right to remodel the Project or to make additions, modifications and improvements thereto. All such additions, modifications and improvements shall thereafter comprise part of the Project and be subject to the provisions of this Installment Sale Agreement. Such additions, modifications and improvements shall not in any way damage the Project or cause it to be used for purposes other than those authorized under the provisions of state and federal law; and the Project, upon completion of any additions, modifications and improvements made pursuant to this Section 5.02, shall be of a value which is not substantially less than the value of the Project immediately prior to the making of such additions, modifications and improvements.

Section 5.03. Installation of County’s Equipment. The County may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Project. All such items shall remain the sole property of the County, in which neither the Corporation nor the Trust Administrator shall have any interest, and may be modified or removed by the County at any time provided that the County shall repair and restore any and all damage to the Project resulting from the installation, modification or removal of any such items. Nothing in this Installment Sale Agreement shall prevent the County from purchasing items to be installed pursuant to this
Section 5.03 under a conditional sale or lease purchase contract, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof.

Section 5.04. Public Liability and Property Damage Insurance.

(a) Insurance Policies. The County shall maintain or cause to be maintained, throughout the Term of the Installment Sale Agreement, insurance policies, including a standard comprehensive general insurance policy or policies in protection of the County, its members, officers, agents and employees. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the construction or operation of the Enterprise (but only if such insurance is available at reasonable cost on the open market from reputable insurance companies). Such policy or policies shall provide coverage in the minimum liability limits of $1,000,000 for personal injury or death of each person and in each accident or event, and in a minimum amount of $250,000 (subject to a deductible clause of not to exceed $200,000) for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of $2,500,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried by the County, and may be maintained in the form of insurance maintained through a nonprofit public benefit corporation created for such purpose or in the form of self-insurance by the County.

(b) Self-Insurance. If the County shall maintain self-insurance, it shall supply to the Trust Administrator a statement of sufficiency by an independent insurance consultant or the County's risk manager on an annual basis as described in Section 4.06 hereof.

(c) Application of Net Proceeds. The Net Proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the insurance proceeds shall have been paid.

Section 5.05. Fire and Extended Coverage Insurance.

(a) Insurance Policies. The County shall procure and maintain, or cause to be procured and maintained, throughout the Term of the Installment Sale Agreement, insurance against loss or damage to any structures constituting any part of the Enterprise by fire and lightning, with extended coverage insurance but not including earthquake insurance. Flood insurance shall not be required for those structures referenced in Exhibit A hereto, but may be required for subsequent improvements to the Enterprise. Such insurance shall be in an amount equal to the greater of 100% of the replacement cost of the Project or the then Outstanding principal amount of Certificate. Such insurance may be subject to a deductible clause of not to exceed ten percent of said replacement cost for any one loss. Such insurance may be maintained as part of or in conjunction with any other fire and extended coverage insurance carried or required to be carried by the County, and may be maintained in the form of insurance maintained through a nonprofit public benefit corporation created for such purpose or in the form of self-insurance by the County.

(b) Self-Insurance. If the County shall maintain self-insurance, it will supply to the Trust Administrator a statement of sufficiency by an independent insurance consultant or the County's risk manager on an annual basis as described in Section 5.06 hereof.
(c) **Application of Net Proceeds.** Net Proceeds of such insurance shall be applied as provided in Section 5.07 hereof.

**Section 5.06. Insurance Net Proceeds; Form of Policies.** The insurance required by Section 5.04 hereof shall provide that all proceeds thereunder shall be payable to the Trust Administrator for the benefit of the Certificate Owners. The County shall pay or cause to be paid when due the premiums for all insurance policies required by this Installment Sale Agreement. All such policies shall provide that the Corporation and the Trust Administrator are named as additional insureds and that the Trust Administrator shall be given thirty (30) days' notice of each expiration, any intended cancellation thereof or reduction of the coverage provided thereby. The Trust Administrator shall not be responsible for the sufficiency of any insurance herein required or for the obtaining of such insurance and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the County. The County shall cause to be delivered to the Trust Administrator annually, no later than the end of each Fiscal Year, a Written Certificate signed by a County Representative stating that the County is in compliance with Sections 5.04 and 5.05 of this Agreement. The Trust Administrator may conclusively rely on such certificate.

**Section 5.07. Application of Net Proceeds.**

(a) **From Insurance Award.** The Net Proceeds of any insurance award resulting from any damage to or destruction of the Project by fire or other casualty shall be deposited in the Insurance and Condemnation Fund by the Trust Administrator promptly upon receipt thereof and, if the County Representative notifies the Trust Administrator in writing of the County's determination that the replacement, repair, restoration, modification or improvement of the Project is not economically feasible or in the best interest of the County, then such Net Proceeds shall be promptly transferred by the Trust Administrator to the Installment Payment Fund to be applied as provided in Section 4.03 hereof. All Net Proceeds deposited in the Insurance and Condemnation Fund and not so transferred shall be applied to the prompt replacement, repair, restoration, modification or improvement of the Project by the County, upon receipt of a requisition, signed by the County Representative and, so long as all of the Outstanding Certificates are held by the Original Purchaser, the Owner of the Certificate stating with respect to each payment to be made (i) the requisition number, (ii) the name and address of the person, firm or corporation to whom payment is due, (iii) the amount to be paid and (iv) that each obligation mentioned therein has been properly incurred, is a proper charge against the Insurance and Condemnation Fund, has not been the basis of any previous withdrawal, and specifying in reasonable detail the nature of the obligation. Any balance of the Net Proceeds remaining after such work has been completed shall be transferred to the Installment Payment Fund. The County covenants that it will commence such replacement, repair, restoration, modification or improvement or indicate that such replacement, repair, restoration, modification or improvement is not economically feasible within 180 days of receipt of such Net Proceeds.

(b) **From Eminent Domain Award.** The Net Proceeds of any eminent domain award shall be deposited in the Insurance and Condemnation Fund to be held and applied by the Trust Administrator pursuant to Section 7.02 of the Trust Agreement.

**Section 5.08 Advances.** If the County shall fail to perform any of its obligations under this Article V, the Corporation may, but shall not be obligated to, take such action as may be necessary to cure such failure, including the advancement of money, and the County shall be obligated to repay all such advances as soon as possible, with interest at the rate of interest with respect to the Certificate from the date of the advance to the date of repayment.
ARTICLE VI

DISCLAIMER OF WARRANTIES; ACCESS; INDEMNITY

Section 6.01. Disclaimer of Warranties. The Corporation makes no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the district for the Project or any item thereof, or any other representation or warranty with respect to the Project or any item thereof. In no event shall the corporation be liable for incidental, indirect, special or consequential damages, in connection with or arising out of this Installment Sale Agreement or the trust agreement for the existence, furnishing, functioning or district’s use of the Project.

Section 6.02. Access to the Project and Records. To the extent permitted by law, the County agrees that the Corporation, any Corporation Representative, and the Corporation’s successors or assigns shall have the right at all reasonable times to enter upon and to examine and inspect the Project. The County further agrees that the Corporation, any Corporation Representative, and the Corporation’s successors or assigns shall have such rights of access to the Project as may be reasonably necessary to cause the proper maintenance of the Project in the event of failure by the County to perform its obligations hereunder. In addition, the County agrees that the Corporation, any Corporation Representative, and the Corporation’s successors or assigns shall have the right at all reasonable times to inspect and examine all books, papers and records of the Corporation and the County pertaining to the Project and the Certificate, to make copies thereof and to take non-privileged memoranda therefrom or with respect thereto as may be desired.

Section 6.03. Indemnity. The County shall and hereby agrees to indemnify and save the Corporation and its successors and assigns harmless from and against all claims, losses and damages, including legal fees and expenses, arising out of: (a) the use, maintenance, condition or management of, or from any work or thing done on the Project by the County; (b) any breach or default on the part of the County in the performance of any of its obligations under this Installment Sale Agreement; (c) any act or negligence of the County or of any of its agents, contractors, servants, employees or licensees with respect to the Project; (d) any act or negligence of any assignee or sublessee of the County with respect to the Project; or (e) the construction of the Project or the authorization of payment of the Construction Costs or Delivery Costs by the County or the Corporation. No indemnification is made under this Section 6.03, or elsewhere in this Installment Sale Agreement for willful misconduct, negligence, or breach of duty under this Installment Sale Agreement by the Corporation, its officers, agents, employees, successors or assigns.
ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.01. Events of Default Defined. The following shall be "events of default" under this Installment Sale Agreement and the terms "events of default" and "default" shall mean, whenever they are used in this Installment Sale Agreement, any one or more of the following events:

(a) Failure by the County to pay any Installment Payment by the Installment Payment Date or failure to make any other payment required to be paid hereunder at the time specified herein; or

(b) Failure by the County to observe and perform any covenant, condition or agreement on its part to be observed or performed in this Installment Sale Agreement or the Trust Agreement, other than as referred to in clause (a) of this Section 7.01, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the County by the Corporation, the Trust Administrator or the Owners of not less than twenty-five percent (25%) in aggregate principal amount of Certificate then Outstanding; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Corporation, the Trust Administrator or such Owners, as applicable, shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the County within the applicable period and diligently pursued until the default is corrected; or

(c) The filing by the County of a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or the approval by a court of competent jurisdiction of a petition filed with or without the consent of the County seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction assumes custody or control of the County or of the whole or any substantial part of its property; or

(d) An event of default shall have occurred and be continuing with respect to any Parity Debt.

Section 7.02. Remedies on Default. Whenever any event of default referred to in Section 01 hereof shall have happened and be continuing, the Corporation shall have the right, at its option and without any further demand or notice, to:

(a) declare all principal components of the unpaid Installment Payments, together with accrued interest at the rate or rates specified in the respective Outstanding Certificate from the immediately preceding Installment Payment Date on which payment was made, to be immediately due and payable, whereupon the same shall become due and payable; and

(b) take whatever action at law or in equity may appear necessary or desirable to collect the Installment Payments then due or thereafter to become due during the Term of the Installment Sale Agreement, or enforce performance and observance of any obligation, agreement or covenant of the County under this Installment Sale Agreement.
Section 7.03. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Corporation is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Installment Sale Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Corporation to exercise any remedy reserved to it in this Article VII it shall not be necessary to give any notice, other than such notice as may be required in this Article VII or by law.

Section 7.04. Prosecution and Defense of Suits. The County shall promptly, upon request of the Corporation or its assignee, from time to time take or cause to be taken such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Project whether now existing or hereafter developing and shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and, to the extent permitted by law, shall indemnify or cause to be indemnified the Corporation and its assignee for all loss, cost, damage and expense, including attorneys' fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceedings.

To the extent permitted by law, the County shall defend, or cause to be defended, against every suit, action or proceeding at any time brought against the Corporation or its assignee upon any claim arising out of the receipt, application or disbursement of any of the Net Revenues or involving the rights or duties of the Corporation or its assignee under this Installment Sale Agreement or the Trust Agreement; provided, that the Corporation and its assignee at their election may appear in and defend any such suit, action or proceeding. The County shall indemnify or cause to be indemnified the Corporation and its assignee against any and all liability claimed or asserted by any person, arising out of such receipt, application or disbursement. Notwithstanding any contrary provision hereof, this covenant shall remain in full force and effect, even though all Installment Payments have been fully paid and satisfied, until a date which is three (3) years following the payment of the last of the Installment Payments.

Section 7.05. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Installment Sale Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 7.06. Application of the Proceeds. The Trust Administrator, as assignee of the Corporation, shall apply all amounts received under this Article VII as set forth in Section 13.03 of the Trust Agreement.

Section 7.07. Liability Limited to Net Revenues. Notwithstanding any provision of this Installment Sale Agreement, the County's liability to pay the Installment Payments and other amounts hereunder shall be limited solely to Net Revenues as provided in Sections 3.06 and 3.07 hereof. In the event that Net Revenues shall be insufficient at any time to pay an Installment Payment in full, the County shall not be liable to pay or prepay such Installment Payment other than from Net Revenues.

Section 7.08. Trust Administrator and Certificate Owners to Exercise Rights. Such rights and remedies as are given to the Corporation under this Article VII have been assigned by the Corporation to the Trust Administrator under the Assignment Agreement, to which assignment the County hereby consents. Such rights and remedies shall be exercised by the Trust Administrator and the Owners of the Certificate as provided in the Trust Agreement.
Section 7.09. Pro Rata Application of Net Revenues. If, at any time, there is a deficiency in Net Revenues available to pay the Installment Payments, any amounts due with respect to Parity Debt (which Parity Debt may require the consent of the Original Purchaser as set forth in Section 3.09(b)(iv) hereof), amounts required to replenish the Reserve Fund, amounts required to replenish any reserve fund established for Parity Debt, available Net Revenues shall be applied on a pro rata basis to the payment of such Installment Payments, to the payment of amounts due with respect to Parity Debt, to the replenishment of the Reserve Fund, to the replenishment of any reserve fund established for Parity Debt.
ARTICLE VIII
MISCELLANEOUS

Section 8.01. Assignment, Sale or Lease by the County.

(a) Assignment or Sale. This Installment Sale Agreement may not be assigned by the County, and the Enterprise may not be sold by the County during the Term of this Installment Sale Agreement.

(b) Lease. The County may lease the Project, or any portion thereof, with the consent of the Owner of the Certificate so long as all of the Outstanding Certificate are held by the Original Purchaser thereof, and subject to all of the following conditions:

(i) This Installment Sale Agreement and the obligation of the County to make Installment Payments hereunder shall remain obligations of the County;

(ii) The County shall, within thirty (30) days after the delivery thereof, furnish or cause to be furnished to the Corporation and the Trust Administrator a true and complete copy of the documents accomplishing such lease;

(iii) No such lease by the County shall cause the Project to be used for a purpose other than a governmental or proprietary function authorized under the provisions of the Constitution and laws of the State; and

(iv) No such lease shall cause the interest component of the Installment Payments to become subject to federal or State personal income taxes.

Section 8.02. Amendment of Installment Sale Agreement. The County will not alter, modify or cancel or agree or consent to alter, modify or cancel this Installment Sale Agreement, except as permitted by Article VII of the Trust Agreement, without the written consent of the Trust Administrator and the Corporation.

Section 8.03. Binding Effect. This Installment Sale Agreement shall inure to the benefit of and shall be binding upon the Corporation and the County and their respective successors and assigns.

Section 8.04. Applicable Law. This Installment Sale Agreement shall be governed by and construed in accordance with the laws of the State.

Section 8.05. Severability. In the event any provision of this Installment Sale Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 8.06. Captions. The captions or headings in this Installment Sale Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provision, Article or Section of this Installment Sale Agreement.

Section 8.07. Net Contract. This Installment Sale Agreement shall be deemed and construed to be a "net contract" and the County hereby agrees that the Installment Payments shall be an absolute net return to the Corporation, free and clear of any expenses, charges or set-offs whatsoever.

