

The interest on the Senior Bonds is not intended by the Authority or County to be excluded from gross income for federal income tax purposes; however, in the opinion of Jones Hall, A Professional Law Corporation, Bond Counsel, San Francisco, California, interest on the Senior Bonds is exempt from California personal income taxes. See "TAX MATTERS."

\$35,085,000

PLACER COUNTY PUBLIC FINANCING AUTHORITY
Refunding Revenue Bonds, Senior Series 2018A
(mPOWER Placer Program) (Green Bonds) (Federally Taxable)

Dated: Date of Delivery

Due: October 1, as shown on inside cover

Authority for Issuance. The Placer County Public Financing Authority (the "Authority") is issuing the bonds captioned above (the "Senior Bonds") under Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, a resolution adopted by the Governing Board of the Authority on October 3, 2017, as supplemented on May 22, 2018, and an Indenture of Trust dated as of June 1, 2018 (the "Indenture") between the Authority and Placer County Treasurer-Tax Collector, as trustee for the Senior Bonds (the "Trustee"). See "THE SENIOR BONDS – Authority for Issuance."

Use of Proceeds. The proceeds of the Senior Bonds will be used to (i) refinance certain outstanding loans made by the Authority to the County of Placer (the "County"), and revenue bonds of the Authority that funded those loans in connection with the County's property assessed clean energy (or "PACE") program known as the mPOWER Placer Program (the "Program"), which is administered by the County; (ii) reimburse the County for administrative costs incurred to establish and operate the Program; (iii) fund capitalized interest with respect to the Senior Bonds through October 1, 2018; (iv) pay the initial premium for a policy of municipal bond insurance for the Senior Bonds (the "Senior Bonds Insurance Policy") and the initial premium for a debt service reserve policy for the Senior Bonds (the "Senior Bonds Reserve Policy"); and (v) pay the costs of issuing the Senior Bonds. See "REFINANCING PLAN."

Security for and Pledge of Revenues to the Senior Bonds. Under the Indenture, the Senior Bonds will be payable solely from and secured by a first lien on and pledge of all the Revenues (as defined in this Official Statement) and certain funds and accounts held under the Indenture. Revenues consist primarily of loan payments to be made by the County in connection with a loan (the "2018 Loan") made pursuant to the Refunding Limited Obligation Loan Agreement (Series 2018R), dated as of June 1, 2018 (the "2018 Loan Agreement"), among the Authority, the County and the Trustee.

Simultaneously with the issuance of the Senior Bonds, the Authority is issuing its Refunding Revenue Bonds, Subordinate Series 2018B (mPOWER Placer Program) Bonds (the "Subordinate Bonds," and together with the Senior Bonds, the "Bonds"), which are secured by and payable from the Revenues on a subordinate basis relative to the Senior Bonds, to the extent described under the heading entitled "SECURITY FOR THE SENIOR BONDS – Flow of Funds Under Indenture." The Subordinate Bonds are being purchased by the Placer County Treasurer-Tax Collector and are not being offered pursuant to this Official Statement.

The 2018 Loan has been structured to bear interest at a rate that is approximately 1% higher than the weighted average interest rate on the Bonds. This spread provides, among other things, Surplus Revenues that will be used to redeem Bonds in a manner that maintains the Senior Bonds Asset Ratio at the Senior Bonds Asset Requirement, as described under the heading "SECURITY FOR THE SENIOR BONDS – Revenue Fund."

Security for and Pledge of Voluntary Contractual Assessments on Residential Parcels to the 2018 Loan. The 2018 Loan is secured by a first pledge of voluntary contractual assessments levied by the County on residential parcels participating in the Program (except the Administrative Expense Component, as defined in this Official Statement) on a parity with the pledge to any Parity Loan, and all moneys deposited into the Redemption Fund for the 2018 Loan. Such assessments are referred to in this Official Statement as "Assessments," which is more particularly defined in this Official Statement. As of May 31, 2018, Parity Loans are outstanding in the principal amount of \$10,245,563.96; however, one such Parity Loan is structured as a draw-down loan and is subject to increase in amount until approximately June 30, 2018, after which date the County will no longer be accepting applications for Program financing. See "SECURITY FOR THE SENIOR BONDS."

Collection of Assessments. Under the 2018 Loan Agreement, all sums other than Prepayments (as defined in this Official Statement) received from the collection of the Assessments and of the interest and penalties thereon will be transferred and/or deposited as follows in the following priority: (i) an amount equal to the Administrative Expense Component will be deposited by the County into the Administrative Expense Fund; and (ii) the remainder will be transferred to the Trustee for deposit into the Redemption Fund and the debt service fund for any Parity Loan. In the event Assessments are insufficient to pay debt service when due on the 2018 Loan and debt service on any Parity Loan, the County will cause Assessments to be deposited into the Redemption Fund and the debt service fund for any Parity Loan on a pro rata basis based on the outstanding principal amount of the Loan and the Parity Loan. See "SECURITY FOR THE SENIOR BONDS."

Municipal Bond Insurance Policy. The scheduled payment of principal and interest on the Senior Bonds when due will be guaranteed under the Senior Bonds Insurance Policy to be issued by Build America Mutual Assurance Company concurrently with the delivery of the Senior Bonds. See "MUNICIPAL BOND INSURANCE POLICY."



Senior Bonds Reserve Account. Simultaneously with the issuance of the Senior Bonds, in order to further secure the payment of the principal and interest on the Senior Bonds, a debt service reserve account will be funded by the deposit of the Senior Bonds Reserve Policy, in an amount equal to the Senior Bonds Reserve Requirement (as defined in this Official Statement), to be issued by Build America Mutual Assurance Company concurrently with the delivery of the Senior Bonds. The Authority will have no obligation to replace the Senior Bonds Reserve Policy or to fund the Senior Bonds Reserve Account with cash if, at any time that the Senior Bonds are Outstanding, amounts are not available under the Senior Bonds Reserve Policy. See "SECURITY FOR THE SENIOR BONDS – Flow of Funds Under Indenture – Senior Bonds Reserve Account."

Bond Terms; Book-Entry Only. The Senior Bonds will bear interest at the rates shown on the inside cover page, payable semiannually on April 1 and October 1 of each year, commencing on October 1, 2018, and will be issued in fully-registered form without coupons in the denomination of \$5,000 or any integral multiple thereof. The Senior Bonds will be issued in book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers of the Senior Bonds will not receive certificates representing their interests in the Senior Bonds. Payments of the principal of and premium, if any, and interest on the Senior Bonds will be made to DTC, which is obligated in turn to remit such principal, premium, if any, and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the Senior Bonds. See "THE SENIOR BONDS - General Provisions."

Redemption. The Senior Bonds are subject to redemption prior to maturity. See "THE SENIOR BONDS - Redemption" and "YIELD AND PREPAYMENT CONSIDERATIONS."

No Additional Bonds. Under the Indenture, the Authority covenants that, except for refunding purposes and as set forth in the Indenture, no additional obligations payable on a parity with the Senior Bonds or Subordinate Bonds ("Parity Bonds") will be issued or incurred. So long as any Senior Bonds remain Outstanding, any Parity Bonds issued to refund all or a portion of the Subordinate Bonds will be subordinate to any Outstanding Senior Bonds in the same manner that the Subordinate Bonds are subordinate to the Senior Bonds as provided in the Indenture, or as the holders of any Outstanding Senior Bonds may otherwise agree.

Additional Parity Loans. Under the 2018 Loan Agreement, the County is permitted to issue or incur any bonds, notes, loans, advances or other indebtedness on a parity with the 2018 Loan, subject to certain conditions in the 2018 Loan Agreement.

Green Bonds. The County and Authority are designating the renewable energy, energy efficiency and water conservation improvements financed by the Assessments as a "Green Project" and the Senior Bonds as "Green Bonds." See "GREEN BONDS."

THE SENIOR BONDS ARE REVENUE BONDS, PAYABLE EXCLUSIVELY FROM THE REVENUES AND OTHER FUNDS AS PROVIDED IN THE INDENTURE. NONE OF THE GENERAL FUND OF THE AUTHORITY, THE COUNTY OR THE STATE OF CALIFORNIA, OR ANY OF ITS POLITICAL SUBDIVISIONS, IS LIABLE, AND NONE OF THE CREDIT OF THE AUTHORITY, THE COUNTY OR THE STATE OF CALIFORNIA, OR ANY OF ITS POLITICAL SUBDIVISIONS, IS PLEDGED, FOR THE PAYMENT OF THE INTEREST AND PREMIUM (IF ANY) ON OR PRINCIPAL OF THE SENIOR BONDS. THE OWNERS OF THE SENIOR BONDS SHALL NEVER HAVE THE RIGHT TO COMPEL THE FORFEITURE OF ANY PROPERTY OF THE AUTHORITY OR THE COUNTY. THE PRINCIPAL OF AND INTEREST ON THE SENIOR BONDS, AND ANY PREMIUMS UPON THE REDEMPTION OF ANY THEREOF, SHALL NOT BE A LEGAL OR EQUITABLE PLEDGE, CHARGE, LIEN OR ENCUMBRANCE UPON ANY PROPERTY OF THE AUTHORITY OR COUNTY OR UPON ANY OF THEIR INCOME, RECEIPTS OR REVENUES EXCEPT THE REVENUES AND OTHER FUNDS PLEDGED TO THE PAYMENT THEREOF AS PROVIDED IN THE INDENTURE.

MATURITY SCHEDULE
(see inside cover)

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE OF BONDS. INVESTORS MUST READ THIS ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION WITH RESPECT TO THE PURCHASE OF THE SENIOR BONDS.

The Senior Bonds are offered when, as and if issued and received by Stifel, Nicolaus & Company, Incorporated, as Underwriter, and subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters will also be passed upon for the Authority and County by Jones Hall, A Professional Law Corporation, as Disclosure Counsel, and for the Underwriter by its counsel, Stradling Yocca Carlson & Rauth, P.C, Newport Beach, California. Certain legal matters will be passed upon for the County by County Counsel and for the Authority by its counsel. It is anticipated that the Senior Bonds will be delivered in book-entry only form through the facilities of DTC in New York, New York, on or about June 28, 2018.

STIFEL

MATURITY SCHEDULE

**PLACER COUNTY PUBLIC FINANCING AUTHORITY
Refunding Revenue Bonds, Senior Series 2018A
(mPOWER Placer Program) (Green Bonds) (Federally Taxable)**

(Base CUSIP†: 72601F)

**\$30,660,000 4.875% Senior Term Bond due October 1, 2038, Price: 104.250%
CUSIP† No. AA6**

**\$4,425,000 3.000% Special Senior Term Bond due October 1, 2038, Price: 100.000%
CUSIP† No. AB4**

† Copyright 2018, American Bankers Association. CUSIP data are provided by S&P Global Market Intelligence and are provided for convenience of reference only. None of the County, Authority or Underwriter assumes any responsibility for the accuracy of these CUSIP data.

PLACER COUNTY PUBLIC FINANCING AUTHORITY

Governing Board

Jack Duran, *Member, Vice-Chair*
Robert M. Weygandt, *Member*
Jim Holmes, *Member, Chair*
Kirk Uhler, *Member*
Jennifer Montgomery, *Member*

COUNTY OF PLACER

Board of Supervisors

Jack Duran, *Supervisor, District 1, Vice-Chair*
Robert M. Weygandt, *Supervisor, District 2*
Jim Holmes, *Supervisor, District 3, Chair*
Kirk Uhler, *Supervisor, District 4*
Jennifer Montgomery, *Supervisor, District 5*

County Officials

Todd Leopold, *County Executive Officer*
Megan Wood, *Clerk of the Board of Supervisors*
Kristen Spears, *Assessor*
Andrew Sisk, *Auditor-Controller*
Ryan Ronco, *Clerk-Recorder and Registrar of Voters*
Jenine Windeshausen, *Treasurer-Tax Collector*
R. Scott Owens, *District Attorney*
Gerald O. Carden, *County Counsel*

PROFESSIONAL SERVICES

Bond and Disclosure Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Municipal Advisor

Del Rio Advisors, LLC
Modesto, California

Assessment Administrator

Goodwin Consulting Group, Inc.
Sacramento, California

Trustee

Placer County Treasurer-Tax Collector
Auburn, California

REGIONAL MAP
(Placer County Shown in Red)



GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Senior Bonds and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the Senior Bonds.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the County, in any press release and in any oral statement made with the approval of an authorized officer of the County, the words or phrases “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “project,” “forecast,” “expect,” “intend” and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the County since the date of this Official Statement.

Limit of Offering. No dealer, broker, salesperson or other person has been authorized by the County or the Underwriter to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Senior Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Limited Scope of Information. The County has obtained certain information set forth in this Official Statement from sources which are believed to be reliable, but such information is neither guaranteed as to accuracy or completeness, nor to be construed as a representation of such by the County. The information and expressions of opinions in this Official Statement are subject to change without notice and neither delivery of this Official Statement nor any sale of the Senior Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date of this Official Statement. All summaries of or references to the documents referred to in this Official Statement are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. All capitalized terms used in this Official Statement, unless noted otherwise, have the meanings given in the Indenture.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Stabilization of Prices. In connection with this offering, the Underwriter may overallocate or effect transactions which stabilize or maintain the market price of the Senior Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Senior Bonds to certain dealers and others at prices lower than the public offering prices set forth on the inside cover page and the public offering prices may be changed from time to time by the Underwriter.

THE SENIOR BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED THEREIN. THE SENIOR BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

County Website. The County maintains a website; however, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Senior Bonds.

BAM Disclaimer. Build America Mutual Assurance Company (“BAM”) makes no representation regarding BAM or the advisability of investing in the Senior Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “MUNICIPAL BOND INSURANCE POLICY” and “APPENDIX G – SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
INTRODUCTION	1	Prepayment of Assessments	58
REFINANCING PLAN	6	YIELD AND PREPAYMENT	
ESTIMATED SOURCES AND USES		CONSIDERATIONS	59
OF FUNDS	7	General	59
THE MPOWER PLACER PROGRAM	8	Federal Home Loan Banks' 2010 Statement on	
PACE and Chapter 29	8	PACE	59
Establishment of Program	8	U.S. Department of Housing and Urban	
Initial Financing Authorization	9	Development's December 2017 Statement on	
Judicial Validation	9	PACE	59
Initial Loan and Initial Bonds	9	Prepayment Model	60
2015 Restructuring and Refinancing	9	Decrement Table	62
2015 Authorization of New Money Financing	11	2018 Loan-to-Senior Bond Ratio	63
SUMMARY OF THE TRANSACTION		MUNICIPAL BOND INSURANCE	
STRUCTURE	13	POLICY	65
Graphic Overview of Transaction Structure	13	Senior Bonds Insurance Policy	65
Schedule of Transaction Payments	14	Build America Mutual Assurance Company	65
THE SENIOR BONDS	16	THE AUTHORITY	67
Authority for Issuance	16	THE COUNTY	67
General Provisions	16	BOND OWNERS' RISKS	68
Registration, Transfer and Exchange	17	Special Obligations of the Authority	68
Redemption	18	Senior Bonds Reserve Account Funded Only with	
Book-Entry Only System	22	Senior Bonds Reserve Policy	68
DEBT SERVICE SCHEDULE	23	Foreclosure and Sale Proceedings	68
SECURITY FOR THE SENIOR		Natural Disasters	69
BONDS	24	Payment of the Assessment Is Not a Personal	
Pledge of Revenues to the Senior Bonds	24	Obligation	69
Pledge of Assessments to the 2018 Loan	25	Property or Mortgage Interest Owned by Federal	
Revenue Fund	25	Government Entity	70
Flow of Funds Under Indenture	27	Payments by FDIC	70
Terms of the 2018 Loan	29	Bankruptcy Proceedings Affecting Participating	
Flow of Funds Under 2018 Loan Agreement	30	Parcels	71
Collection of Assessments	32	Other Possible Claims Upon the Value of	
Covenant to Commence Foreclosure Proceedings	32	Participating Parcel	71
No Additional Bonds	33	Default; No Acceleration	72
Additional Parity Loans	33	Limitations on Remedies Available to Bond	
Prepayment of 2018 Loan	34	Owners	72
Ongoing Interest Rate of Assessments	36	Changes in Market Value of Bonds Unrelated to	
THE ASSESSMENTS	37	Performance of Assessments	72
Program Administration; Participation Parameters	37	Secondary Market for Bonds	73
Collection of Assessment Installments	39	TAX MATTERS	73
Financing of Future Contractual Assessments		CERTAIN LEGAL MATTERS	73
Through Pioneer Community Energy Joint		ABSENCE OF MATERIAL	
Powers Authority	40	LITIGATION	74
General Information About Assessments	41	RATINGS	74
Assessed Valuation	42	GREEN BONDS	74
Land Use Distribution	42	MUNICIPAL ADVISOR	75
Assessed Value-to-Lien Ratio	44	CONTINUING DISCLOSURE	75
Overlapping Debt	48	UNDERWRITING	76
Sample Tax Bills	53	PROFESSIONAL SERVICES	77
No Teeter Plan	54	EXECUTION	78
Delinquency History	54		
Summary of Assessments by Location	55		
APPENDIX A:	INFORMATION ABOUT THE COUNTY OF PLACER		
APPENDIX B:	SUMMARY OF PRINCIPAL LEGAL DOCUMENTS		
APPENDIX C:	FORM OF CONTINUING DISCLOSURE CERTIFICATE		
APPENDIX D:	FORM OF OPINION OF BOND COUNSEL		
APPENDIX E:	DTC AND THE BOOK-ENTRY ONLY SYSTEM		
APPENDIX F:	PROGRAM REPORT		
APPENDIX G:	SPECIMEN MUNICIPAL BOND INSURANCE POLICY		

OFFICIAL STATEMENT

\$35,085,000
PLACER COUNTY PUBLIC FINANCING AUTHORITY
Refunding Revenue Bonds, Senior Series 2018A
(mPOWER Placer Program) (Green Bonds) (Federally Taxable)

INTRODUCTION

This introduction is not a summary of the entire Official Statement (this “Official Statement”). It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained throughout this Official Statement, including its cover page and appendices, and the documents it summarizes or describes. A full review should be made of the entire Official Statement, which is the only means by which the offering of bonds is made to potential investors.

Capitalized terms used but not defined in this Official Statement have the meanings provided in the Indenture (as defined below). See “APPENDIX B – Summary of Principal Legal Documents.”

Authority for Issuance. The Placer County Public Financing Authority (the “**Authority**”) is issuing the Refunding Revenue Bonds, Senior Series 2018A (mPOWER Placer Program) Bonds (the “**Senior Bonds**”) under the following legal authority:

- (a) Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “**Act**”);
- (b) a resolution adopted by the Governing Board (the “**Authority Board**”) of the Authority on October 3, 2017, as supplemented on May 22, 2018, and a resolution adopted by the Board of Supervisors (the “**County Board**”) of the County of Placer (the “**County**”) on October 3, 2017, as supplemented on May 22, 2018; and
- (c) an Indenture of Trust (the “**Indenture**”), dated as of June 1, 2018, between the Authority and the Placer County Treasurer-Tax Collector, as trustee (the “**Trustee**”).

Form of Bonds; Book-Entry Only. The Senior Bonds will be issued in fully registered form, registered in the name of The Depository Trust Company, New York, New York (“**DTC**”), or its nominee. DTC, or its nominee, will act as securities depository for the Senior Bonds. Purchasers of the Senior Bonds will not receive certificates representing the Senior Bonds that are purchased. See “THE SENIOR BONDS – Book-Entry Only System” and “APPENDIX E – DTC and the Book-Entry Only System.”

Purpose of the Senior Bonds. The Senior Bonds are being issued to provide funds to:

- (i) refinance the following obligations (collectively, the “**Refunded Obligations**”)
 - (a) a loan made by the Authority to the County pursuant to a Limited Obligation Loan Agreement, dated as of June 1, 2010, as amended, which is outstanding in the aggregate principal amount of \$1,595,400 as of May 3, 2018 (the “**Initial Loan**”), and the Authority’s Revenue Bonds, Series 14-15, No. 2 (Placer mPOWER Program) (the “**Related Initial Bonds**”), which funded the Initial Loan;
 - (b) a loan made by the Authority to the County pursuant to the Refunding Limited Obligation Loan Agreement (Series 2015R-C), dated as of June 1, 2015, which is outstanding in the aggregate principal amount of \$5,168,409 as of May 3, 2018 (the “**Series 2015R-C Loan**”), and the Authority’s Refunding Revenue Bonds, Series 2015R-C (“**Series 2015R-C Bonds**”), which funded the Series 2015R-C Loan; and
 - (c) a portion of a loan made by the Authority to the County pursuant to the Limited Obligation Loan Agreement (R Draw Down), dated as of June 1, 2015, that was outstanding in the aggregate principal amount of \$32,711,872 on May 3, 2018 (the “**2015 R New Money Loan**”), and the revenue bonds of the Authority that funded such portion of the 2015 R New Monday Loan consisting of the Authority’s Revenue Bonds Series R 2015-16, No. 1 (“**Series R 2015-16 New Money Bond**”), which were outstanding in the aggregate principal amount of \$13,988,440 on May 3, 2018, the Revenue Bonds, Series R 2016-17 A (“**Series R 2016-17 New Money Bond**”), which were outstanding in the aggregate principal amount of \$12,404,362 on May 3, 2018, and the Revenue Bonds, Series R 2017-18 A (“**Series R 2017-18 New Money Bond**”), which were outstanding in the aggregate principal amount of \$6,319,070 on May 3, 2018;
- (ii) reimburse the County for administrative costs incurred to establish and operate its property assessed clean energy (“**PACE**”) program known as the mPOWER Placer Program (the “**Program**”);
- (iii) fund capitalized interest with respect to the Senior Bonds through October 1, 2018;
- (iv) pay the initial premium for the policy of municipal bond insurance for the Senior Bonds (the “**Senior Bonds Insurance Policy**”) to be issued by Build America Mutual Assurance Company (“**BAM**,” and in such capacity, the “**Senior Bonds Insurer**”) and the initial premium for the debt service reserve policy for the Senior Bonds (the “**Senior Bonds Reserve Policy**”) to be issued by BAM (in such capacity, the “**Senior Bonds Reserve Insurer**”), in each case concurrently with the delivery of the Senior Bonds; and
- (v) pay the costs of issuing the Senior Bonds.

For information about the Refunded Obligations and the Program, see “THE MPOWER PLACER PROGRAM.” For information about the use of proceeds of the Senior Bonds, see “REFINANCING PLAN” and “ESTIMATED SOURCES AND USES OF FUNDS.”

Security for and Pledge of Revenues to the Senior Bonds. The Senior Bonds will be payable solely from and secured by Revenues (as defined under the heading “SECURITY FOR THE SENIOR BONDS”) and certain funds and accounts held under the Indenture. Revenues consist primarily of payments to be made by the County in connection with a loan (the “**2018 Loan**”) made pursuant to the Refunding Limited Obligation Loan Agreement (Series 2018R), dated as of June 1, 2018 (the “**2018 Loan Agreement**”), among the Authority, the County and the Trustee.

Simultaneously with the issuance of the Senior Bonds, the Authority is issuing its Refunding Revenue Bonds, Subordinate Series 2018B (mPOWER Placer Program) Bonds (the “**Subordinate Bonds**,” and together with the Senior Bonds, the “**Bonds**”), which are secured by and payable from the Revenues on a subordinate basis relative to the Senior Bonds, to the extent described under the heading entitled “SECURITY FOR THE SENIOR BONDS – Flow of Funds Under Indenture.” The Subordinate Bonds are being purchased by the Placer County Treasurer-Tax Collector and are not being offered pursuant to this Official Statement.

The 2018 Loan has been structured to bear interest at a rate that is approximately 1% higher than the weighted average interest rate on the Bonds. This spread provides, among other things, Surplus Revenues that will be used to redeem Bonds in a manner that maintains the Senior Bonds Asset Ratio at the Senior Bonds Asset Requirement, as described under the heading “SECURITY FOR THE SENIOR BONDS – Revenue Fund.”

Security for and Pledge of Assessments to the 2018 Loan. The 2018 Loan is secured by a first pledge of voluntary contractual assessments levied by the County on residential parcels participating in the Program (except the Administrative Expense Component, as defined under the heading “SECURITY FOR THE SENIOR BONDS”) on a parity with the pledge to any Parity Loan, and all moneys deposited into the Redemption Fund for the 2018 Loan. Such assessments are referred to in this Official Statement as the “**Assessments**,” which is more particularly defined under the heading “SECURITY FOR THE SENIOR BONDS.”

On the delivery date of the Senior Bonds, the 2018 Loan will be payable on a parity with the then-remaining outstanding portion of the following obligations: (i) a loan made by the Authority to the County pursuant to the Refunding Limited Obligation Loan Agreement (Series 2015R-A/R-B), dated as of June 1, 2015 (the “**Series 2015R-A/R-B Loan**”) and (ii) the portion of the 2015 R New Money Loan not constituting a Refunded Obligation (collectively, the “**Outstanding Parity Loans**”), which have an aggregate outstanding principal amount of \$10,245,563.96 as of May 31, 2018; however, the 2015 R New Money Loan is structured as a draw-down loan and will be drawn upon to fund Assessments, and therefore, it is subject to increase in amount until approximately June 30, 2018. The County will no longer be accepting applications for Program financing after such date. See “SECURITY FOR THE SENIOR BONDS – Additional Parity Loans” and “– Financing of Future Contractual Assessments Through Pioneer Community Energy Joint Powers Authority.”

Collection of Assessments. Under the 2018 Loan Agreement, all sums other than Prepayments (as defined under the heading “SECURITY FOR THE SENIOR BONDS”) received from the collection of the Assessments and of the interest and penalties thereon will be transferred and/or deposited as follows in the following priority:

- (i) An amount equal to the Administrative Expense Component of the Assessments will be deposited by the County in the Administrative Expense Fund.

(ii) The remainder will be transferred to the Trustee for deposit into the Redemption Fund and the debt service fund for any Parity Loan. In the event Assessments are insufficient to pay debt service when due on the 2018 Loan and debt service on any Parity Loan, the County will cause Assessments to be deposited into the Redemption Fund and the debt service fund for any Parity Loan on a pro rata basis based on the outstanding principal amount of the Loan and the Parity Loan.

See "SECURITY FOR THE SENIOR BONDS."

Senior Bonds Reserve Account. Simultaneously with the issuance of the Senior Bonds, in order to further secure the payment of the principal and interest on the Senior Bonds, a debt service reserve fund for the Senior Bonds (the "**Senior Bonds Reserve Account**") will be funded by the delivery of the Senior Bonds Reserve Policy, which will be issued in an amount equal to the Senior Bonds Reserve Requirement (as defined under the heading "SECURITY FOR THE SENIOR BONDS"), to be issued by Build America Mutual Assurance Company. See "SECURITY FOR THE SENIOR BONDS – Flow of Funds Under Indenture – Senior Bonds Reserve Account." **The Senior Bonds Reserve Account secures only the Senior Bonds and not the Subordinate Bonds.**

No Additional Bonds. Under the Indenture, the Authority covenants that, except for refunding purposes and as set forth in the Indenture, no additional obligations payable on a parity with the Senior Bonds or Subordinate Bonds ("**Parity Bonds**") will be issued or incurred.

So long as any Senior Bonds remain Outstanding, any Parity Bonds issued to refund all or a portion of the Subordinate Bonds will be subordinate to any Outstanding Senior Bonds in the same manner that the Subordinate Bonds are subordinate to the Senior Bonds as provided in the Indenture, or as the holders of any Outstanding Senior Bonds may otherwise agree.

Additional Parity Loans. Under the 2018 Loan Agreement, the County is permitted to issue or incur any bonds, notes, loans, advances or other indebtedness on a parity with the 2018 Loan, subject to certain conditions in the 2018 Loan Agreement.

Redemption. The Senior Bonds are subject to redemption prior to their stated maturity dates. See "THE SENIOR BONDS – Redemption" and "YIELD AND PREPAYMENT CONSIDERATIONS."

The mPOWER Placer Program. The County established and operates the Program pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code ("**Chapter 29**") to finance the installation of distributed generation renewable energy, energy efficiency and water efficiency improvements that are permanently fixed to real property (the "**Authorized Improvements**"). See "THE MPOWER PLACER PROGRAM."

Risks of Investment. For a discussion of some of the risks associated with the purchase of the Senior Bonds, see "BOND OWNERS' RISKS."