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Section 8.08. Further Assurances and Corrective Instruments. The Corporation and the County agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Project hereby sold or intended so to be or for carrying out the expressed intention of this Installment Sale Agreement.

Section 8.09. Corporation and County Representatives. Whenever under the provisions of this Installment Sale Agreement the approval of the Corporation or the County is required, or the Corporation or the County is required to take some action at the request of the other, such approval or such request shall be given for the Corporation by a Corporation Representative and for the County by a County Representative, and any party hereto shall be authorized to rely upon any such approval or request.

Section 8.10. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed to have been received 48 hours after deposit in the United States mail with postage fully prepaid:

the County: Auditor
County of Mariposa
P.O. Box 784
5100 Boullion Street
Mariposa, CA 95338

the Corporation: Secretary, Mariposa County Public Financing Corporation
c/o Clerk, Board of Supervisors
P.O. Box 784
5100 Boullion Street
Mariposa, CA 95338

the Trust Administrator: Auditor
County of Mariposa
P.O. Box 784
5100 Boullion Street
Mariposa, CA 95338

The Corporation, the County and the Trust Administrator, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

Section 8.11. Execution in Counterparts. This Installment Sale Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.
IN WITNESS, the County and the Corporation have caused this Installment Sale Agreement to be executed by their duly authorized officers as of the date first above written.

MARIPOSA COUNTY PUBLIC FINANCING CORPORATION, as Seller

By

Secretary Board of Directors

COUNTY OF MARIPOSA, as Purchaser

By

Auditor
EXHIBIT A

DESCRIPTION OF THE PROJECT

Within the County of Mariposa (the “County”), State of California, the construction and acquisition of improvements to the public wastewater collection and treatment facilities and related improvements for the County’s Y-West Wastewater Facilities (the “Project”), including the acquisition of all lands, easements, rights-of-way, licenses, franchises, and permits in accordance with plans and specifications to be approved by the County. The Project generally consists of the following:

1. Wastewater treatment and disposal system improvements, including conversion of aerated lagoons to extended aeration process treatment units and the conversion of the existing effluent disposal system from winter leach field/summer spray irrigation system to a year-round subsurface drip irrigation system, to be constructed within the existing Y-West Wastewater Facilities site and including the installation of a new headworks and a comminutor.

2. Wastewater collection system piping rehabilitation improvements, including repairs and replacements recommended by the Psomas dated April 2, 2001, entitled “Yosemite West Build-Out Improvements Report” (the “Psomas Report”) to reduce infiltration and inflow to the system.

3. All other incidental work that is necessary and/or convenient to accomplish the above, including the reimbursement of all or a portion of the costs of works already installed, to the extent permitted by applicable law.
### EXHIBIT B

**SCHEDULE OF INSTALLMENT PAYMENTS**

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|            | 300,000   | 326,449.58  | 626,449.58 | 626,449.58    |

Exhibit B
Page 2
ASSIGNMENT AGREEMENT

Dated as of July 20, 2004

by and between the

MARIPOSA COUNTY PUBLIC FINANCING CORPORATION,
    as Assignor

and the

AUDITOR OF THE COUNTY OF MARIPOSA,
    as Trust Administrator

For

$300,000
Certificate of Participation
(County of Mariposa—Y-West Wastewater Project)
Series 2004
ASSIGNMENT AGREEMENT

This ASSIGNMENT AGREEMENT, made and entered into as of July 20, 2004, by and between the MARIPOSA COUNTY PUBLIC FINANCING CORPORATION, a non-profit corporation organized and existing under the laws of the State of California (the “Corporation”), and AUDITOR OF THE COUNTY OF MARIPOSA, as trust administrator (the “Trust Administrator”) under the hereinafter-defined Trust Agreement.

BACKGROUND

A. The Corporation and the County of Mariposa (the “County”), have entered into an installment sale agreement, by and between the Corporation and the County, dated as of the date hereof (together with any amendments or supplements thereto, the “Installment Sale Agreement”), whereby the Corporation has agreed to sell to the County, and the County has agreed to purchase from the Corporation, certain improvements to the County’s Y-West Wastewater Facilities, as more particularly described in the Installment Sale Agreement, as amended or modified from time to time, (the “Project”), in the manner and on the terms set forth in the Installment Sale Agreement.

B. Under the Installment Sale Agreement, the Corporation is required to deposit or cause to be deposited with the Trust Administrator certain moneys to be credited, held and applied in accordance with a trust agreement by and among the Trust Administrator, the Corporation and the County, dated as of the date hereof, together with any amendments or supplements thereto (the “Trust Agreement”).

C. Upon delivery of the Installment Sale Agreement and the deposit of moneys by the Corporation with respect thereto, the County is obligated to pay certain installment payments to the Corporation or its assignee. For the purpose of obtaining the moneys required to be deposited with the Trust Administrator, the Corporation is willing to assign and transfer its right, title and interest under the Installment Sale Agreement to the Trust Administrator for the benefit of the owner of the certificate of participation (the “Certificate”) to be executed and delivered under the Trust Agreement, and in consideration of such assignment, the Trust Administrator is executing and delivering the Certificate to the initial purchasers thereof, the proceeds of which sale are anticipated by the Corporation to be sufficient to provide the moneys required to be deposited by the Corporation pursuant to the Installment Sale Agreement.

D. Each of the parties hereto is authorized to enter into this Assignment Agreement and has taken all actions necessary to authorize its officers to enter into it.

E. The capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Installment Sale Agreement.

AGREEMENT

In consideration of the mutual covenants herein contained, and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto recite and agree as follows:

Section 1. Assignment. The Corporation, for good and valuable consideration, does hereby irrevocably assign and transfer to the Trust Administrator, for the benefit of the Owners of the Certificate, all of its rights and interest in the Installment Sale Agreement (excepting only its rights under Sections 5.08, 6.03 and 7.04 thereof), including, without limitation, its rights to
receive and collect Installment Payments from County under the Installment Sale Agreement, its rights to the pledge of Net Revenues, the right to receive and collect any proceeds of any insurance maintained thereunder, or of any condemnation award rendered with respect to the Project and the right to exercise such rights and remedies as are conferred on the Corporation by the Installment Sale Agreement as may be necessary to enforce payment of the Installment Payments when due or otherwise to protect its interests in the event of a default by the County. The Installment Payments shall be applied, and the rights so assigned shall be exercised, by the Trust Administrator as provided in the Trust Agreement for the benefit of the owner of the Certificate.

Section 2. Acceptance. The Trust Administrator hereby accepts such assignment in trust for the purpose of securing, equally and proportionately, such payments and rights to the Owners of the Certificate delivered pursuant to the Trust Agreement, all subject to the provisions of the Trust Agreement.

Section 3. Conditions. This Assignment Agreement shall confer no rights and impose no duties upon the Trust Administrator beyond those expressly provided in the Trust Agreement. The Trust Administrator does not warrant the accuracy of the recitals in "Background" above.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment Agreement by their officers thereunto duly authorized as of the date in the first paragraph above.

MARIPOSA COUNTY PUBLIC FINANCING CORPORATION,
as Assignor

By: [Signature]
Secretary, Board of Directors

AUDITOR OF THE
COUNTY OF MARIPOSA,
as Trust Administrator

[Signature]
Auditor
TRUST AGREEMENT

Dated as of July 20, 2004

by and among

AUDITOR OF THE COUNTY OF MARIPOSA,
as Trust Administrator

the
MARIPOSA COUNTY PUBLIC FINANCING CORPORATION,

and the
COUNTY OF MARIPOSA

$300,000
Certificate of Participation
(County of Mariposa—Y-West Wastewater Project)
Series 2004
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TRUST AGREEMENT

This TRUST AGREEMENT, made and entered into as of July 20, 2004, by and among the AUDITOR OF THE COUNTY OF MARIPOSA, as trust administrator (the “Trust Administrator”), the MARIPOSA COUNTY PUBLIC FINANCING CORPORATION, a non-profit corporation organized and existing under the laws of the State of California (the “Corporation”), and the COUNTY OF MARIPOSA, a county and a political subdivision organized and existing under the laws of the State of California (the “County”), as purchaser under said Installment Sale Agreement;

BACKGROUND

A. The County and the Corporation have entered into an installment sale agreement (the “Installment Sale Agreement”), dated as of the date hereof, whereby the Corporation has agreed to sell certain improvements to the County’s Y-West Wastewater Facilities, including related real and personal property building structures, fixtures and equipment (the “Project”) to the County and the County has agreed to purchase the Project from the Corporation; and

B. To obtain the moneys required to be deposited by it with the Trust Administrator for financing the construction of the Project, the Corporation proposes to assign and transfer certain of its rights under the Installment Sale Agreement to the Trust Administrator and, in consideration of such assignment and the execution of this Trust Agreement, the Trust Administrator has agreed to execute and deliver a certificate of participation, each evidencing a direct, undivided fractional interest in the Installment Payments and Prepayments (each as hereinafter defined) to be made by the County, to provide the moneys required herein to be deposited by the Corporation;

AGREEMENT

In consideration of the premises and the mutual covenants contained herein, the parties hereto hereby agree as follows:
ARTICLE I
DEFINITIONS; AUTHORIZATION; EXHIBITS

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in Exhibit A attached hereto shall, for all purposes of this Trust Agreement, have the meanings therein specified.

Section 1.02. Authorization. Each of the parties hereby represents and warrants that it has full legal Corporation and is duly empowered to enter into this Trust Agreement, and has taken all actions necessary to authorize the execution of this Trust Agreement by the officers and persons signing it.

Section 1.03. Content of Written Certificates.

(a) Contents. Every certificate provided for in this Trust Agreement with respect to compliance with any provision hereof, except the certificate of destruction pursuant to Section 14.07 hereof, shall include (a) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the certificate is based; (c) a statement that, in the opinion of such person, he has made or caused to be made such examination or investigation as is necessary to enable such person to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; (d) a statement of the assumptions upon which such certificate is based, and that such assumptions are reasonable; and (e) a statement as to whether, in the opinion of such person, such provision has been complied with.

(b) Reliance. Any such certificate made or given by a County Representative may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel or an accountant, unless such County Representative knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel or an accountant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the County, as the case may be) upon a certificate or opinion of or representation by a County Representative, unless such counsel or accountant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such certificate or opinion or representation may be based, as aforesaid, is erroneous. The same County Representative, or the same counsel or accountant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Trust Agreement, but different officers, counsel or accountants may certify to different matters, respectively.

Section 1.04. Exhibits. The following Exhibits are attached to, and by this reference are made a part of, this Trust Agreement:

Exhibit A: Definitions
Exhibit B: Form of Certificate of Participation
Exhibit C: Form of Disbursement Requisition from Construction Fund
ARTICLE II
THE CERTIFICATE OF PARTICIPATION

Section 2.01. Authorization. The Trust Administrator is hereby authorized and directed upon written request from the Corporation to execute and deliver, to the Original Purchaser, Certificate in the Principal Amount evidencing undivided fractional interests in the Installment Payments and the prepayments. The aggregate principal amount of the Certificate shall not in any case exceed the aggregate payments by the Original Purchase therefor, as such payments and the dates thereof are endorsed on the single, fully registered Certificate. No provision is made for the Certificate to be executed and delivered in blocks or phases as the Original Purchaser’s regulations for single delivery have been satisfactorily met.

Section 2.02. Date. The Certificate shall be dated as of the date of delivery thereof.

Section 2.03. Maturity; Interest Rates. The Certificate shall mature on December 1 in the years and in the principal amounts, and interest with respect thereto shall be computed at the Interest Rate, as shown below:

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**Section 2.04. Interest.** Interest on the Certificate shall be payable semiannually on each Interest Payment Date to and including the date of final principal payment (or provision therefor under Section 14.01 hereof) or prepayment, whichever is earlier, determined on the Original Purchaser’s aggregate payments for the single Certificate from the respective date(s) thereof, as such payments and dates thereof are endorsed on the single Certificate and computed on the basis of a 365-day year. Such interest shall represent the portion of Installment Payments designated as interest and coming due during the six-month period preceding each Interest Payment Date. The portion of Installment Payments designated as interest with respect to any Certificate shall be computed by multiplying the portion of Installment Payments designated as principal with respect to such Certificate by the rate of interest applicable to such Certificate.

Interest on any Certificate shall be payable from the Interest Payment Date next preceding the date of execution thereof, unless (i) such Certificate is executed on an Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (ii) such Certificate is executed after the close of business on the fifteenth (15th) day of the month immediately preceding the following Interest Payment Date and prior to such Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) such Certificate is executed on or before the fifteenth (15th) day of the month preceding the first Interest Payment Date, in which event interest shall be payable from the date of delivery thereof; provided, however, that if at the time of execution of any Certificate, interest with respect thereto is in default, interest with respect thereto shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment. Payment of interest with respect to any Certificate shall be made to the person appearing on the registration books of the Trust Administrator as the Owner thereof as of the fifteenth (15th) day of the month preceding such Interest Payment Date, such interest to be paid by wire transfer or in the electronic funds transfer manner specified by the Government if the Government is the Owner or by check mailed by first-class mail to the Owner at the Owner’s address as it appears on such registration books.

**Section 2.05. Form of Certificate; Legends.** The Certificate shall be delivered in the form of fully registered Certificate, without coupons, in the Denomination Amount or any integral multiple thereof, except that one Certificate may contain any odd amount, and no Certificate may have principal maturing in more than one year. The Certificate shall be numbered in such manner as the Trust Administrator deems appropriate. At the option of the Original Purchaser of the Certificate, a single, fully-registered Certificate may be executed and delivered, in lieu of serial, registered Certificate, which single Certificate shall mature in installments of the same principal amounts and on the same dates as the registered Certificate it represents. The single Certificate
shall be substantially in the form set forth in Exhibit B attached hereto and by this reference incorporated herein. The Certificate may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Trust Agreement as may be necessary or desirable to comply with custom, or otherwise.

Section 2.06. Execution. The Certificate shall be executed by and in the name of the Trust Administrator, at the written direction of the Corporation, by the manual signature of an authorized signatory of the Trust Administrator.