THE SENIOR BONDS ARE REVENUE BONDS, PAYABLE EXCLUSIVELY FROM THE REVENUES AND OTHER FUNDS AS PROVIDED IN THE INDENTURE. NONE OF THE GENERAL FUND OF THE AUTHORITY, THE COUNTY OR THE STATE OF CALIFORNIA, OR ANY OF ITS POLITICAL SUBDIVISIONS, IS LIABLE, AND NONE OF THE CREDIT OF THE AUTHORITY, THE COUNTY OR THE STATE OF CALIFORNIA, OR ANY OF ITS POLITICAL

SUBDIVISIONS, IS PLEDGED, FOR THE PAYMENT OF THE INTEREST AND PREMIUM (IF ANY) ON OR PRINCIPAL OF THE SENIOR BONDS. THE OWNERS OF THE SENIOR BONDS SHALL NEVER HAVE THE RIGHT TO COMPEL THE FORFEITURE OF ANY PROPERTY OF THE AUTHORITY OR THE COUNTY. THE PRINCIPAL OF AND INTEREST ON THE SENIOR BONDS, AND ANY PREMIUMS UPON THE REDEMPTION OF ANY THEREOF, SHALL NOT BE A LEGAL OR EQUITABLE PLEDGE, CHARGE, LIEN OR ENCUMBRANCE UPON ANY PROPERTY OF THE AUTHORITY OR COUNTY OR UPON ANY OF THEIR INCOME, RECEIPTS OR REVENUES EXCEPT THE REVENUES AND OTHER FUNDS PLEDGED TO THE PAYMENT THEREOF AS PROVIDED IN THE INDENTURE.

REFINANCING PLAN

The Senior Bonds are being issued to provide funds to:

- (i) refinance the Refunded Obligations;
- (ii) reimburse the County for administrative costs incurred to establish and operate the Program;
- (iii) fund capitalized interest with respect to the Senior Bonds through October 1, 2018;
- (iv) pay the initial premium for the Senior Bonds Insurance Policy and the initial premium for the Senior Bonds Reserve Policy; and
- (v) pay the costs of issuing the Senior Bonds.

On the delivery date of the Senior Bonds (the “**Delivery Date**”), the Trustee will prepay and redeem, as applicable, in full the Refunded Obligations.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds to be received by the Authority from the sale of the Senior Bonds and Subordinate Bonds, and by the County from the 2018 Loan, together with other applicable sources, are estimated to be applied as follows:

<u>Bond Sources:</u>	<u>Senior Bonds</u>	<u>Subordinate Bonds⁽¹⁾</u>	<u>Bonds Total</u>
Par Amount	\$35,085,000.00	\$4,772,996.95	\$39,857,996.95
Plus: Original Issue Premium	1,303,050.00	95,459.94	1,398,509.94
TOTAL BOND SOURCES	\$36,388,050.00	\$4,868,456.89	\$41,256,506.89

<u>Bond Uses:</u>			
2018 Loan Principal	\$34,628,989.31	\$4,846,692.02	\$39,475,681.33
2018 Loan Interest	33,701.71	-	33,701.71
Capitalized Interest	190,799.13	-	190,799.13
Administrative Expense Fund	200,238.77	-	200,238.77
Reimbursement of Administrative Costs ⁽²⁾	250,000.00	-	250,000.00
Costs of Issuance ⁽³⁾	757,328.88	-	757,328.88
Underwriter's Discount	326,992.20	21,764.87	348,757.07
TOTAL BOND USES	\$36,388,050.00	\$4,868,456.89	\$41,256,506.89

<u>2018 Loan Sources:</u>	<u>2018 Loan</u>
2018 Loan Principal	\$39,475,681.33
2018 Loan Interest	33,701.71
Plus: County Contribution	447,928.01
TOTAL 2018 SOURCES	\$39,957,311.05

<u>2018 Loan Uses:</u>	
Refinancing of Refunded Obligations ⁽²⁾	\$39,923,609.31
Capitalized Interest	33,701.74
TOTAL 2018 LOAN USES	\$39,957,311.05

- (1) The Subordinate Bonds are being purchased by the Placer County Treasurer-Tax Collector and are not being offered pursuant to this Official Statement.
- (2) See "REFINANCING PLAN."
- (3) Costs of Issuance include legal fees, Bond Counsel fees, Disclosure Counsel fees, Municipal Advisor fees, Assessment Administrator fees, rating agency fees, printing costs, the initial premium for the Senior Bonds Insurance Policy and the initial premium for the Senior Bonds Reserve Policy and other costs associated with issuance of the Senior Bonds.

THE MPOWER PLACER PROGRAM

PACE and Chapter 29

The County established and operates the Program pursuant to Chapter 29, one of the state's PACE laws, to finance the Authorized Improvements. Chapter 29 allows the financing of distributed generation renewable energy sources, energy efficiency, water efficiency, and certain other improvements that are permanently fixed to real property, and all other improvements authorized from time to time through the levy of voluntary contractual assessments pursuant to Chapter 29 and the issuance of improvement bonds under the Improvement Bond Act of 1915 (Streets & Highways Code Sections 8500 and following) (the "**1915 Act**") upon the security of the unpaid contractual assessments. The California legislature determined that such assessments serve a "public purpose."

Under a PACE program established by a public agency pursuant to Chapter 29, such as the Program, in order to finance PACE improvements, the public agency enters into a contract with an owner of real property, located in within the program's boundaries, pursuant to which the public agency agrees to provide financing for the installation of the PACE improvement(s) in exchange for the property owner's agreement to pay an assessment to finance the installation. The public agency provides financing by issuing a bond whose principal and interest repayment terms match those of the assessment. Payment of the assessment, plus interest and the public agency's costs of issuing the bonds and administering the PACE program, is an obligation of the real property on which the assessment is levied. See "BOND OWNERS' RISKS – Payment of the Assessment Is Not a Personal Obligation."

A procedural history of the Program is provided below.

Establishment of Program

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

Resolution Confirming Report. On January 26, 2010, after holding a duly noticed public hearing at which interested persons were allowed to object to or inquire about the proposed Program or any of its particulars, the County Board adopted Resolution No. 2010-22, entitled "Resolution Confirming Report Relating to the Financing of the Installation of Distributed Generation Renewable Energy Sources, Energy Efficiency and Water Efficiency Improvements and Approving and Ordering Other Related Matters," (the "**Resolution Confirming Program Report**"), pursuant to which the County Board, among other things, (i) confirmed and approved a report (the "**Original Program Report**") addressing all of the matters set forth in Section 5898.22 of Chapter 29, (ii) established the Program, and (iii) authorized execution of agreements ("**Assessment Contracts**") with the owners of property in the County (the "**Program Area**") to provide for the levy of contractual assessments to finance installation of Authorized Improvements.

Initial Financing Authorization

On February 9, 2010, after holding a duly noticed public hearing, the County Board adopted Resolution No. 2010-26, pursuant to which, among other things, it made certain findings, authorized the execution and delivery of a loan agreement for the purpose of borrowing money from the Authority to finance the installation of Authorized Improvements on participating parcels ("**Participating Parcels**") in the County and approved the issuance by the Authority of revenue bonds for the purpose of funding the Initial Loan to the County.

On February 9, 2010, the Authority Board also adopted Resolution No. 2010-25, entitled "Resolution Authorizing The Issuance of Revenue Bonds, Approving An Indenture of Trust And A Loan Agreement, Authorizing The Sale Of Bonds, And Providing Other Matters Properly Relating Thereto," pursuant to which the Authority (i) determined to issue the Initial Bonds pursuant to Article 4 of the Act and an Indenture of Trust, dated as of June 1, 2010, by and between the Authority and the Placer County Treasurer-Tax Collector, as trustee for the purpose of providing moneys to fund the Initial Loan and (ii) provided that the Initial Bonds would be issued in an aggregate principal amount not to exceed \$33 million (the "**Initial Issuance Cap**").

Judicial Validation

Under Code of Civil Procedure Section 860 et seq., the County and the Authority filed a judicial validation action in the Superior Court of the County of Placer entitled "ALL PERSONS INTERESTED IN THE MATTER of the mPOWER Placer Program, All Proceedings Relating Thereto and All Bonds, Contracts, Obligations or Evidences of Indebtedness Relating Thereto," Case No. SCV-26931, and, on November 19, 2010, the Superior Court entered a default judgment in favor of the County and the Authority.

Initial Loan and Initial Bonds

The Authority made the Initial Loan to the County pursuant to a Limited Obligation Loan Agreement, dated as of June 1, 2010, as amended by Amendment No. 1 to Limited Obligation Loan Agreement, dated as of July 9, 2013, and Amendment No. 2 to Limited Obligation Loan Agreement, dated as of June 1, 2015, by and among the County, the Authority and the Placer County Treasurer-Tax Collector, as trustee.

The Authority funded the Initial Loan to the County with the proceeds of seven series of bonds that included the Related Initial Bonds.

2015 Restructuring and Refinancing

On June 2, 2015, the County Board adopted Resolution No. 2015-108, entitled "Authorizing the Execution and delivery of Refunding Loan Agreements and the Issuance of Refunding Bonds For the Purpose of Refinancing an Outstanding Loan Agreement that Financed the Installation of Distributed Generation Renewable Energy, Energy Efficiency and Water Efficiency Improvements that are Permanently Fixed to Real Property, and Providing Other Matters Property Relating Thereto," pursuant to which it approved (i) the refinancing of a portion of the Initial Loan (the portion of the Initial Loan not so refinanced, the "Remaining Initial Loan"), (ii) the redemption of the Initial Bonds, with the exception of that certain Placer County Public Financing Authority Revenue Bond, Series 14-15, No. 2 (mPOWER Placer Program), issued in the original principal amount of \$654,673.21, (iii) the establishment of two separate pools of

Participating Parcels (one comprised of residential parcels with fewer than four units (hereinafter, “**Residential Parcels**”) and one comprised of non-residential parcels and residential parcels with four or more units (hereinafter, “**Non-Residential Parcels**”), (iv) the execution and delivery of the 2015 Refunding Loan Agreements (as defined below) and (v) the issuance by the Authority of the 2015 Refunding Bonds (as defined below); and

On June 2, 2015, the Authority Board of the Authority adopted Resolution No. 2015-107, entitled “Resolution Authorizing the Issuance of Refunding Revenue Bonds, Approving an Indenture of Trust and a Loan Agreement for each Series of Such Bonds, Authorizing the Sale of Such Bonds, and Providing Other Matters Properly Relating Thereto,” pursuant to which it resolved to:

- (a) issue the Placer County Public Financing Authority Refunding Revenue Bonds, Series 2015R-A (mPOWER Placer Program) (the “**Series 2015R-A Bonds**”) and the Subordinate Series 2015R-B Bonds (the “**Subordinate Series 2015R-B Bonds**,” and together with the Series 2015R-A Bonds, the “**Series 2015R-A/R-B Bonds**”) pursuant to an indenture of trust dated as of June 1, 2015, between the Authority and the Placer County Treasurer-Tax Collector, as trustee;
- (b) use the proceeds of the Series 2015R-A/R-B Bonds to fund the Series 2015R-A/R-B Loan payable from contractual assessments levied in the Program Area on Residential Parcels, which Series 2015R-A/R-B Loan was made pursuant to a loan agreement dated as of June 1, 2015, between the Authority, the County and the Placer County Treasurer-Tax Collector, as trustee (the “**Series 2015R-A/R-B Loan Agreement**”);
- (c) issue the Series 2015R-C Bonds pursuant to an indenture of trust dated as of June 1, 2015, between the Authority and the Placer County Treasurer-Tax Collector, as trustee (the “**Series 2015R-C Indenture**”);
- (d) use the proceeds of the Series 2015R-C Bonds to fund the Series 2015R-C Loan payable from contractual assessments levied in the Program Area on Residential Parcels, which Series 2015R-C Loan was made pursuant to a loan agreement dated as of June 1, 2015, between the Authority, the County and the Placer County Treasurer-Tax Collector, as trustee (the “**Series 2015R-C Loan Agreement**”);
- (e) issue the Authority’s Refunding Revenue Bonds, Series 2015NR-A Bonds (the “**Series 2015NR-A Bonds**,” and together with the Series 2015R-A/R-B Bonds and the Series 2015R-C Bonds, the “**2015 Refunding Bonds**”) pursuant to an indenture of trust dated as of June 1, 2015, between the Authority and the Placer County Treasurer-Tax Collector, as trustee; and
- (f) use the proceeds of the Series 2015NR-A Bonds to fund a loan by the Authority to the County pursuant to the Refunding Limited Obligation Loan Agreement (Series 2015NR-A), dated as of June 1, 2015 (the “**Series 2015NR-A Loan**,” together with the Series 2015R-A/R-B Loan and the Series 2015R-C Loan, the “**2015 Refunding Loans**”) payable from contractual assessments levied in the Program Area on Non-Residential Parcels, which Series 2015NR-A Loan was issued pursuant to a loan agreement dated as of June 1, 2015, between the Authority, the County and the Placer County Treasurer-Tax Collector, as trustee (the “**Series 2015NR-A**”);

Loan Agreement", and together with the Series 2015R-A/R-B Loan Agreement and the 2015R-C Loan Agreement, the "**2015 Refunding Loan Agreements**").

The County was authorized to incur the 2015 Refunding Loans pursuant to Articles 10 (commencing with Section 53570) and 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code.

2015 Authorization of New Money Financing

On June 16, 2015, the County Board adopted Resolution No. 2015-126, pursuant to which it (i) determined there was sufficient demand for financing from the Program in excess of the Initial Issuance Cap and approved an amendment of the Original Program Report to increase the maximum aggregate dollar amount of voluntary contractual assessments to \$100 million (the Original Program Report so amended, and as amended further from time to time, the "**Program Report**"), (ii) approved the issuance by the Authority of the Placer County Public Financing Authority Revenue Bonds (Placer mPOWER Program), in an aggregate principal amount not to exceed \$67 million and (iii) approved the execution and delivery of one or more limited obligation loan agreements for the purpose of incurring one or more loans, as described below, in an aggregate amount not to exceed \$67 million, the proceeds of which the County would use to finance the installation of Authorized Improvements on Participating Parcels. A copy of the Program Report is attached to this Official Statement as APPENDIX F.

On June 16, 2015, the Authority Board adopted Resolution No. 2015-128, entitled "Resolution Authorizing the Issuance of One or More Series of Revenue Bonds, Approving the Indenture of Trust and Loan Agreement Related to Such Bonds, Authorizing the Sale of Such Bonds, and Providing Other Matters Properly Relating Thereto," pursuant to which it:

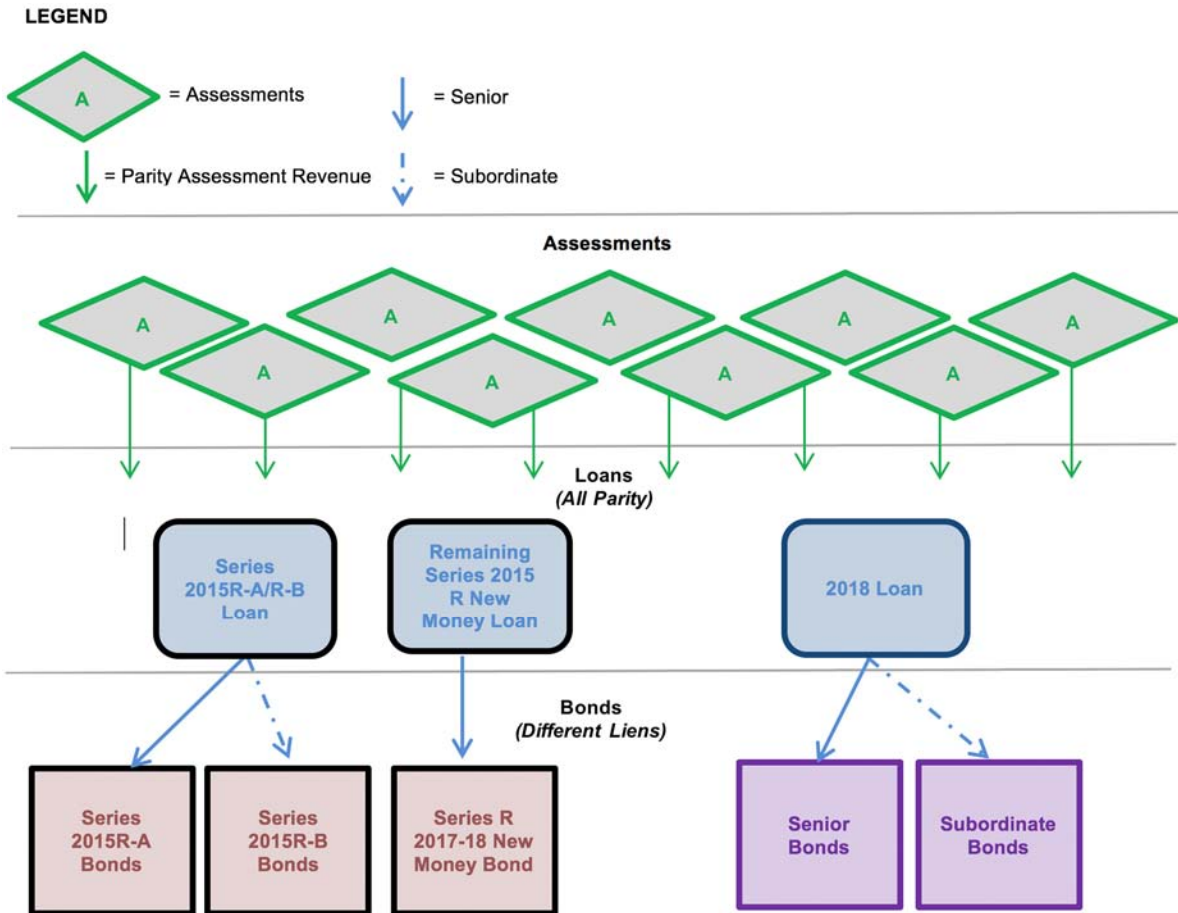
- (a) approved the issuance of the 2015 New Money Bonds (as defined below) in an aggregate principal amount not to exceed \$67 million, and the issuance of the 2015 New Money Loans (as defined below) in an aggregate amount not to exceed \$67 million;
- (b) authorized the execution of the Limited Obligation Loan Agreement (R Draw Down), dated as of June 1, 2015, between the County, the Authority and the Placer County Treasurer-Tax Collector, as trustee (the "**2015 R New Money Loan Agreement**"), pursuant to which the Authority made a draw down loan to the County (the "**2015 R New Money Loan**"), which 2015 R New Money Loan was funded with the proceeds of the Series R New Money Bonds (as defined below) and is payable from contractual assessments levied in the Program Area on Residential Parcels;
- (c) authorized the execution of an indenture of trust dated as of June 1, 2015, between the Authority and the Placer County Treasurer-Tax Collector, as trustee, under which the Authority has issued:
 - (i) the Series R 2015-16 New Money Bond;
 - (ii) the Series R 2016-17 New Money Bond; and

- (iii) the Authority's Revenue Bonds, Series R-2017-18 A (together with the Series R 2015-16 New Money Bond and the Series R 2016-17 New Money Bond, the "**Series R New Money Bonds**");
- (d) authorized the execution of the Limited Obligation Loan Agreement (NR Draw Down), dated as of June 1, 2015, between the County, the Authority and the Placer County Treasurer-Tax Collector, as trustee (the "**2015 NR New Money Loan Agreement**"), pursuant to which the Authority made a draw down loan to the County (the "**2015 NR New Money Loan**", and together with the 2015 R New Money Loan, the "**2015 New Money Loans**"), which 2015 NR New Money Loan was funded with the proceeds of the Series NR New Money Bonds (as defined below) and is payable from contractual assessments levied in the Program Area on Non-Residential Parcels;
- (e) authorized the execution of an indenture of trust dated as of June 1, 2015, between the Authority and the Placer County Treasurer-Tax Collector, as trustee, under which the Authority has issued:
 - (i) the Series NR 2015-16 New Money Bond;
 - (ii) the Series NR 2016-17 New Money Bond; and
 - (iii) the Series NR 2017-18 New Money Bond (together with the Series NR 2015-16 New Money Bond and the Series NR 2016-17 New Money Bond, the "**Series NR New Money Bonds**").

SUMMARY OF THE TRANSACTION STRUCTURE

Graphic Overview of Transaction Structure

This chart provides only a simplified overview of the transaction structure. See “THE MPOWER PLACER PROGRAM,” “THE SENIOR BONDS” and “SECURITY FOR THE SENIOR BONDS” for a more detailed description.



Schedule of Transaction Payments

The following table presents the scheduled transaction payments relating to the Bonds. The table (i) assumes no prepayments or mandatory prepayments of the Outstanding Parity Loans, (ii) assumes no redemption, other than mandatory sinking fund redemption, of the Series 2015R-A/R-B Bonds or the Bonds and (iii) excludes the portion of the 2015 R New Money Loan (and the Series R 2017-18 New Money Bond that funded such portion) not constituting a Refunded Obligation. Such excluded portion of the 2015 R New Money Loan is subject to increase in amount until approximately June 30, 2018, after which date the County will no longer be accepting applications for Program financing. See “SECURITY FOR THE SENIOR BONDS – Additional Parity Loans” and “– Financing of Future Contractual Assessments Through Pioneer Community Energy Joint Powers Authority.”

Assessments have been prepaid in each semiannual period since September 2, 2012. See Table 9 entitled “Prepayment History.” For an analysis of the potential impact of various prepayment scenarios on the Senior Bonds, see “YIELD AND PREPAYMENT CONSIDERATIONS.” For a presentation of debt service coverage on the Outstanding Parity Loans or the Bonds, see “THE ASSESSMENTS – Initial Projected Debt Service Coverage on the Outstanding Parity Loans and Senior Bonds.” For a schedule of debt service on the Senior Bonds, see “DEBT SERVICE SCHEDULE.”

**Scheduled
Outstanding Parity Loan
Payments (1)**

**Scheduled Debt Service for Outstanding Bonds
Relating to Residential Parcels (1)**

Year Ending October 1	Scheduled Assessment Payments			Outstanding Parity Loans Subtotal			Scheduled Debt Service for Outstanding Bonds Relating to Residential Parcels (1)						All Bonds Total (6)(7)
	Assess- ments	Admin. Expense Component	Net Assess- ments	Series 2015R-A/R-B Loan (2)	2018 Loan (2)	Series 2015R-A Bonds (3)	Series 2015R-B Bonds (3)	Series 2015R-A/R-B Bonds Subtotal (3)	Senior Bonds (4)(6)	Subordinate Bonds and Enhance- ment Fees (4)(5)(6)	Senior Bond and Subordinate Bonds Subtotal (6)		
2019 (8)	\$4,870,142	\$41,750	\$4,828,392	\$1,019,475	\$3,636,353	\$4,655,828	\$951,800	\$66,400	\$1,018,200	\$2,926,519	\$473,780	\$3,400,299	\$4,418,499
2020	4,848,561	41,675	4,806,886	1,009,210	3,631,982	4,641,192	942,200	64,900	1,007,100	2,933,988	473,238	3,407,226	4,414,326
2021	4,803,545	41,500	4,762,045	986,183	3,617,332	4,603,515	911,700	68,400	980,100	2,933,138	471,176	3,404,314	4,384,414
2022	4,744,448	41,225	4,703,223	986,263	3,566,033	4,552,296	916,500	66,600	983,100	2,899,306	465,351	3,364,657	4,347,757
2023	4,697,225	41,050	4,656,175	986,260	3,526,693	4,512,953	919,500	64,800	984,300	2,878,863	458,301	3,337,164	4,321,464
2024	4,683,857	40,950	4,642,907	986,261	3,521,384	4,507,645	915,700	68,000	983,700	2,886,075	458,024	3,344,099	4,327,799
2025	4,650,482	40,750	4,609,732	965,218	3,517,560	4,482,779	895,400	65,900	961,300	2,894,481	459,106	3,353,587	4,314,887
2026	4,569,818	40,175	4,529,643	917,497	3,494,011	4,411,508	844,500	68,800	913,300	2,893,931	449,082	3,343,014	4,256,314
2027	4,431,026	39,250	4,391,776	917,480	3,365,352	4,282,832	844,800	66,400	911,200	2,794,669	432,951	3,227,620	4,138,820
2028	4,276,319	38,350	4,237,969	917,504	3,220,684	4,138,189	843,300	69,000	912,300	2,681,231	414,652	3,095,884	4,008,184
2029	4,223,319	37,900	4,185,419	917,555	3,177,127	4,094,682	845,000	66,300	911,300	2,659,163	406,440	3,065,603	3,976,903
2030	4,175,600	37,400	4,138,200	883,203	3,173,565	4,056,768	809,600	68,600	878,200	2,674,263	401,999	3,076,262	3,954,462
2031	4,129,572	36,975	4,092,597	859,610	3,161,330	4,020,940	789,200	65,600	854,800	2,674,675	404,913	3,079,588	3,934,388
2032	4,030,512	36,250	3,994,262	850,714	3,082,126	3,932,840	777,900	67,600	845,500	2,630,888	383,866	3,014,753	3,860,253
2033	3,954,216	35,500	3,918,716	850,747	3,017,077	3,867,824	780,100	69,300	849,400	2,589,850	375,621	2,965,471	3,814,871
2034	3,910,916	35,100	3,875,816	850,739	2,984,964	3,835,703	779,900	65,700	845,600	2,581,225	368,291	2,949,516	3,795,116
2035	3,374,063	30,250	3,343,813	522,427	2,792,575	3,315,002	482,300	37,100	519,400	2,433,494	339,211	2,772,705	3,292,105
2036	2,485,024	22,050	2,462,974	-	2,445,159	2,445,159	-	-	-	2,142,863	296,897	2,439,759	2,439,759
2037	1,389,514	12,075	1,377,439	-	1,369,665	1,369,665	-	-	-	1,201,025	170,614	1,371,639	1,371,639
2038 (9)	480,432	4,425	476,007	-	473,981	473,981	-	-	-	418,563	58,648	477,210	477,210
Total	\$78,728,590	\$694,600	\$78,033,990	\$15,426,348	\$60,774,953	\$76,201,301	\$14,249,400	\$1,109,400	\$15,358,800	\$50,728,206	\$7,762,162	\$58,490,368	\$73,849,168

- (1) Excludes the portion of the 2015 R New Money Loan (and the Series R 2017-18 New Money Bond that funded such portion), not constituting a Refunded Obligation, which is subject to increase in amount until approximately June 30, 2018. The County will no longer be accepting applications for Program financing after such date. See "SECURITY FOR THE SENIOR BONDS – Additional Parity Loans" and "– Financing of Future Contractual Assessments Through Pioneer Community Energy Joint Powers Authority."
- (2) Outstanding Parity Loans payable from and secured on a parity basis by the Assessments.
- (3) Payable from and secured by revenues from the Series 2015R-A/R-B Loan and not the 2018 Loan.
- (4) Payable from and secured by revenues from the 2018 Loan (in the priority described under the heading entitled "SECURITY FOR THE SENIOR BONDS") and not Series 2015R-A/R-B Loan.
- (5) Enhancement fees are expected to be lower than shown in this table due to redemptions of the Seniors Bonds resulting from prepayments of the Assessments and from Surplus Revenues are anticipated, as applicable, based on the history of prepayments, which is shown in Table 9, and due to the 2018 Loan being structured to bear interest at a rate that is approximately 1% higher than the weighted average interest rate on the Bonds.
- (6) The scheduled payments on the Senior Bonds and Subordinate Bonds are not expected as shown because redemptions of the Seniors Bonds resulting from prepayments of the Assessments and from Surplus Revenues are anticipated, as applicable, based on the history of prepayments, which is shown in Table 9, and due to the 2018 Loan being structured to bear interest at a rate that is approximately 1% higher than the weighted average interest rate on the Bonds.
- (7) Includes Series 2015R-A/R-B Bonds, Senior Bonds and Subordinate Bonds.
- (8) Information for the Bond Year ending October 1, 2018, is excluded because the levy for fiscal year 2017-18 has been collected and debt service for the Senior Bonds is sized not to exceed available Revenues for such Bond Year.
- (9) Scheduled payments on the 2018 Loan are slightly lower than scheduled payments on the Bonds in 2038 due to denomination rounding. Monies in the Surplus Fund from prior years would cover rounding amounts.

THE SENIOR BONDS

Authority for Issuance

The Authority is issuing the Senior Bonds under the following legal authority:

- (a) the Act;
- (b) a resolution adopted by the Authority Board on October 3, 2017, as supplemented on May 22, 2018, and a resolution adopted by the County Board on October 3, 2017, as supplemented on May 22, 2018; and
- (c) the Indenture.

Simultaneously with the issuance of the Senior Bonds, the Authority is issuing the Subordinate Bonds, which are secured by and payable from the Revenues on a subordinate basis relative to the Senior Bonds, to the extent described under the heading entitled "SECURITY FOR THE SENIOR BONDS – Flow of Funds Under Indenture." The Subordinate Bonds are being purchased by the Placer County Treasurer-Tax Collector and are not being offered pursuant to this Official Statement.

General Provisions

Bond Terms. The Senior Bonds will be dated their date of delivery and issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof ("**Authorized Denominations**"). The Senior Bonds are scheduled to mature in the amounts and on the dates, and bear interest at the annual rates, set forth on the inside cover page of this Official Statement.

Interest on the Senior Bonds will be payable on April 1 and October 1 in each year, beginning October 1, 2018 (each an "**Interest Payment Date**"). Calculation of interest on the Senior Bonds will be based on a 360-day year consisting of twelve 30-day months. Scheduled principal on the Senior Bonds will be payable on October 1 in the amounts and in the years set forth on the inside front cover of this Official Statement.

While the Senior Bonds are subject to the book-entry system, the principal and interest and any prepayment premium with respect to the Senior Bonds will be paid by the Trustee to DTC for subsequent disbursement to beneficial owners of the Senior Bonds. See "– Book-Entry Only System" below.

Calculation of Interest. Each Bond will bear interest from the Interest Payment Date immediately preceding the date of authentication thereof, unless:

- (i) it is authenticated after a date that is, with respect to an Interest Payment Date, the 15th calendar day of the month immediately preceding such Interest Payment Date (the "**Record Date**") and on or before the following Interest Payment Date, in which event it will bear interest from such Interest Payment Date; or
- (ii) it is authenticated on or before the first Interest Payment Date for such Bond, in which event it will bear interest from the Delivery Date; provided, however, that if, as of the date of authentication of any Senior Bond, interest thereon is in default,

such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

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

Payment of Principal. The principal of the Senior Bonds upon maturity or prior redemption will be payable in lawful money of the United States of America by check of the Trustee upon presentation and surrender thereof, at maturity or prior redemption thereof, at the Trust Office of the Trustee provided, that at the written request of the Placer County Treasurer-Tax Collector if it is the owner of the Senior Bonds or any other Owner of at least \$1,000,000 aggregate principal amount of Bonds, interest on such Bonds will be paid by wire or by means of a book transfer.

Registration, Transfer and Exchange

The Senior Bonds will be issued as fully registered bonds in book-entry only form, registered in the name of Cede & Co. as nominee of DTC. While the Senior Bonds are subject to the book-entry system, purchasers of the Senior Bonds will not receive certificates representing their interests therein, which will be held at DTC. For more information, see “– Book-Entry Only System” and “APPENDIX E – DTC and the Book-Entry Only System” for further information regarding DTC and the book-entry system.

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

Transfer or Exchange. Any Senior Bond may, in accordance with its terms, be transferred, upon the books kept at the Trustee's Trust Office by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such Senior Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form acceptable to the Trustee, duly executed. Senior Bonds may be exchanged at the Trust Office of the Trustee for Senior Bonds of the same tenor and maturity and of other Authorized Denominations. The Trustee will not be required to transfer or exchange, pursuant to this Section, either (a) any Senior Bond during the period established by the Trustee for the selection of Bonds for redemption, or (b) any Senior Bond selected by the Trustee for redemption.

The County may transfer the Subordinate Bonds only with the prior written consent of (i) the Senior Bonds Insurer as long as the Senior Bonds Insurance Policy is then in full force and effect and (ii) the Senior Bonds Reserve Insurer as long as the Senior Bonds Reserve Policy is then in full force and effect.

Redemption

Optional Redemption. The Senior Bonds are subject to optional redemption prior to their stated maturity date, in whole or in part, on any Interest Payment Date on or after October 1, 2028, at a redemption price equal to the principal amount of the Senior Bonds to be redeemed, plus accrued but unpaid interest on the Senior Bonds to the redemption date, without premium.

The Subordinate Bonds are also subject to optional redemption prior to their stated maturity date, in whole or in part; however, so long as any Senior Bonds remain Outstanding, any Parity Bonds issued to refund all or a portion of the Subordinate Bonds will be subordinate to any Outstanding Senior Bonds in the same manner that the Subordinate Bonds are subordinate to the Senior Bonds as provided in the Indenture, or as the holders of any Outstanding Senior Bonds may otherwise agree.

In connection with a partial redemption of the Outstanding Bonds, the Authority will instruct the Trustee as to which Bonds will be redeemed.

Mandatory Sinking Fund Redemption. The Senior Bonds will also be subject to redemption or prior purchase in part as set forth below, from mandatory sinking fund redemption payments made by the Authority, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium; provided, however, that, if some but not all of the Senior Bonds have been redeemed as described under the heading “– Optional Redemption,” “– Redemption from Assessment Payments” or “– Redemption from Surplus Revenues,” the total amount of all future mandatory sinking fund redemption payments payable with respect to the maturity redeemed will be reduced by the aggregate principal amount of the maturity so redeemed, to be allocated among such mandatory sinking fund redemption payments on a pro rata basis.

Senior Term Bond Due October 1, 2038

Mandatory Sinking Fund Redemption Date <u>(October 1)</u>	<u>Mandatory Sinking Payments</u>
2018	\$955,000
2019	1,175,000
2020	1,240,000
2021	1,295,000
2022	1,325,000
2023	1,370,000
2024	1,445,000
2025	1,520,000
2026	1,590,000
2027	1,570,000
2028	1,545,000
2029	1,600,000
2030	1,690,000
2031	1,770,000
2032	1,810,000
2033	1,860,000
2034	1,935,000
2035	1,895,000
2036	1,730,000
2037	990,000
2038 (maturity)	350,000

Special Senior Term Bond Due October 1, 2038

Mandatory Sinking Fund Redemption Date <u>(October 1)</u>	Mandatory <u>Sinking Payments</u>
2018	\$145,000
2019	175,000
2020	180,000
2021	190,000
2022	195,000
2023	200,000
2024	205,000
2025	215,000
2026	225,000
2027	230,000
2028	225,000
2029	230,000
2030	240,000
2031	250,000
2032	260,000
2033	265,000
2034	280,000
2035	275,000
2036	250,000
2037	140,000
2038 (maturity)	50,000

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

Redemption from Assessment Prepayments. Each Bond is subject to mandatory redemption on any Interest Payment Date from 2018 Loan prepayments pursuant to the 2018 Loan Agreement, in whole or in part, at a redemption price equal to the principal amount of the Senior Bonds to be redeemed, plus accrued but unpaid interest to the date of redemption, without premium. The Authority will select Bonds to be redeemed as described under the heading “SECURITY FOR THE SENIOR BONDS – Flow of Funds Under the Indenture – Prepayment Account.”

Redemption from Surplus Revenues. Each Bond is subject to redemption prior to its stated maturity date, in whole or in part, on any Interest Payment Date, from Surplus Revenues in the Surplus Account, at a redemption price equal to the principal amount of the Bond to be redeemed, plus accrued but unpaid interest on such Bond to the redemption date, without premium.

In connection with a partial redemption of the Outstanding Bonds, the Authority will select Bonds to be redeemed as described under the heading "SECURITY FOR THE SENIOR BONDS – Revenue Fund – Surplus Account."

Redemption of 2038 Special Senior Term Bonds Before Other Senior Bonds. Redemptions from Assessment prepayments and Surplus Revenues are expected starting on October 1, 2018, as applicable, based on the history of prepayments, which is shown in Table 9, and due to the 2018 Loan being structured to bear interest at a rate that is approximately 1% higher than the weighted average interest rate on the Bonds. The Authority will direct the Trustee to apply prepayments or Surplus Revenues (as described under the heading "SECURITY FOR THE SENIOR BONDS – Flow of Funds Under the Indenture – Prepayment Account" or "SECURITY FOR THE SENIOR BONDS – Revenue Fund – Surplus Account," as applicable) to redeem the Senior Bond maturing on October 1, 2038, that is labeled "Special Senior Term Bond" on the inside front cover of this Official Statement (the "**2038 Special Senior Term Bond**"), until it has been redeemed in full; thereafter, the Authority will specify the Senior Bonds to be redeemed, as well as the reduction of all future mandatory sinking fund redemption payments with respect to the Senior Bonds redeemed, in a Certificate of the Authority.

Notice of Redemption; Rescission. The Trustee on behalf and at the expense of the Authority will mail (by first class mail) notice of any redemption to the respective Owners of any Senior Bonds designated for redemption at their respective addresses appearing on the Registration Books (and in the case of the Senior Bonds, to one or more Securities Depositories and to the Municipal Securities Rulemaking Board), at least 20 days prior to the date fixed for redemption; provided, however, that no such notice will be required when the Owner of the Senior Bonds designated for redemption is the Placer County Treasurer-Tax Collector; and, provided further, that neither failure to receive any such notice so mailed nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice will state the date of the notice, the redemption date, the redemption place and the redemption price and will designate the CUSIP numbers (if applicable), the Bond numbers and the maturity or maturities (in the event of redemption of all of the Senior Bonds of such maturity or maturities in whole) of the Senior Bonds to be redeemed, and will require that such Bonds be then surrendered at the Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date. The Trustee will not mail notice of redemption of Bonds for an optional redemption unless (i) there will then be on deposit in the Principal Account, or another escrow account identified by the Authority, all amounts required to pay the principal of and redemption premium (if any) on such Bonds upon the redemption thereof, or (ii) such notice states that such redemption is subject to the deposit of such proceeds.

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

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose will, to the extent practicable, bear the CUSIP number

(if applicable) or Bond number identifying, by issue and maturity, the Senior Bonds being redeemed with the proceeds of such check or other transfer.

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

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the Senior Bonds so called for redemption will have been duly provided, such Bonds so called will cease to be entitled to any benefit under the Indenture other than the right to receive payment of the redemption price, and no interest will accrue thereon from and after the redemption date specified in such notice.

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

Book-Entry Only System

The Senior Bonds will be issued as fully registered bonds in book-entry only form, registered in the name of Cede & Co. as nominee of DTC, and will be available to ultimate purchasers in the denomination of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. While the Senior Bonds are subject to the book-entry system, the principal, interest and any prepayment premium with respect to a Senior Bond will be paid by the Trustee to DTC, which in turn is obligated to remit such payment to its DTC Participants for subsequent disbursement to Beneficial Owners of the Senior Bonds. Purchasers of the Senior Bonds will not receive certificates representing their interests therein, which will be held at DTC.

See “APPENDIX E – DTC and the Book-Entry Only System” for further information regarding DTC and the book-entry system.

DEBT SERVICE SCHEDULE

The table below shows annual debt service payments on the Senior Bonds, assuming no optional redemption, redemption from Assessment prepayments or redemption from Surplus Revenues. See “THE ASSESSMENTS – Initial Projected Debt Service Coverage on the Outstanding Parity Loans and Senior Bonds” and “YIELD AND PREPAYMENT CONSIDERATIONS.”

Year Ending October 1	Principal	Interest	Total
2018	\$1,100,000	\$420,418	\$1,520,418
2019	1,350,000	1,576,519	2,926,519
2020	1,420,000	1,513,988	2,933,988
2021	1,485,000	1,448,138	2,933,138
2022	1,520,000	1,379,306	2,899,306
2023	1,570,000	1,308,863	2,878,863
2024	1,650,000	1,236,075	2,886,075
2025	1,735,000	1,159,481	2,894,481
2026	1,815,000	1,078,931	2,893,931
2027	1,800,000	994,669	2,794,669
2028	1,770,000	911,231	2,681,231
2029	1,830,000	829,163	2,659,163
2030	1,930,000	744,263	2,674,263
2031	2,020,000	654,675	2,674,675
2032	2,070,000	560,888	2,630,888
2033	2,125,000	464,850	2,589,850
2034	2,215,000	366,225	2,581,225
2035	2,170,000	263,494	2,433,494
2036	1,980,000	162,863	2,142,863
2037	1,130,000	71,025	1,201,025
2038	400,000	18,563	418,563
Total	\$35,085,000	\$17,163,624	\$52,248,624

SECURITY FOR THE SENIOR BONDS

The principal of and interest on the Senior Bonds are not a debt of the Authority (except to the limited extent described in this Official Statement) or the County, nor a legal or equitable pledge, charge, lien or encumbrance, upon any of their respective property, or upon any of their income, receipts, or revenues except the Revenues and other amounts pledged under the Indenture.

This section provides summaries of the security for the Senior Bonds and certain provisions of the Indenture and the 2018 Loan Agreement. See “APPENDIX B – Summary of Principal Legal Documents” for a more complete summary of the Indenture and the 2018 Loan Agreement. Capitalized terms used but not defined in this section have the meanings given in APPENDIX B.

Pledge of Revenues to the Senior Bonds

Subject to the provisions of the Indenture, the Senior Bonds are secured by a first lien on and pledge (which will be effected in the manner and to the extent provided in the Indenture) of all of the Revenues (as defined below) and a pledge of all of the moneys in the Interest Account, the Principal Account, the Prepayment Account, the Senior Bonds Reserve Account and the Surplus Account, including all amounts derived from the investment of such moneys. The Senior Bonds are equally secured by such pledge, charge and lien upon the Revenues and such moneys without priority for number, date of Bonds, date of execution or date of delivery; and the payment of the interest on and principal of the Senior Bonds and any premiums upon the redemption of any thereof are secured by such pledge, charge and lien upon the Revenues and such moneys. **The Senior Bonds Reserve Account secures only the Senior Bonds and not the Subordinate Bonds.**

“**Revenues**,” as defined in the Indenture, means:

- (a) all amounts payable by the County to the Authority or the Trustee pursuant to the 2018 Loan Agreement, other than administrative fees and expenses and indemnity against claims payable to the Authority and the Trustee (the “**2018 Loan Payments**”);
- (b) any proceeds of the Bonds originally deposited with the Trustee and all moneys deposited and held from time to time by the Trustee in the funds and accounts established under the Indenture;
- (c) investment income with respect to any moneys held by the Trustee in the funds and accounts established under the Indenture; and
- (d) any other investment income received under the Indenture.

THE SENIOR BONDS ARE REVENUE BONDS, PAYABLE EXCLUSIVELY FROM THE REVENUES AND OTHER FUNDS AS PROVIDED IN THE INDENTURE. NONE OF THE GENERAL FUND OF THE AUTHORITY, THE COUNTY OR THE STATE OF CALIFORNIA, OR ANY OF ITS POLITICAL SUBDIVISIONS, IS LIABLE, AND NONE OF THE CREDIT OF THE AUTHORITY, THE COUNTY OR THE STATE OF CALIFORNIA, OR ANY OF ITS POLITICAL SUBDIVISIONS, IS PLEDGED, FOR THE PAYMENT OF THE INTEREST AND PREMIUM (IF ANY) ON OR PRINCIPAL OF THE SENIOR BONDS. THE OWNERS OF THE SENIOR BONDS

SHALL NEVER HAVE THE RIGHT TO COMPEL THE FORFEITURE OF ANY PROPERTY OF THE AUTHORITY OR THE COUNTY. THE PRINCIPAL OF AND INTEREST ON THE SENIOR BONDS, AND ANY PREMIUMS UPON THE REDEMPTION OF ANY THEREOF, SHALL NOT BE A LEGAL OR EQUITABLE PLEDGE, CHARGE, LIEN OR ENCUMBRANCE UPON ANY PROPERTY OF THE AUTHORITY OR COUNTY OR UPON ANY OF THEIR INCOME, RECEIPTS OR REVENUES EXCEPT THE REVENUES AND OTHER FUNDS PLEDGED TO THE PAYMENT THEREOF AS PROVIDED IN THE INDENTURE.

Pledge of Assessments to the 2018 Loan

The 2018 Loan is secured by a first pledge (which pledge will be effected in the manner and to the extent provided in the 2018 Loan Agreement) of Assessments (except the Administrative Expense Component) and all moneys deposited into the Redemption Fund for the 2018 Loan. The pledge of Assessments is on a parity with the pledge of the Assessments to any Parity Loan (as defined under the heading “– Additional Parity Loans”).

“Assessments” means unpaid contractual assessment(s) levied on Participating Parcels that are Residential Parcels and the Administrative Expense Component, pursuant to an Assessment Contract(s), but does not include either (i) penalties or (ii) interest on delinquent contractual assessments in excess of the interest rate of the Bonds.

Notwithstanding any other provision of the 2018 Loan Agreement, the County is not obligated to advance available surplus funds from the County treasury to cure any deficiency in either Redemption Fund; provided, however, the County is not prevented, in its sole discretion, from so advancing funds.

See “– Collection of Assessments.”

Revenue Fund

All 2018 Loan Payments will be promptly deposited by the Trustee upon receipt into a special fund designated as the “Revenue Fund,” which the Trustee will establish, maintain and hold in trust under the Indenture.

Within the Revenue Fund, the Trustee will establish and maintain the following accounts:

- (i) Prepayment Account. Moneys will be deposited into the Prepayment Account and applied by the Trustee as specified under the heading entitled “– Flow of Funds Under Indenture – Prepayment Account.”
- (ii) Interest Account; Capitalized Interest Subaccount. All moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it will become due and payable (including accrued interest on any Bonds redeemed prior to maturity), as specified under the heading entitled “– Flow of Funds Under Indenture.”

Within the Interest Account, the Trustee will establish and maintain the Capitalized Interest Subaccount. Amounts on deposit in the Capitalized Interest Subaccount will be used and withdrawn by the Trustee solely for the payment of interest on the Senior Bonds, and will be used for that purpose before any other funds in the

Interest Account are used. When the amount in the Capitalized Interest Subaccount is fully expended for the payment of interest, the account will be closed.

- (iii) Principal Account. All moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of (i) paying the principal of the Bonds upon the mandatory sinking fund redemption thereof (as described under the heading “– THE SENIOR BONDS – Redemption – Mandatory Sinking Fund Redemption”) or upon the maturity thereof, or (ii) paying the redemption price of Bonds, exclusive of accrued interest, if any, upon the optional redemption thereof (as described under the heading “– THE SENIOR BONDS – Redemption – Optional Redemption”). All amounts on deposit in the Principal Account on the first day of any Bond Year, to the extent not required to pay the principal of any Outstanding Bonds then having come due and payable, will be withdrawn therefrom and transferred to the Surplus Account. In the event that the amounts in the Principal Account are not sufficient to pay the principal of the Bonds upon the mandatory sinking fund redemption thereof (as described under the heading “– THE SENIOR BONDS – Redemption – Mandatory Sinking Fund Redemption”) or upon the maturity thereof, the Trustee will pay the principal and mandatory sinking fund redemption amount of the Senior Bonds before it pays the principal and mandatory sinking fund redemption amount of the Subordinate Bonds.
- (iv) Senior Bonds Reserve Account. The Senior Bonds Reserve Requirement will be satisfied by the delivery of the Senior Bonds Reserve Policy. The Trustee will deposit the Senior Bonds Reserve Policy into the Senior Bonds Reserve Account upon delivery by the Senior Bonds Reserve Insurer. The Authority will have no obligation to replace the Senior Bonds Reserve Policy or to fund the Senior Bonds Reserve Account with cash if, at any time that the Senior Bonds are Outstanding, amounts are not available under the Senior Bonds Reserve Policy.

Amounts drawn on the Senior Bonds Reserve Policy will be used by the Trustee solely for the purpose of making transfers to the Interest Account and the Principal Account to pay principal of and interest on the Senior Bonds, in the event of any deficiency at any time in any of such accounts for that purpose.

The Senior Bonds Reserve Policy states that the Authority’s failure to pay the semiannual component of the premium for the Senior Bonds Reserve Policy when it is due will not excuse the obligation of the Senior Bonds Reserve Insurer to make payments under the Senior Bonds Reserve Policy. Likewise, the Senior Bonds Insurance Policy states that the Authority’s failure to pay the semiannual component of the premium for the Senior Bonds Insurance Policy when it is due will not excuse the obligation of the Senior Bonds Insurer to make payments under the Senior Bonds Insurance Policy.

“Senior Bonds Reserve Requirement” means, as of any Interest Payment Date, an amount equal to the least of (a) 10% of the Outstanding principal amount of the Senior Bonds, (b) the maximum amount of annual debt service coming due and payable on the Senior Bonds in the current or any future Bond Year, or (c) 125% of the average amount of debt service coming due and payable on the Senior Bonds in the current and each future Bond Year.

(v) Surplus Account. The Trustee will transfer amounts from the Revenue Fund to the Surplus Account as described under the heading “– Flow of Funds Under Indenture – Application of Amounts in Revenue Fund in Advance of Interest Payment Dates.” On each Interest Payment Date, the Trustee will apply all amounts then on deposit in the Surplus Account (“**Surplus Revenues**”) for the purpose of effecting the following redemptions on such Interest Payment Date:

- (A) Surplus Revenues will first be applied to redeem the Senior Bonds as described under the heading “THE SENIOR BONDS – Redemption – Redemption from Surplus Revenues.” The Authority will direct the Trustee to apply Surplus Revenues to redeem the 2038 Special Senior Term Bond until it has been redeemed in full; thereafter, the Authority will specify the Senior Bonds to be redeemed, as well as the reduction of all future mandatory sinking fund redemption payments with respect to the Senior Bonds redeemed, in a Certificate of the Authority. The Authority will calculate the portion of Surplus Revenues to be applied to the redemption of the Senior Bonds (if any) so as to maintain the Senior Bonds Asset Ratio at the Senior Bonds Asset Requirement (each as defined below).
- (B) Any remaining Surplus Revenues will be applied to redeem the Subordinate Bonds as described in the Indenture.
- (C) Any remaining Surplus Revenues will be applied to redeem the Senior Bonds as described in the Indenture.

“**Senior Bonds Asset Ratio**” means the ratio calculated by dividing the principal amount of the unpaid 2018 Loan by the principal amount of the Outstanding Senior Bonds.

“**Senior Bonds Asset Requirement**” means 112.5% (or greater than 112.5% by an amount representing less than a \$5,000 denomination).

Investment earnings on moneys in the Surplus Account will be retained therein.

If, on any date moneys on deposit in the Surplus Account, together with amounts in the other accounts in the Revenue Fund, are sufficient to pay all Outstanding Bonds, including all principal thereof, redemption premiums (if any), and interest thereon, the Trustee will apply all amounts then on deposit in the Surplus Account and the other accounts in the Revenue Fund, to the payment of Bonds to maturity or to the redemption of Bonds (with respect to the Senior Bonds, as described under the heading “– THE SENIOR BONDS – Redemption – Optional Redemption”), as applicable.

Flow of Funds Under Indenture

Prepayment Account. On each Interest Payment Date, the Trustee will apply all amounts then on deposit in the Prepayment Account for the purpose of effecting the following redemptions:

- (i) Amounts in the Prepayment Account will first be applied to redeem the Senior Bonds as described under the heading entitled “THE SENIOR BONDS –

Redemption – Redemption from Assessment Prepayments.” The Authority will direct the Trustee to apply amounts in the Prepayment Account to redeem the 2038 Special Senior Term Bond until it has been redeemed in full; thereafter, the Authority will specify the Senior Bonds to be redeemed, as well as the reduction of all future mandatory sinking fund redemption payments with respect to the Senior Bonds redeemed, in a Certificate of the Authority. The Authority will calculate the portion of amounts in the Prepayment Account to be applied to the redemption of the Senior Bonds (if any) so as to maintain the Senior Bonds Asset Ratio at the Senior Bonds Asset Requirement.

- (ii) Any remaining amounts in the Prepayment Account will be applied to redeem the Subordinate Bonds as described under the heading entitled “THE SENIOR BONDS – Redemption – Redemption from Assessment Prepayments.”

Investment earnings on moneys in the Prepayment Account will be retained therein.

Application of Amounts in the Revenue Fund In Advance of Interest Payment Dates.

At least five Business Days prior to each Interest Payment Date (except for clauses (ii) and (viii) below, in which case at least five Business Days prior to each October 1) while the Bonds are Outstanding, the Trustee will transfer from the Revenue Fund and deposit into the following respective accounts (each of which the Trustee will establish and maintain within the Revenue Fund) or pay to the Senior Bonds Insurer or Senior Bonds Reserve Insurer, as applicable, the following amounts in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) or payment to be satisfied before any transfer or payment is made that is subsequent in priority:

- (i) Interest Account (Senior Bonds). The Trustee will transfer from the Revenue Fund and deposit into the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to equal the amount of interest becoming due and payable on such Interest Payment Date on all Outstanding Senior Bonds. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the interest becoming due and payable upon all Outstanding Senior Bonds on the next succeeding Interest Payment Date.
- (ii) Principal Account (Senior Bonds). The Trustee will transfer from the Revenue Fund and deposit into the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the Senior Bonds coming due and payable on such October 1, or the redemption price of the Senior Bonds required to be redeemed on such October 1 pursuant to an optional redemption (as described under the heading “THE SENIOR BONDS – Redemption – Optional Redemption”) or mandatory sinking fund redemption (as described under the heading “THE SENIOR BONDS – Redemption – Mandatory Sinking Fund Redemption”).
- (iii) Reimburse Senior Bonds Insurer. The Trustee will transfer from the Revenue Fund and pay to the Senior Bonds Insurer any amounts required to reimburse the Senior Bonds Insurer for payments of principal of and interest on the Senior Bonds, as set forth in the Indenture.

- (iv) Reimburse Senior Bonds Reserve Insurer. The Trustee will transfer from the Revenue Fund and pay to the Senior Bonds Reserve Insurer any amounts required to reimburse the Senior Bonds Reserve Insurer for draws on the Senior Bonds Reserve Policy, as set forth in the Indenture.
- (v) Pay the Premium for the Senior Bonds Insurance Policy. The Trustee will transfer from the Revenue Fund and pay to the Senior Bonds Insurer the semiannual component of the premium due and payable on such Interest Payment Date.
- (vi) Pay the Premium for the Senior Bonds Reserve Policy. The Trustee will transfer from the Revenue Fund and pay to the Senior Bonds Reserve Insurer the semiannual component of the premium due and payable on such Interest Payment Date.
- (vii) Interest Account (Subordinate Bonds). The Trustee will transfer from the Revenue Fund and deposit into the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to equal (A) the amount described in the preceding subsection (i) and (B) the amount of interest becoming due and payable on such Interest Payment Date on all Outstanding Subordinate Bonds. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the interest becoming due and payable upon all Outstanding Subordinate Bonds on the next succeeding Interest Payment Date.
- (viii) Principal Account (Subordinate Bonds). The Trustee will deposit into the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal (A) the amount described in the preceding subsection (ii) and (B) the principal amount of the Subordinate Bonds coming due and payable on such October 1, or the redemption price of the Subordinate Bonds required to be redeemed on such October 1 pursuant to an optional redemption or mandatory sinking fund redemption.
- (ix) Surplus Account. The Trustee will deposit into the Surplus Account any amounts required to be deposited therein pursuant to the Indenture and any amounts remaining in the Revenue Fund after the applicable deposits and payments described in the foregoing paragraphs (i) through (viii).

For projections of the 2018 Loan-to-Senior Bonds ratio on the Senior Bonds assuming redemption from Surplus Revenues, certain prepayment scenarios and no optional redemption, see “YIELD AND PREPAYMENT CONSIDERATIONS – 2018 Loan-to-Senior Bond Ratio.”

Terms of the 2018 Loan

The 2018 Loan has been structured to bear interest at a rate that is approximately 1% higher than the weighted average interest rate on the Bonds. This spread provides, among other things, Surplus Revenues that will be used to redeem Senior Bonds in order to maintain the Senior Bonds Asset Ratio at the Senior Bonds Asset Requirement, as described under the heading “THE SENIOR BONDS – Redemption – Redemption from Surplus Revenues.”

The principal and interest of the 2018 Loan will be payable in installments no later than the fifth Business Day prior to March 2 and September 2 of each year (each such date, a “**Loan**

Payment Date”) on which the principal and interest of the 2018 Loan will be payable in each of the years and in the amounts as set forth in the 2018 Loan Agreement.

The installment payments will be paid to the Trustee for the benefit of the owners of the Bonds and will be Revenues under the Indenture.

In the event principal of the 2018 Loan is prepaid in part as described under the heading entitled “– Prepayments of the 2018 Loan” or discharged in part pursuant to the 2018 Loan Agreement, the County will deliver a Certificate of the County to the Authority and the Trustee designating which semiannual installment payments of the 2018 Loan are being prepaid or discharged.

Interest on each installment of principal of the Loan has been calculated on the basis of a 360-day year of twelve 30-day months, and will accrue on each installment of principal from and including the Delivery Date to but not including the Loan Payment Date with respect to which such installment of principal is payable. Any installment of principal or interest that is not paid when due will continue to accrue interest at the interest rate set forth in the 2018 Loan Agreement from and including the Loan Payment Date with respect to which such principal or interest is payable to but not including the date of actual payment.

Principal of and interest on the Loan will be payable by the County to the Trustee, as assignee of the Authority under the Indenture, in immediately available funds which constitute lawful money of the United States of America. Payment of such principal and interest will be secured, and amounts for the payment thereof will be deposited with the Trustee at the times, as described below.

Flow of Funds Under 2018 Loan Agreement

The 2018 Loan Agreement establishes a separate and segregated fund known as the “Redemption Fund,” which is held by the Trustee in trust. Moneys in the Redemption Fund will be used to pay debt service on the 2018 Loan.