Section 2.07. Transfer and Exchange. The following shall apply to transfers and exchanges of Certificate, provided that no transfer or exchange of Certificate shall be required to be made during the fifteen (15) days prior to the date of selection of Certificate for prepayment, or of any Certificate selected for prepayment:

(a) Transfer of Certificate. Any Certificate may, in accordance with its terms, be transferred upon the books required to be kept pursuant to the provisions of Section 2.12 hereof by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Certificate for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trust Administrator, duly executed. Whenever any Certificate shall be surrendered for transfer, the Trust Administrator shall deliver a new Certificate or Certificates of the same maturity, interest rate and aggregate principal amount in authorized denominations to the transferee thereof. The Trust Administrator may require the payment by the Certificate Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

(b) Exchange of Certificate. Certificate may be exchanged at the Principal Trust Office, for a like aggregate principal amount of Certificate of other authorized denominations of the same maturity. The Trust Administrator may require the payment by the Certificate Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

Section 2.08. Certificate Mutilated, Lost, Destroyed or Stolen. If any Certificate shall become mutilated, the Trust Administrator, at the expense of the Owner of said Certificate, shall execute and deliver a new Certificate of like maturity and principal amount in authorized denominations in exchange and substitution for the Certificate so mutilated, but only upon surrender to the Trust Administrator of the Certificate so mutilated. Every mutilated Certificate so surrendered to the Trust Administrator shall be canceled by it and destroyed in accordance with Section 14.07 hereof, and the Trust Administrator shall deliver a certificate of destruction to the County. If any Certificate shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trust Administrator and, if such evidence is satisfactory to the Trust Administrator and if an indemnity satisfactory to the Trust Administrator and the Corporation shall be given, the Trust Administrator, at the expense of the Certificate Owner, shall execute and deliver a new Certificate of like tenor and maturity and numbered as the Trust Administrator shall determine in lieu of and in substitution for the Certificate so lost, destroyed or stolen. The Trust Administrator may require payment of an appropriate fee for each new Certificate delivered under this Section 2.08 and of the expenses which may be incurred by the Trust Administrator in carrying out the duties under this Section 2.08. Any Certificate delivered under the provisions of this Section 2.08 in lieu of any Certificate alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Trust Agreement with all other Certificate secured by this Trust Agreement. The Trust Administrator shall not be required to treat both the original Certificate and any substitute Certificate as being Outstanding for the purpose of determining the principal amount of Certificate which may be executed and delivered hereunder or for the purpose of determining any percentage of Certificate Outstanding.
hereunder; the Trust Administrator shall consider only the substitute Certificate as Outstanding for such purpose. Notwithstanding any other provision of this Section 2.08, in lieu of delivering a new Certificate which has been mutilated, lost, destroyed or stolen, and which has matured, the Trust Administrator may make payment with respect to such Certificate upon receipt of indemnity satisfactory to the Trust Administrator.

Section 2.09. Payment. Except as otherwise provided herein, payment of interest due with respect to any Certificate on any Interest Payment Date shall be made to the person appearing on the Registration Books as the Owner thereof as of the Regular Record Date immediately preceding such Interest Payment Date, such interest to be paid by check mailed on the Interest Payment Date by first-class mail to such Owner at his address as it appears on the Registration Books as of such Regular Record Date. The principal and prepayment price with respect to the Certificate at maturity or upon prior prepayment shall be payable by check denominated in lawful money of the United States of America upon surrender of the Certificate at the Principal Trust Office. If the Government is the Owner of the single, fully-registered Certificate, surrender shall not be required for payment, except for final payment.

Section 2.10. Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by Certificate Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for such Certificate. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the holding and ownership of Certificate shall be sufficient for any purpose of this Trust Agreement (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or such Owner’s attorney or agent of any such instrument and of any instrument appointing any such attorney or agent, may be proved by a certificate, which need not be acknowledged or verified, of an officer of any bank or trust company located within the United States of America, or of any notary public, or other officer authorized to take acknowledgments of deeds to be recorded in such jurisdictions, that the persons signing such instruments acknowledged before such notary or officer the execution thereof. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of the Corporation of such officer or member.

(b) The fact of the holding of Certificate by any Owner and the amount, the maturity and the numbers of such Certificate and the date of his holding the same may be proved by reference to the Certificate Register maintained by the Trust Administrator provided for in Section 2.12 hereof. The Trust Administrator may conclusively assume that such ownership continues until transfer as provided in Section 2.08(a) hereof.

(c) Nothing contained in this Article II shall be construed as limiting the Trust Administrator to such proof, it being intended that the Trust Administrator may accept any other evidence of the matters herein stated which the Trust Administrator may deem sufficient. Any request or consent of the Owner of any Certificate shall bind every future Owner of the same Certificate in respect of anything done or suffered to be done by the Trust Administrator in pursuance of such request or consent.

Section 2.11. Certificate Register. The Trust Administrator will keep or cause to be kept, at the Principal Trust Office, sufficient books for the registration and transfer of the Certificate which shall be open at all reasonable times with reasonable prior notice during normal
business hours of the Trust Administrator to inspection by the County and the Corporation; and, upon presentation for such purpose, the Trust Administrator shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Certificate as hereinbefore provided.

Section 2.12. CUSIP Numbers. The Trust Administrator, the County and the Corporation shall not be liable for any defect or inaccuracy in any CUSIP number that appears on any Certificate or in any prepayment notice. The Trust Administrator may, in its discretion, include in any prepayment notice a statement to the effect that any CUSIP numbers on the Certificate have been assigned by an independent service and are included in such notice solely for the convenience of the Owners and that neither the Trust Administrator, the County nor the Corporation shall be liable for any inaccuracies in such numbers. CUSIP numbers shall not be required if the Government is the Original Purchaser of a single, fully registered Certificate.
ARTICLE III
CONSTRUCTION FUND

Section 3.01. Construction Fund. The Trust Administrator shall the Construction Fund; shall keep such fund separate and apart from all other funds and moneys held by the Trust Administrator; and shall administer such fund as provided herein. There shall be deposited in the Construction Fund all of the proceeds of sale of the Certificate and any other funds from time to time deposited with the Trust Administrator for such purpose.

Section 3.02. Payment of Construction Costs.

(a) Amounts in the Construction Fund shall be disbursed for Construction Costs. Disbursements from the Construction Fund shall be made by the Trust Administrator upon receipt of a sequentially numbered requisition, a form of which is attached as Exhibit C, requesting disbursement executed by a County Representative and by the Government as the Certificate Owner. Each such requisition shall:

(i) set forth the amounts to be disbursed for payment or reimbursement of previous payments of Construction Costs and the person or persons to whom said amounts are to be disbursed;

(ii) state that the amounts to be disbursed constitute Construction Costs, that said amounts are required to be disbursed pursuant to a contract entered into therefor by or on behalf of the Corporation or the County, or were necessarily and reasonably incurred, and that said amounts are not being paid in advance of the time, if any, fixed for payment;

(iii) state that no amount set forth in the requisition was included in any requisition requesting disbursement previously filed with the Trust Administrator pursuant to this Section 3.02;

(iv) state that there has been compliance with Section 11.07 hereof relating to the use of the Construction Fund;

(v) state that insofar as such requisition relates to payment for work, materials, equipment or supplies, such work was actually performed, or such materials, equipment or supplies were actually installed in furtherance of the construction of the Project or delivered to the appropriate site for such purpose, or delivered for storage or fabrication at a place approved by the County; and

(vi) if such requisition relates to payment to a contractor, state that no liens have been imposed on the Project as a result of said construction except liens that have not yet ripened or that would attach by operation of law.

(b) The Trust Administrator shall be responsible for the safekeeping and investment (in accordance with Section 8.02 hereof) of the moneys held in the Construction Fund and the payment thereof in accordance with this Section 3.02, but the Trust Administrator shall not be responsible for such requisitions.

Section 3.03. Payment of Delivery Costs.

(a) Amounts in the Construction Fund shall also be disbursed by the Trust Administrator to pay the Delivery Costs.
(b) The Trust Administrator shall disburse moneys in the to pay the Delivery Costs only upon a receipt of a sequentially numbered requisition, with bills, invoices or statements attached, signed by a County Representative (and, if required, by the Government as the Certificate Owner) setting forth the amounts to be disbursed for payment or reimbursement of Delivery Costs and the name and address of the person or persons to whom said amounts are to be disbursed, stating that the amounts to be disbursed are for Delivery Costs properly chargeable to the Delivery Costs Fund.

(c) The Trust Administrator shall be responsible for the safekeeping and investment (in accordance with Section 8.02 hereof) of the moneys held in the Delivery Costs Fund and the payment thereof in accordance with this Section 3.04, but the Trust Administrator shall not be responsible for such requisitions.

(d) Any moneys not expended to pay Delivery Costs shall be used to pay the costs of the Project.

Section 3.04. Transfers of Unexpended Proceeds. The Trust Administrator is hereby directed that all unexpended moneys remaining in the Construction Fund and not identified in writing by a County Representative and by the Owner to be required for payment of Construction Costs or other capital improvements (the "Unexpended Proceeds") shall, on the date of completion of the Project or as soon thereafter as the Trust Administrator is so notified, be transferred to the Installment Payment Fund and applied to the prepayment of Certificate.
ARTICLE IV
PREPAYMENT OF CERTIFICATE

Section 4.01. Prepayment.

(a) Generally. The Certificate shall not be subject to prepayment prior to maturity, except in the manner, at the times and in all respects in accordance with the provisions of this Article IV.

(b) Prepayment From Net Proceeds of Insurance and Condemnation and from Unexpended Proceeds. The Certificate are subject to prepayment in whole on any date and in part on any Interest Payment Date from the (i) Net Proceeds of any insurance or condemnation award and (ii) Unexpended Proceeds, which are, in either case deposited in the Installment Payment Fund and credited towards the prepayment made by the County pursuant to Section 10.03 of the Installment Sale Agreement, at a prepayment price equal to the principal amount thereof, together with accrued interest to the date fixed for prepayment, without premium.

(c) Optional Prepayment. In addition, the Certificate are subject to prepayment in whole or in part at any time, at the principal amount with respect thereto, without premium, and with accrued interest to the date fixed for prepayment from the proceeds of optional prepayments made by the County pursuant to the Installment Sale Agreement:

Section 4.02. Selection of Certificate for Prepayment. Whenever provision is made in this Trust Agreement for the prepayment of Certificate and less than all Outstanding Certificate are called for prepayment, the Trust Administrator shall select Certificate for prepayment in any order of maturity selected by the County and by lot within a maturity. The Trust Administrator shall promptly notify the County and the Corporation in writing of the Certificate so selected for prepayment.

Section 4.03. Notice of Prepayment.

(a) General. Notice of any such prepayment shall be given by the Trust Administrator on behalf and at the expense of the County by mailing a copy of a prepayment notice by first-class mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for prepayment to such Owner of the Certificate or Certificates to be redeemed at the address shown on the Certificate Register maintained by the Trust Administrator; provided, however, that neither the failure to receive such notice nor any defect in any notice shall affect the sufficiency of the proceedings for the prepayment of the Certificate.

(b) Contents. All notices of prepayment shall be dated and shall state: (i) the prepayment date, (ii) the prepayment price, (iii) if less than all Outstanding Certificate are to be prepaid, the identification (and, in the case of partial prepayment, the respective principal amounts) of the Certificate to be prepaid, (iv) that on the prepayment date the prepayment price will become due and payable with respect to each such Certificate or portion thereof called for prepayment, and that interest with respect thereto shall cease to accrue from and after said date, (v) the place where such Certificate are to be surrendered for payment of the prepayment price, which place of payment shall be the Principal Corporate Trust Office.

-10-
(c) **Deposit.** Prior to the mailing of any prepayment notice other than a prepayment notice relating to Certificate that are the subject of an advance refunding), the County shall deposit, or cause to be deposited, with the Trust Administrator an amount of money sufficient to pay the prepayment price of all the Certificate or portions of Certificate which are to be prepaid on the applicable prepayment date. In the case of a prepayment notice relating to Certificate that are the subject of an advance refunding, the County shall deposit, or cause to be deposited, with the Trust Administrator on or prior to the applicable prepayment date, an amount of money sufficient to pay the prepayment price of all the Certificate or portions of Certificate which are to be prepaid on such prepayment date.

(d) **Prepayment.** Notice of prepayment having been given as aforesaid, the Certificate or portions of Certificate so to be redeemed shall, on the prepayment date, become due and payable at the prepayment price therein specified, and from and after such date (unless the County shall default in the payment of the prepayment price) interest with respect to such Certificate or portions of Certificate shall cease to be payable. Upon surrender of such Certificate for prepayment in accordance with said notice, such Certificate shall be paid by the Trust Administrator at the prepayment price. Installments of interest due on or prior to the prepayment date shall be payable as herein provided for payment of interest. Upon surrender for any partial prepayment of any Certificate, there shall be executed and delivered for the Owner a new Certificate or Certificates of the same maturity in the amount of the unprepaid principal. All Certificates which have been prepaid shall be canceled by the Trust Administrator, shall not be reissued and shall be destroyed pursuant to Section 14.07. If the Government is the Owner, prepayment shall be endorsed on the single, fully registered Certificate registered to the Government.

(e) **CUSIP.** The Trust Administrator shall have no responsibility for a defect in the CUSIP number that appears on any Certificate or in the prepayment notice. The prepayment notice may provide that the CUSIP numbers have been assigned by an independent service and are included in the notice solely for the convenience of Certificate Owners and that the Trust Administrator and the County shall not be liable in any way for inaccuracies in said numbers.

**Section 4.04. Partial Prepayment of Certificate.** Upon surrender of any Certificate prepaid in part only, the Trust Administrator shall execute and deliver to the Owner thereof, at the expense of the County, a new Certificate or Certificates of authorized denominations equal in aggregate principal amount to the unprepaid portion of the Certificate surrendered and of the same interest rate and the same maturity.

**Section 4.05. Effect of Notice of Prepayment.** After notice has been given and the moneys for the prepayment, including interest to the applicable Interest Payment Date and premium, if any, having been set aside in the Installment Payment Fund, the Certificate to be redeemed shall become due and payable on the Interest Payment Date, and, upon presentation and surrender thereof at the Principal Trust specified in such notice, such Certificate shall be paid at the unpaid principal amount with respect thereto, and any unpaid and accrued interest to the Interest Payment Date.

If, on the Interest Payment Date, moneys for the prepayment of all the Certificate to be prepaid, together with interest to such Interest Payment Date, shall be held by the Trust Administrator so as to be available therefor on such Interest Payment Date, and, if notice of prepayment thereof shall have been given, then, from and after such Interest Payment Date, interest with respect to the Certificate to be prepaid shall cease to accrue and become payable. If such moneys shall not be so available on the Interest Payment Date, interest with respect to
such Certificate shall continue to be payable at the same rates as it would have been payable had the Certificate not been called for prepayment. All moneys held by or on behalf of the Trust Administrator for the prepayment of particular Certificate shall be held in trust for the account of the Owners of the Certificate so to be prepaid. The Trust Administrator shall not be liable for any interest earned on the amounts so held.