Deposits into the Redemption Fund. Amounts will be deposited into the Redemption Fund as described under the heading entitled “– Collection of Assessments.” Moneys in the Redemption Fund will be held by the Trustee for the benefit of the County. Each Redemption Fund will remain open as long as the 2018 Loan remains outstanding.

Within each Redemption Fund there is established a Prepayment Account, which will be used exclusively for the administration of any Prepayments pursuant to the 2018 Loan Agreement to assure the timely redemption of the 2018 Loan. If all of the Assessments are paid in full, the Prepayment Account will be closed.

Disbursements. With respect to the 2018 Loan, moneys in the Redemption Fund will be deposited by the Trustee into the following accounts within the Redemption Fund at the following times in the following order of priority:

- (i) ***Interest Account.*** On or before the fifth Business Day preceding each date on which interest on 2018 Loan becomes due and payable, the Trustee will deposit into the Interest Account the amount that, when added to amounts on deposit in the Interest Account, is equal to the amount of interest becoming due and payable on the 2018 Loan on such date.

All moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the 2018 Loan as it becomes due and payable (including accrued interest on any portion of the 2018 Loan prepaid prior to maturity pursuant to the 2018 Loan Agreement).

- (ii) Principal Account. On or before the fifth Business Day preceding each date on which the principal component of a payment of the 2018 Loan becomes due and payable, the Trustee will deposit into the Principal Account the amount that, when added to the amount then on deposit in the Principal Account, is equal to the amount of principal component of the payment coming due and payable on such date.

All moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal component of any payment of the 2018 Loan when due.

- (iii) Repayment of County Obligation. Immediately after making the deposits required above, the Trustee will transfer to the County any amount requested in a Certificate of the County for repayment of any obligation issued to finance Administrative Expenses of the Program.
- (iv) Surplus Fund. On each September 3, after making the deposits required above, the Trustee will deposit any remaining amounts in the Surplus Fund established for the 2018 Loan. Moneys in the Surplus Fund may be spent by the County, in its sole discretion, for any lawful purpose relating to the Program.

“Administrative Expenses” is defined in the 2018 Loan Agreement to mean costs directly related to the administration of the Program, as determined by the County in its sole discretion, including but not limited to: Costs of Issuance; the actual costs of preparing the annual Assessment installment collection schedules (whether by an employee of the County or a consultant or both) and the actual costs of collecting the Assessment installments (whether by the County or otherwise); the actual costs of remitting the Assessment installments to the Trustee and the trustee for any Parity Loan; actual costs of the Trustee (including its legal counsel) in the discharge of its duties under the Indenture and the 2018 Loan Agreement and the actual costs of any trustee (including its legal counsel) in the discharge of its duties relating to any Parity Loan; the actual costs of the Authority, the County or their designee of complying with the disclosure provisions of the Act, the Bond Law, Chapter 29, federal securities laws, the 2018 Loan Agreement and the Indenture, including those related to public inquiries regarding the Assessments and disclosures to Owners of the 2018 Refunding Bonds; the actual costs of the County or its designee related to an appeal or challenge of the Assessment; an allocable share of the salaries of the County staff directly related to the foregoing and a proportionate amount of County general administrative overhead related thereto. Administrative Expenses will also include amounts advanced by the County for any administrative purpose relating to the Program, including costs related to prepayments of Assessments and the costs of prosecuting foreclosure of delinquent Assessment installments.

Collection of Assessments

The County will comply with all requirements of the Act and the 2018 Loan Agreement to assure the timely collection of the Assessments, including, without limitation, the enforcement of delinquent Assessments. To that end, the following will apply:

- (a) The Assessments, together with the interest thereon, will be payable in the installments specified in the Assessment Contracts, but only to the extent determined by the County to be necessary to satisfy the County's obligations that are payable from the Assessments. Each Assessment installment will be payable in the same manner and at the same time and in the same installments as the general taxes on real property are payable, and become delinquent at the same times and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the general taxes on real property.

All Prepayments received with respect to the 2018 Loan will immediately be deposited into the Prepayment Account established under the 2018 Loan Agreement. "**Prepayments**" means prepayments of Assessments received by the County, less any administrative fees or penalties collected as part of any such prepayment of Assessments.

Under the 2018 Loan Agreement, all sums other than Prepayments received from the collection of the Assessments and of the interest and penalties thereon will be transferred and/or deposited as follows in the following priority:

- (i) An amount equal to the Administrative Expense Component of the Assessments will be deposited by the County in the Administrative Expense Fund. "**Administrative Expense Component**" means the component of each Assessment installment that is designed for the payment of Administrative Expenses.
 - (ii) The remainder will be transferred to the Trustee for deposit in the Redemption Fund and the debt service fund for any Parity Loan. In the event Assessments are insufficient to pay debt service when due on the 2018 Loan and debt service on any Parity Loan, the County will cause Assessments to be deposited into the Redemption Fund and the debt service fund for any Parity Loan on a pro rata basis based on the outstanding principal amount of the Loan and the Parity Loan.
- (b) The County will, before the final date on which the Auditor accepts the transmission of the Assessments for the Participating Parcels for inclusion on the next tax roll, prepare or cause to be prepared, and will transmit to the Auditor, such data as the Auditor requires to include the installments of the Assessments on the next secured tax roll. The County is authorized under the 2018 Loan Agreement to employ consultants to assist in computing the installments of the Assessments.

Covenant to Commence Foreclosure Proceedings

In the 2018 Loan Agreement, the County has covenanted with and for the benefit of the Authority that it will order, and cause to be commenced, and thereafter diligently prosecute an action in the superior court to foreclose the lien of any Assessment or installment thereof that has

been billed, but has not been paid, pursuant to and as provided in sections 8830 and 8835, inclusive, of the Improvement Bond Act of 1915 and the conditions specified in the 2018 Loan Agreement.

No later than October 1 each year, the County will determine if any single parcel is, or any parcels under common ownership are, delinquent in the payment of two or more semiannual installments of Assessment payments and will notify County Counsel of any such delinquencies. No later than December 1 each year, County Counsel will commence, or cause to be commenced, foreclosure proceedings, including collection actions preparatory to the filing of any complaint against any parcel that remains delinquent in the payment of two or more semiannual installments of the Assessment payments. County Counsel is hereby authorized to employ counsel to conduct any such foreclosure proceedings.

Notwithstanding the foregoing, the County may elect, in its sole discretion, to defer foreclosure proceedings on any parcel if the County has received funds equal to the delinquent Assessments from any other source, and those funds (including without limitation funds from the sale of the receivables associated with delinquent Assessments) are available to contribute toward (i) Administrative Expenses and (ii) the payment of the 2018 Loan when due.

See also the section entitled “BOND OWNERS’ RISKS.”

No Additional Bonds

Under the Indenture, the Authority covenants that, except for refunding purposes and as set forth in the Indenture, no Parity Bonds will be issued or incurred.

So long as any Senior Bonds remain Outstanding, any Parity Bonds issued to refund all or a portion of the Subordinate Bonds will be subordinate to any Outstanding Senior Bonds in the same manner that the Subordinate Bonds are subordinate to the Senior Bonds as provided in the Indenture, or as the holders of any Outstanding Senior Bonds may otherwise agree.

Additional Parity Loans

Under the 2018 Loan Agreement, in addition to the 2018 Loan and, as applicable, the Outstanding Parity Loans, the County may issue or incur Parity Loan in such principal amount as will be determined by the County, subject to the specific conditions described below. “**Parity Loans**” includes any bonds, notes, loans, advances or other indebtedness issued or incurred by the County on a parity with the 2018 Loan pursuant to the 2018 Loan Agreement and Outstanding Parity Loans. The Outstanding Parity Loans have an outstanding balance of \$10,245,563.96 as of May 31, 2018; however, the portion of the 2015 R New Money Loan not constituting a Refunded Obligation is structured as a draw-down loan and will be drawn upon to fund Assessments, and therefore, it is subject to increase in amount until approximately June 30, 2018. The County will no longer be accepting applications for Program financing after such date. See “– Financing of Future Contractual Assessments Through Pioneer Community Energy Joint Powers Authority.”

Under the 2018 Loan Agreement, the conditions precedent to the issuance and delivery of such Parity Loan include the following:

- Value. For each Participating Parcel the installation of Authorized Improvements on which will be financed as a result of issuance of the Parity Loan, the value of such parcel, which the County will calculate in accordance with the Program Report, will

meet the eligibility criteria described under the heading entitled “THE ASSESSMENTS - Program Administration and Participation Parameters,” except that in no event will the principal amount of an Assessment exceed 10% of the value of such parcel plus the value of the Authorized Improvements being financed. See also APPENDIX F.

- Coverage. The total Assessment installments payable under existing Assessment Contracts will be at least 100% of (a) the cumulative Debt Service on the unpaid Loan, the cumulative debt service on any outstanding Parity Loan and cumulative debt service on the proposed Parity Loan through the final maturity date of the 2018 Loan, any outstanding Parity Loan and the proposed Parity Loan *plus* (b) the total anticipated Administrative Expenses through the final maturity date of the 2018 Loan, any outstanding Parity Loan and the proposed Parity Loan.
- Assessment Contracts. With respect to each Participating Parcel the installation of Authorized Improvements on which will be financed as a result of issuance of the Parity Loan, (i) the County will have accepted the related application for Program funding before June 30, 2018, (ii) the County and the owner of the Participating Parcel will have executed an Assessment Contract and (iii) the County will have recorded in the real property records of the County a Notice of Assessment and a Payment of Contractual Assessment Required to the extent and in the form required by Chapter 29.
- Opinion of Bond Counsel. In connection with its execution and delivery of a Parity Debt Instrument, the County will deliver an opinion of Bond Counsel substantially to the effect that (a) the County has the right and power under Chapter 29 and the 1915 Act (as applicable) to execute and deliver the Parity Debt Instrument, and the Parity Debt Instrument has been duly and lawfully executed and delivered by the County, is in full force and effect and is valid and binding upon the County and enforceable in accordance with its terms (except as enforcement may be limited by bankruptcy, moratorium, insolvency, reorganization, fraudulent conveyance and other similar laws relating to the enforcement of creditor’s rights), (b) such Parity Loan is a valid and binding limited obligation of the County, enforceable in accordance with the terms thereof (except as enforcement may be limited by bankruptcy, moratorium, insolvency, reorganization, fraudulent conveyance and other similar laws relating to the enforcement of creditor’s rights) and the terms of the Parity Debt Instrument, Chapter 29 and the 1915 Act (as applicable), and (c) such Parity Loan has been duly and validly authorized and issued in accordance with Chapter 29, the 1915 Act (as applicable) and the 2018 Loan Agreement.

Notwithstanding the foregoing, at any time and from time to time, the County may issue a Parity Loan to refund the 2018 Loan or any outstanding Parity Loan so as to reduce the aggregate debt service on the 2018 Loan and any outstanding Parity Loan (including the Parity Loan to be issued or executed and delivered) without the need to satisfy the requirements described above next to the headings “Value” and “Coverage.”

Prepayment of 2018 Loan

The principal portion of the 2018 Loan is subject to optional prepayment (other than from Prepayments) in whole or in part, on any Interest Payment Date specified in the Indenture for prepayment of the Bonds, at the premium specified in the Indenture, plus interest accrued to the

prepayment date, upon the provision of 30 days' prior written notice to the Trustee. In connection with an optional prepayment, the County will transfer to the Trustee all amounts required for such prepayment in accordance with the requirements of the Indenture.

The principal portion of the 2018 Loan, without premium, plus interest accrued to the prepayment date, is subject to mandatory prepayment from amounts received by the County as Prepayments; provided, however, that the following rules apply:

- (i) If a Prepayment of an Assessment that was originally financed by a loan other than the 2018 Loan (a "**Prepayment Base Loan**") is received, such Prepayment will be applied to the principal portion of the Prepayment Base Loan, without premium, plus interest accrued to the prepayment date.
- (ii) If a Prepayment of an Assessment that was originally financed by a Prepayment Base Loan is received and the Prepayment Base Loan has, as of the prepayment date, been refinanced, such Prepayment will be applied to the principal portion of the loan that refinanced the Prepayment Base Loan (the "**Refinancing Loan**"), without premium, plus interest accrued to the prepayment date.
- (iii) If a Prepayment of an Assessment that was originally financed by a Prepayment Base Loan is received and neither the Prepayment Base Loan nor the Refinancing Loan is, as of the prepayment date, outstanding, such Prepayment will be applied on a pro rata basis to the principal portion of the 2018 Loan or any Parity Debt, without premium, plus interest accrued to the prepayment date.
- (iv) Notwithstanding the rules set forth in the preceding clauses (i)-(iii), if a Prepayment of an Assessment that was originally financed or refinanced by the Series 2015R-C Loan or the Series 2015R-A/R-B Loan (an "**R-C/R-A/R-B Prepayment**") is received, such R-C/R-A/R-B Prepayment will be applied:

first, to the principal portion of the 2018 Loan, without premium, plus interest accrued to the prepayment date, until such time as the portion of the 2018 Loan that refinanced the Series 2015R-C Loan has been fully repaid, and

second, to the principal portion of the Series 2015 R-A/R-B Loan, without premium, plus interest accrued to the prepayment date, until such time as the Series 2015 R-A/R-B Loan has been fully paid and discharged.

To the extent required by a written agreement between the County and the owner of the Series 2015R-A Bonds, such prepayments of the Series 2015R-A/R-B Loan will be applied:

first, to redeem the Subordinate Series 2015R-B Bonds, and

second, to redeem the Series 2015R-A Bonds.

- (v) Notwithstanding the rules set forth in the preceding clauses (i)-(iv), the County will apply the Prepayments, including the R-C/R-A/R-B Prepayments, to the principal amount of the Loan or any outstanding Parity Loans so as to ensure that, for each succeeding Bond Year, the scheduled Assessment installments will equal or

exceed the scheduled debt service on the 2018 Loan, all Outstanding Parity Loans and any bonds payable from the 2018 Loan and all Outstanding Parity Loans.

In the event that a portion of the principal of the 2018 Loan has been prepaid by the County as described above, the County will deliver a Certificate of the County to the Authority and the Trustee designating the semiannual installment payments of the 2018 Loan that are being prepaid.

Ongoing Interest Rate of Assessments

The County covenants in the 2018 Loan Agreement not to reduce the interest rate of any existing Assessment below 6.00%.

THE ASSESSMENTS

Program Administration; Participation Parameters

The following paragraphs summarize certain provisions of the Program Report. See “APPENDIX F – Program Report” for more detailed information.

Program Administration. The Placer County Treasurer-Tax Collector oversees professionals from the Placer County Treasurer-Tax Collector’s Office and other County staff (“**Program Staff**”) in administering the Program. In addition, a Program Steering Committee (the “**Committee**”) is responsible for establishing program policies and procedures. The Committee consists of a representative from the Treasurer’s Office, a representative from the Placer County Treasurer-Tax Collector’s Office, a representative from the Auditor’s Office, and a representative from the County Executive’s Office; an attorney from County Counsel advises the Committee. The Committee meets on a biweekly basis or as needed. The Committee reviews Program policies and procedures as needed to ensure that the Program is operated in an efficient, effective and compliant manner. The Committee also reviews various program reports such as volume of applications received and approved, Authorized Improvements requested and funded and overall program results and outcomes.

The Committee is responsible for approving or denying applications for financing in an amount greater than \$60,000 and less than \$500,000. For applications greater than \$500,000, the Committee makes a recommendation to the Placer County Treasurer-Tax Collector regarding approval. After review of the Committee’s recommendation, the Placer County Treasurer-Tax Collector makes a final recommendation to the County Board and prepares the application for the County Board’s agenda. Projects are approved or denied by a majority of the Committee’s members. Program Staff’s responsibilities include:

- community outreach and education;
- responding to property owners’ inquiries;
- processing applications;
- managing and tracking funds available for the Program;
- tracking and reporting individual and collective Authorized Improvements; and
- working and coordinating with participating jurisdictions.

Minimum Financing Amount Duration; Interest Cost. Assessment Contracts are available for up to 20-year terms to accommodate a wide range of efficiency measures and renewable energy improvements. The minimum financing amount for an Assessment Contract is \$2,500. The term of contractual assessments established by an Assessment Contract can be equal to the shorter of (i) 20 years, (ii) the useful life of the financed Authorized Improvements or (iii) such other shorter period requested by the property owner.

The proceeds of a Program financing are disbursed directly to the property owner after Authorized Improvements are completed and final documentation is submitted to Program Staff (except in connection with multiple disbursements in circumstances approved by Program Staff).

Should the property owner choose, the property owner may assign disbursement to their contractor(s).

The Placer County Treasurer-Tax Collector sets the interest rate for an Assessment Contract at the time the County and property owner enter into the Assessment Contract. The interest rate is fixed at that point.

The interest rate for all Assessments is 6.00%. See "SECURITY FOR THE SENIOR BONDS – Ongoing Interest Rate of Assessments."

Eligibility Criteria. Certain eligibility criteria must be satisfied. Financing may be approved if the following criteria are met, among others:

- Title to the subject property is vested in the applicant name(s).
- The property owner is current on property taxes on the subject property and has not been in default for three years (or since he/she took ownership if less than three years), except for supplemental property tax bills where the taxpayer otherwise has a record of timely payment.
- The property owner is not in bankruptcy; if the property owner was subject to bankruptcy, at least five years have elapsed since discharge or dismissal of bankruptcy; and the property is not an asset in a bankruptcy proceeding.
- The property owner is current on any mortgage(s). A notice of default must not have been filed against the property during the previous five years (or since the property owner took ownership if less than five years).
- The property must not be subject to a mechanic's, Internal Revenue Service, Franchise Tax Board or other involuntary lien.
- There must not be a civil court record within the previous five years that demonstrates failure by the property owner to make payments with respect to the subject property.
- The contractual assessments levied to finance Authorized Improvements will constitute a lien on the subject property. Depending upon the underlying loan documentation, if any, the creation of the assessment lien could result in a default under existing loan documents or give lenders the right to take certain remedial action. The property owner will be provided legal disclosure regarding the risks and responsibilities related to any lien on the property in conjunction with the execution of an Assessment Contract and the resulting assessment lien. The Program must receive a written acknowledgement of the disclosure from the property owner before an Assessment Contract can be executed.
- Without lender consent, except in limited circumstances, the principal amount of the Assessment may not exceed 10% of property value plus the value of the Authorized Improvements being financed. Value may be calculated in a number of ways, as appropriate, including (i) the assessed value as shown on the then-current County real property tax roll (if the property owner is then contesting the value of the property, the assessed value will be deemed to be the lower amount claimed by the property owner),

(ii) the appraised value, as determined in an appraisal performed by a qualified appraiser selected by the County, (iii) the market value based on the Home Value Explorer of the Federal Home Loan Mortgage Corporation (“**Freddie Mac**”) or any other commercially-available automated valuation model or (iv) the market value based on any other valuation method selected by the County if a municipal bond rating agency will rate the bonds issued by the County to finance installation of the Authorized Improvements in the “A” category.

- Without lender consent, except in limited circumstances, the value of the property plus the value of the Authorized Improvements being financed must be equal to or greater than the total of (i) the principal amount of all outstanding private debt, (ii) the principal amount of any assessments (including the contractual assessments) and (iii) the allocable portion of any outstanding bonds issued under the Mello-Roos Community Facilities Act of 1982. The principal amount of any assessments and any outstanding bonds may be computed by rational means that would yield an amount reasonably proximate to the principal amount or by utilizing the actual outstanding assessment or bond principal amount. Value will be measured in the same manner as described above.
- The property’s aggregate tax rate (including ad valorem property taxes, the Assessments, other assessments and special taxes) may not exceed 5% of the value. Value will be measured in the same manner as described above.
- There may not be any public record of easements or covenants prohibiting the improvement.
- Property owners may make more than one application for financing under the Program if additional Authorized Improvements are desired by the owner.

Eligible Authorized Improvements. The Program Report, which is attached as APPENDIX F to this Official Statement, contains a list of eligible Authorized Improvements (in Appendix A to the Program Report).

Administrative Costs. The Program Report provides that the Program may elect to cover all or a portion of its costs through a spread between the interest rates of any financial vehicle, such as the 2018 Loan and Bonds, and assessment rates. The County utilized this approach to offset the cost of administering the Program for the initial Program financings.

Collection of Assessment Installments

Assessment installments, which consist of principal and interest components to repay the amount financed and the Administrative Expense Component, are billed and collected by the County on its property tax roll. Assessments funded during each period from July 1 to June 30 are generally placed on the County’s tax roll on or before the following August 10, and the first Assessment installment is due on November 1. On December 10, if not paid together with the property owner’s real estate taxes, in full, the first Assessment installment becomes delinquent and accrues a 10% penalty. The second Assessment installment is due on February 1. On April 10, if not paid together with the property owner’s real estate taxes, in full, the second Assessment installment becomes delinquent and accrues a 10% penalty.

Assessment installments are billed to the property owner on the twice annual property tax bill from the County. Under current practice, the taxes and assessments (including Assessments) shown on the property tax bill may not be paid in part and partial payments are not accepted the County, except for property owners approved for a payment plan for defaulted taxes. Accordingly, if any portion of the amounts due on a property tax bill is not paid, the entire balance is deemed unpaid. Amounts still unpaid as of July 1 are considered “tax defaulted” and accrue an additional 1.5% per month default interest charge until paid.

See “SECURITY FOR THE SENIOR BONDS – Covenant to Commence Foreclosure Proceedings.”

Financing of Future Contractual Assessments Through Pioneer Community Energy Joint Powers Authority

The County expects to finance certain future contractual assessments under the Program (which financings would constitute Additional Parity Loan; see “SECURITY FOR THE SENIOR BONDS - Additional Parity Loan”); however, the County plans to wind down the operations of the Program and finance future contractual assessments within the Program Area through the PACE program established pursuant to Chapter 29 and operated by Pioneer Community Energy Joint Powers Authority (formerly, the Sierra Valley Energy Authority) (the “**Pioneer Program**”). Consequently, the County will no longer be accepting applications for Program financing after June 30, 2018. Contractual assessments financed by the Pioneer Program will not secure payment of the 2018 Loan or the Senior Bonds.

General Information About Assessments

The following table provides general information about the Assessments as of May 3, 2018.

**Table 1
Overview of Assessments
(As of May 3, 2018)**

Number of Assessments	1,626
Aggregate Principal Balance of Assessments (“Direct Debt”) (1)	\$48,274,916
Average Principal Balance of Assessments (1)	\$29,689
Range of Principal Balances of Assessments (1)	\$3,506 - \$149,609
Overlapping Debt (2)	\$11,276,864
Total Direct Debt and Overlapping Debt	\$59,551,780
Interest Rate on Assessments (3)	6.00%
Range of Original Term (years)	5-20
Average Annual Assessment Payment	\$2,916
Range of Annual Assessment Payments	\$443 - \$20,352
Total Fiscal Year 2017-18 Assessed Value of Participating Parcels Subject to an Assessment	\$768,259,184
Range of Fiscal Year 2017-18 Assessed Values of Participating Parcels Subject to an Assessment	\$32,723 - \$3,062,000
Average Value-to-Lien Ratio Based on Direct Debt (4)	15.91:1
Average Value-to-Lien Ratio Based on Direct Debt and Overlapping Debt (5)	12.90:1

-
- (1) Includes the principal component of Assessment installments levied in fiscal year 2017-18 and to be levied thereafter. Assumes no amounts have been paid on the fiscal year 2017-18 tax roll. Excludes Assessments that were prepaid on or prior to May 3, 2018.
- (2) Includes information provided under the heading “– Overlapping Debt.” Excludes overlapping general fund debt and tax increment debt.
- (3) See “SECURITY FOR THE SENIOR BONDS – Ongoing Interest Rate of Assessments.”
- (4) Calculated by dividing Total Fiscal Year 2017-18 Assessed Value by Aggregate Principal Balance of Assessments. Does not include any overlapping debt.
- (5) Calculated by dividing Total Fiscal Year 2017-18 Assessed Value by Total Direct Debt and Overlapping Debt.
- Sources: Placer County Assessor’s Office; Goodwin Consulting Group, Inc.

Assessed Valuation

Assessed valuations are reported at 100% of the full value of the property, as defined in Article XIII A of the California Constitution. Article XIII A of the California Constitution defines “full cash value” as the appraised value as of March 1, 1975, plus adjustments not to exceed 2% per year to reflect inflation, and requires assessment of “full cash value” upon change of ownership or new construction.

Accordingly, the gross assessed valuation presented in this Official Statement may not necessarily be representative of the actual market value of the Participating Parcels.

Economic and other factors beyond the property owners’ control, such as economic recession, deflation of land values, financial difficulty or bankruptcy by one or more property owners, or the complete or partial destruction of a Participating Parcel caused by, among other possibilities, earthquake, flood, fire or other natural disaster, could cause a reduction in the assessed value. See “BOND OWNERS’ RISKS – Natural Disasters.”

Land Use Distribution

The following table shows the distribution of land uses for Participating Parcels as of May 3, 2018.

Table 2
Summary of Assessments by Land Use Category
(As of May 3, 2018)

Land Use Category (1)	Number of Assessments	Total Annual Assessment	% of Total Annual Assessment	Principal Balance of Assessments (2)	% of Principal Balance of Assessments	FY 2017-18 Total Assessed Value	Average Value-to-Lien Ratio (3)
Single-Family Residential (4)	1,609	\$4,689,227	98.91%	\$47,746,295	98.90%	\$759,376,625	15.90:1
Agricultural (5)	9	36,700	0.77	387,252	0.80	5,618,317	14.51:1
Condominium	6	8,283	0.17	77,044	0.16	1,618,451	21.01:1
Mobile/Manufactured Home	2	6,619	0.14	64,326	0.13	1,645,791	25.59:1
Total	1,626	\$4,740,830	100.00%	\$48,274,916	100.00%	\$768,259,184	15.91:1

(1) Grouped primarily based on land use codes provided by the County Assessor's Office. These codes are primarily used for internal County reporting and do not necessarily represent actual zoning or uses.

(2) Includes the principal component of Assessment installments levied in fiscal year 2017-18 and to be levied thereafter. Assumes no amounts have been paid on the fiscal year 2017-18 tax roll. Excludes Assessments that were prepaid on or prior to May 3, 2018.

(3) Calculated by dividing FY 2017-18 Total Assessed Value by Principal Balance of Assessments (i.e., Direct Debt).

(4) Includes parcels with up to three single family-units.

(5) The County designates these parcels as agricultural parcels; they are primarily residential parcels located on farms or orchards.

Sources: *Placer County Assessor's Office; Goodwin Consulting Group, Inc.*

Assessed Value-to-Lien Ratio

Each of the following tables presents a distribution of assessed value-to-lien ratios among the Participating Parcels that are subject to an Assessment as of May 3, 2018; however, Table 3A includes both Direct Debt and Overlapping Debt, and Table 3B includes Direct Debt only.

**Table 3A
Assessed Value-to-Lien Distribution
Based on Direct Debt and Overlapping Debt
(As of May 3, 2018)**

Assessed Value-to-Lien Ratio	Number of Assessments	Total Annual Assessment	% of Total Annual Assessment	Principal Balance of Assessments (1)	% of Principal Balance of Assessments	Overlapping Debt (2)	FY 2017-18 Total Assessed Value	Average Assessed Value-to-Lien Ratio (3)
25:1 or Greater	159	\$354,213	7.47%	\$2,945,968	6.10%	\$480,909	\$114,439,139	33.39:1
20:1 to 25:1	138	318,979	6.73	3,083,258	6.39	540,316	80,669,550	22.26:1
15:1 to 20:1	302	818,908	17.27	8,085,666	16.75	1,334,429	162,120,417	17.21:1
10:1 to 15:1	560	1,625,269	34.28	16,926,042	35.06	3,408,223	246,792,799	12.14:1
5:1 to 10:1	413	1,453,158	30.65	15,392,699	31.89	4,191,224	151,396,411	7.73:1
3:1 to 5:1	46	143,484	3.03	1,539,249	3.19	1,274,710	11,963,362	4.25:1
0:1 to 3:1	8	26,818	0.57	302,035	0.63	47,053	877,506	2.51:1
Total	1,626	\$4,740,830	100.00%	\$48,274,916	100.00%	\$11,276,864	\$768,259,184	12.90:1

(1) Includes the principal component of Assessment installments levied in fiscal year 2017-18 and to be levied thereafter. Assumes no amounts have been paid on the fiscal year 2017-18 tax roll. Excludes Assessments that were prepaid on or prior to May 3, 2018.

(2) Includes information provided under the heading "- Overlapping Debt." Excludes overlapping general fund debt and tax increment debt.

(3) Calculated by dividing FY 2017-18 Assessed Value by Principal Balance of Assessments (i.e., Direct Debt) plus Overlapping Debt.

Sources: Placer County Assessor's Office; Goodwin Consulting Group, Inc.

**Table 3B
Assessed Value-to-Lien Distribution
Based on Direct Debt
(As of May 3, 2018)**

Assessed Value-to-Lien Ratio	Number of Assessments	Total Annual Assessment	% of Total Annual Assessment	Principal Balance of Assessments (1)	% of Principal Balance of Assessments	FY 2017-18 Total Assessed Value	Average Assessed Value-to-Lien Ratio (2)
25:1 or Greater	295	\$630,007	13.29%	\$5,498,410	11.39%	\$189,155,580	34.40:1
20:1 to 25:1	218	558,365	11.78	5,319,515	11.02	118,169,599	22.21:1
15:1 to 20:1	366	1,015,319	21.42	10,564,265	21.88	181,725,691	17.20:1
10:1 to 15:1	467	1,434,549	30.26	15,251,329	31.59	187,891,248	12.32:1
5:1 to 10:1	259	1,034,960	21.83	10,895,038	22.57	88,577,903	8.13:1
3:1 to 5:1 (3)	14	44,409	0.94	484,192	1.00	2,099,750	4.34:1
0:1 to 3:1 (3)	7	23,220	0.49	262,167	0.54	639,413	2.44:1
Total	1,626	\$4,740,830	100.00%	\$48,274,916	100.00%	\$768,259,184	15.91:1

- (1) Includes the principal component of Assessment installments levied in fiscal year 2017-18 and to be levied thereafter. Assumes no amounts have been paid on the fiscal year 2017-18 tax roll. Excludes Assessments that were prepaid on or prior to May 3, 2018.
- (2) Calculated by dividing FY 2017-18 Assessed Value by Principal Balance of Assessments (i.e., Direct Debt).
- (3) The 21 parcels with an assessed Value-to-Lien ratio of less than 5:1 had desktop or market appraisals performed before entering into the assessments (from 2014 through 2018). The median appraised value was \$410,000 and the aggregate appraised value was \$8,538,800.

Sources: *Placer County Assessor's Office; Goodwin Consulting Group, Inc.*

The following table shows the Assessments, the fiscal year 2017-18 assessed values and assessed value-to-lien ratios for the top owners of Participating Parcels that are subject to an Assessment as of May 3, 2018.

**Table 4
Top 10 Taxpayers
(As of May 3, 2018)**

Property Owner	Number of Assessments	Annual Assessment	% of Total Annual Assessment	Principal Balance of Assessments (1)	Principal Balance of Assessments	FY 2017-18 Total Assessed Value (2)	Average Assessed Value-to-Burden Ratio (3)
Individual Owner (4)	1	\$20,352	0.43%	\$149,609	0.31%	\$1,125,584	7.52:1
Individual Owner	1	18,419	0.39	63,737	0.13	1,300,922	20.41:1
Individual Owner (4)	1	13,689	0.29	57,557	0.12	380,452	6.61:1
Individual Owner (4)	1	10,496	0.22	77,064	0.16	712,000	9.24:1
Individual Owner	1	10,276	0.22	18,794	0.04	1,404,000	74.70:1
Individual Owner (4)	1	10,120	0.21	115,786	0.24	887,451	7.66:1
Individual Owner	1	9,887	0.21	26,362	0.05	1,080,250	40.98:1
Individual Owner (4)	1	9,769	0.21	77,222	0.16	678,446	8.79:1
Individual Owner	1	9,283	0.20	105,850	0.22	1,026,000	9.69:1
Individual Owner	1	9,011	0.19	24,020	0.05	619,000	25.77:1
Subtotal	10 (5)	\$121,302	2.56%	\$716,002	1.48%	\$9,214,105	12.87:1
All Others	1,616	\$4,619,527	97.44%	\$47,558,914	98.52%	\$759,045,079	15.96:1
Total	1,626	\$4,740,830	100.00%	\$48,274,916	100.00%	\$768,259,184	15.91:1

- (1) Includes the principal component of Assessment installments levied in fiscal year 2017-18 and to be levied thereafter. Assumes no amounts have been paid on the fiscal year 2017-18 tax roll. Excludes assessments that were prepaid on or prior to May 3, 2018.
 - (2) As described under the heading "- Program Administration; Participation Parameters - Eligibility Criteria," without lender consent, except in limited circumstances, the principal amount of an Assessment may not exceed 10% of property value plus the value of the Authorized Improvements being financed. All the properties listed in this table satisfied that requirement without the need for lender consent.
 - (3) Calculated by dividing FY 2017-18 Total Assessed Value by Principal Balance of Assessments. Excludes Overlapping Debt.
 - (4) The value of the improvement financed by an Assessment was added to the assessed value or a desktop or market appraisal performed before entering into the Assessments, which resulted in these parcels' meeting the Program's underwriting criteria. See "- Program Administration; Participation Parameters - Eligibility Criteria."
 - (5) Each of these Assessments is levied on a single-family residence.
- Sources: Placer County Assessor's Office; Goodwin Consulting Group, Inc.

Overlapping Debt

Contained within the boundaries of the County are certain overlapping local agencies providing public services and assessing property taxes, assessments, special taxes and other charges on the property contained in the County. Many of these local agencies have outstanding debt.

As shown in Table 7 (entitled "Summary of Assessments by Location"), Participating Parcels subject to an Assessment are located throughout the County. In the following tables, the overlapping obligations affecting such Participating Parcels are grouped by five school district areas: 1) Placer Union High School District area; 2) Rocklin Unified School District area; 3) Roseville Joint Union High School District area; 4) Western Placer Unified School District area; and 5) various other school district areas. Each Participating Parcel is located within one of these areas.

Placer Union High School District Area (1)

2017-18 Assessed Valuation: \$236,914,739

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 5/1/18</u>
Placer Union High School District	1.748%	\$426,799
Loomis Union School District	3.083	103,881
City of Rocklin Community Facilities District No. 11	0.359	21,390
Auburn Community Services District Spy Glass Circle Assessment District	1.887	<u>16,660</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$568,730
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Placer County General Fund Obligations	0.333%	\$ 94,449
Placer County Office of Education Certificates of Participation	0.333	3,692
Sierra Joint Community College District Certificates of Participation	0.252	12,005
Placer Union High School District Certificates of Participation	1.748	32,257
Auburn Union School District Certificates of Participation	1.285	504,631
Loomis Union School District Certificates of Participation	2.540	49,408
Newcastle School District General Fund Obligations	3.240	23,181
Placer Hills Union School District Certificates of Participation	1.645	5,545
City of Auburn Pension Obligation Bonds	1.139	39,250
City of Rocklin Certificates of Participation	0.052	4,636
South Placer Fire Protection District Certificates of Participation	0.774	40,490
Placer Mosquito & Vector Control District Certificates of Participation	0.333	<u>10,877</u>
TOTAL OVERLAPPING GENERAL FUND DEBT		\$820,421
 <u>OVERLAPPING TAX INCREMENT DEBT:</u>		\$8,821
 COMBINED TOTAL DEBT		\$1,397,972 (2)

(1) The aggregate principal balance of Assessments within the Placer Union High School District area is \$14,712,255. Such balance includes the principal component of Assessment installments levied in fiscal year 2017-18 and to be levied thereafter. Assumes no amounts have been paid on the fiscal year 2017-18 tax roll. Excludes Assessments that were prepaid on or prior to May 3, 2018. The Placer Union High School District area contains 443 Participating Parcels.

(2) Excludes Assessments, tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: Report of California Municipal Statistics, Inc., dated May 7, 2018.

Rocklin Unified School District Area (1)

2017-18 Assessed Valuation:\$175,961,352

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 5/1/18</u>
Rocklin Unified School District	1.999%	\$1,184,119
Rocklin Unified School District Community Facilities District No. 1 and 2	2.467-3.191	850,478
City of Rocklin Community Facilities District No. 3	2.113	45,879
City of Rocklin Community Facilities District No. 6	2.299	14,313
City of Rocklin Community Facilities District No. 7	0.736	8,182
City of Rocklin Community Facilities District No. 8	2.827	45,542
City of Rocklin Community Facilities District No. 9	1.071	20,548
City of Rocklin Community Facilities District No. 10	1.826	468,679
City of Rocklin Community Facilities District No. 11	0.124	8,594
California Statewide Communities Development Authority Assessment Districts	various	<u>291,138</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$2,937,472
<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Placer County General Fund Obligations	0.247%	\$ 70,040
Placer County Office of Education Certificates of Participation	0.247	2,738
Sierra Joint Community College District Certificates of Participation	0.187	8,902
Rocklin Unified School District Certificates of Participation	1.999	277,476
City of Rocklin General Fund Obligations	1.943	174,102
South Placer Fire Protection District Certificates of Participation	0.022	1,146
Placer Mosquito and Vector Control District Certificates of Participation	0.247	<u>8,066</u>
TOTAL OVERLAPPING GENERAL FUND DEBT		\$542,470
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>		\$80,493
COMBINED TOTAL DEBT		\$3,560,435 (2)

(1) The aggregate principal balance of Assessments within the Rocklin Unified School District area is \$10,780,870. Such balance includes the principal component of Assessment installments levied in fiscal year 2017-18 and to be levied thereafter. Assumes no amounts have been paid on the fiscal year 2017-18 tax roll. Excludes Assessments that were prepaid on or prior to May 3, 2018. The Rocklin Unified School District area contains 394 Participating Parcels.

(2) Excludes Assessments, tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: Report of California Municipal Statistics, Inc., dated May 7, 2018.

Roseville Joint Union High School District Area (1)

2017-18 Assessed Valuation: \$193,372,776

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 5/1/18</u>
Roseville Joint Union High School District	0.694%	\$ 773,466
Roseville Joint Union High School District School Facilities Improvement District No. 1	0.379	60,507
Dry Creek Joint School District	0.463	162,527
Eureka Union School District	1.795	26,584
Roseville City School District	0.367	57,048
Placer County Community Facilities District No. 2001-1	1.384	125,919
City of Roseville Community Facilities Districts	various	<u>847,043</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$2,053,094
<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Placer County General Fund Obligations	0.271%	\$ 77,073
Placer County Office of Education Certificates of Participation	0.271	3,013
Sierra Joint Community College District Certificates of Participation	0.205	9,796
Eureka Union School District Certificates of Participation	1.795	60,664
Roseville City School District Certificates of Participation	0.367	24,815
City of Roseville Certificates of Participation	0.431	103,698
South Placer Fire Protection District Certificates of Participation	1.636	85,560
Placer County Mosquito and Vector Control District Certificates of Participation	0.271	<u>8,876</u>
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		\$373,495
Less: City of Roseville supported obligations		<u>12,212</u>
TOTAL NET OVERLAPPING GENERAL FUND DEBT		\$361,283
<u>OVERLAPPING TAX INCREMENT DEBT:</u>		
Successor Agency to Roseville Redevelopment Agency	0.038%	<u>\$11,652</u>
TOTAL OVERLAPPING TAX INCREMENT DEBT		\$11,652
GROSS COMBINED TOTAL DEBT		\$2,438,241 (2)
NET COMBINED TOTAL DEBT		\$2,426,029

(1) The aggregate principal balance of Assessments within the Roseville Joint Union High School District area is \$11,652,873. Such balance includes the principal component of Assessment installments levied in fiscal year 2017-18 and to be levied thereafter. Assumes no amounts have been paid on the fiscal year 2017-18 tax roll. Excludes Assessments that were prepaid on or prior to May 3, 2018. The Roseville Joint Union High School District area contains 396 Participating Parcels.

(2) Excludes Assessments, tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: Report of California Municipal Statistics, Inc., dated May 7, 2018.

Western Placer Unified School District Area (1)

2017-18 Assessed Valuation: \$159,160,790

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 5/1/18</u>
Western Placer Unified School District	1.780%	\$1,330,848
Western Placer Unified School District Community Facilities District	3.157	344,042
City of Lincoln Community Facilities Districts	0.973-3.208	3,518,393
City of Lincoln 1915 Act Bonds	1.162-4.202	<u>459,373</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$5,652,656
<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Placer County General Fund Obligations	0.223%	\$63,271
Placer County Office of Education Certificates of Participation	0.223	2,473
Sierra Joint Community College District Certificates of Participation	0.169	8,042
Western Placer Unified School District Certificates of Participation	1.780	2,271,593
City of Lincoln General Fund Obligations	1.741	293,565
Placer Mosquito and Vector Control District Certificates of Participation	0.223	<u>7,286</u>
TOTAL OVERLAPPING GENERAL FUND DEBT		\$2,646,230
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u>		\$83,382
COMBINED TOTAL DEBT		\$8,382,268 (2)

(1) The aggregate principal balance of Assessments within the Western Placer Unified School District area is \$10,911,516. Such balance includes the principal component of Assessment installments levied in fiscal year 2017-18 and to be levied thereafter. Assumes no amounts have been paid on the fiscal year 2017-18 tax roll. Excludes Assessments that were prepaid on or prior to May 3, 2018. The Western Placer Unified School District area contains 386 Participating Parcels.

(2) Excludes Assessments, tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: Report of California Municipal Statistics, Inc., dated May 7, 2018.

Various Other School District Areas (1)

2017-18 Assessed Valuation: \$2,564,378

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 5/1/18</u>
Los Rios Community College District	0.0002%	\$703
Sierra Joint Community College District School Facilities Improvement District No. 1	0.001	359
Yuba Joint Community College District	0.002	2,947
Center Joint Unified School District	0.070	26,582
Tahoe-Truckee Joint Unified School District	0.001	51
Tahoe-Truckee Joint Unified School District School Facilities Improvement District No. 2	0.003	2,513
Twin Rivers Unified School District (Former Grant Joint Union High School District)	0.002	5,120
East Nicolaus Joint Union High School District	0.073	3,154
Elverta Joint School District	0.095	1,521
Tahoe Forest Hospital District	0.001	1,317
Placer County Community Facilities District No. 2001-1	0.227	<u>20,643</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$64,910
<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Placer County General Fund Obligations and Office of Education Certificates of Participation	0.004%	\$1,063
Sierra Joint Community College District Certificates of Participation	0.002	87
Yuba Joint Community College District General Fund Obligations	0.002	235
Center Joint Unified School District General Fund Obligations	0.070	419
Twin Rivers Unified School District General Fund Obligations	0.002	1,551
Placer Mosquito & Vector Control District Certificates of Participation	0.004	<u>118</u>
TOTAL OVERLAPPING GENERAL FUND DEBT		\$3,473
<u>OVERLAPPING TAX INCREMENT DEBT:</u>		
Successor Agency to Placer County Redevelopment Agency Housing Bonds	0.013%	<u>\$2,642</u>
TOTAL OVERLAPPING TAX INCREMENT DEBT		\$2,642
COMBINED TOTAL DEBT		\$71,025 (2)

(1) The aggregate principal balance of Assessments within the various other school district areas is \$217,402. Such balance includes the principal component of Assessment installments levied in fiscal year 2017-18 and to be levied thereafter. Assumes no amounts have been paid on the fiscal year 2017-18 tax roll. Excludes Assessments that were prepaid on or prior to May 3, 2018. The various other school district areas contain seven Participating Parcels.

(2) Excludes Assessments, tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: Report of California Municipal Statistics, Inc., dated May 7, 2018.

Sample Tax Bills

The following table shows sample tax bills for fiscal year 2017-18 for properties in the incorporated cities of Roseville, Lincoln and Rocklin, and in unincorporated territory of the County. *This information is included for illustrative purposes, but no assertion is made that the tax bill amounts presented below are representative of all Participating Parcels that are subject to an Assessment.*

Table 5
Sample Fiscal Year 2017-18 Tax Bills

	<u>Roseville</u>	<u>Lincoln</u>	<u>Rocklin</u>	<u>Unincorporated</u>
<u>Assessed Valuations and Property Taxes</u>				
Assessed Value (1)	\$391,000	\$417,000	\$459,000	\$545,000
Homeowner's Exemption	(7,000)	(7,000)	(7,000)	(7,000)
Net Assessed Value	384,000	410,000	452,000	538,000
<u>Ad Valorem Property Taxes</u>				
General (1%)	3,840	4,100	4,520	5,380
Ad Valorem Tax Overrides (2)	373	177	641	494
Total Ad Valorem Property Taxes	4,213	4,277	5,161	5,874
<u>Assessments, Special Taxes, and Parcel Charges (3)</u>				
mPOWER Assessment	2,373	2,573	2,651	3,396
Others (4)	2,582	3,711	1,010	765
Total Assessments, Special Taxes, and Parcel Charges	4,954	6,284	3,660	4,162
Total Property Taxes	9,168	10,560	8,822	10,035
Total Effective Tax Rate	2.39%	2.58%	1.95%	1.87%

(1) Fiscal year 2017-18 assessed valuation for sample parcels selected to represent the average Assessment in each area. The sample parcels may not represent the average effective tax rate due to different overlapping obligations.

(2) Includes ad valorem taxes for school district general obligation bonds.

(3) Based on sample tax bills from the Placer County Treasurer-Tax Collector's website.

(4) Includes all overlapping assessments, special taxes, and parcel charges for the sample parcels. May not reflect the average overlapping obligation for each area.

Sources: Placer County Tax Collector's Office; Goodwin Consulting Group, Inc.

No Teeter Plan

Collection of the Assessments is not subject to the “Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds,” as provided for in Section 4701 et seq. of the California Revenue and Taxation Code. Accordingly, collections of Assessments will reflect actual delinquencies, if any.

Delinquency History

The following table shows historical delinquency information for the Assessments. No Participating Parcels have been subject to foreclosure proceedings with respect to an Assessment since the Program’s inception.

**Table 6
Historical Delinquency Data**

Fiscal Year	Total Annual Assessments (1)	As of the End of Each Fiscal Year			As of May 31, 2018		
		Number of Parcels Delinquent	Amount Delinquent	Percentage Delinquent	Number of Parcels Delinquent	Amount Delinquent	Percentage Delinquent
2010-11	\$10,168	0	\$0	0.00%	0	\$0	0.00%
2011-12	41,368	0	0	0.00	0	0	0.00
2012-13	33,510	0	0	0.00	0	0	0.00
2013-14	26,846	0	0	0.00	0	0	0.00
2014-15	922,330	0	0	0.00	0	0	0.00
2015-16	2,452,954	1	5,409	0.22	0	0	0.00
2016-17	4,102,442	6	7,432	0.18	1	3,597	0.09
2017-18	4,775,428	N/A	N/A	N/A	10	21,861	0.46

(1) Includes the amounts initially assessed for each fiscal year for residential projects. Does not reflect any tax roll adjustments that were made as a result of the prepayment of Assessments.

Sources: Placer County Tax Collector’s Office; Goodwin Consulting Group, Inc.

Summary of Assessments by Location

The table below shows a distribution of the total amount of Assessments financed by location as of May 3, 2018.

Table 7
Summary of Assessments by Location
(As of May 3, 2018)

Location	Number of Assessments	% of Total Number of Assessments	Principal Balance of Assessments (1)	% of Principal Balance of Assessments
Auburn	65	4.00%	\$1,807,531	3.74%
Colfax	6	0.37	201,930	0.42
Lincoln	336	20.66	9,051,174	18.75
Loomis	43	2.64	1,401,153	2.90
Roseville	242	14.88	5,726,251	11.86
Rocklin	398	24.48	10,957,692	22.70
Unincorporated	536	32.96	19,129,186	39.63
Total	1,626	100.00%	\$48,274,916	100.00%

(1) Includes the principal component of Assessment installments levied in fiscal year 2017-18 and to be levied thereafter. Assumes no amounts have been paid on the fiscal year 2017-18 tax roll. Does not include assessments that are prepaid as of May 3, 2018.

Sources: *Placer County Tax Collector's Office; Goodwin Consulting Group, Inc.*

Initial Projected Debt Service Coverage on the Outstanding Parity Loans and Senior Bonds

The following table shows the initial projected debt service coverage on the Series 2015R-A/R-B Loan and 2018 Loan, assuming no optional or mandatory prepayments and excluding the portion of the 2015 R New Money Loan not constituting a Refunded Obligation. Such excluded portion of the 2015 R New Money Loan is subject to increase in amount until approximately June 30, 2018, after which date the County will no longer be accepting applications for Program financing. See "SECURITY FOR THE SENIOR BONDS – Financing of Future Contractual Assessments Through Pioneer Community Energy Joint Powers Authority").

Assessments have been prepaid in each semiannual period since September 2, 2012, as shown in Table 9 (entitled "Prepayment History"). For an analysis of the potential impact of various prepayment scenarios on the Senior Bonds, see "YIELD AND PREPAYMENT CONSIDERATIONS."

Table 8A
Projected Debt Service Coverage on the Outstanding Parity Loans

Year Ending October 1	Assessments			Outstanding Parity Loans (1)			Debt Service Coverage on Parity Loans
	Assessments	Admin. Expense Component	Net Assessments	Series 2015R-A/R-B Loan	2018 Loan	Total	
2019 (2)	\$4,870,142	\$41,750	\$4,828,392	\$1,019,475	\$3,636,353	\$4,655,828	1.04x
2020	4,848,561	41,675	4,806,886	1,009,210	3,631,982	4,641,192	1.04x
2021	4,803,545	41,500	4,762,045	986,183	3,617,332	4,603,515	1.03x
2022	4,744,448	41,225	4,703,223	986,263	3,566,033	4,552,296	1.03x
2023	4,697,225	41,050	4,656,175	986,260	3,526,693	4,512,953	1.03x
2024	4,683,857	40,950	4,642,907	986,261	3,521,384	4,507,645	1.03x
2025	4,650,482	40,750	4,609,732	965,218	3,517,560	4,482,779	1.03x
2026	4,569,818	40,175	4,529,643	917,497	3,494,011	4,411,508	1.03x
2027	4,431,026	39,250	4,391,776	917,480	3,365,352	4,282,832	1.03x
2028	4,276,319	38,350	4,237,969	917,504	3,220,684	4,138,189	1.02x
2029	4,223,319	37,900	4,185,419	917,555	3,177,127	4,094,682	1.02x
2030	4,175,600	37,400	4,138,200	883,203	3,173,565	4,056,768	1.02x
2031	4,129,572	36,975	4,092,597	859,610	3,161,330	4,020,940	1.02x
2032	4,030,512	36,250	3,994,262	850,714	3,082,126	3,932,840	1.02x
2033	3,954,216	35,500	3,918,716	850,747	3,017,077	3,867,824	1.01x
2034	3,910,916	35,100	3,875,816	850,739	2,984,964	3,835,703	1.01x
2035	3,374,063	30,250	3,343,813	522,427	2,792,575	3,315,002	1.01x
2036	2,485,024	22,050	2,462,974	0	2,445,159	2,445,159	1.01x
2037	1,389,514	12,075	1,377,439	0	1,369,665	1,369,665	1.01x
2038	480,432	4,425	476,007	0	473,981	473,981	1.00x
Total	\$78,728,590	\$694,600	\$78,033,990	\$15,426,348	\$60,774,953	\$76,201,301	

- (1) Excludes the portion of the 2015 R New Money Loan (and the Series R 2017-18 New Money Bond that funded such portion), not constituting a Refunded Obligation, which is subject to increase in amount until approximately June 30, 2018. The County will no longer be accepting applications for Program financing after such date. See "SECURITY FOR THE SENIOR BONDS – Additional Parity Loans" and "– Financing of Future Contractual Assessments Through Pioneer Community Energy Joint Powers Authority."
- (2) Information for the Bond Year ending October 1, 2018, is excluded because the levy for fiscal year 2017-18 has been collected and debt service for the Senior Bonds is sized not to exceed available Revenues for such Bond Year.

Sources: *Stifel, Nicolaus & Company, Incorporated; Goodwin Consulting Group, Inc.*

The following table shows the initial projected debt service coverage on the Senior Bonds, assuming no optional redemption, redemption from Assessment prepayments or redemption from Surplus Revenues.

The 2018 Loan has been structured to bear interest at a rate that is approximately 1% higher than the weighted average interest rate on the Bonds. This spread provides, among other things, Surplus Revenues that will be used to redeem Senior Bonds in order to maintain the Senior Bonds Asset Ratio at the Senior Bonds Asset Requirement, as described under the heading “THE SENIOR BONDS – Redemption – Redemption from Surplus Revenues.”

Assessments have been prepaid in each semiannual period since September 2, 2012, as shown in Table 9 (entitled “Prepayment History”). For an analysis of the potential impact of various prepayment scenarios on the Senior Bonds, see “YIELD AND PREPAYMENT CONSIDERATIONS.”

Table 8B
Projected Debt Service Coverage on the Senior Bonds

Year Ending October 1	2018 Loan Scheduled Payments			Senior Bond Debt Service	Debt Service Coverage on Senior Bonds
	Principal Component	Interest Component	Total		
2019	\$1,514,502	\$2,121,851	\$3,636,353	\$2,926,519	1.24x
2020	1,594,171	2,037,812	3,631,982	2,933,988	1.24x
2021	1,667,981	1,949,351	3,617,332	2,933,138	1.23x
2022	1,709,238	1,856,795	3,566,033	2,899,306	1.23x
2023	1,764,744	1,761,949	3,526,693	2,878,863	1.23x
2024	1,857,360	1,664,023	3,521,384	2,886,075	1.22x
2025	1,956,602	1,560,959	3,517,560	2,894,481	1.22x
2026	2,041,625	1,452,387	3,494,011	2,893,931	1.21x
2027	2,026,255	1,339,097	3,365,352	2,794,669	1.20x
2028	1,994,024	1,226,660	3,220,684	2,681,231	1.20x
2029	2,061,115	1,116,012	3,177,127	2,659,163	1.19x
2030	2,171,925	1,001,640	3,173,565	2,674,263	1.19x
2031	2,280,210	881,120	3,161,330	2,674,675	1.18x
2032	2,327,535	754,591	3,082,126	2,630,888	1.17x
2033	2,391,641	625,437	3,017,077	2,589,850	1.16x
2034	2,492,240	492,724	2,984,964	2,581,225	1.16x
2035	2,438,145	354,430	2,792,575	2,433,494	1.15x
2036	2,226,021	219,137	2,445,159	2,142,863	1.14x
2037	1,274,049	95,615	1,369,665	1,201,025	1.14x
2038	449,062	24,918	473,981	418,563	1.13x
Total	\$38,238,444	\$22,536,509	\$60,774,953	\$50,728,206	

Sources: Stifel, Nicolaus & Company, Incorporated; Goodwin Consulting Group, Inc.

Prepayment of Assessments

The Assessments are subject to prepayment on any March 2 or September 2 without premium. The table below shows a history of Assessment prepayments.

**Table 9
Prepayment History**

Prepayment Date	Number of Prepayments (1)	Number of Assessments Before Prepayment Date	Total Amount of Principal Prepaid (2)	Balance of Assessments Before Prepayment Date (3)	% of Assessment Balance Prepaid
September 2, 2012	2	11	\$78,717	\$414,348	19.00%
September 2, 2013	1	9	38,219	325,750	11.73
March 2, 2014	1	166	9,623	4,960,388	0.19
September 2, 2014	2	415	51,577	12,628,173	0.41
March 2, 2015	5	718	124,563	21,535,822	0.58
September 2, 2015	11	1,016	299,633	30,495,709	0.98
March 2, 2016	21	1,342	541,551	39,942,786	1.36
September 2, 2016	108	1,613	2,744,073	47,928,320	5.73
March 2, 2017	129	1,755	3,508,988	52,171,650	6.73
September 2, 2017	158	1,811	3,960,868	54,132,049	7.32
March 2, 2018 (4)	153	1,812	3,884,649	52,590,436	7.39

(1) Includes both full and partial prepayments of Assessments.

(2) For each prepayment date, includes all principal prepaid ahead of the scheduled installment due date.

(3) As of each prepayment date, consists of: (i) the outstanding balance of all Assessments, (ii) the installment of principal that is due and payable on such date, and (iii) the principal being prepaid.

(4) As of May 24, 2018, and since March 2, 2018, the County had received 66 prepayments in full of Assessments in an aggregate principal amount of \$1,909,703.55, and 4 partial prepayments of Assessments in an aggregate principal amount of \$32,000.00.

Source: Goodwin Consulting Group, Inc.

YIELD AND PREPAYMENT CONSIDERATIONS

General

The actual rates of prepayment of principal on, or permitted sales of, the Assessments cannot be predicted. Prepayments of the Assessments are influenced by a number of factors, including local and regional economic conditions, homeowner mobility, and the preferences of borrowers or requirements imposed by lenders in relation to refinancings of mortgage loans or borrowings to fund property purchases (particularly in connection with the federal home loan banks' 2010 statement on PACE, as described below under the heading “– Federal Home Loan Banks' 2010 Statement on PACE”). In general, an investor's actual yield to maturity may be higher or lower than that originally anticipated depending on the purchase price of the Senior Bonds and the actual rate of prepayments thereon. It is impossible to predict with any accuracy the timing and dollar amount of principal prepayments on the Assessments that will be made, and it is particularly difficult to make projections of the actual rate of prepayment of principal on the Assessments because the Assessments do not have a significant performance history.