Section 4.06. Purchase of Certificate. In lieu of prepayment of Certificate as provided in this Article IV, amounts held by the Trust Administrator for such prepayment may also be used on any Interest Payment Date, upon receipt by the Trust Administrator at least ninety (90) days prior to the next scheduled Interest Payment Date of the written request of a County Representative, for the purchase of Certificate at public or private sale as and when and at such prices (including brokerage, accrued interest and other charges) as the County may in its discretion direct, but not to exceed the prepayment price which would be payable if such Certificate were prepaid; provided, however, that no Certificate shall be purchased in lieu of prepayment with a trade settlement date less than seventy-five (75) days prior to the relevant prepayment date. The aggregate principal amount of Certificate of the same maturity purchased in lieu of prepayment pursuant to this Section 4.06 shall not exceed the aggregate principal amount of Certificate of such maturity which would otherwise be subject to such prepayment. Remaining moneys, if any, shall be deposited in the Installment Payment Fund.
ARTICLE V
INSTALLMENT PAYMENTS; INSTALLMENT PAYMENT FUND

Section 5.01. Assignment of Rights in Installment Sale Agreement. The Corporation has, pursuant to the Assignment Agreement, transferred, assigned and set over to the Trust Administrator all of its rights, title and interest in the Installment Sale Agreement (excepting only its rights under Sections 5.08, 6.03 and 7.04 thereof), including but not limited to all of the Corporation's rights to receive and—collect all of the Installment Payments, the Prepayments and all other amounts required to be deposited in the Installment Payment Fund pursuant to the Installment Sale Agreement or pursuant hereto. All Installment Payments, prepayments and such other amounts which the Corporation may at any time be entitled to shall be paid directly to the Trust Administrator and, in the event of the receipt or collection of Installment Payments by the Corporation, such payments shall be deemed to be held or to have been collected or received by the Corporation as agent of the Trust Administrator.

Section 5.02. Establishment of Installment Payment Fund. The Trust Administrator shall establish the Installment Payment Fund. All moneys at any time deposited by the Trust Administrator in the Installment Payment Fund shall be held by the Trust Administrator in trust for the benefit of the Owners of the Certificate. So long as any Certificates are Outstanding, neither the County nor the Corporation shall have any beneficial right or interest in the Installment Payment Fund or the moneys deposited therein, except only as provided in this Trust Agreement, and such moneys shall be used and applied by the Trust Administrator as hereinafter set forth.

Section 5.03. Deposits. There shall be deposited in the Installment Payment Fund all Installment Payments and prepayments received by the Trust Administrator, including any moneys received by the Trust Administrator for deposit therein pursuant to Sections 4.06, 5.05, 6.01 hereof or Article IV of the Installment Sale Agreement, and any other moneys required to be deposited therein pursuant to the Installment Sale Agreement or pursuant to this Trust Agreement.

Section 5.04. Application of Moneys. All amounts in the Installment Payment Fund shall be used and withdrawn by the Trust Administrator solely for the purpose of paying principal and interest with respect to the Certificate as the same shall become due and payable, in accordance with the provisions of Article II hereof.

Section 5.05. Surplus. Any surplus remaining in the Installment Payment Fund, after payment of all Certificate, and accrued interest (if any) and payment of any applicable fees, costs and expenses to the Trust Administrator, or provision for such prepayment or payment having been made to the satisfaction of the Trust Administrator, shall be withdrawn by the Trust Administrator and remitted to the County.
ARTICLE VI
RESERVE FUND

Section 6.01. Establishment of Reserve Fund. The Trust Administrator shall establish the Reserve Fund and shall keep such fund separate and apart from all other funds and moneys held by the Trust Administrator. All moneys at any time on deposit in the Reserve Fund shall be held by the Trust Administrator in trust for the benefit of the Owners of the Certificate, and applied solely as provided herein.

Section 6.02. Deposits. There shall be deposited the amounts specified in Section 3.11 of the Installment Sale Agreement.

Section 6.03. Transfers. The Trust Administrator shall, on or before each December 1 and June 1, transfer any moneys in the Reserve Fund in excess of the Reserve Requirement as provided in Section 8.03 hereof.

Section 6.04. Transfer to Make All Installment Payments. If on any Installment Payment Date, the moneys on hand in the Reserve Fund and the Installment Payment Fund are sufficient to pay all Outstanding Certificates, including all principal and interest the Trust Administrator shall, upon the written direction of a County Representative, accompanied by all amounts then on hand in the Reserve Fund, deposit such funds in the Installment Payment Fund to be applied to the payment of the Installment Payments or prepayments on behalf of the County, and such moneys shall be distributed to the Owners of Certificate in accordance with Article I and Article IV of this Trust Agreement.

Section 6.05. Replenishment of Reserve Fund. The County shall maintain or cause to be maintained in the Reserve Fund an amount equal to the amounts required to be deposited therein pursuant to Section 3.11 of the Installment Sale Agreement, and thereafter the amount of the Reserve Requirement. If, on any date of computation, amounts on hand in the Reserve Fund are less than such required amounts because of a transfer therefrom made in accordance with Section 6.03 hereof, the County shall pay to the Trust Administrator, within one (1) year from the date of such deficiency if caused by a drawing from Net Revenues, an amount necessary to bring the amounts on deposit in the Reserve Fund to the amount required to be maintained therein; provided, however, that the period of time permitted herein for the replenishment of the Reserve Fund by the County shall not affect any other provision of this Trust Agreement.
ARTICLE VII
INSURANCE AND CONDEMNATION FUND; INSURANCE; EMINENT DOMAIN

Section 7.01. Establishment of Insurance and Condemnation Fund; Application of Net Proceeds of Insurance Award. Any Net Proceeds of insurance against accident or destruction of any structure constituting any part of the Project collected by the County in the event of any such accident or destruction shall be transferred by the County to the Trust Administrator pursuant to Section 5.07 of the Installment Sale Agreement and the Trust Administrator shall deposit such moneys in a special fund designated as the "Insurance and Condemnation Fund" to be applied and disbursed by the Trust Administrator as provided in Section 5.07(a) of the Installment Sale Agreement.

Section 7.02. Application of Net Proceeds of Eminent Domain Award. If all or any part of the Project shall be taken by eminent domain (or sold to a government threatening to exercise the power of eminent domain) the Net Proceeds therefrom shall be transferred by the County to the Trust Administrator for deposit in the Insurance and Condemnation Fund pursuant to Section 5.07(b) of the Installment Sale Agreement and shall be applied and disbursed by the Trust Administrator as follows:

(a) If the County determines that such eminent domain proceedings have not materially affected the operation of the Project, or the ability of the County to meet any of its obligations under the Installment Sale Agreement, and if the County determines that such proceeds are: (i) not needed for repair, replacement or rehabilitation of the Project, upon receipt of a written certificate from the County the Trust Administrator shall transfer such proceeds to the Installment Payment Fund to be credited towards the prepayments required to be paid pursuant to Section 10.03 of the Installment Sale Agreement and applied to the prepayment of Certificate in the manner provided in Article IV hereof, or (ii) needed for repair or rehabilitation of the Project, upon receipt of a written certificate from the County the Trust Administrator shall pay to the County, or to its order, from said proceeds such amounts as the County may expend for such repair or rehabilitation, upon the filing with the requisitions of the County Representative, substantially in the form described in Section 3.02 hereof in connection with the payment of Construction Costs.

(b) If (i) less than all of the Project shall have been taken in such eminent domain proceedings, and if the County determines that such eminent domain proceedings have materially affected the operation of the Project or the ability of the County to meet any of its obligations under the Installment Sale Agreement or (ii) all of the Project shall have been taken in such eminent domain proceedings, then upon receipt of written instruction from the County the Trust Administrator shall transfer such proceeds to the Installment Payment Fund to be credited toward the prepayment required to be paid pursuant to Section 4.03 of the Installment Sale Agreement and applied to the prepayment of Certificate in the manner provided in Article IV hereof.

Section 7.03. Excess Net Proceeds. After all of the Certificates have been retired and the entire amount of principal and interest with respect to the Certificates and any remaining fees and expenses of the Trust Administrator have been paid in full, the Trust Administrator shall transfer any remaining funds to the County.

Section 7.04. Cooperation. The Corporation shall cooperate with the County at the expense of the County in filing any proof of loss with respect to any insurance policy maintained pursuant to Article V of the Installment Sale Agreement and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Project or any part thereof.
ARTICLE VIII
MONEYS IN FUNDS; INVESTMENT

Section 8.01. Held in Trust. The moneys and investments held by the Trust Administrator under this Trust Agreement, except for those held in the Construction Fund and the Delivery Cost Fund, are irrevocably held in trust for the benefit of the Owner(s) of the Certificate, and for the purposes herein specified, and such moneys, and any income or interest earned thereon, shall be expended only as provided in this Trust Agreement, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of either the Corporation, the Trust Administrator or the County or any Owner of Certificate, or any of them until after the Certificate has been paid in full.

Section 8.02. Investments Authorized. Moneys held by the Trust Administrator hereunder shall, upon written order of a County Representative, be invested and reinvested by the Trust Administrator, to the maximum extent practicable, in Permitted Investments. A County Representative may, by written order filed with the Trust Administrator, direct investment of moneys held by the Trust Administrator in specific Permitted Investments. Investments purchased with moneys on deposit in the Reserve Fund shall have a term not greater than five years. Investments, if registrable, shall be registered in the name of and held by the Trust Administrator or its nominee. The Trust Administrator may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Section 8.02. Such investments and reinvestments shall be made giving full consideration to the time at which funds are required to be available. The Trust Administrator may act as principal or agent in the making or disposing of any investment. The Trust Administrator shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with this Article VIII. The Trust Administrator shall be entitled to rely conclusively upon the written instructions of a County Representative directing investments as to the fact that each investment is permitted by the laws of the State and constitutes a Permitted Investment hereunder, and the Trust Administrator shall not be required to make further investigation with respect thereto. To the extent that any of the requirements concerning any Permitted Investment embodies a legal conclusion, the Trust Administrator shall be entitled to conclusively rely upon a certificate from the appropriate party or an opinion of counsel to such party that such requirement has been met.

Section 8.03. Allocation of Earnings. All interest or income received by the Trust Administrator on investment of the Construction Fund and Installment Payment Fund shall, as received, be retained in the each respective fund. Amounts retained in the Installment Payment Fund pursuant to this Section 8.03 shall be applied as a credit against the Installment Payment due by the County pursuant to the Installment Sale Agreement on the Installment Payment Date following the date of deposit. All interest or income received by the Trust Administrator on investment of the Reserve Fund shall be retained in the Reserve Fund in the event that amounts on deposit in the Reserve Fund are less than the Reserve Requirement. Pursuant to Section 6.03 hereof, in the event that amounts then on deposit in the Reserve Fund equal or exceed the Reserve Requirement, such excess shall, as received, be transferred, prior to the date of completion of the Project, to the Construction Fund, and after the date of completion of the Project, shall be transferred to the Installment Payment Fund and shall be applied as a credit against the Installment Payment due by the County pursuant to the Installment Sale Agreement on the Installment Payment Date following the date of deposit. Transfers to the Installment Payment Fund from the Reserve Fund shall be made by the Trust Administrator on or prior to each Installment Payment Date. All interest or income in the Delivery Costs Fund shall be retained in the Delivery Costs Fund until the Delivery Costs Fund is closed pursuant to Section 3.04(d) hereof.
Section 8.04. Accounting. The Trust Administrator shall furnish to the County a semi-annual accounting of all investments, transactions and disbursements made by the Trust Administrator. The Trust Administrator may commingle, at its sole discretion, any of the funds held by it pursuant to this Trust Agreement into a separate fund or funds for investment purposes only; provided, however, that all funds or accounts held by the Trust Administrator hereunder shall be accounted for separately notwithstanding such commingling by the Trust Administrator.

Section 8.05. Acquisition, Disposition and Valuation of Investments.

(a) Except as otherwise provided in subsection (b) of this Section 8.05, the County covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Trust Agreement, or otherwise containing gross proceeds of the Certificate (within the meaning of section 148 of the Tax Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Trust Agreement or the Tax Code) at Fair Market Value.

(b) Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Tax Code and (unless valuation is undertaken at least annually) investments in the Reserve Fund shall be valued at their present value (within the meaning of section 148 of the Tax Code).
ARTICLE IX
THE TRUST ADMINISTRATOR

Section 9.01. Appointment of Trust Administrator. The Trust Administrator is hereby appointed by the Corporation and the County for the purpose of receiving all moneys required to be deposited with the Trust Administrator hereunder and to allocate, use and apply the same as provided in this Trust Agreement.

(a) General. The Trust Administrator is hereby authorized to pay or redeem the Certificate when duly presented for payment at maturity, or on prepayment, and to cancel all Certificate upon payment thereof. The Trust Administrator shall keep accurate records of all funds administered by it and of all Certificates paid and discharged. The Trust Administrator shall be compensated for its services rendered pursuant to the provisions of this Trust Agreement and shall be reimbursed for costs and expenses, including attorney's fees, incurred in connection therewith, subject to the provisions of any written agreement between the Trust Administrator and the County.

(b) Successor. So long as no Event of Default shall have occurred and be continuing, the County may, with the written consent of the Owners, remove the Trust Administrator initially appointed, and any successor thereto, on thirty (30) days written notice and may appoint a successor or successors thereto; provided that any such successor shall be a bank or trust company which shall be a corporation organized and doing business under the laws of any state, the County or the United States of America, authorized under such laws to exercise corporate trust powers, which shall have (or, in the case of a corporation included in a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least fifty million dollars ($50,000,000), and subject to supervision or examination by federal or state Corporation, so long as any Certificates are Outstanding. If such corporation publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining Corporation above referred to then for the purpose of this Section 9.01 the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. Any removal of the Trust Administrator shall not be effective until written acceptance of appointment by the successor Trust Administrator.

(c) Resignation. The Trust Administrator may at any time resign by giving written notice to Corporation and the County and by providing notice by first-class mail, postage prepaid, to the Owners at their addresses as shown on the Certificate registration books maintained by the Trust Administrator. Said mailing shall be made prior to the proposed effective date of resignation. Upon receiving such notice of resignation, the County, with the written consent of the Owners, shall promptly appoint a successor Trust Administrator by an instrument in writing; provided, however, that in the event that the County does not appoint a successor Trust Administrator within thirty (30) days following receipt of such notice of resignation Corporation may appoint a successor Trust Administrator and in the event that Corporation does not appoint such successor Trust Administrator, the resigning Trust Administrator, at the expense of the County, may petition any appropriate court having jurisdiction to appoint a successor Trust Administrator. Any resignation or removal of the Trust Administrator and appointment of a successor Trust Administrator shall become effective upon acceptance of appointment by the successor Trust Administrator and receipt by the Trust Administrator of any fees and expenses due and payable to it.
Section 9.02. Liability of Trust Administrator. The recitals of facts, covenants and agreements herein and in the Certificate contained shall be taken as statements, covenants and agreements of Corporation and the County, and the Trust Administrator neither assumes any responsibility for the correctness of the same, nor makes any representations as to the validity or sufficiency of this Trust Agreement or of the Certificate nor shall incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Certificate assigned to or imposed upon the Trust Administrator.

Section 9.03. Merger or Consolidation. Any company into which the Trust Administrator may be merged or converted or with which any of them may be consolidated or any company resulting from any merger, conversion or consolidation to which any of them shall be a party or any company to which the Trust Administrator may sell or transfer all or substantially all of its corporate trust business, provided that such company shall be eligible under Section 9.01, shall be the successor to the Trust Administrator without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Section 9.04. Protection and Rights of the Trust Administrator.

(a) Good Faith. The Trust Administrator shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificates, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Trust Agreement, and the Trust Administrator 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 may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements.

(b) Ownership Claims. The Trust Administrator shall not be bound to recognize any person as an Owner of any Certificate or to take any action at such Owner’s request unless such Certificate shall be deposited with the Trust Administrator or satisfactory evidence of the ownership of such Certificate shall be furnished to the Trust Administrator.

(c) Counsel. The Trust Administrator may consult with counsel, who may be counsel to the County, 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.

(d) Proof. Whenever in the administration of its duties under this Trust Agreement, the Trust Administrator shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) shall be deemed to be conclusively proved and established by the Written Certificate of the County Representative or Corporation Representative and such Written Certificate shall be full warranty to the Trust Administrator for any action taken or suffered under the provisions of this Trust Agreement upon the faith thereof, but in its discretion the Trust Administrator may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

(e) Owner. The Trust Administrator may become the Owner of the Certificate with the same rights it would have if it were not Trust Administrator; may acquire and dispose of other bonds or evidence of indebtedness of the County with the same rights it would have if it were not the Trust Administrator; and may act as a depository for and

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permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Certificates, whether or not such committee shall represent the Owners of the majority in principal amount of the Certificate then Outstanding.

(f) **Powers and Liability.** The Trust Administrator may execute any of the powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of its duty hereunder, and the Trust Administrator shall not be liable for the default or misconduct of any such attorney, agent, or receiver selected by it with reasonable care. The Trust Administrator shall not be liable for the exercise of any discretion or power under this Trust Agreement or for anything whatever in connection with the funds and accounts established hereunder, except only for its own willful misconduct or negligence.

(g) **Limits of Liability.** The Trust Administrator undertakes to perform such duties, and only such duties as are specifically set forth in this Trust Agreement and no implied duties or obligations shall be read into this Trust Agreement against the Trust Administrator. No provision in this Trust Agreement shall require the Trust Administrator to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not assured to it. In accepting the duties hereby enumerated, the Trust Administrator acts solely as Trust Administrator for the Owners and not in its individual capacity and all persons, including without limitation the Owners and the County or Corporation having any claim against the Trust Administrator arising from the Trust Agreement shall look only to the funds and accounts held by the Trust Administrator hereunder for payment except as otherwise provided herein. Under no circumstances shall the Trust Administrator be liable in its individual capacity for the obligations evidenced by the Certificate. The Trust Administrator shall not be liable in its individual capacity with respect to any action taken or omitted to be taken by the Trust Administrator in good faith in accordance with the written request of the Owners of the Certificate.

(h) **No Representations.** The Trust Administrator makes no representation or warranty, express or implied as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the County of the Project. In no event shall the Trust Administrator be liable for incidental, indirect, special or consequential damages in connection with or arising from the Installment Sale Agreement or Trust Agreement for the existence, furnishing or use of the Project.

(i) **Enforcement; Knowledge.** The Trust Administrator shall not be responsible for the sufficiency or enforceability of the Installment Sale Agreement or the assignment under the Assignment Agreement of its rights to receive Installment Payments. The Trust Administrator shall not be deemed to have knowledge of any Event of Default hereunder or under the Installment Sale Agreement except failure by the County to make Installment Payments unless the Trust Administrator shall be specifically notified in writing of such Event of Default.

(j) **Released and Unclaimed Funds.** The Trust Administrator shall not be accountable for the use or application by the County or any other party of any funds which the Trust Administrator has released under this Trust Agreement. Subject to applicable escheat laws, any amounts unclaimed two (2) years after the final
prepayment or maturity date of the Certificate, whichever occurs first, shall be paid by
the Trust Administrator to the County, and thereafter, the Owner of any Certificate
remaining unpaid shall look to the County for the payment of such Certificate.

Section 9.05. Appointment of Trustee. In the event that an Event of Default shall
occur or if it shall otherwise be necessary for the Trust Administrator to enforce payment of the
Installment Payments, prepayments or any other amount required to be deposited into the
Installment Payment Fund or the Insurance and Condemnation Fund, or to exercise any of the
remedies set forth in Article XIII hereof, or if it is determined that the Trust Administrator is unable
to perform any of the other duties hereunder, the County, with the written consent of the
Government as the Owner, shall appoint a Trustee to succeed to the duties and responsibilities
of the Trust Administrator hereunder, such appointment to be effective immediately upon written
notice thereof to the Trust Administrator. Any Trustee appointed in such circumstances shall
meet the requirements of the third paragraph of Section 9.01 hereof. Upon such appointment, the
term “Trust Administrator” in this Agreement shall also refer to such Trustee.
ARTICLE X
MODIFICATION OR AMENDMENT OF AGREEMENTS

Section 10.01. Amendments Permitted.

(a)  **With Consent.** This Trust Agreement and the rights and obligations of the Owners of the Certificate and the Installment Sale Agreement and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental agreement which shall become effective when the written consent of the Owners of at least sixty percent (60%) in aggregate principal amount of the Certificates then Outstanding, exclusive of Certificates disqualified as provided in Section 10.03, shall have been filed with the Trust Administrator. No such modification or amendment shall (1) extend or have the effect of extending the fixed maturity of any Certificate or reducing the interest rate with respect thereto or extending the time of payment of interest, or reducing the amount of principal thereof or reducing any premium payable upon the prepayment thereof, without the express consent of the Owner of such Certificate, or (2) reduce or have the effect of reducing the percentage of Certificates required for the affirmative vote or written consent to an amendment or modification of the Installment Sale Agreement, or (3) modify any of the rights or obligations of the Trust Administrator without its written assent thereto. Any such supplemental agreement shall become effective as provided in Section 10.02.

(b)  **Without Consent.** This Trust Agreement and the rights and obligations of the Owners of the Certificate and the Installment Sale Agreement and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental agreement, without the consent of any such Owners, but only to the extent permitted by law and only (1) to cure, correct or supplement any ambiguous or defective provision contained herein or therein, or (2) in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which shall not, in the opinion of nationally recognized bond counsel, materially adversely affect the interest of the Owners of the Certificate, or (3) if and to the extent specified in an opinion of nationally recognized bond counsel filed with the County, the Corporation and the Trust Administrator, to make such additions, deletions or modifications as may be necessary to assure compliance with section 148(f) of the Tax Code or otherwise as may be necessary to assure exclusion from gross income for purposes of federal income taxation of the interest component of Installment Payments. Any such supplemental agreement shall become effective upon its execution and delivery by the parties hereto or thereto as the case may be.

(c)  **Counsel.** The Trust Administrator may obtain an opinion of Independent Counsel that any amendment entered into hereunder complies with the provisions of this Article X and the Trust Administrator may rely conclusively on such opinion.

Section 10.02. Procedure for Amendment with Written Consent of Certificate Owners.

(a)  **General.** This Trust Agreement or the Installment Sale Agreement may be amended by supplemental agreement as provided in this Section 10.02 in the event the consent of the Owners of the Certificate is required pursuant to Section 10.01. A copy of such supplemental agreement, together with a request to the Certificate Owners for their consent thereto, shall be mailed by the Trust Administrator to the Owner of each Certificate at his address as set forth in the Certificate Register, but failure to mail copies
of such supplemental agreement and request shall not affect the validity of the supplemental agreement when assented to as provided in this Section 10.02.

(b) Effective. Such supplemental agreement shall not become effective unless there shall be filed with the Trust Administrator the written consent of the Owners of at least sixty percent (60%) in aggregate principal amount of the Certificate then Outstanding (exclusive of Certificate disqualified as provided in Section 10.03) and a notice shall have been mailed as hereinafter provided in this Section 10.02. Each such consent shall be effective only if accompanied by proof of ownership of the Certificate for which such consent is given, which proof shall be such as is permitted by Section 2.11. Any such consent shall be binding upon the Owner of the Certificate giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trust Administrator within five (5) Business Days of the date when the notice of consent hereinafter in this Section 10.02 provided for has been mailed. Any revocation received by the Trust Administrator later than five (5) Business Days after such notice has been mailed shall be of no force and effect.

(c) Notice. After the Owners of the required percentage of Certificate shall have filed their consents to such supplemental agreement, the Trust Administrator shall mail a notice to the Owners of the Certificate in the manner hereinbefore provided in this Section 10.02 for the mailing of such supplemental agreement at the notice of adoption thereof, stating in substance that such supplemental agreement has been consented to by the Owners of the required percentage of Certificate and will be effective as provided in this Section 10.02 (but failure to mail copies of said notice shall not affect the validity of such supplemental agreement or consents thereto). A record, consisting of the papers required by this Section 10.02 to be filed with the Trust Administrator, shall be conclusive proof of the matters therein stated until the contrary is proved. Such supplemental agreement shall be deemed conclusively binding upon the parties hereto and the Owners of all Certificate at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty (60) day period.

Section 10.03. Disqualified Certificate. Certificate owned or held by or for the account of the County or by any person directly or indirectly controlled or controlled by, or under direct or indirect common control with the County (except any Certificate held in any pension or retirement fund) shall not be deemed Outstanding for the purpose of any vote, consent, waiver or other action or any calculation of Outstanding Certificate provided for in this Trust Agreement, and shall not be entitled to vote upon, consent to, or take any other action provided for in this Trust Agreement.

Section 10.04. Effect of Supplemental Agreement. From and after the time any supplemental agreement becomes effective pursuant to this Article X, this Trust Agreement or the Installment Sale Agreement, as the case may be, shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Certificate Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any supplemental agreement shall be deemed to be part of the terms and conditions of this Trust Agreement or the Installment Sale Agreement, as the case may be, for any and all purposes.
The County may adopt appropriate regulations to require each Certificate Owner, before such Owner's consent provided for in this Article X shall be deemed effective, to reveal the Certificate as to which such consent is given are disqualified as provided in Section 10.03.

Section 10.05. Endorsement or Replacement of Certificate Delivered After Amendments. The County may determine that Certificate delivered after the effective date of any action taken as provided in this Article X shall bear a notation, by endorsement or otherwise, in form approved by the Trust Administrator, as to such action. In that case, upon demand of the Owner of any Certificate Outstanding at such effective date and presentation of his Certificate for the purpose at the Principal Corporate Trust Office, a suitable notation shall be made on such Certificate. The County may determine that new Certificate, so modified as in the opinion of the County is necessary to conform to such Certificate Owners' action, shall be prepared, executed and delivered. In that case, upon demand of the Owner of any Certificate then Outstanding, such new Certificate shall be exchanged in the Principal Corporate Trust Office, without cost to such Owner, for a Certificate of the same character then Outstanding, upon surrender of such Certificate.

Section 10.06. Amendatory Endorsement of Certificate. The provisions of this Article X shall not prevent any Certificate Owner from accepting any amendment as to the particular Certificate held by such Owner, provided that due notification thereof is made on such Certificate.
ARTICLE XI
COVENANTS

Section 11.01. Compliance With and Enforcement of Installment Sale Agreement. The County and the Corporation covenant and agree with the Owners of the Certificate to perform all obligations and duties imposed on them under the Installment Sale Agreement and this Trust Agreement. The County or the Corporation, immediately upon receiving or giving any notice or communication or other document in any way relating to or affecting their respective interests in the Project which may or can in any manner affect such interest, will deliver the same, or a copy thereof, to the Trust Administrator. The County will not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be a ground for cancellation or termination of the Installment Sale Agreement by the Corporation thereunder.

Section 11.02. Payment of Taxes. The County will, subject to any right of challenge thereof, pay or cause to be paid all taxes, assessments and other governmental charges, if any, that may be levied, assessed or charged upon the Project or any part thereof, promptly as and when the same shall become due and payable; and the County will keep the Trust Administrator advised in writing of such payments. The County will not suffer the Project, or any part thereof, to be sold for any taxes, assessments or other charges whatsoever, or to be forfeited therefor.

Section 11.03. Observance of Laws and Regulations. The County will well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it with respect to the Enterprise by contract, or prescribed by any law of the United States, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the County with respect to the Enterprise to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 11.04. Prosecution and Defense of Suits. The County shall promptly, upon request of the Trust Administrator or any Certificate Owner holding at least 25% in principal amount of the Certificate from time to time, take such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Project, whether now existing or hereafter developing and shall, to the extent permitted by law, prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and shall indemnify and save the Trust Administrator and every Certificate Owner harmless from all loss, cost, damage and expense, including attorneys’ fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceeding.

Section 11.05. Further Assurances. The Corporation, the County and the Trust Administrator (at the cost and request of the County or the Corporation ) will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Trust Agreement, and for the better assuring and confirming unto the Owners of the Certificate the rights and benefits provided herein.

Section 11.06. Filing. The County shall be responsible for the filing of any supplemental instruments or documents of further assurance as may be required by law in order to perfect or renew the security interests created by this Trust Agreement. Neither the Trust Administrator nor the Corporation shall be responsible for such filing.
Section 11.07. Private Activity Bond Limitation. The County shall assure that proceeds of the Certificate are not so used as to cause the Certificate or the Installment Sale Agreement to satisfy the private business tests of section 141(b) of the Tax Code or the private loan financing test of section 141(c) of the Tax Code.

Section 11.08. Federal Guarantee Prohibition. The County shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Certificate or the Installment Sale Agreement to be “federally guaranteed” within the meaning of section 149(b) of the Tax Code.

Section 11.09. No Arbitrage. The County shall not take, or permit or suffer to be taken by the Trust Administrator or otherwise, any action with respect to the proceeds of the Certificate which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Certificate or the Installment Sale Agreement to be “arbitrage bonds” within the meaning of section 148 of the Tax Code.

Section 11.10. Maintenance of Tax-Exemption. The County shall take all actions necessary to assure the exclusion of interest with respect to the Certificate from the gross income of the Owners of the Certificate to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the Closing Date.

Section 11.11. Small Issuer Exemption from Bank Nondeductibility Restriction. The County hereby designates the Installment Sale Agreement for purposes of paragraph (3) of section 265(b) of the Tax Code and represents that not more than $10,000,000 aggregate principal amount of obligations the interest on which is excludable (under section 103(a) of the Tax Code) from gross income for federal income tax purposes (excluding (i) private activity bonds, as defined in section 141 of the Tax Code, except qualified 501(c)(3) bonds as defined in section 145 of the Tax Code and (ii) current refunding obligations to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation), including the Installment Sale Agreement, has been or will be issued by the County, including all subordinate entities of the County, during the calendar year 2004.