Prepayments can be expected to have adverse impacts on the yield of the Senior Bonds; however, the Bonds are structured to be redeemed from the proceeds of any Assessment prepayments in a manner that maintains at least a 112.5% asset coverage ratio for the Senior Bonds, to the extent described under the heading entitled “SECURITY FOR THE SENIOR BONDS – Flow of Funds Under Indenture.” See also “YIELD AND PREPAYMENT CONSIDERATIONS – 2018 Loan-to-Senior Bond Ratio.”

A model is provided below under the heading “– Prepayment Model” that presents various scenarios using constant prepayment rates.

Federal Home Loan Banks' 2010 Statement on PACE

On July 6, 2010, the FHFA issued a “Statement on Certain Energy Retrofit Loan Programs” (the “**Directive**”) stating that PACE programs presented significant safety and soundness concerns, urging state and local governments to reconsider these programs and ultimately directing Federal National Mortgage Association (“**Fannie Mae**”), Freddie Mac and the Federal Home Loan Banks to take “prudential actions to assure no adverse impact by PACE programs.” Citing the Directive, Fannie Mae and Freddie Mac announced to lenders on August 31, 2010, that they would not purchase mortgage loans originated on or after July 6, 2010, which were secured by properties encumbered by PACE obligations. This decision was affirmed by the FHFA in a February 28, 2011, letter to Fannie Mae and Freddie Mac. Nothing in the Directive challenged the validity of a PACE assessment as a valid special assessment under California law.

U.S. Department of Housing and Urban Development's December 2017 Statement on PACE

On December 7, 2017, the U.S. Department of Housing and Urban Development issued guidance to the effect that the Federal Housing Administration will no longer insure mortgages on single family residential properties (containing one to four units) encumbered with a PACE obligation. The guidance took effect on January 7, 2018, reversing policy guidance issued in 2016.

Prepayment Model

Prepayments may be measured by a prepayment standard or model. The model used in this Official Statement is the constant prepayment rate (“**CPR**”) model, which assumes that a pool of Assessments is prepaid every six months at a constant annual rate. To assume a specified CPR percentage with respect to a pool of Assessments is to assume that prepayments on such Assessments are made every six months at the specified CPR percentage. For example, in a pool of Assessments with an outstanding principal balance of \$100,000, if a 1% CPR were used, that would mean that \$1,000 would prepay in full over the following year. The percentage of prepayments that is assumed for CPR is not a historical description of prepayment experience on the Assessments or a prediction of the anticipated rate of prepayment on either the Assessments involved in this transaction or on any pool of contractual assessments. No representation is made that the Assessments will prepay at the rate of any CPR percentage specified in this Official Statement or at any other rate.

The tables set forth below under the heading “– Decrement Table” (the “**Decrement Table**”) demonstrate certain effects that prepayments on the Assessments would have on the respective maturities and weighted average lives of the Senior Bonds. The Decrement Table was prepared on the basis of the following assumptions (the “**Decrement Table Assumptions**”):

- Assessments as of the Delivery Date had or have a term of 20 years, reflect an interest rate of 6%, have interest next payable on September 2, 2018, and have the characteristics shown in the following table:

<u>Principal Balance</u>	<u>Maturity Date</u>
\$6,763,809	9/2/35
13,988,440	9/2/36
12,404,362	9/2/37
6,319,070	9/2/38

- The scheduled semiannual payment for each Assessment was calculated on the basis of the characteristics described in the table above and in such a way that each Assessment would amortize in a manner that is sufficient to repay the principal amount of the related Bond by its indicated maturity date.
- The Delivery Date is June 28, 2018.
- The 2018 Loan has been structured to bear interest at a rate that is approximately 1% higher than the weighted average interest rate on the Bonds. This spread provides, among other things, Surplus Revenues that will be used to redeem Bonds in a manner that maintains the Senior Bonds Asset Ratio at the Senior Bonds Asset Requirement, as described under the heading “SECURITY FOR THE SENIOR BONDS – Revenue Fund.”
- All prepayments are made at the specified CPR starting from the Delivery Date and applied as specified in the 2018 Loan Agreement. See “SECURITY FOR THE SENIOR BONDS – Prepayment of 2018 Loan.”
- There are no defaults or delinquent payments on the Assessments.

- The initial principal amount of the Senior Bonds is equal to the initial principal balance set forth on the front cover of this Official Statement (the “**Initial Principal Amount of the Senior Bonds**”).
- The offering prices of the Senior Bond maturing October 1, 2038, that is not the 2038 Special Senior Term Bond (the “**2038 Senior Term Bond**”) is 104.250% and of the 2038 Special Senior Term Bond is 100.000%.
- Interest accrues on the 2038 Senior Term Bond at 4.875% per annum and on the 2038 Special Senior Term Bond at 3.000% per annum, on a “30/360” basis.
- With respect to the weighted average life to optional redemption, the Authority exercises its option to redeem the Senior Bonds at the earliest possible date.
- With respect to the Weighted Average Life to Maturity, the Authority does not exercise its option to redeem the Senior Bonds.
- No event of default has occurred.

The information contained in the Decrement Table constitutes a forward-looking statement.

Prospective investors in the Senior Bonds should be aware, however, that the Senior Bonds may mature earlier or later than indicated by the Decrement Table. In addition, it is highly unlikely that the Assessments will prepay in a manner consistent with the Decrement Table Assumptions. Variations in the actual prepayment experience and the balances of the Assessments that prepay may increase or decrease the percentages of the Initial Principal Amount of the Senior Bonds (and shorten or extend the weighted average lives) shown in the Decrement Table. Prospective investors are urged to conduct their own analyses of the rates at which the Assessments may be prepaid.

Subject to the foregoing discussions, assumptions and cautionary statements, the Decrement Table (a) indicates the weighted average lives of the Senior Bonds, and (b) sets forth the percentages of the Initial Principal Amount of the Senior Bonds that would be outstanding after the Interest Payment Dates shown under each of the designated scenarios.

For purposes of such Decrement Table, the weighted average life of the Senior Bonds is determined by (i) multiplying the amount of each principal payment on the Senior Bonds by the number of years from the Delivery Date to the related principal payment date for the Senior Bonds, (ii) adding the results, and (iii) dividing the sum by the aggregate amount of the reductions in the Outstanding principal balance of the Senior Bonds.

Decrement Table⁽¹⁾

Interest Payment Date	2038 Senior Term Bond							2038 Special Senior Term Bond							
	CPR							CPR							
	Sched- uled	0%	5%	10%	15%	20%	25%	Sched- uled	0%	5%	10%	15%	20%	25%	
6/28/18	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
10/1/18	97	97	97	97	97	96	92	97	97	72	47	22	0	0	
4/1/19	97	97	97	97	90	83	76	97	97	49	0	0	0	0	
10/1/19	93	93	93	87	78	69	60	93	93	25	0	0	0	0	
4/1/20	93	93	93	81	69	59	52	93	93	3	0	0	0	0	
10/1/20	89	89	87	72	59	51	43	89	89	0	0	0	0	0	
4/1/21	89	89	84	67	55	45	37	89	89	0	0	0	0	0	
10/1/21	85	85	77	60	48	39	31	84	84	0	0	0	0	0	
4/1/22	85	85	75	56	44	35	27	84	84	0	0	0	0	0	
10/1/22	80	80	68	50	39	29	22	80	80	0	0	0	0	0	
4/1/23	80	80	66	48	36	26	19	80	80	0	0	0	0	0	
10/1/23	76	76	60	43	31	22	16	75	75	0	0	0	0	0	
4/1/24	76	76	58	40	29	20	14	75	75	0	0	0	0	0	
10/1/24	71	71	53	36	25	17	11	71	71	0	0	0	0	0	
4/1/25	71	71	51	34	23	15	10	71	71	0	0	0	0	0	
10/1/25	66	66	46	30	20	13	8	66	66	0	0	0	0	0	
4/1/26	66	66	44	29	18	11	7	66	66	0	0	0	0	0	
10/1/26	61	61	40	25	15	9	5	61	61	0	0	0	0	0	
4/1/27	61	61	39	24	14	8	5	61	61	0	0	0	0	0	
10/1/27	56	56	35	21	12	7	4	56	56	0	0	0	0	0	
4/1/28	56	56	34	20	11	6	3	56	56	0	0	0	0	0	
10/1/28	51	51	30	17	9	5	2	51	50	0	0	0	0	0	
4/1/29	51	51	29	16	8	4	2	51	47	0	0	0	0	0	
10/1/29	46	46	25	13	6	3	1	45	33	0	0	0	0	0	
4/1/30	46	46	24	12	6	2	1	45	31	0	0	0	0	0	
10/1/30	40	40	20	10	4	2	1	40	17	0	0	0	0	0	
4/1/31	40	40	19	9	4	1	0	40	14	0	0	0	0	0	
10/1/31	34	34	15	7	3	1	0	34	0	0	0	0	0	0	
4/1/32	34	34	15	6	2	1	0	34	0	0	0	0	0	0	
10/1/32	29	26	11	4	1	0	0	28	0	0	0	0	0	0	
4/1/33	29	26	10	4	1	0	0	28	0	0	0	0	0	0	
10/1/33	23	18	7	2	0	0	0	22	0	0	0	0	0	0	
4/1/34	23	17	6	2	0	0	0	22	0	0	0	0	0	0	
10/1/34	16	9	3	0	0	0	0	16	0	0	0	0	0	0	
4/1/35	16	8	3	0	0	0	0	16	0	0	0	0	0	0	
10/1/35	10	0	0	0	0	0	0	10	0	0	0	0	0	0	
4/1/36	10	0	0	0	0	0	0	10	0	0	0	0	0	0	
10/1/36	4	0	0	0	0	0	0	4	0	0	0	0	0	0	
4/1/37	4	0	0	0	0	0	0	4	0	0	0	0	0	0	
10/1/37	1	0	0	0	0	0	0	1	0	0	0	0	0	0	
4/1/38	1	0	0	0	0	0	0	1	0	0	0	0	0	0	
10/1/38	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Assuming Senior Bonds not optionally called															
Average Life	10.55	10.24	7.83	5.84	4.54	3.65	3.00	10.50	8.93	1.00	0.50	0.37	0.26	0.26	
Yield	4.34%	4.33%	4.20%	4.01%	3.80%	3.57%	3.32%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	
Assuming Senior Bonds optionally called at par on 10/1/28															
Average Life	8.01	8.01	6.73	5.34	4.32	3.56	2.96	7.97	7.97	1.00	0.50	0.37	0.26	0.26	
Yield	4.23%	4.23%	4.13%	3.95%	3.76%	3.55%	3.31%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	

(1) The Decrement Table was prepared on the basis of the Decrement Table Assumptions. See "-- Prepayment Model."

2018 Loan-to-Senior Bond Ratio

The two tables that follow show the projected 2018 Loan-to-Senior Bond ratio on the Senior Bonds assuming Bonds are redeemed from Surplus Revenues, Assessment prepayments occur at 0% and 20% CPR, respectively, and no optional redemptions occur.

Assumes 0% CPR				
Period	2018 Loan (1)	Outstanding Senior Bonds Principal (2)	2018 Loan- to-Senior Bond Ratio	Excess
6/28/18 (3)	\$39,475,681	\$35,085,000	112.5%	\$4,390,681
10/1/18	38,238,444	33,985,000	112.5	4,253,444
10/1/19	36,723,942	32,635,000	112.5	4,088,942
10/1/20	35,129,771	31,215,000	112.5	3,914,771
10/1/21	33,461,790	29,730,000	112.6	3,731,790
10/1/22	31,752,552	28,210,000	112.6	3,542,552
10/1/23	29,987,808	26,640,000	112.6	3,347,808
10/1/24	28,130,448	24,990,000	112.6	3,140,448
10/1/25	26,173,846	23,255,000	112.6	2,918,846
10/1/26	24,132,221	21,440,000	112.6	2,692,221
10/1/27	22,105,966	19,640,000	112.6	2,465,966
10/1/28	20,112,150	17,825,000	112.8	2,287,150
10/1/29	18,053,766	15,505,000	116.4	2,548,766
10/1/30	15,879,942	13,085,000	121.4	2,794,942
10/1/31	13,599,565	10,570,000	128.7	3,029,565
10/1/32	11,276,614	8,015,000	140.7	3,261,614
10/1/33	8,884,151	5,400,000	164.5	3,484,151
10/1/34	6,392,541	2,685,000	238.1	3,707,541
10/1/35	3,951,156	20,000	19,755.8	3,931,156
10/1/36	1,723,112	-	N/A	1,723,112
10/1/37	449,062	-	N/A	449,062
10/1/38	-	-	N/A	-

- (1) When the Senior Bonds are paid off in full, the 2018 Loan will be forgiven. The amounts of the 2018 Loan presented in each period after the Senior Bonds are paid off are for illustrative purposes.
- (2) Payoff of the Senior Bonds prior to scheduled maturity due to projected redemptions from Surplus Revenues. See "SECURITY FOR THE SENIOR BONDS – Revenue Fund – Surplus Account" and "THE SENIOR BONDS – Redemption – Redemption from Surplus Revenues."
- (3) Delivery Date.

Assumes 20% CPR

Period	2018 Loan (1)	Outstanding Senior Bonds Principal (2)	2018 Loan- to-Senior Bond Ratio	Excess
6/28/18 (3)	\$39,475,681	\$35,085,000	112.5%	\$4,390,681
10/1/18	33,176,250	29,490,000	112.5	3,686,250
10/1/19	23,630,625	21,005,000	112.5	2,625,625
10/1/20	17,544,375	15,595,000	112.5	1,949,375
10/1/21	13,376,875	11,890,000	112.5	1,486,875
10/1/22	10,165,000	9,035,000	112.5	1,130,000
10/1/23	7,695,000	6,840,000	112.5	855,000
10/1/24	5,782,500	5,140,000	112.5	642,500
10/1/25	4,314,375	3,835,000	112.5	479,375
10/1/26	3,183,750	2,830,000	112.5	353,750
10/1/27	2,340,000	2,060,000	113.6	280,000
10/1/28	1,713,461	1,405,000	122.0	308,461
10/1/29	1,239,145	905,000	136.9	334,145
10/1/30	878,724	525,000	167.4	353,724
10/1/31	607,672	230,000	264.2	377,672
10/1/32	411,381	10,000	4,113.8	401,381
10/1/33	260,392	-	N/A	260,392
10/1/34	155,454	-	N/A	155,454
10/1/35	79,538	-	N/A	79,538
10/1/36	27,764	-	N/A	27,764
10/1/37	5,788	-	N/A	5,788
10/1/38	-	-	N/A	-

- (1) When the Senior Bonds are paid off in full, the 2018 Loan will be forgiven. The amounts of the 2018 Loan presented in each period after the Senior Bonds are paid off are for illustrative purposes.
- (2) Payoff of the Senior Bonds prior to scheduled maturity is due to projected redemptions from Surplus Revenues. See "SECURITY FOR THE SENIOR BONDS – Revenue Fund – Surplus Account" and "THE SENIOR BONDS – Redemption – Redemption from Surplus Revenues."
- (3) Delivery Date.

MUNICIPAL BOND INSURANCE POLICY

Senior Bonds Insurance Policy

Concurrently with the issuance of the Series 2018 Bonds, BAM will issue the Senior Bonds Insurance Policy. The Senior Bonds Insurance Policy guarantees the scheduled payment of principal of and interest on the Series 2018 Bonds when due as set forth in the form of the Senior Bonds Insurance Policy included as Appendix G to this Official Statement. The Senior Bonds Insurance Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Senior Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Senior Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Senior Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Senior Bonds Insurance Policy), and BAM does not guarantee the market price or liquidity of the Senior Bonds, nor does it guarantee that the rating on the Senior Bonds will not be revised or withdrawn.

Capitalization of BAM. BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2018 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$518.3 million, \$97.4 million and \$420.9 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Senior Bonds or the advisability of investing in the Senior Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "MUNICIPAL BOND INSURANCE POLICY."

Additional Information Available from BAM.

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditinsights/. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Senior Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Senior Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Senior Bonds, whether at the initial offering or otherwise.

THE AUTHORITY

The Authority was formed pursuant to the provisions of Article 1 and Article 4 of Chapter 5 of Division 7 of Title I of the Government code of the State of California and the Joint Powers Agreement. The Authority was formed to issue bonds for the purpose of making loans to local agencies, to the extent those local agencies are authorized by law to borrow moneys, when the loan proceeds will be used by the local agencies to pay for public capital improvement.

The Authority functions as an independent entity and its policies are determined by a five-member board of directors consisting of members of the County Board, serving ex-officio. Under the Joint Powers Agreement, the Authority is empowered to assist in the financing of public capital improvements through the issuance of revenue bonds in accordance with the Act. To exercise these powers, the Authority is authorized, in its own name, to do all necessary acts including, but not limited to, any or all of the following: make and enter into contracts, employ agents and employees, and sue or be sued in its own name.

THE COUNTY

For demographic information about the County, see “APPENDIX A – Information About the County of Placer.”

BOND OWNERS' RISKS

The section describes certain special considerations and risk factors affecting the payment of and security for the Senior Bonds. It is not meant to present an exhaustive list of the risks associated with the purchase of any Senior Bonds, nor does the order of presentation necessarily reflect the relative importance of the various risks. Potential investors in the Senior Bonds are advised to consider the special factors described below along with all other information in this Official Statement when evaluating the Senior Bonds. Investors should be aware of the possibility that other considerations could materialize in the future.

Special Obligations of the Authority

The Senior Bonds are special obligations of the Authority and are payable solely from, and secured by, a pledge of Revenues and certain funds and accounts held under the Indenture. Revenues consist primarily of the 2018 Loan Payments payable by the County under the 2018 Loan Agreement. If, for any reason, the Revenues collected under the Indenture are not sufficient to pay debt service on the Senior Bonds, the Authority will not be obligated to utilize any other funds of the Authority, other than moneys on deposit in the Revenue Fund and certain other funds and accounts established under the Indenture, to pay debt service on the Senior Bonds. The Authority has no taxing power.

Senior Bonds Reserve Account Funded Only with Senior Bonds Reserve Policy

On the date of issuance and delivery of the Senior Bonds, the Senior Bonds Reserve Surety will be deposited into the Senior Bonds Reserve Account. See "SECURITY FOR THE SENIOR BONDS – Revenue Fund – Senior Bonds Reserve Account." Whenever there are insufficient funds in the Revenue Fund to pay the next maturing installment of principal and interest on the Senior Bonds, the amounts necessary to make up the deficiency, to the extent available, will be transferred from the Senior Bonds Reserve Account to the Revenue Fund. The Indenture provides that the Authority will have no obligation to replace the Senior Bonds Reserve Policy or to fund the Senior Bonds Reserve Account with cash if, at any time that the Senior Bonds are Outstanding, amounts are not available under the Senior Bonds Reserve Policy.

Foreclosure and Sale Proceedings

The County is obligated under certain conditions to institute foreclosure and sale proceedings against Participating Parcels that have delinquent Assessment installments, and may do so in other circumstances even if not so obligated. The County may institute foreclosure proceedings by bringing an action in the superior court of the County, naming the owner and other interested persons as defendants. The action is prosecuted in the same manner as other civil actions. Upon judgment of foreclosure, the Participating Parcel may be offered for sale at a minimum price. The established minimum price will be sufficient to cover the amount of the delinquent installments and unpaid interest together with penalties, costs, fees and charges and the costs of execution and sale.

However, in the event that a Participating Parcel does not sell for the minimum price, the court may modify its judgment and reduce or eliminate the minimum price. In order to do so, however, written notice of a hearing on the matter of reducing or eliminating the minimum price is required to be given all registered Owners of the Senior Bonds.

If, at the hearing, the court determines that such a sale will not result in an ultimate loss to the Owners, or if the owners of 75% of the outstanding Bonds by principal amount consent and the sale will not result in an ultimate loss to the nonconsenting owners of Bonds, the court may reduce or eliminate the minimum price at which an Assessment Parcel may be sold. Further, if the owners of 75% of the outstanding Bonds by principal amount consent, the court may reduce or eliminate the minimum price at which a Participating Parcel may be sold even if sale below the minimum price will result in an ultimate loss to nonconsenting owners of Bonds, provided that the court makes certain additional determinations specified by statute including the reasonable unavailability of any other remedy acceptable to the owners of 75% or more of the outstanding Bonds by principal amount. Upon sale of the Participating Parcel for less than the minimum price, the remaining unpaid balance of the Assessment on the Participating Parcel will be reduced by the difference between the minimum price and the sale price. By such a reduction, the aggregate principal amount of the outstanding Bonds will exceed the aggregate principal amount of the unpaid reassessment.

Under such circumstances, unless other funds are available or unless consenting owners of Bonds agree to the protection from ultimate loss of nonconsenting owners of Bonds, proportionate payments are to be made, periodically, of the unpaid principal and interest of the Senior Bonds without priority or preference between Owners as funds become available from collection of the unpaid reassessment installments. The maturity dates of the Senior Bonds are to be disregarded and no redemption premiums are to be payable on payments of the principal of Bonds the maturity dates of which are subsequent to the date of any such payments. The Owners may be required to surrender the Senior Bonds for cancellation in order to participate in such proportionate payments.

Although the current level of Assessment delinquencies for the Program is low and there are no active foreclosure actions with respect to delinquent Assessments in the County, other PACE programs in the State of California have experienced delinquencies at higher rates. There can be no assurance that the delinquency level for the Program will remain at its current low level. See "THE ASSESSMENTS – Delinquency History."

Natural Disasters

The value of the Participating Parcels could be adversely affected by a variety of natural occurrences, particularly those that may affect infrastructure and other public improvements and private improvements on the Participating Parcels and the continued habitability and enjoyment of such private improvements. Such occurrences include, without limitation, wildfire, earthquakes and floods. One or more of such natural disasters could occur and could result in damage to improvements of varying seriousness. The damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost, or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances, the value of the Participating Parcels may well depreciate or be wiped out.

Payment of the Assessment Is Not a Personal Obligation

The owners of Participating Parcels are not personally liable for the payment of the Assessments or the Assessment installments. Rather, the Assessment is an obligation only of the Participating Parcels. If the value of a Participating Parcel is not sufficient to fully secure the Assessment on it, the County has no recourse against the owner under the laws by which the Assessment has been levied and the Senior Bonds have been issued.

Property or Mortgage Interest Owned by Federal Government Entity

If a Participating Parcel is owned by a federal governmental entity, or a private deed of trust secured by a Participating Parcel is owned by a federal governmental entity, the ability to foreclose on the Participating Parcel to collect delinquent Assessments may be limited. Federal courts have held that, based on the supremacy clause of the United States Constitution, in the absence of Congressional intent to the contrary, a state or local agency cannot foreclose to collect delinquent taxes or assessments if foreclosure would impair the federal government interest.

The supremacy clause of the United States Constitution reads as follows: “This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the contrary notwithstanding.”

This means that, unless Congress has otherwise provided, if a federal governmental entity owns an Assessment Parcel but does not pay taxes and assessments levied on the Assessment Parcel (including Assessments), the County cannot foreclose on the parcel to collect the delinquent Assessments.

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the Participating Parcel and the County wishes to foreclose on the parcel as a result of delinquent Assessments, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Assessments and preserve the federal government’s mortgage interest. In Rust v. Johnson (9th Circuit; 1979) 597 F.2d 174, the United States Court of Appeal, the Ninth Circuit held that the Fannie Mae is a federal instrumentality for purposes of this doctrine, and not a private entity, and that, as a result, an exercise of state power over a mortgage interest held by Fannie Mae constitutes an exercise of state power over property of the United States.

The County has not undertaken to determine whether any federal governmental entity currently has, or is likely to acquire, any interest (including a mortgage interest) in any of the Participating Parcels, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the Senior Bonds are outstanding.

Payments by FDIC

The County’s ability to collect interest and penalties specified by State law and to foreclose the lien of a delinquent Assessment may be limited in certain respects with regard to properties in which the Internal Revenue Service, the Drug Enforcement Agency, the Federal Deposit Insurance Corporation (the “**FDIC**”) or other similar federal agencies has or obtains an interest. The FDIC has asserted a sovereign immunity defense to the payment of special taxes and assessments. The County is unable to predict what effect this assertion would have in the event of a delinquency with respect to a Participating Parcel in which the FDIC has an interest. In addition, although the FDIC does not claim immunity from ad valorem property taxation, it requires a foreclosing entity to obtain FDIC’s consent to foreclosure proceedings. Prohibiting the lien of the FDIC to be foreclosed on at a judicial foreclosure sale would likely reduce the number of or eliminate the persons willing to purchase such a parcel at a foreclosure sale. Owners of the Senior Bonds should assume that the County will be unable to foreclose on any assessment parcel owned by the FDIC. Such an outcome would cause a draw on the Senior Bonds Reserve Account

and perhaps, ultimately, a default in payment of the Senior Bonds. The County has not undertaken to determine whether the FDIC currently has, or is likely to acquire, any interest in any of the Participating Parcels, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the Senior Bonds are outstanding.

Bankruptcy Proceedings Affecting Participating Parcels

Regardless of the priority of an Assessment over non-governmental liens, the exercise by the County of the foreclosure and sale remedy or by the County of the tax sale remedy may be forestalled or delayed by bankruptcy, reorganization, insolvency or other similar proceedings affecting the owner of a Participating Parcel. The Federal bankruptcy laws provide for an automatic stay of foreclosure and sale or tax sale proceedings thereby delaying such proceedings perhaps for an extended period. Delay in exercise of remedies, especially if the owner owns Participating Parcels the Assessments on which are significant or if bankruptcy proceedings are instituted with respect to a number of owners owning Participating Parcels the Assessments on which are significant, may result in periodic Assessment installment collections which, even in conjunction with the Senior Bonds Reserve Account, may be insufficient to pay the debt service on the Senior Bonds as it comes due. Further, should remedies be exercised under the bankruptcy law against the Participating Parcels, payment of installments of the assessment may be subordinated to bankruptcy law priorities. Therefore, certain claims may have priority over the reassessment lien, even though they would not if the bankruptcy law were not applicable.

Other Possible Claims Upon the Value of Participating Parcel

While an Assessment is secured by the related Participating Parcels, the security only extends to the value thereof that is not subject to priority and parity liens and similar claims relative to the Assessments. Other governmental obligations may be authorized and undertaken or issued in the future for which the tax, assessment or charge may become an obligation of one or more of the Participating Parcels and may be secured by liens on a parity with the liens of the Assessments securing the 2018 Loan.

In general, as long as installments of an Assessment are collected on the County tax roll, the installments and all other taxes, assessments and charges also collected on the tax roll are on a parity. Questions of priority become significant when collection of one or more of the taxes, assessments or charges is sought by some other procedure, such as foreclosure and sale. In the event of proceedings of foreclosure for delinquency of installments of an Assessment securing the 2018 Loan, the Assessment will have priority over specific-amount special assessments that became a lien of the Participating Parcel prior to the date that the Assessments became a lien on the property assessed. Otherwise, in the event of such foreclosure proceedings, the installments of the Assessment will generally be on a parity with the other taxes, assessments and charges. An Assessment will have priority over non-governmental liens on the related Participating Parcel regardless of whether or not the non-governmental liens are in existence at the time the Assessment became a lien on the Participating Parcel.

The County has no control over the ability of other entities and districts to issue indebtedness secured by special taxes or assessments payable from all or a portion of the property in the County. In addition, the County is not prohibited itself from establishing assessment districts, community facilities districts or other districts which might impose assessments or taxes against property in the County. The imposition of additional liens on a parity with the Assessments could reduce the ability or willingness of the owners of Participating Parcels in the County to pay an Assessment and increase the possibility that foreclosure proceeds

will not be adequate to pay the principal of and interest on the 2018 and, consequently, the Senior Bonds when due.

Default; No Acceleration

Whenever any event of default referred to in the 2018 Loan Agreement happens and continues, the Authority is authorized under the terms of the 2018 Loan Agreement to exercise any and all remedies available under law or granted under the 2018 Loan Agreement, although amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of the 2018 Loan Agreement are subject to the provisions of any Parity Debt Instrument. See “APPENDIX B – Summary of Principal Legal Documents” for a detailed description of available remedies in the case of a default under the 2018 Loan Agreement.

In the event of a default, there is no remedy of acceleration of the total 2018 Loan Payments due over the term of the 2018 Loan Agreement.