Section 11.12. Exemption From Rebate Requirement. The County is a governmental unit with the power to impose taxes of general applicability which, when collected, may be used for general purposes of the City; the Bonds are not private activity bonds within the meaning of section 141 of the Tax Code and ninety-five percent (95%) of the net sale proceeds of the Certificate are to be used for local governmental activities of the County. The aggregate face amount issued by the County, including all subordinate entities of the County and all entities which may issue obligations on behalf of the County, during the calendar year 2004 is not reasonably expected to exceed $5,000,000, excluding, however, that portion of current refunding obligations having a principal amount not in excess of the principal amount of the refunded obligation. By reason of the statements set forth in this subparagraph, the County will not rebate excess investment earnings, if any, to the federal government.
ARTICLE XII
LIMITATION OF LIABILITY

Section 12.01. Limited Liability of County. Except for the payment of Installment Payments and prepayments when due in accordance with the Installment Sale Agreement and the performance of the other covenants and agreements of the County contained in said Agreement, the County shall have no pecuniary obligation or liability to any of the other parties or to the Owners of the Certificate with respect to this Trust Agreement or the terms, execution, delivery or transfer of the Certificate, or the distribution of Installment Payments to the Owners by the Trust Administrator except as expressly set forth herein.

Section 12.02. No Liability of the Corporation for Trust Administrator Performance. Neither the County nor the Corporation shall have any obligation or liability to the other party or to the Owners of the Certificate with respect to the performance by the Trust Administrator of any duty imposed upon the Trust Administrator under this Trust Agreement.

Section 12.03. Indemnification of Trust Administrator. The County shall to the extent permitted by law indemnify and save the Trust Administrator, its officers, employees, directors and agents harmless from and against all claims, losses, costs, expenses, liability and damages, including legal fees and expenses, arising out of:

(a) the use, maintenance, condition or management of, or from any work or thing done on, the Project by the Corporation or the County;

(b) any breach or default on the part of the Corporation or the County in the performance of any of their respective obligations under the Installment Sale Agreement, this Trust Agreement and any other agreement made and entered into for purposes of the Project;

(c) any act of the Corporation or the County or of any of their respective agents, contractors, servants, employees or licensees with respect to the Project;

(d) any act of any assignee of, or purchaser from the Corporation or the County or of any of its or their respective agents, contractors, servants, employees or licensees with respect to the Project;

(e) the acquisition, construction, installation and equipping of the Project or the authorization of payment of Construction Costs or Delivery Costs;

(f) the actions of any other party, including but not limited to the ownership, operation or use of the Project by the Corporation or the County, the Trust Administrator's exercise and performance of its powers and duties hereunder, or the offering and sale of the Certificate. No indemnification will be made under this Section 12.03 or elsewhere in this Trust Agreement for willful misconduct or negligence under this Trust Agreement by the Trust Administrator, its officers or employees. The County's obligations hereunder shall remain valid and binding notwithstanding maturity and payment of the Certificate or resignation or removal of the Trust Administrator.

Section 12.04. Limitation of Rights to Parties and Certificate Owners. Nothing in this Trust Agreement or in the Certificate expressed or implied is intended or shall be construed to give any person other than the County, the Corporation, the Trust Administrator and the Owners of the Certificate, any legal or equitable right, remedy or claim under or in respect of this
Trust Agreement or any covenant, condition or provision hereof; and all such covenants, conditions and provisions are and shall be for the sole and exclusive benefit of the County, the Corporation, the Trust Administrator and said Owners.
ARTICLE XIII
EVENTS OF DEFAULT AND REMEDIES OF CERTIFICATE OWNERS

Section 13.01. Assignment of Rights. Pursuant to the Assignment Agreement, the Corporation transfers, assigns and sets over to the Trust Administrator all of the Corporation's rights under the Installment Sale Agreement (excepting only the Corporation's rights under Sections 5.06, 7.03 and 9.04 thereof), including without limitation the Corporation's rights to exercise such rights and remedies conferred on the Corporation pursuant to the Installment Sale Agreement as may be necessary or convenient (i) to enforce payment of the Installment Payments, prepayments and any other amounts required to be deposited in the Installment Payment Fund or the Insurance and Condemnation Fund, and (ii) otherwise to exercise the Corporation's rights and take any action to protect the interests of the Trust Administrator or the Certificate Owners in an Event of Default.

Section 13.02. Remedies. If an Event of Default shall happen, then and in each and every such case during the continuance of such Event of Default, the Trust Administrator may exercise any and all remedies available hereunder pursuant to law or granted pursuant to the Installment Sale Agreement.

Upon the occurrence of an Event of Default, the Trust Administrator may, and shall, at the written direction of the Owners of a majority of the principal amount of Certificate then Outstanding, by written notice to the County, declare the principal of the Installment Payments to be immediately due and payable, whereupon that portion of the principal of the Installment Sale Agreement thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in this Trust Agreement or in the Installment Payments to the contrary notwithstanding.

Remedies shall be cumulative with respect to the Trust Administrator and the Owners. If any remedial action is discontinued or abandoned, the Trust Administrator and the Owners shall be restored to their former positions.

Section 13.03. Application of Funds. All moneys received by the Trust Administrator pursuant to any right given or action taken under the provisions of this Article XIII or of Article VII of the Installment Sale Agreement, shall be applied by the Trust Administrator in the order following 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:

(a) First, to the payment of the costs and expenses of the Trust Administrator hereunder (including, but not limited to, the costs and expenses of itself and its counsel) and, after such payment to the Trust Administrator, of the Certificate Owners in declaring such Event of Default, including reasonable compensation to its or their agents, attorneys and counsel, together with interest on all such amounts advanced as provided in the Installment Sale Agreement;

(b) Second, to the payment of the whole amount then owing and unpaid with respect to the Certificate for principal and interest, with interest on the overdue principal and installments of interest at the rate or rates specified in the respective Certificates (but such interest on overdue installments of interest shall be paid only to the extent funds are available therefor following payment of principal and interest and interest on overdue principal, as aforesaid), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid with respect to the Certificate, then to the payment of such principal and interest without preference or priority of principal over interest, or of interest over principal, or of
any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

Section 13.04. Institution of Legal Proceedings. If one or more Events of Default shall happen and be continuing, the Trust Administrator in its discretion may, and upon the written request of the Owners of a majority in principal amount of the Certificate then Outstanding, and upon being indemnified to its satisfaction therefor, shall proceed to protect or enforce its rights or the rights of the Owners of Certificate by a suit in equity or action at law, for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trust Administrator shall deem most effectual to enforce any of its rights or duties hereunder.

Section 13.05. Non-waiver. Nothing in this Article XIII or in any other provision of this Trust Agreement, or in the Certificate, shall affect or impair the obligation of the County, which is absolute and unconditional subject to Section 3.06 of the Installment Sale Agreement, to pay or prepay the Installment Payments as provided in the Installment Sale Agreement, or affect or impair the right of action, which is also absolute and unconditional, of the Certificate Owners to institute suit to enforce such payment. No delay or omission of the Trust Administrator or of any Owner of any of the Certificate to exercise any right or power arising upon the happening of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, and every power and remedy given by this Article XIII to the Trust Administrator or to the Owners of Certificate may be exercised from time to time and as often as shall be deemed expedient by the Trust Administrator or the Certificate Owners.

Section 13.06. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trust Administrator or to the Certificate Owners is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise.

Section 13.07. Power of Trust Administrator to Control Proceedings. In the event that the Trust Administrator, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the Certificate then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Certificate, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trust Administrator shall not, unless there no longer continues an Event of Default hereunder, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of at least a majority in principal amount of the Certificate Outstanding hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Section 13.08. Limitation on Certificate Owners’ Right to Sue. No Owner of any Certificate shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Trust Agreement, unless (a) such Owner shall have previously given to the Trust Administrator written notice of the occurrence of an Event of Default hereunder; (b) the Owners of at least a majority in aggregate principal amount of all the Certificate then Outstanding shall have made written request upon the Trust Administrator to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trust Administrator reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and
(d) the Trust Administrator shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trust Administrator.

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

The right of any Owner of any Certificate to receive payment of said Owner's proportionate interest in the Installment Payments as the same become due, or to institute suit for the enforcement of such payment, shall not be impaired or affected without the consent of such Owner, notwithstanding the foregoing provisions of this Section 13.08 or any other provision of this Trust Agreement.

Section 13.09. Parties Interested Herein. Nothing in this Trust Agreement expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the County, the Corporation, the Trust Administrator and the Owners any right, remedy or claim under or by reason of this Trust Agreement, or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Trust Agreement contained by and on behalf of the County shall be for the sole and exclusive benefit of the County, the Corporation, the Trust Administrator and the Owners.
ARTICLE XIV
MISCELLANEOUS

Section 14.01. Defeasance. If all Outstanding Certificates shall be paid and discharged in any one or more of the following ways:

(a) Payment. By paying or causing to be paid the principal with respect to and interest with respect to all Certificates Outstanding, as and when the same become due and payable;

(b) Deposit. By depositing with the Trust Administrator, in trust, at or before maturity, money which, together with the amounts then on deposit in the Installment Payment Fund and the Reserve Fund, is fully sufficient to pay all Certificates Outstanding, including all principal and interest;

(c) Escrow. By irrevocably depositing with the Trust Administrator or an escrow agent, in trust, cash or Defeasance Obligations in such amount as an independent nationally recognized certified public accountant shall determine in a written report delivered to the Trust Administrator or escrow agent will, together with the interest to accrue thereon and moneys then on deposit in the Installment Payment Fund and the Reserve Fund, if required, together with the interest to accrue thereon, be fully sufficient to pay and discharge all Certificates (including all principal and interest) at or before their respective maturity dates; or

(d) Security Deposit. By depositing with the Trust Administrator, under an escrow deposit and trust agreement, security for the payment of Installment Payments as more particularly described in Section 4.05 of the Installment Sale Agreement, said security to be held by the Trust Administrator, as agent for County, and to be applied by the Trust Administrator to Installment Payments representing the obligation of the County under the Installment Sale Agreement, as described in Section 4.05 of the Installment Sale Agreement;

(e) Effect. Notwithstanding that any Certificates shall not have been surrendered for payment, all rights hereunder of the Owners of the Certificate and all obligations of the Corporation, the Trust Administrator and the County under this Trust Agreement with respect to all Outstanding Certificates shall cease and terminate, except only the obligation of the Trust Administrator to pay or cause to be paid, from Installment Payments paid by or on behalf of the County from deposits pursuant to paragraphs (b) through (d) of this Section 14.01, to the Owners of the Certificate not so surrendered and paid all sums due with respect thereto, and in the event of deposits pursuant to paragraphs (b) through (d) of this Section 14.01, the Certificate shall continue to represent direct, undivided and fractional interests of the Owners thereof in Installment Payments under the Installment Sale Agreement.

(f) Payment Date. All monies held or deposited pursuant to subsections (b) through (d), above, shall be used to pay and prepay Certificate on the earliest possible date.

(g) Surplus Funds. Any funds held by the Trust Administrator, at the time of one of the events described above in subsections (a) through (d) above, which are not required for the payment to be made to Owners, or for payments to be made to the Trust Administrator by the County (including attorneys' fees), shall be paid over to the County.
Section 14.02. Records. The Trust Administrator shall keep complete and accurate records of all moneys received and disbursed under this Trust Agreement, which shall be available for inspection by the County, the Corporation, and the Owners of not less than 10% in aggregate principal amount of the Certificates Outstanding, or the agent of any of them, upon reasonable prior notice and during regular business hours.

Section 14.03. Notices. All written notices to be given under this Trust Agreement shall be given by mail first class, postage prepaid, to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other parties in writing from time to time. Any such notice shall be deemed to have been received 48 hours after deposit in the United States mail, with postage fully prepaid.

the County: Auditor  
County of Mariposa  
P.O. Box 784  
5100 Boullion Street  
Mariposa, CA 95338

the Corporation: Secretary, Mariposa County Public Financing Corporation  
c/o Clerk, Board of Supervisors  
P.O. Box 784  
5100 Boullion Street  
Mariposa, CA 95338

the Trust Administrator: Auditor  
County of Mariposa  
P.O. Box 784  
5100 Boullion Street  
Mariposa, CA 95338

Section 14.04. Governing Law. This Trust Agreement shall be construed and governed in accordance with the laws of the State.

Section 14.05. Binding Effect; Successors. This Trust Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Whenever in this Trust Agreement the Corporation, the County or the Trust Administrator is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Trust Agreement contained by or on behalf of the Corporation, the County or the Trust Administrator shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 14.06. Execution in Counterparts. This Trust Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

Section 14.07. Destruction of Canceled Certificate. Whenever in this Trust Agreement provision is made for the surrender to or cancellation by the Trust Administrator and the delivery to the County of any Certificate, the Trust Administrator may, in lieu of such cancellation and delivery, destroy such Certificate and deliver a certificate of such destruction to the County.

Section 14.08. Headings. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of
reference and shall not affect the meaning, construction or effect of this Trust Agreement. All references herein to “Articles,” “Sections,” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Trust Agreement; and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Trust Agreement as a whole and not to any particular Article, Section or subdivision hereof.

Section 14.09. Limitation of Rights to Parties and Certificate Owners. Nothing in this Trust Agreement or in the Certificate expressed or implied is intended or shall be construed to give to any person other than the Corporation, the County, the Trust Administrator and the Owners of the Certificate, any legal or equitable right, remedy or claim under or in respect of this Trust Agreement or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Corporation, the County, the Trust Administrator and the Owners of the Certificate delivered hereunder.

Section 14.10. Waiver of Notice. Whenever in this Trust Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 14.11. Payments Due on Other than Business Day. If the date for making any payment as provided in this Trust Agreement is not a Business Day, such payment may be made on the next succeeding Business Day with the same force and effect as if done on the date provided therefore herein.

Section 14.12. Payment of Unclaimed Moneys. Notwithstanding any provisions of this Trust Agreement, any moneys held by the Trust Administrator in trust for the payment of the principal or interest due with respect to any Certificate and remaining unclaimed two years from the date of prepayment of such Certificate, or if the law shall have been changed and a County has notified the Trust Administrator of such change or the Trust Administrator notifies the County, then on the date thirty (30) days prior to the then applicable escheat provision of State law, shall, on such date, be repaid to the County free from the trusts created by this Trust Agreement, and all liability of the Trust Administrator with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the County as aforesaid, the Trust Administrator may (at the cost and request of the County) first mail to the Owners to whom such amounts have not yet been paid, at the addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trust Administrator with respect to the amounts so payable and with respect to the provisions relating to the repayment to the County of the moneys held for the payment thereof. The Trust Administrator shall not be liable for any interest on funds held by it. The County shall not be liable for any interest on the sums paid to it pursuant to this Section 14.11 and shall not be regarded as a Trust Administrator of such money.

Section 14.13. Separability of Invalid Provisions. In case any one or more of the provisions contained in this Trust Agreement or in the Certificate shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision of this Trust Agreement, and this Trust Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The parties hereto hereby declare that they would have entered into this Trust Agreement and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the delivery of the Certificate pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Trust Agreement may be held illegal, invalid or unenforceable.
IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date and year first above written.

AUDITOR OF THE COUNTY OF MARIPOSA
as Trust Administrator

By
Auditor

MARIPOSA COUNTY PUBLIC FINANCING CORPORATION

By
Secretary, Board of Directors

COUNTY OF MARIPOSA

By
Auditor
EXHIBIT A

DEFINITIONS

"Assignment Agreement" means the Assignment Agreement, dated as of the Closing Date, by and between the Corporation and the Trust Administrator, together with any amendments or supplements thereto.

"Auditor" means the person who is the County's Auditor or deputy or assistant thereto.

"Board" means the Board of Supervisors as the legislative body of the County.

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

"Certificate Register" means the registration books relating to the Certificate maintained by the Trust Administrator in accordance with Section 2.12 of the Trust Agreement.

"Certificate" or "Certificates" means the $300,000 Certificate of Participation (County of Mariposa—Y-West Wastewater Project) Series 2004, dated the Closing Date, executed and delivered pursuant to the Trust Agreement.

"Closing Date" means the date upon which there is a physical delivery of the Certificate in exchange for the amount representing the purchase price of all or an advance of a portion of the purchase price of the Certificate by the Original Purchaser.

"Construction Costs" means the costs of the acquisition, construction, rehabilitation, equipping, improvement or financing of improvements to, or part of, the Enterprise constituting the Project.

"Construction Fund" means the fund of that name established pursuant to Article III of the Trust Agreement and held by the Trust Administrator.

"Corporation" means the Mariposa County Public Financing Corporation, a non-profit corporation organized and existing under the laws of the State of California.

"Corporation Representative" means the President, Vice-President, Secretary, Treasurer, Executive Director, Corporation Counsel, or any persons authorized to act on behalf of the Corporation under or with respect to the Trust Agreement, the Installment Sale Agreement and/or the Assignment Agreement and identified as such to the Trust Administrator in writing.

"County" means the County of Mariposa, California.

"County Representative" means the Chairman or Vice Chairman of the Board, the County Administrative Officer, the Auditor, the Clerk of the Board, the Director of Public Works, the County Counsel or any other official of the County authorized by the Board to act for the County.

"Debt Service" means the scheduled amount of interest and amortization of principal payable with respect to the Certificate during the period of computation, excluding amounts
scheduled during such period which relate to principal which has been retired before the beginning or during such period.

"Deferance Obligations" means (a) cash, or (b) non-callable Federal Securities.

"Delivery Costs" means all items of expense directly or indirectly payable by or reimbursable to the County or the Corporation relating to the refinancing and financing of the Project from the proceeds of the Certificate, including but not limited to filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges and first year's administration fee of the Trust Administrator, Trust Administrator's counsel fees and expenses, financing discounts, legal fees and charges, financial and other professional consultant fees, costs of rating agencies or credit ratings, fees for execution, transportation and safekeeping of the Certificate, travel expenses and charges and fees in connection with the foregoing.

"Denomination Amount" means the minimum denomination of each Certificate which is $1,000.

"Enterprise" means any and all facilities, properties and improvements at any time owned, controlled or operated by the County for its Y-West Wastewater Facilities and other real or personal property useful in connection therewith.

"Event of Default" means an event of default under Section 7.01 of the Installment Sale Agreement.

"Fair Market Value" means for purposes of valuing the Permitted Investments, the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Tax Code) and, otherwise, the term "fair market value" means the acquisitions price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the County and related parties do not own more than a ten percent (10%) beneficial interest if the return paid by such fund is without regard to the source of investment. The Trust Administrator shall have no duty in connection with the determination of Fair Market Value other than to follow the investment directions of a County Representative in any written directions of a County Representative.

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

"Fiscal Year" means any period of twelve (12) consecutive months established by the County as its fiscal year and shall initially mean the period commencing July 1 of one year and ending on June 30 of the following year.
"Government" means the United States of America, acting through the Rural Utilities Service (or successor agency, bureau or division) of the United States Department of Agriculture.

"Gross Revenues" means all gross income and revenue received by the County from the ownership and operation of the Enterprise, including, without limiting the generality of the foregoing, (a) all income, rents, rates, fees, charges or other moneys derived from the services, facilities and commodities sold, furnished or supplied through the facilities of the Enterprise, (b) the earnings on and income derived from the investment of such income, rents, rates, fees, charges or other moneys to the extent that the use of such earnings and income is limited by or pursuant to the law to the Enterprise, and (c) the proceeds derived by the County directly or indirectly from the sale, lease or other disposition of a part of the Enterprise as permitted in the Installment Sale Agreement; provided, that the term "Gross Revenues" shall not include customers' deposits or any other deposits subject to refund until such deposits have become the property of the County.

"Independent Counsel" means an attorney or a firm of attorneys duly admitted to the practice of law before the highest court of the state in which he or such firm maintains an office and who is not an employee of the Corporation, the Trust Administrator or the County.

"Installment Payment" means any payment required to be paid by the County to the Corporation pursuant to Section 3.05 of the Installment Sale Agreement.

"Installment Payment Date" means each Interest Payment Date.

"Installment Payment Fund" means the fund designated "County of Mariposa Project Installment Payment Fund" established and held by the Trust Administrator pursuant to Article V of the Trust Agreement.

"Installment Sale Agreement" means the Installment Sale Agreement, dated as of the Closing Date, by and between the Corporation and the County, and any duly authorized and executed amendment or supplement thereto.

"Insurance and Condemnation Fund" means the fund by that name established pursuant to Article VII of the Trust Agreement and held by the Trust Administrator.

"Interest Payment Date" means September 2 and March 2 of each year, commencing September 2, 2004.

"Interest Rate" means the rate of interest to be paid on the Certificate which is 4.25% per annum.

"Net Proceeds" means any insurance proceeds or condemnation award paid with respect to the Project, remaining after payment therefrom of all expenses incurred in the collection thereof.

"Net Revenues" means Gross Revenues less Operation and Maintenance Expenses.

"Operation and Maintenance Expenses" means all expenses and costs of management, operation, maintenance and repair of the Enterprise and all incidental costs, fees and expenses properly chargeable to the Enterprise (but excluding debt service or other similar payments on Parity Debt or other obligations and depreciation and obsolescence charges or reserves therefor and amortization of intangibles and inter-fund transfers or other bookkeeping entries of a similar nature).
"Original Purchaser" means the Government as the first purchaser of the Certificate upon its delivery by the Trust Administrator on the Closing Date.

"Outstanding," when used as of any particular time with respect to Certificate, means (subject to the provisions of Section 10.03 of the Trust Agreement) all Certificate theretofore executed and delivered by the Trust Administrator under the Trust Agreement except:

(a) Certificate theretofore canceled by the Trust Administrator or surrendered to the Trust Administrator for cancellation;

(b) Certificate for the payment or redemption of which funds or eligible securities in the necessary amount, including accrued interest thereon, shall have theretofore been deposited with the Trust Administrator (whether upon or prior to the maturity or redemption date of such Certificate), provided that, if such Certificate are to be redeemed prior to maturity, notice of such redemption shall have been given as provided in Section 4.03 of the Trust Agreement or provision satisfactory to the Trust Administrator shall have been made for the giving of such notice; and

(c) Certificate in lieu of or in exchange for which other Certificate shall have been executed and delivered by the Trust Administrator pursuant to Section 2.09 of the Trust Agreement.

"Owner" or "Certificate Owner" or "Owner of a Certificate," or any similar term, means the person or entity in whose name a Certificate shall be registered.

"Parity Debt" means the payments made pursuant to any other indebtedness or other obligations (including leases and installment sale agreements) hereafter issued or incurred and secured by a pledge of and lien on Net Revenues equally and ratably with the Installment Payments, specifically including the indebtedness under the Installment Sale Agreement.

"Permitted Encumbrances" means, as of any particular time: (a) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the County may, pursuant to provisions of Article V of the Installment Sale Agreement, permit to remain unpaid; (b) the Installment Sale Agreement and the assignment of the Corporation’s interests in the Installment Sale Agreement pursuant to the Assignment Agreement; (c) any right or claim of any mechanic, laborer, material supplier or vendor filed or perfected in the manner prescribed by law and (d) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the date of the Installment Sale Agreement.

"Permitted Investments" means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein, provided that the same are of appropriate maturity and acquired at Fair Market Value:

(a) Federal Securities;

(b) bonds, debentures or notes issued by any of the following: Banks for Cooperatives, Federal Land Banks or Federal National Mortgage Association (including participation certificate and Federal Farm Credit Banks Consolidated System Bonds);

(c) bonds or obligations of the State of California which are rated "AA" or better by S&P;
(d) interest bearing demand or time deposits (including certificates of deposit) in national banks, state banks, federal savings and loan associations or state chartered savings and loan associations, which have deposits insured by the Federal Deposit Insurance Corporation (the "FDIC"); provided, however, that the portion of such certificates of deposit in excess of the amount insured by the FDIC, if any, shall be with a provider whose short term S&P rating is "A-1+" or better;

(e) repurchase agreements with

(i) any institution with long-term debt rated in one of the two highest Rating Categories by S&P;

(ii) with any corporation or other entity that falls under the jurisdiction of the Federal Bankruptcy Code, provided that:

(A) the term of such repurchase agreement is less than one year or due on demand;

(B) the Trust Administrator has possession of the collateral;

(C) the market value of the collateral is maintained as follows:

(1) if valued daily and with a remaining maturity of (a) one year or less, at 102%; (b) five years or less, at 105%; (c) ten years or less, at 106%; (d) fifteen years or less, at 108%; and (e) thirty years or less, at 114%;

(2) if valued weekly and with a remaining maturity of (a) one year or less, at 103%; (b) five years or less, at 111%; (c) ten years or less, at 112%; (d) fifteen years or less, at 114%; and (e) thirty years or less, at 120%;

(3) if valued monthly and with a remaining maturity of (a) one year or less, at 106%; (b) five years or less, at 118%; (c) ten years or less, at 123%; (d) fifteen years or less, at 128%; and (e) thirty years or less, at 138%; and

(4) if valued quarterly and with a remaining maturity of (a) one year or less, at 107%; (b) five years or less, at 120%; (c) ten years or less, at 130%; (d) fifteen years or less, at 133%; and (e) thirty years or less, at 140%

(D) failure to maintain the requisite collateral levels will require the Trust Administrator to liquidate the collateral immediately;

(E) the repurchase securities must be obligations of, or fully guaranteed as to principal and interest by, the United States of America; and

(F) the repurchase securities are free and clear of any third party lien or claim; or
(iii) with financial institutions insured by the FDIC or any broker-dealer with "retail customers" which falls under the jurisdiction of the Securities Investors Protection Corp. ("SIPC"), provided that

(A) the market value of the collateral is maintained as described in (ii)(C) above;

(B) the Trust Administrator has possession of the collateral;

(C) the Trust Administrator has a perfected first priority security interest in the collateral;

(D) the collateral is free and clear of any third party lien or claim and, in the case of a broker-dealer with "retail customers" which falls under the jurisdiction of SIPC, the collateral was not acquired pursuant to a repurchase agreement or a reverse repurchase agreement;

(E) the repurchase securities must be obligations of, or fully guaranteed as to principal and interest by, the United States of America; and

(F) failure to maintain the requisite collateral levels will require the Trust Administrator to liquidate the collateral immediately; and

(f) money market funds consisting of Federal Securities, which are rated in the highest Rating Category by S&P; and

(g) the Local Agency Investment Fund of the State of California.

"Prepayment" means any payment applied towards the prepayment of the Installment Payments, in whole or in part, pursuant to Article X of the Installment Sale Agreement.

"Principal Amount" means the aggregate principal amount of the Certificate which is not to exceed $300,000.

"Principal Trust Office" means the office of the Trust Administrator at the offices of the County in Mariposa, California, or at such other address designated by the Trust Administrator by written notice filed with the County and the Corporation.

"Proceeds" when used with reference to the Certificate, means the face amount of the Certificate, plus accrued interest and premium, if any, less original issue discount, if any.

"Project" means the improvements to the Enterprise described in Exhibit B--A to the Installment Sale Agreement.

"Rating Category" means, with respect to any Permitted Investment, one or more of the generic categories of rating by S&P applicable to such Permitted Investment, without regard to any refinement or gradation of such rating category by a plus or minus sign.

"Regular Record Date" means the close of business on the fifteenth (15th) day of the month preceding each Interest Payment Date, whether or not such fifteenth (15th) day is a Business Day.
"Reserve Fund" means the fund of that name established under Article VI of the Trust Agreement and held by the Trust Administrator.

"Reserve Requirement" means, for the purpose of determining the maximum size of the Reserve Fund, the least of: (a) 10% of the Principal Amount of the Certificate; (b) 125% of average annual Debt Service; or (c) maximum annual Debt Service.


"State" means the State of California.

"Subordinate Debt" means indebtedness or other obligations (including leases and installment sale agreements) hereafter issued or incurred and secured by a pledge of and lien on Net Revenues subordinate to the Installment Payments.

"Tax Code" means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced in the Installment Sale Agreement or the Trust Agreement) as it may be amended to apply to obligations issued on the Closing Date, together with applicable temporary and final regulations promulgated under the Tax Code.

"Term of the Installment Sale Agreement" means the time during which the Installment Sale Agreement is in effect which begins on July 20, 2004 and ends on December 1, 2043.

"Trust Administrator" means the Auditor of the County, or any successor thereto, acting as Trust Administrator pursuant to the Trust Agreement.

"Trust Agreement" means this Trust Agreement, dated as of July 20, 2004, by and among the Trust Administrator, the Corporation and the County, together with any amendments or supplements thereto permitted to be made thereunder.

"Written Certificate" of the County means a written certificate signed in the name of the County by a County Representative as contemplated by and containing the elements required by Section 1.03 of the Trust Agreement and Section 1.03 of the Installment Sale Agreement.
EXHIBIT B

FORM OF CERTIFICATE OF PARTICIPATION

No. R-1

NOT TO EXCEED $300,000 CERTIFICATE OF PARTICIPATION
(County of Mariposa—Y-West Wastewater Project)
Series 2004
Evidencing the Direct, Undivided Fractional Interests of the Owner
Thereof in Installment Payments to be Made by the
COUNTY OF MARIPOSA
(California)
As the Purchase Price for Certain Property Pursuant
to an Installment Sale Agreement with the
MARIPOSA COUNTY PUBLIC FINANCING CORPORATION

RATE OF INTEREST: 4.25%
DATED DATE: July 20, 2004

REGISTERED OWNER: UNITED STATES OF AMERICA, ACTING THROUGH RURAL
UTILITIES SERVICE, UNITED STATES DEPARTMENT OF
AGRICULTURE

PRINCIPAL AMOUNT: NOT TO EXCEED: THREE HUNDRED THOUSAND DOLLARS

THIS IS TO CERTIFY THAT the Registered Owner identified above, or registered assigns,
as the registered owner (the "Registered Owner") of this Certificate of Participation (the
"Certificate") is the owner of a direct, undivided fractional interest in installment payments (the
"Installment Payments") payable under the Installment Sale Agreement dated as of the date
hereof (the "Installment Sale Agreement") by and between the MARIPOSA COUNTY PUBLIC
FINANCING CORPORATION (the "Corporation"), a non-profit corporation, duly organized and
existing under the laws of the State of California and the COUNTY OF MARIPOSA (the "County"),
a county and political subdivision of the State of California, organized and existing under the
laws of the State of California The Installment Payments and certain other rights and interests
under the Installment Sale Agreement have been assigned to the Auditor/Secretary of the
County, as trust administrator (the "Trust Administrator"), having an office in the location
described in the Trust Agreement referred to below.