The County will be liable only for 2018 Loan Payments on an annual basis and, in the event of a default, the Trustee would be required to seek a separate judgment each year for that year’s defaulted 2018 Loan Payments. Any such suit for money damages would be subject to limitations on legal remedies against municipalities in California, including a limitation on enforcement of judgments against funds of a fiscal year other than the fiscal year in which the 2018 Loan Payments were due and against funds needed to serve the public welfare and interest.

Limitations on Remedies Available to Bond Owners

Any remedies available to the owners of the Senior Bonds upon the occurrence of an event of default under the 2018 Loan Agreement or the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

In addition to the limitations on remedies contained in the 2018 Loan Agreement and the Indenture, the rights and obligations under the Senior Bonds, the 2018 Loan Agreement and the Indenture may be subject to the following: the United States Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors’ rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of serving a significant and legitimate public purpose.

Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners of the Senior Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

Changes in Market Value of Bonds Unrelated to Performance of Assessments

Changes in the market value of the Senior Bonds may occur unrelated to the performance or anticipated performance of the Assessments. The market value of the Senior Bonds may be volatile. Market values can change rapidly and significantly and changes can result from a variety

of factors, and a decrease in market value may not necessarily be the result of deterioration in the performance or anticipated performance of the Assessments. For example, headline risk, changes in interest rates, perceived risk, supply and demand for similar or other investment products, accounting standards, capital requirements that apply to regulated financial institutions, and other factors that are not directly related to the Assessments can adversely and materially affect the market value of the Senior Bonds.

Secondary Market for Bonds

There can be no guarantee that there will be a secondary market for the Senior Bonds or, if a secondary market exists, that any Senior Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

TAX MATTERS

The interest on the Senior Bonds is not intended by the Authority or County to be excluded from gross income for federal income tax purposes; however, in the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California (“**Bond Counsel**”), interest on the Senior Bonds is exempt from California personal income taxes. The proposed form of opinion of Bond Counsel with respect to the Senior Bonds to be delivered on the date of issuance of the Senior Bonds is set forth in APPENDIX D.

Owners of the Senior Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Senior Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Senior Bonds other than as expressly described above.

CERTAIN LEGAL MATTERS

Jones Hall, A Professional Law Corporation, Bond Counsel, will render one or more opinions with respect to the validity of the Senior Bonds, the form of which opinion is set forth in APPENDIX D. Certain legal matters will also be passed upon for the County and the Authority by Jones Hall, as Disclosure Counsel, and the Underwriter by its counsel, Stradling Yocca Carlson & Rauth, P.C., Newport Beach, California. Certain legal matters will be passed upon for the County by County Counsel and the Authority by its counsel.

ABSENCE OF MATERIAL LITIGATION

To the best knowledge of the County, there is no action, suit, proceeding, inquiry or investigation (consumer protection-related, or otherwise) before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the County after reasonable investigation, threatened against or affecting the County or the assets, properties or operations of the County that, if determined adversely to the County or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by this Official Statement or upon the Program, and the County is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially adversely affect the consummation of the transactions contemplated by Official Statement or the Program.

RATINGS

It is anticipated that, on the Delivery Date, S&P Global Ratings (“**S&P**”), will assign its insured municipal bond rating of “AA” to the Senior Bonds and Moody’s Investors Service (“**Moody’s**” together with S&P, the “**Rating Agencies**”) will assign its underlying municipal bond rating of “A2” to the Senior Bonds.

The ratings reflect only the view of the Rating Agencies, and an explanation of the significance of the ratings, and any outlook assigned to or associated with the ratings, should be obtained from the Rating Agencies.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own.

There is no assurance that this rating will continue for any given period of time or that this rating will not be revised downward or withdrawn entirely by the Rating Agencies, if in the judgment of the Rating Agencies, circumstances so warrant. Any such downward revision or withdrawal of any rating on the Senior Bonds may have an adverse effect on the market price or marketability of the Senior Bonds.

GREEN BONDS

The County and Authority are designating the renewable energy, energy efficiency and water conservation improvements financed by the Assessments as a “Green Project” and the Senior Bonds as “Green Bonds.” The terms “Green Project” and “Green Bonds” are neither defined in nor related to provisions in the Indenture. Owners of the Senior Bonds do not have any security other than as provided in the Indenture, nor do such owners of the Green Bonds assume any specific project risk related to any of the projects funded thereby. Neither the County nor the Authority assumes any obligation to ensure that those projects it has defined as Green Projects comply with any legal or other standards or principals that relate to Green Projects.

The aggregate environmental impact of the Authorized Improvements financed under the Program is believed to be significant. A report prepared by the County reflecting data as of April 30, 2018, estimated the total amount of energy saved by all Authorized Improvements installed to be 31,211,743 kilowatt hours annually, translating to a displacement of 5,774.3 tons of CO₂ equivalents avoided. Energy savings was estimated using a combination of industry-accepted

estimating techniques applied to the specific project characteristics that were completed. Total CO₂ savings is tied directly to energy savings or displacements. Overall, residential projects (representing 79.1% of energy savings and displacements) are estimated to save 4,569.4 tons of CO₂ equivalent per year, while non-residential projects (representing 20.9% of energy savings and displacements) are estimated to save 1,204.8 tons of CO₂ equivalent per year.

MUNICIPAL ADVISOR

The County and the Authority have retained Del Rio Advisors, LLC, of Modesto, California, as municipal advisor (the “**Municipal Advisor**”) in connection with the offering of the Senior Bonds. All financial and other information presented in this Official Statement has been provided by the County, Authority and others from their records. Unless otherwise footnoted, the Municipal Advisor takes no responsibility for the accuracy or completeness of the data provided by the County, the Authority or others and has not undertaken to make an independent verification or does not assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Municipal Advisor has assisted the County and the Authority with the structure, timing and terms for the sale of the Senior Bonds. The Municipal Advisor provides municipal advisory services only and does not engage in the underwriting, marketing, or trading of municipal securities or other negotiable instruments. The fee of the Municipal Advisor is contingent upon the successful closing of the Senior Bonds.

CONTINUING DISCLOSURE

The County will covenant for the benefit of owners of the Senior Bonds to provide certain financial information and operating data relating to the Assessments on an annual basis (“**Annual Report**”) and mid-year basis (“**Mid-Year Report**”), as applicable, and to provide notices of the occurrence of certain specified events. The specific nature of the information to be contained in each Annual Report and Mid-Year Report and the notices of specified events is provided in “APPENDIX C – Form of Continuing Disclosure Certificate,” attached to this Official Statement. The Annual Report, Mid-Year Report and notices of specified events will be filed at the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access website.

The County and certain related entities previously entered into certain disclosure undertakings under Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, in connection with the issuance of long-term obligations. During the past five years, the County and such related entities have, in the following instances, failed to comply with their undertakings:

- Certain of the County’s audited financial statements and annual reports were filed for, but not linked to all maturities of, the County of Placer Community Facilities District No. 2001-1 (Dry Creek – West Placer) 2011 Special Tax Refunding Bonds, and the County did not file failure to file notices for such instances.
- Certain of the County’s audited financial statements and annual reports were not filed for the Wastewater Revenue Refunding Bonds, Series 2011D (SIFMA Index Bonds), which were issued by the South Placer Wastewater Authority (a related entity of the County) and are no longer outstanding.

- Certain of the County’s audited financial statements and financial and operating data were filed after their respective annual filing deadlines with respect to the following bond issues:
 - County of Placer Community Facilities District No. 2001-1 (Dry Creek – West Placer) 2011 Special Tax Refunding Bonds;
 - North Lake Tahoe Redevelopment Project Tax Allocation Bonds, 2006 Series A, North Auburn Redevelopment Project Tax Allocation Bonds, 2006 Series B, and Housing Projects (Multiple Project Areas) Tax Allocation Bonds, 2006 Series C (Federally Taxable), which were issued by the now-dissolved Placer County Redevelopment Agency; and
 - Wastewater Revenue Refunding Bonds, Series 2011C, and Wastewater Revenue Refunding Bonds, Series 2014 (SIFMA Index Bonds), which were issued by the South Placer Wastewater Authority (a related entity of the County).

The County and its related entities did not always timely file event notices regarding changes to the underlying ratings or insured ratings of certain of its bonds.

The County and its related entities have corrected such past deficiencies and, as of the date hereof and to the best of the County’s knowledge, the County and its related entities have filed all required audited financial statements, annual reports, semiannual reports and notices of rating changes for all currently outstanding debt obligations.

The County Board adopted a Debt Management Policy in January 2017 (the “**Debt Policy**”). According to the Debt Policy, the County Executive Office is required to oversee the preparation of annual disclosure reports as required under federal law and regulations, and consistent with the continuing disclosure agreement pertaining to the related financing. The County has designated a single member within the Placer County Treasurer-Tax Collector’s Office with the responsibility of ensuring timely and complete filings, which will assist the County in complying with the continuing disclosure obligations described above.

UNDERWRITING

The Senior Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated, (the “**Underwriter**”) at a purchase price of \$36,061,057.80 (which represents the aggregate principal amount of the Senior Bonds (\$35,085,000.00), plus an original issue premium of \$1,303,050.00, less an underwriter’s discount of \$326,992.20)).

The purchase agreement relating to the Senior Bonds provides that the Underwriter will purchase all of the Senior Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase agreement.

The Underwriter may offer and sell Senior Bonds to certain dealers and others at prices lower than the offering price stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriter.

PROFESSIONAL SERVICES

In connection with the issuance of the Senior Bonds, all or a portion of the fees payable to the following professionals involved in the offering are contingent upon the issuance and delivery of the Senior Bonds: Jones Hall, A Professional Law Corporation, San Francisco, California, as Bond Counsel and Disclosure Counsel; Stradling Yocca Carlson & Rauth, P.C., Newport Beach, California, as counsel to the Underwriter; Del Rio Advisors, LLC, Modesto, California, as Municipal Advisor; and the Placer County Treasurer-Tax Collector, Auburn, California, as Trustee.

EXECUTION

The execution and delivery of this Official Statement have been authorized by the Authority Board and the County Board.

PLACER COUNTY PUBLIC FINANCING
AUTHORITY

By: /s/ Todd Leopold
Executive Director

COUNTY OF PLACER

By: /s/ Jenine Windeshausen
Treasurer-Tax Collector

APPENDIX A

INFORMATION ABOUT THE COUNTY OF PLACER

GENERAL DEMOGRAPHIC INFORMATION

The following information is included only for the purpose of supplying general information regarding Placer County (the “County”). This information is provided only for general informational purposes, and provides prospective investors limited information about the County and its economic base. The Senior Bonds are not a debt of the County, the State of California (the “State”) or any of their respective political subdivisions, and none of the County, the State or any of their respective political subdivisions is liable therefor.

General and Location

The County, which covers an estimated area of 1,500 square miles, is bordered by the State of Nevada on the east, Nevada County on the north, Yuba and Sutter Counties on the west and by Sacramento and El Dorado Counties on the south. The County is included (along with Sacramento County and El Dorado County in the three-county Sacramento Metropolitan Statistical Area. There are six incorporated cities in the County, of which four (Auburn, Lincoln, Rocklin and Roseville) have populations of 10,000 or more, with Auburn being the County seat.

Organization

The California Legislature approved the formation of the County in 1851 from portions of what were then Sutter and Yuba Counties. The County is a charter county divided into five districts on the basis of registered voters and population. The County is governed by a five member, non-partisan County Board who serves alternate four-year terms. The Supervisors elect one of the members as chairman annually and make program and policy decisions for the County. The County Administration includes appointed and elected officials, boards, commissions, and committees that assist the County Board in making decisions.

A wide range of services is provided by the County to its residents, including deputy sheriff and fire protection, medical and health services, education, library services, judicial institutions, a variety of public assistance programs and other programs. Additional services are provided to residents in specific areas by special districts and service or improvement areas. Some municipal services are provided to incorporated cities within the County boundaries on a contract basis. This permits cities to contract for services without incurring the cost of creating numerous city departments and facilities.

Topography and Climate

The County offers a great variety of elevations and terrain. From a minimum of 40 feet above sea level in the southwestern corner of the County near Roseville, the land rises to an elevation of 9,000 feet at the summit of the Sierra Nevada Mountains, near the County's northeastern boundary. The western portion of the County, an area of rolling foothills, provides the site for several large industrial areas and a major railroad marshaling and switching yard. To the northeast, the terrain becomes more mountainous, advancing from orchard land to high elevation timberland. The eastern side of the County, particularly the area surrounding Lake

Tahoe, provides a setting for high-altitude winter sports and summer recreational activities. Over much of its length, the County is bounded by the American and Bear Rivers.

The climate in the lower elevations is generally characterized by warm summers and mild winters. The higher elevations experience the extremes of winter typical of such climes. In the more populated areas, monthly averages of daily extreme temperatures range from 39 degrees Fahrenheit minimum to 52 degrees Fahrenheit maximum in January, and 58 degrees Fahrenheit and 90 degrees Fahrenheit in July. The average annual rainfall is 36 inches, with an average annual snowfall of 216 inches in the Lake Tahoe area. Approximately 90% of average annual rainfall occurs in the six-month period extending from November to April.

Population

The following table shows population estimates for the County and the State as of January 1 for the past five calendar years.

**PLACER COUNTY AND STATE OF CALIFORNIA
Population Estimates
Calendar Years 2014 through 2018**

Year (January 1)	Placer County	State of California
2014	367,108	38,568,628
2015	370,387	38,912,464
2016	375,618	39,179,627
2017	383,173	39,500,973
2018	389,507	39,809,693

Source: California State Department of Finance, Demographic Research Unit.

Effective Buying Income

Effective buying income (“**EBI**”) is designated as personal income less personal tax and non-tax payments. Personal income is the aggregate of wages and salaries, other labor income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of Owner-occupants of non-farm dwellings), dividends paid by corporations, personal interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local, non-tax payments (such as fines, fees, penalties), and personal contributions for social insurance. Effective buying income is a bulk measure of market potential. It indicates the general ability to buy and is essential in comparing, selecting and grouping markets on that basis. The following table demonstrates the growth in annual estimated EBI for the County, the State of California and the United States.

The following table summarizes the total effective buying income for the County, the State and the United States for the period 2013 through 2017 (the most recent year for which annual data is available).

**PLACER COUNTY, THE STATE OF CALIFORNIA
AND THE UNITED STATES
Effective Buying Income
As of January 1, 2013, through 2017**

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2013	Placer County	\$9,811,843	\$56,393
	California	858,676,636	48,340
	United States	6,982,757,379	43,715
2014	Placer County	\$ 10,287,888	\$58,583
	California	901,189,699	50,072
	United States	7,357,153,421	45,448
2015	Placer County	\$ 11,729,490	\$64,480
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2016	Placer County	\$ 12,122,101	\$65,269
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2017†	Placer County	\$ 12,967,927	\$69,229
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735

† Most recent annual data available.
Source: *The Nielsen Company (US), Inc.*

Employment and Industry

The unemployment rate in the Sacramento--Roseville--Arden-Arcade MSA was 3.4 percent in April 2018, down from a revised 3.8 percent in March 2018, and below the year-ago estimate of 4.5 percent. This compares with an unadjusted unemployment rate of 3.8 percent for California and 3.7 percent for the nation during the same period. The unemployment rate was 3.4 percent in El Dorado County, 2.9 percent in Placer County, 3.5 percent in Sacramento County, and 4.0 percent in Yolo County.

The following table summarizes the civilian labor force, employment and unemployment, as well as employment by industry, in the Sacramento-Arden Arcade-Roseville MSA for the years 2013 through 2017.

SACRAMENTO-ARDEN ARCADE-ROSEVILLE MSA
El Dorado, Placer, Sacramento, Yolo Counties
Employment by Industry
Annual Averages
(March 2017 Benchmark)

	2013	2014	2015	2016	2017†
Civilian Labor Force ⁽¹⁾	1,046,500	1,046,700	1,055,800	1,073,300	1,080,900
Employment	955,900	972,200	994,200	1,017,300	1,031,700
Unemployment	90,600	74,500	61,600	56,000	49,200
Unemployment Rate	8.7%	7.1%	5.8%	5.2%	4.6%
Wage and Salary Employment ⁽²⁾					
Agriculture	8,900	9,200	9,400	9,200	9,200
Natural Resources and Mining	400	400	500	500	500
Construction	43,300	45,500	50,200	54,500	58,600
Manufacturing	34,100	35,400	36,400	36,200	35,500
Wholesale Trade	25,000	24,500	24,700	25,500	26,600
Retail Trade	93,800	95,300	98,000	100,600	101,800
Transportation, Warehousing and Utilities	22,900	23,600	24,600	25,900	26,000
Information	14,800	13,900	14,100	13,800	12,500
Finance and Insurance	36,300	35,500	37,000	37,500	37,100
Real Estate and Rental and Leasing	13,100	13,400	13,800	14,400	15,100
Professional and Business Services	114,600	118,200	120,200	128,600	130,500
Educational and Health Services	130,700	134,300	140,100	145,900	152,200
Leisure and Hospitality	88,700	91,800	95,400	99,800	103,400
Other Services	29,000	30,200	30,900	31,200	32,300
Federal Government	13,500	13,600	13,700	14,100	14,200
State Government	109,900	113,400	115,300	116,600	118,600
Local Government	99,200	100,800	102,900	104,600	103,900
Total, All Industries ⁽³⁾	878,200	898,800	927,200	958,700	977,700

† Most recent annual data available.

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Figures may not total due to rounding.

Source: State of California Employment Development Department.

Major Employers

The table below lists the largest employers in the County as of May 2018.

PLACER COUNTY Major Employers As of May 2018

Employer Name	Location	Industry
Adventist Health	Roseville	Health Services
Alpine Meadows	Alpine Meadows	Resorts
At&t	Auburn	Telephone Companies
Backyard Bar & BBQ	Truckee	Restaurants
Consolidated Communications	Roseville	Communications
County Jail	Tahoe City	Government Offices-County
Golfland Sunsplash	Roseville	Water Parks
Hewlett-Packard	Roseville	Computer & Equipment Dealers
Kw Commercial	Roseville	Real Estate
Northstar California	Truckee	Resorts
Oracle	Rocklin	Computer Software-Manufacturers
Placer County Food Stamps	Auburn	County Government-Social/Human Resources
Placer County Office of Edu	Auburn	Schools
Placer County Sheriff	Auburn	Government Offices-County
Pride Industries	Roseville	Employment Agencies & Opportunities
Resort At Squaw Creek	Alpine Meadows	Resorts
Ritz-Carlton Club Lake Tahoe	Truckee	Hotels & Motels
Sheriff's Training	Auburn	Government Offices-County
Sugar Bowl Resort	Norden	Hotels & Motels
Sugar Bowl Ski Area Group Sls	Norden	Skiing Centers & Resorts
Sutter Auburn Faith Hospital	Auburn	Hospitals
Sutter Roseville Medical Ctr	Roseville	Hospitals
Tasq Technology	Roseville	Importers (Whls)
Thunder Valley Casino Resort	Lincoln	Casinos
Unfi Western Region Div	Rocklin	Food Products (Whls)

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2018 1st Edition.

Commercial Activity

A summary of historic taxable sales within the County during the past five years in which data is available is shown in the following tables. Total taxable sales during calendar year 2016 in the County were reported to be \$8,920,892,000 a 2.79% increase over the total taxable sales of \$8,675,315,000 reported during calendar year 2015. Annual figures are not yet available for calendar year 2017.

PLACER COUNTY Taxable Transactions Calendar Years 2012 through 2016[†] (Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2012	8,272	5,613,981	11,621	7,065,597
2013	8,487	6,050,198	11,713	7,724,406
2014	8,520	6,296,076	11,749	8,100,167
2015	8,650	6,594,126	13,124	8,675,315
2016	8,671	6,814,515	13,227	8,920,892

[†] Most recent annual data available.

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Construction Activity

The following table shows a five-year summary of the valuation of building permits issued in the County.

PLACER COUNTY Building Permit Valuation Calendar Years 2013 through 2017 (Valuation in Thousands of Dollars)

	2013	2014	2015	2016	2017
<u>Permit Valuation</u>					
New Single-family	\$378,286.0	\$523,638.2	\$683,806.3	\$776,410.8	\$771,800.5
New Multi-family	7,078.5	48,645.5	21,702.2	42,395.7	92,565.2
Res. Alterations/Additions	<u>50,358.2</u>	<u>59,428.5</u>	<u>82,577.5</u>	<u>79,543.6</u>	<u>89,429.2</u>
Total Residential	\$435,722.7	\$631,712.2	\$788,086.0	\$898,350.1	\$953,794.9
New Commercial	70,876.0	43,477.7	88,675.3	84,953.2	\$138,675.8
New Industrial	1,092.0	199.9	1,339.6	535.1	0.0
New Other	25,673.5	39,025.6	56,433.7	90,958.7	57,356.4
Com. Alterations/Additions	<u>73,037.0</u>	<u>101,977.7</u>	<u>80,457.5</u>	<u>64,524.2</u>	<u>94,058.6</u>
Total Nonresidential	\$170,678.5	\$184,680.5	\$226,906.1	\$240,971.2	\$290,090.8
<u>New Dwelling Units</u>					
Single Family	1,249	1,620	1,994	2,102	2,500
Multiple Family	<u>227</u>	<u>376</u>	<u>240</u>	<u>322</u>	<u>783</u>
TOTAL	1,476	1,996	2,234	2,424	3,283

Source: California Homebuilding Foundation Construction Industry Research Board, Building Permit Summary.

Transportation

The County's transportation network is an integral part of its development. Centrally located in the State, the area is the hub of several major highways. Interstate 80 runs through the County, connecting San Francisco to New York. Highway 65 runs north from I-80 to Lincoln and Marysville. Interstate 5, which is west of the County, runs north to Seattle and south to Los Angeles.

Union Pacific Railroad bought Southern Pacific in 1996 and the J.R. Davis Yard, located in Roseville, is the largest rail facility on the West Coast. Union Pacific owns and operates track in 23 states, primarily west of the Mississippi River. Amtrak provides passenger service daily to San Francisco and San Jose, and the California Zephyr connects the County to the Midwest and Chicago.

Greyhound operates a station in Roseville, providing interstate destination services. Greyhound also operates throughout the County, with bus depots or regularly scheduled stops in most of the communities along major highways and roads.

Sacramento International Airport is located 17 miles west of Roseville via I-80 and I-5. Served by ten major carriers and several commuter airlines, as well as air-freight carriers, Metro handles passenger flights to over 140 cities with more than 130 scheduled departures per day and 4.3 million passengers annually. Auburn Municipal Airport serves charter and private aircraft for coastal, state and transcontinental flights. Executive air service is available as well. Auburn Municipal has an elevation of 1,520 feet and an east/west runway 3,100 feet in length. Lincoln Municipal Airport is located nine miles north of Roseville and offers fueling and maintenance services to private aircraft. Lincoln Municipal has an elevation of 119 feet and a 6,000-foot runway. Corporate aviation and fixed based operations from Lincoln Municipal provide daily service to the San Francisco Bay area.

Several trucking companies serve the County, ranging from interstate lines to local haulers, and transporting a wide variety of goods. United Parcel Service, with a distribution center in Rocklin, offers freight transportation services as well.

The Port of Sacramento is located approximately 38 miles from the City of Roseville. The Port handles ocean-going freighters via San Francisco Bay. Warehouses and conveyor systems are equipped with vacuum dust collectors, permitting rapid loading of ordinary dusty commodities without environmental pollution. A \$46 million expansion project will accommodate the majority of the bulk cargo vessels, as well as general container cargo vessels.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

THE LOAN AGREEMENT

The following is a brief summary of the provisions of the 2018R Refunding Loan Agreement between the County, Trustee, and Authority (referred to in this summary as the "Loan Agreement"). Such summary is not intended to be definitive. Reference is made to the actual document (copies of which are available from the Authority) for the complete terms thereof.

Definitions

The following terms have the following meanings, notwithstanding that any such terms may be elsewhere defined in this Official Statement. Any terms not expressly defined in this Summary but previously defined in this Official Statement have the respective meanings previously given.

"Administrative Expense Fund" means the fund designated "County of Placer (mPOWER Program Series 2018R Refunding Loan Agreement), Administrative Expense Fund," established and administered pursuant to the Loan Agreement.

"Administrative Expenses" means costs directly related to the administration of the Program, as determined by the County in its sole discretion, including but not limited to: Costs of Issuance; the actual costs of preparing the annual Assessment installment collection schedules (whether by an employee of the County or a consultant or both) and the actual costs of collecting the Assessment installments (whether by the County or otherwise); the actual costs of remitting the Assessment installments to the Trustee and the trustee for any Parity Debt; actual costs of the Trustee (including its legal counsel) in the discharge of its duties under the Indenture and the Loan Agreement and the actual costs of any trustee (including its legal counsel) in the discharge of its duties relating to any Parity Debt; the actual costs of the Authority, the County or their designee of complying with the disclosure provisions of the Act, the Bond Law, Chapter 29, federal securities laws, the Loan Agreement and the Indenture, including those related to public inquiries regarding the Assessments and disclosures to Owners of the Bonds (referred to in this summary as the "2018 Refunding Bonds"); the actual costs of the County or its designee related to an appeal or challenge of the Assessment; any amounts required to be rebated to the federal government; an allocable share of the salaries of the County staff directly related to the foregoing and a proportionate amount of County general administrative overhead related thereto. Administrative Expenses shall also include amounts advanced by the County for any administrative purpose relating to the Program, including costs related to prepayments of Assessments and the costs of prosecuting foreclosure of delinquent Assessment installments.

"Assessment" or "Assessments" means the unpaid contractual assessment(s) levied on the Participating Parcel(s) pursuant to an Assessment Contract(s), but does not include either (i) penalties or (ii) interest on delinquent contractual assessments in excess of the interest rate of the 2018 Refunding Bonds.

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

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

“Closing Date” means the date or delivery of the 2018 Refunding Bonds to the Original Purchasers.

“County” means the County of Placer, a county duly organized and existing under the Constitution and laws of the State of California.

“County Counsel” means the County Counsel of the County.

“Event of Default” means any of the events described in the relevant section of the Loan Agreement.

“Federal Securities” has the meaning given that term in the Indenture.

“Indenture” means the Indenture of Trust, dated as of June 1, 2018, between the Authority and the Trustee, relating to the 2018 Refunding Bonds.

“Interest Payment Date” means April 1 and October 1 of each year that any 2018 Refunding Bonds are outstanding commencing on the date identified in a 2018 Refunding Bond, being the respective dates upon which interest and/or principal are payable on the 2018 Refunding Bonds.

“Loan” means the 2018R Refunding Loan made by the Authority to the County pursuant to the Loan Agreement.

“Loan Agreement” means the 2018R Refunding Loan Agreement by and among the County, the Trustee and the Authority, as originally entered into or as amended or supplemented pursuant to the provisions thereof.

“Parity Debt” means (i) the Series 2015R-A/R-B Loan, (ii) the Series 2015 R New Money Loan and (iii) any bonds, notes, loans, advances or other indebtedness issued or incurred by the County on a parity with the Loan pursuant to the Loan Agreement.

“Parity Debt Instrument” means (i) the Series 2015R-A/R-B Loan Agreement, (ii) the 2015 R New Money Loan Agreement and (iii) the resolution, trust indenture, loan agreement or installment sale agreement adopted, entered into or executed and delivered by the County, and under which Parity Debt is issued.

“Participating Parcels” means the parcels within the County that have been designated as participating parcels by the County and that, on the date of execution of the related Assessment Contract, are Residential Parcels.

“Permitted Investments” has the meaning given that term in the Indenture.

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

“Redemption Fund” means the fund designated “County of Placer (mPOWER Program Series 2018R Refunding Loan Agreement), Redemption Fund,” established and administered under the Loan Agreement.

“Senior Series A Bonds” means the Placer County Public Financing Authority Refunding Revenue Bonds, Senior Series 2018A (mPOWER Placer Program) (Green Bonds) (Federally Taxable).

“Series A Bond Insurance Policy” means the policy of municipal bond insurance issued by the Series A Bond Insurer which insures the payment when due of principal of and interest on the Senior Series A Bonds.

“Series A Bond Insurer” means Build America Mutual Assurance Company, its successors and assigns, as issuer of the Series A Bond Insurance Policy.

“Series A Reserve Insurer” means Build America Mutual Assurance Company, its successors and assigns, as issuer of the Series A Reserve Policy.

“Subject Bonds” means the Remaining Initial Bond, the Series 2015R-C Bonds, the Series R 2015-16 New Money Bond, the Series R 2016-17 New Money Bond, and a portion of the Series R 2017-18 New Money Bond.

“Subject Loans” means the Remaining Initial Loan, the Series 2015R-C Loan, and a portion of the 2015 R New Money Loan.

“Subordinate Debt” means any loans, advances or indebtedness issued or incurred by the County pursuant to the Loan Agreement, which are either: (a) payable from, but not secured by a pledge of or lien upon, the Assessments; or (b) secured by a pledge of or lien upon the Assessments which is subordinate to the pledge of and lien upon the Assessments hereunder for the security of the Loan.