The Registered Owner of this Certificate is entitled to receive, subject to the terms of the
Installment Sale Agreement, on the Maturity Dates identified below, or any earlier prepayment
date, the Principal Amounts identified below representing a direct, undivided fractional share of
the portion of the Installment Payments designated as Principal as follows:

<table>
<thead>
<tr>
<th>Maturity Date (June 1)</th>
<th>Bond Numbers</th>
<th>Total Principal</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>1-3</td>
<td>3,000</td>
</tr>
<tr>
<td>2006</td>
<td>4-6</td>
<td>3,000</td>
</tr>
<tr>
<td>2007</td>
<td>7-9</td>
<td>3,000</td>
</tr>
<tr>
<td>Maturity Date (June 1)</td>
<td>Bond Numbers</td>
<td>Total Principal</td>
</tr>
<tr>
<td>------------------------</td>
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<td>-----------------</td>
</tr>
<tr>
<td>2008</td>
<td>10-12</td>
<td>3,000</td>
</tr>
<tr>
<td>2009</td>
<td>13-16</td>
<td>4,000</td>
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<tr>
<td>2010</td>
<td>17-20</td>
<td>4,000</td>
</tr>
<tr>
<td>2011</td>
<td>21-24</td>
<td>4,000</td>
</tr>
<tr>
<td>2012</td>
<td>25-28</td>
<td>4,000</td>
</tr>
<tr>
<td>2013</td>
<td>29-32</td>
<td>4,000</td>
</tr>
<tr>
<td>2014</td>
<td>33-36</td>
<td>4,000</td>
</tr>
<tr>
<td>2015</td>
<td>37-41</td>
<td>5,000</td>
</tr>
<tr>
<td>2016</td>
<td>42-46</td>
<td>5,000</td>
</tr>
<tr>
<td>2017</td>
<td>47-51</td>
<td>5,000</td>
</tr>
<tr>
<td>2018</td>
<td>52-56</td>
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<tr>
<td>2019</td>
<td>57-61</td>
<td>5,000</td>
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<tr>
<td>2020</td>
<td>62-67</td>
<td>6,000</td>
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<tr>
<td>2021</td>
<td>68-73</td>
<td>6,000</td>
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<tr>
<td>2022</td>
<td>74-79</td>
<td>6,000</td>
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<tr>
<td>2023</td>
<td>80-85</td>
<td>6,000</td>
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<td>2024</td>
<td>86-92</td>
<td>7,000</td>
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<tr>
<td>2025</td>
<td>93-99</td>
<td>7,000</td>
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<tr>
<td>2026</td>
<td>100-106</td>
<td>7,000</td>
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<tr>
<td>2027</td>
<td>107-113</td>
<td>7,000</td>
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<tr>
<td>2028</td>
<td>114-121</td>
<td>8,000</td>
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<tr>
<td>2029</td>
<td>122-129</td>
<td>8,000</td>
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<td>2030</td>
<td>130-137</td>
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<td>147-155</td>
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<td>2033</td>
<td>156-165</td>
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<td>2034</td>
<td>166-175</td>
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<td>2035</td>
<td>176-185</td>
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<td>2036</td>
<td>186-196</td>
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<td>2037</td>
<td>197-207</td>
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<td>2038</td>
<td>208-219</td>
<td>12,000</td>
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<tr>
<td>2039</td>
<td>220-231</td>
<td>12,000</td>
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<td>2040</td>
<td>232-244</td>
<td>13,000</td>
</tr>
<tr>
<td>2041</td>
<td>245-257</td>
<td>13,000</td>
</tr>
<tr>
<td>2042</td>
<td>258-271</td>
<td>14,000</td>
</tr>
<tr>
<td>2043</td>
<td>272-285</td>
<td>14,000</td>
</tr>
</tbody>
</table>
| 2044                   | 286-300      | 15,000          | 300,000

and to receive on September 2, 2004, and semiannually thereafter on March 2 and September 2 of each year (each an "Interest Payment Date") until payment in full of said principal the Registered Owner's direct, undivided fractional share of the Installment Payments designated as interest coming due during the interest period immediately preceding each of the Interest Payment Dates. Interest represented hereby shall be payable at the Rate of Interest first written above from the Interest Payment Date next preceding the date of execution of this Certificate unless (a) this Certificate is authenticated after the close of business on the fifteenth (15th) day of the month immediately preceding an Interest Payment Date (a "Record Date") and on or before such Interest Payment Date, in which event interest shall be payable from such Interest Payment Date,
or (b) unless this Certificate is authenticated on or before August 15, 2004 in which event interest shall be payable from the Dated Date identified above. The Registered Owner's share of the portion of the Installment Payments designated as interest is the result of the multiplication of the share of the portion of the Installment Payments designated as principal as shown and endorsed on the attached Certificate of Advances of Payment from the United States of America, by the Rate of Interest per annum identified above, calculated on the basis of a 365-day year. Principal represented hereby is payable in lawful money of the United States of America upon surrender hereof at the Office of the Trust Administrator, and interest represented hereby is payable by wire transfer or check or draft mailed by first-class mail by the Trust Administrator on each Interest Payment Date to the Registered Owner at such Owner's address as it appears on the registration books of the Trust Administrator as of the preceding Record Date.

This Certificate is issued in lieu of and represents the Certificates above-mentioned, all of like, date, tenor and effect, but differing in amounts and maturities.

This Certificate has been executed and delivered by the Trust Administrator pursuant to the terms of a Trust Agreement by and among the Trust Administrator, the Corporation and the County, dated as of the date hereof (the "Trust Agreement"). The County has certified that it is authorized to enter into the Installment Sale Agreement and the Trust Agreement under the laws of the State of California, for the purpose of paying and reimbursing the payment of the costs of certain public capital improvements. Reference is hereby made to the Installment Sale Agreement and the Trust Agreement (copies of which are on file at the Office of the Trust Administrator) for a description of the terms on which the Certificates are delivered, the rights thereunder of the owners of the Certificates, the rights, duties and immunities of the Trust Administrator and the rights and obligations of the County under the Installment Sale Agreement, to all of the provisions of the Installment Sale Agreement and the Trust Agreement the Registered Owner of this Certificate, by acceptance hereof, assents and agrees.

The County is obligated under the Installment Sale Agreement to pay the Installment Payments from Net Revenues (as such term is defined in the Installment Sale Agreement). The obligation of the County to pay the Installment Payments does not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation or for which the County has levied or pledged any form of taxation. The obligation of the County to pay Installment Payments does not constitute a debt of the County, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

The Certificate is subject to optional prepayment in whole, or in part among maturities in any manner as directed by the County and by lot within a maturity, on any Business Day, from prepayments of the Installment Payments made at the option of the County pursuant to the Installment Sale Agreement, at a prepayment price equal to the aggregate principal components of the Installment Payments to be prepaid, together with accrued interest represented thereby to the date fixed for prepayment, without premium.

The Certificate is subject to mandatory prepayment on any date, in whole, or in part, from unexpended proceeds of the Construction Fund established under the Trust Agreement and from the net proceeds of insurance or eminent domain proceedings, in either case deposited with the Trust Administrator, which are credited towards the prepayment of the Installment Payments pursuant to the Installment Sale Agreement, at a prepayment price equal to one hundred percent (100%) of the principal amount to be prepaid, together with accrued interest represented thereby to the date fixed for prepayment, without premium.

As provided in the Trust Agreement, notice of prepayment shall be mailed by the Trust Administrator by first-class mail, postage prepaid, not less than thirty (30) nor more than sixty (60) days before the prepayment date, to the Registered Owner of the Certificate, but neither
failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for prepayment or the cessation of accrual of interest represented thereby. If this Certificate is called for prepayment and payment is duly provided herefor as specified in the Trust Agreement, interest represented hereby shall cease to accrue from and after the date fixed for prepayment.

This Certificate is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Office of the Trust Administrator, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Trust Agreement and upon surrender and cancellation of this Certificate. Upon such transfer a new Certificate or Certificates, of authorized denomination or denominations, representing the same aggregate principal amount and representing the same rate of interest and maturity date, will be delivered to the transferee in exchange herefor. The County, the Corporation and the Trust Administrator may treat the Registered Owner hereof as the absolute owner hereof for all purposes, whether or not this Certificate shall be overdue, and the County, the Corporation and the Trust Administrator shall not be affected by any notice to the contrary.

To the extent and in the manner permitted by the terms of the Trust Agreement, the provisions of the Trust Agreement may be amended by the parties thereto with the written consent of the owners of a majority in aggregate principal amount of the Certificates then outstanding, and may be amended without such consent under certain circumstances; provided that no such amendment shall extend the fixed maturity of any Certificate or reduce the interest or principal represented thereby, without the express consent of the owner of such Certificate.

The Trust Administrator has no obligation or liability to the registered owners of the Certificates to make payments of principal, or interest with respect to the Certificates except from amounts on deposit for such purposes with the Trust Administrator. The Trust Administrator’s sole obligations are to administer for the benefit of the registered owners of the Certificates the various funds and accounts established under the Trust Agreement and to perform the other duties expressly imposed upon it under the Trust Agreement.

The County has certified, recited and declared that all things, conditions and acts required by the laws of the State of California, the Installment Sale Agreement and the Trust Agreement to exist, to have happened and to have been performed precedent to and in the delivery of the Certificates, do exist, have happened and have been performed in due time, form and manner as required by law.

This Certificate is given as evidence of a loan to the County made by the United States of America, acting through Rural Utilities Service, United States Department of Agriculture, pursuant to the Consolidated Farm and Rural Development Act, and shall be subject to the present regulations of the Rural Utilities Service or any successor agency thereto and to its future regulations not inconsistent with the express provisions hereof.

IN WITNESS WHEREOF, this Certificate has been executed and delivered by the Trust Administrator, acting pursuant to the Trust Agreement as of the Dated Date first written above.

TRUST ADMINISTRATOR

By: __________________________
    Auditor, County of Mariposa
REGISTRATION CERTIFICATE

I, the Auditor of the County of Mariposa, as the Registrar, Transfer and Paying Agent for the within Bond have on ____________, 2004 registered this Bond to:

UNITED STATES OF AMERICA
Rural Utilities Service, USDA
2135 West Wardrobe Avenue, Suite A
Merced, CA 95340

______________________________________
, Auditor

Certificate of Advances of Payment from United States of America, acting through Rural Utilities Service, United States Department of Agriculture

The following advances have been paid to and received by the County in the amount and on the date(s) set forth below, as evidenced by the Trust Administrator’s signature set forth below opposite “Date of Advance” and “Amount of Advance.”

<table>
<thead>
<tr>
<th>Date of Advance</th>
<th>Amount of Advance</th>
<th>Signature of the Trust Administrator</th>
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</tbody>
</table>

Total principal sum of the within Certificate as advanced as of ____________, 200_ is $__________.
Record of Prepayment in Advance of Maturity of Certificates Represented by this Certificate

The Record of prepayment in advance of maturity on the registered Certificate shall be substantially as follows:

Amount __________________________ Date _______________________

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto

____________________________________________________________________________________

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within registered Certificate and hereby irrevocably constitute(s) and appoint(s) ____________________________ attorney, to transfer the same on the registration books of the Trust Administrator with full power of substitution in the premises.

Dated: ________________________________

Signature Guaranteed:

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

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

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face hereof, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants in common
TEN ENT -- as tenants by the
Entitlements
JT TEN -- as joint tenants with
____ right of survivorship
____ and not as tenants in
____ common

UNIF GIFT MIN ACT (Cust) ____ (Minor) ____
under Uniform Gifts to Minors
Act (State)

ADDONAL ABBREVIATIONS MAY ALSO BE USED
THOUGH NOT IN THE LIST ABOVE

Exhibit B
Page 6
EXHIBIT C

$300,000 CERTIFICATE OF PARTICIPATION
(County of Mariposa—Y-West Wastewater Project)
Series 2004
Evidencing the Direct, Undivided Fractional Interests of the Owner
Thereof in Installment Payments to be Made by the
COUNTY OF MARIPOSA
(California)
As the Purchase Price for Certain Property Pursuant
to an Installment Sale Agreement with the
MARIPOSA COUNTY PUBLIC FINANCING CORPORATION

WRITTEN REQUISITION NO. ___ FOR
DISBURSEMENT FROM CONSTRUCTION FUND

The undersigned hereby states and certifies that:

1. the undersigned is the duly appointed, qualified and acting___________ of the County of Mariposa, a county and political subdivision of the State of California organized and existing under the laws of the State of California (the “County”), and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same;

2. the undersigned is a duly designated “County Representative”, as such term is defined in that certain Trust Agreement, dated as of July 20, 2004 (the “Trust Agreement”), by and among the Auditor of the County of Mariposa, as trust administrator (the “Trust Administrator”), the Mariposa County Public Financing Corporation (the “Corporation”) and the County;

3. under Section 3.02 of the Trust Agreement, the Trust Administrator is hereby requested to disburse this date, from the Construction Fund established under the Trust Agreement, to the payees set forth on Attachment I attached hereto and by this reference incorporated herein, at the addresses identified thereon, the amount set forth opposite such payee for payment of Construction Costs;

4. the amounts to be disbursed constitute Construction Costs or Delivery Costs, that said amounts are required to be disbursed pursuant to a contract entered into therefor by or on behalf of the Corporation or the County, or were necessarily and reasonably incurred, and that said amounts are not being paid in advance of the time, if any, fixed for payment;

5. no amount set forth in this requisition was included in any requisition requesting disbursement previously filed with the Trust Administrator pursuant to Section 3.02 of the Trust Agreement;

6. insofar as such requisition relates to payment for work, materials, equipment or supplies, such work was actually performed, or such materials, equipment or supplies were actually installed in furtherance of the construction of the Project or delivered to the appropriate site for such purpose, or delivered for storage or fabrication at a place approved by the County; and
7. if such requisition relates to payment to a contractor, that no liens have been imposed on the Project as a result of said construction except liens that have not yet ripened or that would attach by operation of law; and

8. any capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Trust Agreement.

Dated: __________, 200__

COUNTY OF MARIPOSA

By: __________________________
   Title: ________________________
<table>
<thead>
<tr>
<th>Payee Name and Address</th>
<th>Purpose of Obligation</th>
<th>Amount</th>
</tr>
</thead>
</table>

Exhibit C

*Attachment 1*