“Subordinate Series B Bonds” means the Placer County Public Financing Authority Refunding Revenue Bonds, Subordinate Series 2018B (mPOWER Placer Program) (Green Bonds) (Federally Taxable).

“Surplus Fund” means the fund designated “County of Placer (mPOWER Program Series 2018R Refunding Loan Agreement), Surplus Fund” established and administered under the Loan Agreement.

“Trustee” means the Placer County Treasurer-Tax Collector, and any successor trustee under the Indenture.

“2018 Refunding Bonds” means, collectively, the Senior Series A Bonds and the Subordinate Series B Bonds.

Application of Loan Proceeds

Upon issuance of the 2018 Refunding Bonds, the Authority shall use a portion of the proceeds of the 2018 Refunding Bonds to (1) acquire the Loan by loaning \$39,475,681.33 to the County at par and (2) transfer \$33,701.71 to the County to fund capitalized interest on the Loan, which amount shall upon receipt be deposited in the Interest Account established under the Loan

Agreement together with an additional \$0.03 of available moneys contributed by the County, for a total deposit to the Interest Account of \$33,701.74.

The County shall subsequently transfer a total of \$39,923,609.31, comprised of the full amount of the Loan (\$39,475,681.33) and an additional \$447,927.98 of available moneys, to the Placer County Treasurer-Tax Collector, in its capacity as trustee for the Subject Bonds, to pay and prepay the Subject Loans on June 28, 2018 and, as a result, to cause a redemption of the Subject Bonds on the Closing Date.

Issuance of Subordinate Debt

The County may issue or incur Subordinate Debt payable from Assessments, provided that the issuance of such Subordinate Debt shall not cause the County to exceed any applicable bonded indebtedness limitation.

Validity of Loan

The validity of the Loan shall not be dependent upon the completion of any Authorized Improvements on the Participating Parcels.

Administrative Expense Fund

(a) Establishment of Administrative Expense Fund. The Administrative Expense Fund is established by the Loan Agreement as a separate and segregated fund to be held by the County, to the credit of which deposits will be made as required by the Loan Agreement. Moneys in the Administrative Expense Fund shall be disbursed as provided in the Loan Agreement. To the extent that the County has previously established an Administrative Expense Fund, such Administrative Expense Fund shall constitute the Administrative Expense Fund described in the Loan Agreement.

(b) Disbursement. Amounts in the Administrative Expense Fund shall be used by the County to pay Administrative Expenses.

(c) Closing the Administrative Expense Fund. The County shall close the Administrative Expense Fund following the final payment on the Loan and payment of all amounts payable from the Administrative Expense Fund.

Investment of Moneys; Valuation of Investments

All moneys in the Redemption Fund shall be invested by the Trustee solely in Permitted Investments pursuant to the direction of the County given to the Trustee (and promptly confirmed in writing by the County) maturing not later than the respective dates on which such moneys are estimated by the County to be required.

Except as otherwise provided in the Loan Agreement, all interest, profits and other income received from the investment of moneys in any fund or account held under the Loan Agreement shall be deposited in such fund or account.

Surplus Fund

There is established by the Loan Agreement a fund to be held by the County to be known as the "Surplus Fund." Moneys in the Surplus Fund shall be spent by the County, in its sole discretion, for any lawful purpose relating to the Program.

Punctual Payment

The County will punctually pay or cause to be paid the principal of and interest on the Loan together with any prepayment premiums thereon in strict conformity with the terms of the Loan Agreement, and it will faithfully observe and perform all of the conditions, covenants and requirements of the Loan Agreement.

Limitation on Superior Debt

The County covenants in the Loan Agreement that, so long as the Loan remains unpaid, the County shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any loans, advances or indebtedness, which is in any case secured by a lien on all or any part of the Assessments which is superior to or on a parity with the lien established under the Loan Agreement for the security of the Loan, except only Parity Debt issued pursuant to the Loan Agreement. Subject to the provisions of the Loan Agreement relating to Subordinate Debt, nothing in the Loan Agreement is intended or shall be construed in any way to prohibit or impose any limitations upon the issuance by the County of loans, bonds, notes, advances or other indebtedness which are unsecured or which are secured by a junior lien on the Assessments.

Extension of Time

In order to prevent any accumulation of claims for interest after maturity, the County will not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Loan and will not, directly or indirectly, be a party to the approval of any such arrangement by purchasing or funding any claims for interest on any of the Loan, or in any other manner.

If any such claim for interest is extended or funded, whether or not with the consent of the County, such claim for interest so extended or funded will not be entitled, in case of default under the Loan Agreement, to the benefits of the Loan Agreement, except subject to the prior payment in full of the principal of all of the Loan and of all claims for interest which have not been so extended or funded.

Against Encumbrance

The County will not encumber, pledge or place any charge or lien upon any of the Assessments or other amounts pledged to the Loan superior to or on a parity with the pledge and lien in the Loan Agreement created for the benefit of the 2018 Refunding Bonds, except as permitted by the Loan Agreement and Chapter 29.

Books and Accounts

The County will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the County, in which complete and correct entries will be made of all transactions relating to the Assessments and the application of amounts disbursed

from the funds and accounts held by the County under the Loan Agreement, which records will be subject to inspection by the Trustee upon reasonable prior notice on any Business Day.

Protection of Security and Rights of Owners

The County will preserve and protect the security of the Loan Agreement and the rights of the Authority, and will warrant and defend their rights to such security against all claims and demands of all persons.

Compliance with Law; Completion of Authorized Improvements

The County will comply with all applicable provisions of Chapter 29 in providing financing for the installation of Authorized Improvements, but the County will have no obligation to advance any funds to complete the Authorized Improvements in excess of the proceeds of the Loan available therefor.

Further Assurances

The County will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Loan Agreement, and for the better assuring and confirming unto the Authority of the rights and benefits provided in the Loan Agreement.

Continued Existence of the Authority

The County will take or cause to be taken all actions reasonably necessary to continue the Authority's existence until such time as the 2018 Refunding Bonds have been paid in full, including but not limited to the addition or substitution of one or more new members.

Non-Impairment

Without the prior written consent of the Series A Bond Insurer and Series A Reserve Insurer, the County covenants and agrees in the Loan Agreement that, except as required by applicable law, it will not take, or knowingly omit to take, any action, which action or omission would have the effect of adversely affecting the security for the 2018 Refunding Bonds.

Events of Default; Remedies

The following events shall constitute Events of Default under the Loan Agreement:

(a) Failure by the County to pay the principal of or interest or prepayment premium (if any) on the Loan or any Parity Debt when and as the same shall become due and payable.

(b) Failure by the County to observe and perform any of the covenants, agreements or conditions on its part contained in the Loan Agreement, other than as referred to in the preceding clause (a), 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 Trustee or the Authority; provided, however, that if in the reasonable opinion of the County the failure stated in such notice can be corrected, but not within such thirty (30) day period, the Authority shall not unreasonably withhold its consent to an extension of

such time if corrective action is instituted by the County within such thirty (30) day period and diligently pursued until such failure is corrected.

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

(d) An event of default shall have occurred under any Parity Debt Instrument.

If an Event of Default has occurred and is continuing, the Trustee may subject to indemnity satisfactory to the Trustee from any liability or expense, exercise any other remedies available to the Trustee in law or at equity. Immediately upon becoming aware of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the County by telephone, telecopier or other telecommunication device, promptly confirmed in writing. This provision, however, is subject to the condition that if, at any time after the principal of the Loan shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the County shall deposit with the Trustee a sum sufficient to pay all installments of principal of the Loan matured prior to such declaration and all accrued interest thereon, with interest on such overdue installments of principal and interest at the net effective rate then borne by the outstanding Bonds, and the reasonable expenses of the Trustee (including but not limited to attorneys' fees), and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Loan due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of at least a majority in aggregate principal amount of the Senior Series A Bonds then Outstanding and the Owner of the Subordinate Series B Bonds may, by written notice to the Trustee and the County, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Application of Funds Upon Default

All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of the Loan Agreement shall be applied by the Trustee in the following order, subject to the provisions of any Parity Debt Instrument:

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

Second, to the payment of the whole amount of interest on and principal of the Loan then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the net effective rate of interest then borne by the outstanding 2018 Refunding Bonds; provided, however, that in the event such amounts shall be insufficient to pay in full the amount of such interest and principal, then such amounts shall be applied in the following order of priority:

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

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

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

No Waiver

Except as provided in the Loan Agreement, nothing in any provision of the Loan Agreement, shall affect or impair the obligation of the County, which is absolute and unconditional, to pay from the Assessments and other amounts pledged under the Loan Agreement, the principal of and interest and premium (if any) on the Loan to the Trustee as of the respective Interest Payment Dates, as provided in the Loan Agreement, or affect or impair the right of action, which is also absolute and unconditional, of the Trustee to institute suit to enforce such payment by virtue of the contract embodied in this Loan Agreement.

A waiver of any default by the Trustee shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of the Trustee to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Trustee by Chapter 29 or by the Loan Agreement may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee.

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

Remedies Not Exclusive

No remedy in the Loan Agreement conferred upon or reserved to the Trustee is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given under the Loan Agreement or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by Chapter 29 or any other law.

Benefits Limited to Parties

Nothing in the Loan Agreement, expressed or implied, is intended to give to any person other than the County, the Authority and the Trustee, on behalf of the Authority, and acting on behalf of the Owners of the 2018 Refunding Bonds, any right, remedy or claim under or by reason of the Loan Agreement. All covenants, stipulations, promises or agreements in the Loan Agreement contained by and on behalf of the County shall be for the sole and exclusive benefit of the Authority and of the Trustee acting as trustee for the benefit of the Owners of the 2018 Refunding Bonds and for such purpose, the Trustee shall be deemed to be a third party beneficiary of the Loan Agreement.

Successor is Deemed Included in All References to Predecessor

Whenever in the Loan Agreement either the County, the Authority or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in the Loan Agreement contained by or on behalf of the County, the Authority or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Discharge of Loan Agreement

(a) If the County shall pay or cause to be paid, or shall have made provision to pay and discharge the indebtedness on the Loan or any portion thereof, through setting aside trust funds or setting apart in a reserve fund or special trust account created pursuant to the Loan Agreement or otherwise, or through the irrevocable segregation for that purpose in some sinking fund or other fund or trust account with a trustee or otherwise, cash or Federal Securities sufficient for the payment of the principal of and interest and prepayment premiums (if any) on the Loan or any such portion thereof, as and when the same become due and payable, including, but not limited to, interest earned or to be earned on Federal Securities, then the lien provided for in the Loan Agreement, including, without limitation, the pledge of the Assessments, and all other rights granted by the Loan Agreement, shall thereupon cease, terminate and become void and be discharged and satisfied, and the principal of, premium, if any, and interest on the Loan or any such portion thereof shall no longer be deemed to be outstanding and unpaid.

Any funds thereafter held by the Trustee under the Loan Agreement, which are not required for the purposes of the Loan Agreement, shall be paid over to the County.

(b) At such time as all of the 2018 Refunding Bonds have been paid or discharged, the lien provided for in the Loan Agreement, including, without limitation, the pledge of the Assessments, and all other rights granted by the Loan Agreement, shall cease, terminate and become void and be discharged and satisfied. Any moneys at that time remaining in the funds and accounts established under the Loan Agreement shall be paid over to the County.

Amendment

The Loan Agreement may be amended by the parties to the Loan Agreement, but only if such amendment will not impair the ability of the County to repay the Loan and only if such amendment complies with the applicable provisions of the Indenture.

Waiver of Personal Liability

No member, officer, agent or employee of the County shall be individually or personally liable for the payment of the principal of or interest on the Loan; but nothing contained in the Loan Agreement shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

Notices

All written notices to be given under the Loan Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective upon receipt after deposit in the United States mail, postage prepaid or, in the case of any notice to the Trustee or in the case of personal delivery to any person, upon actual receipt at the address set forth below:

- If to the Authority: Placer County Public Financing Authority
2976 Richardson Drive
Auburn, California 95603
Attention: County Counsel
- If to the County: County of Placer
2976 Richardson Drive
Auburn, California 95603
Attention: County Executive
- If to the Trustee: Placer County Treasurer-Tax Collector
2976 Richardson Drive
Auburn, California 95603
- If to the Series A Bond Insurer: As provided in Exhibit B of the Loan Agreement

Partial Invalidity

If any Section, paragraph, sentence, clause or phrase of the Loan Agreement shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of the Loan Agreement. The County declares via the Loan Agreement that it would have adopted the Loan Agreement and each and every other Section, paragraph, sentence, clause or phrase of the Loan Agreement and authorized the Loan irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of the Loan Agreement may be held illegal, invalid or unenforceable.

Governing Law

The Loan Agreement shall be construed and governed in accordance with the laws of the State of California.

The Trustee

The Trustee is entering into the Loan Agreement solely in its capacity as Trustee under the Indenture and all provisions of the Indenture relating to the rights, privileges, powers and protections of the Trustee, including, without limitation, those set forth in Article VI thereof, shall apply with equal force and effect to all actions taken by the Trustee in connection with the Loan Agreement.

Upon any change in the identity of the Trustee under the Indenture, the successor Trustee shall succeed to the rights and duties of the Trustee under the Loan Agreement without any further action of the Trustee required.

Provisions Relating to the Series A Bond Insurance Policy and the Series A Bond Insurer

So long as the Series A Bond Insurance Policy remains in effect or any amounts are owed to the Series A Bond Insurer, the Authority and the County shall comply with all of the terms and provisions set forth in Exhibit B of the Loan Agreement relating to the Series A Bond Insurer and the Series A Bond Insurance Policy, which terms and provisions are as follows:

- 1) Notice and Other Information to be given to BAM. The Authority and County will provide BAM with all notices and other information they are obligated to provide (i) under its Continuing Disclosure Certificate and (ii) to the holders of the Senior Series A Bonds or the Trustee under the Security Documents.

- 2) Amendments, Supplements and Consents. BAM's prior written consent is required for all amendments and supplements to the Security Documents, with the exceptions noted below. The Authority or County shall send copies of any such amendments or supplements to BAM and the rating agencies which have assigned a rating to the Senior Series A Bonds.
 - a) *Consent of BAM.* Any amendments or supplements to the Security Documents shall require the prior written consent of BAM with the exception of amendments or supplements:
 - i. To cure any ambiguity or formal defect or omissions or to correct any inconsistent provisions in the transaction documents or in any supplement thereto, or
 - ii. To grant or confer upon the holders of the Senior Series A Bonds any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the holders of the Senior Series A Bonds, or
 - iii. To add to the conditions, limitations and restrictions on the issuance of bonds or other obligations under the provisions of the Security Documents other conditions, limitations and restrictions thereafter to be observed, or
 - iv. To add to the covenants and agreements of the Authority or the County in the Security Documents other covenants and agreements thereafter to be observed by the Authority or the County or to surrender any right or power therein reserved to or conferred upon the Authority or the County.
 - v. To issue additional parity debt in accordance with the requirements set forth in the Security Documents.

 - b) *Consent of BAM in Addition to Bondholder Consent.* Any amendment, supplement, modification to, or waiver of, any of the Security Documents that requires the consent of holders of the Senior Series A Bonds or adversely affects the rights or interests of BAM shall be subject to the prior written consent of BAM.

 - c) *Insolvency.* Any reorganization or liquidation plan with respect to the Authority or County must be acceptable to BAM. The Trustee and each owner of the Senior

Series A Bonds hereby appoint BAM as their agent and attorney-in-fact with respect to the Senior Series A Bonds and agree that BAM may at any time during the continuation of any proceeding by or against the Authority or County under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee and each owner of the Senior Series A Bonds delegate and assign to BAM, to the fullest extent permitted by law, the rights of the Trustee and each owner of the Senior Series A Bonds with respect to the Senior Series A Bonds in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding.

- d) *Control by BAM Upon Default.* Anything in the Security Documents to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default, BAM shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Senior Series A Bonds or the Trustee for the benefit of the holders of the Senior Series A Bonds under any Security Document. No default or event of default may be waived without BAM's written consent.
 - e) *BAM as Owner.* Upon the occurrence and continuance of a default or an event of default, BAM shall be deemed to be the sole owner of the Senior Series A Bonds for all purposes under the Security Documents, including, without limitations, for purposes of exercising remedies and approving amendments.
 - f) *Consent of BAM for acceleration.* BAM's prior written consent is required as a condition precedent to and in all instances of acceleration of the Senior Series A Bonds.
- 3) Loan Agreement. A default under the Loan Agreement shall constitute an Event of Default under the Security Documents.
 - 4) BAM As Third Party Beneficiary. BAM is recognized as and shall be deemed to be a third party beneficiary of the Security Documents and may enforce the provisions of the Security Documents as if it were a party thereto.
 - 5) Exercise of Rights by BAM. The rights granted to BAM under the Security Documents to request, consent to or direct any action are rights granted to BAM in consideration of its issuance of the Policy. Any exercise by BAM of such rights is merely an exercise of BAM's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the holders of the Senior Series A Bonds and such action does not evidence any position of BAM, affirmative or negative, as to whether the consent of the holders of the Senior Series A Bonds or any other person is required in addition to the consent of BAM.

- 6) BAM shall be entitled to pay principal or interest on the Senior Series A Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Authority (as such terms are defined in the Policy) and any amounts due on the Senior Series A Bonds as a result of acceleration of the maturity thereof in accordance with the Security Documents, whether or not BAM has received a claim upon the Policy.
- 7) If an event of default occurs under any agreement pursuant to which any Obligation of the Authority has been incurred or issued and that permits the holder of such Obligation or trustee to accelerate the Obligation or otherwise exercise rights or remedies that are adverse to the interest of the holders of the Senior Series A Bonds or BAM, as BAM may determine in its sole discretion, then an event of default shall be deemed to have occurred under the Indenture and the related Security Documents for which BAM or the Trustee, at the direction of BAM, shall be entitled to exercise all available remedies under the Security Documents, at law and in equity. For purposes of the foregoing, "Obligation" shall mean any bonds, loans, certificates, installment or lease payments or similar obligations that are payable and/or secured on a parity or subordinate basis to the Senior Series A Bonds.

8) Definitions.

Capitalized Terms used in the above terms and provisions and not herein defined have the meanings given them in the Indenture.

"BAM" shall mean Build America Mutual Assurance Company, or any successor thereto.

"Policy" shall mean the Series A Bond Insurance Policy.

"Security Documents" shall mean the Indenture, any Supplemental Indenture, the Loan Agreement, and/or any additional or supplemental document executed in connection with the Senior Series A Bonds or the Loan.

The foregoing terms and provisions are incorporated into the Loan Agreement by reference, and shall control and supersede any conflicting or inconsistent provisions in the Loan Agreement.

THE INDENTURE

The following is a brief summary of the provisions of the Indenture between the Authority and the Trustee under which the 2018 Refunding Bonds are issued. Such summary is not intended to be definitive. Reference is made to the actual document (copies of which are available from the Authority) for the complete terms thereof.

Definitions

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

"Authorized Denominations" means, with respect to the Senior Series A Bonds, an amount equal to \$5,000 or any integral multiple thereof, and with respect to the Subordinate Series B Bonds, an amount equal to the Outstanding principal amount thereof.

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

“Bonds” or **“2018 Refunding Bonds”** means, collectively, the Senior Series A Bonds and the Subordinate Series B Bonds.

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

“Capitalized Interest Subaccount” means the subaccount of that name established in the Interest Account and held by the Trustee pursuant to the Indenture.

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

“Closing Date” means the date of delivery of the Bonds to the Original Purchasers.

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

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Authority relating to the authorization, issuance, sale and delivery of the Bonds, including but not limited to, printing expenses; rating agency fees; filing and recording fees; initial fees, expenses and charges of the Trustee and its counsel, including the Trustee’s first annual administrative fee; fees, charges and disbursements of attorneys, financing advisors, accounting firms, consultants and other professionals; fees and charges for preparation, execution and safekeeping of the Bonds; and any cost, charge or fee in connection with the original issuance of the Bonds.

“Costs of Issuance Fund” means the Costs of Issuance Fund established and administered pursuant to the Indenture.

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

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is

acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the County and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

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

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

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

- (a) is in fact independent and not under domination of the Authority or the County;
- (b) does not have any substantial interest, direct or indirect, in the Authority or the County; and
- (c) is not connected with the Authority or the County as an officer or employee of the Authority or the County but who may be regularly retained to make annual or other audits of the books of or reports to the Authority or the County.

“Independent Financial Consultant” means (a) Del Rio Advisors, LLC and (b) any financial consultant or fiscal consultant or firm of such consultants or investment banking firm, appointed and paid by the County, and who, or each of whom-

- (a) is in fact independent and not under domination of the Authority or the County;
- (b) does not have any substantial interest, direct or indirect, in the Authority or the County; and
- (c) is not connected with the Authority or the County as an officer or employee of the Authority or the County but who may be regularly retained by the Authority or the County.

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

“Moody’s” means Moody’s Investors Service of New York, New York, and its successors.

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

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

(b) Bonds paid or deemed to have been paid within the meaning given in the Indenture; and

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

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

“Parity Debt” has the meaning given that term in the Indenture.

“Participating Parcels” means the parcels within the County that have been designated as participating parcels by the County and that, on the date of execution of the related Assessment Contract, are Residential Parcels.

“Permitted Investments” means any of the following:

(a) Federal Securities.

(b) Federal Housing Administration debentures.

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

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

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

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

(iv) Federal National Mortgage Association (FNMA) senior debt obligations and mortgage-backed securities (excluded are stripped

mortgage securities which are purchased at prices exceeding their principal amounts).

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

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

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

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

(h) "State Obligations," which means:

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

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

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

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

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

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

(iii) the principal of and interest on the U.S. Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all

principal of, interest, and premium, if any, due and to become due on the municipal obligations (“Verification Report”),

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

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

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

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

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

(l) California’s Local Agency Investment Fund.

(m) Placer County Treasurer’s Investment Pool.

(n) Any other investment authorized by applicable provisions of the California Government Code.

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

“**Registration Books**” means the records maintained by the Trustee pursuant to the Indenture for the registration and transfer of ownership of the Bonds.

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

“**Revenue Fund**” means the fund by that name established pursuant to the Indenture.

“Revenues” means: (a) all amounts payable by the County to the Authority or the Trustee pursuant to the 2018R Refunding Loan Agreement, other than (i) administrative fees and expenses and indemnity against claims payable to the Authority and the Trustee and (ii) amounts payable to the United States of America in satisfaction of rebate obligations under the Code; (b) any proceeds of Bonds originally deposited with the Trustee and all moneys deposited and held from time to time by the Trustee in the funds and accounts established under the Indenture; (c) investment income with respect to any moneys held by the Trustee in the funds and accounts established under the Indenture; and (d) any other investment income received under the Indenture.

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

“Senior Series A Bonds” means the Placer County Public Financing Authority Refunding Revenue Bonds, Senior Series 2018A (mPOWER Placer Program) (Green Bonds) (Federally Taxable).

“Series A Bond Insurance Policy” means the policy of municipal bond insurance issued by the Series A Bond Insurer which insures the payment when due of principal of and interest on the Senior Series A Bonds.

“Series A Bond Insurer” means Build America Mutual Assurance Company, its successors and assigns, as issuer of the Series A Bond Insurance Policy.

“Series A Bond Asset Ratio” means the ratio calculated by dividing the principal amount of the unpaid 2018R Refunding Loan by the principal amount of the Outstanding Senior Series A Bonds.

“Series A Bond Asset Requirement” means 112.5% (or greater than 112.5% by an amount representing less than the minimum Authorized Denomination for the Senior Series A Bonds).

“Series A Reserve Account” means the account by that name established and held by the Trustee pursuant to the Indenture.

“Series A Reserve Insurer” means Build America Mutual Assurance Company, its successors and assigns, as issuer of the Series A Reserve Policy.

“Series A Reserve Policy” means the municipal bond debt service reserve insurance policy relating to the Senior Series A Bonds issued by the Series A Reserve Insurer.

“Series 2015R-A/R-B Loan” means the loan made pursuant to the Series 2015R-A/R-B Loan Agreement.

“Series 2015 R New Money Loan” means the loan made pursuant to the Series 2015 R New Money Loan Agreement.

“State” means the State of California.

“Subordinate Series B Bonds” means the Placer County Public Financing Authority Refunding Revenue Bonds, Subordinate Series 2018B (mPOWER Placer Program) (Green Bonds) (Federally Taxable).

“Supplemental Indenture” means any indenture, agreement or other instrument duly executed after the execution of the Indenture by the Authority and the Trustee in accordance with the provisions of the Indenture.

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

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

“2018 Refunding Bonds” or the **“Bonds”** means, collectively, the Senior Series A Bonds and the Subordinate Series B Bonds.

“2018R Refunding Loan” means the loan made pursuant to the 2018R Refunding Loan Agreement.

“2018R Refunding Loan Agreement” means that certain Refunding Limited Obligation Loan Agreement (Series 2018R), dated as of June 1, 2018, by and among the County, the Authority and the Trustee.

Authorization and Purpose of Bonds

The Authority has reviewed all proceedings heretofore taken relative to the authorization of the Bonds and has found, as a result of such review, and finds and determines that all things, conditions, and acts required by law to exist, happen and/or be performed precedent to and in the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Authority is now authorized under the JPA Agreement and the Bond Law and each and every requirement of law, to issue the Bonds in the manner and form provided in the Indenture. Accordingly, the Authority authorizes via the Indenture the issuance of the Bonds pursuant to the Bond Law and the Indenture for the purpose of providing the funds to make the 2018R Refunding Loan to the County under the 2018R Refunding Loan Agreement.

Equal Security

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

Form of Bonds

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

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

Execution of Bonds

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

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

Temporary Bonds

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

Bonds Mutilated, Lost, Destroyed or Stolen

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

Legends

(a) Each Subordinate Series B Bond shall contain the following statement: "THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND ARE SUBJECT TO TRANSFER RESTRICTIONS PURSUANT TO THE INDENTURE. THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE NOT A DEBT OR LIABILITY OF ANY MEMBER OF THE AUTHORITY, THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OTHER THAN THE AUTHORITY, OR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE BONDS. THE BONDS DO NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE, IN ANY MANNER, ANY MEMBER OF THE AUTHORITY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY TAX OR TO MAKE ANY APPROPRIATION FOR PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS OR ANY COSTS INCIDENTAL THERETO. THE BONDS ARE PAYABLE SOLELY FROM THE FUNDS PLEDGED FOR THEIR PAYMENT IN ACCORDANCE WITH THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF ANY MEMBER, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF OR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE BONDS NOR THE FAITH AND CREDIT OF THE AUTHORITY SHALL BE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS OR ANY COSTS INCIDENTAL THERETO. THE AUTHORITY HAS NO TAXING POWER."

(b) The Subordinate Series B Bonds shall indicate their level of subordination on their face by legend or other appropriate means as set forth in the forms of such Subordinate Series B Bonds attached as Exhibit A.

(c) Each Subordinate Series B Bond shall additionally contain on the face thereof the following statement: "THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY BE TRANSFERRED ONLY IN AN AUTHORIZED

DENOMINATION BY THE REGISTERED OWNER SOLELY TO A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT OF 1933, AS AMENDED) OR AN “ACCREDITED INVESTOR” (AS DEFINED IN RULE 501 OF REGULATION D UNDER THE SECURITIES ACT OF 1933, AS AMENDED) AND ONLY UPON THE EXECUTION AND DELIVERY BY THE TRANSFEREE OF AN INVESTOR LETTER IN SUBSTANTIALLY THE FORM OF EXHIBIT B TO THE INDENTURE AND BY THIS REFERENCE INCORPORATED HEREIN.”

Issuance of Bonds

Upon the execution and delivery of the Indenture, the Authority shall be authorized to execute and deliver the Bonds in the principal amounts set forth in the Indenture, and pursuant to a written request of the Authority, the Trustee shall be authorized to authenticate such Bonds.

Application of Proceeds of Sale of Bonds

(a) On the Closing Date the net proceeds of sale of the Senior Series A Bonds shall be paid to the Trustee in the amount of \$35,613,728.92, which is equal to (i) the purchase price of the Senior Series A Bonds of \$36,061,057.80 (being the aggregate principal amount of the Bonds (\$35,085,000), plus an original issue premium in the amount of \$1,303,050.00, less an underwriter’s discount in the amount of \$326,992.20), less (ii) the initial premium for the Series A Bond Insurance Policy in the amount of \$417,989.00 and the initial premium for the Series A Reserve Policy in the amount of \$29,339.88, which amounts shall be paid directly by the Underwriter to the Series A Bond Insurer and Series A Reserve Insurer, respectively, and the Trustee shall:

(i) transfer a total of \$34,628,989.31 to the County to fund a portion of the principal amount of the 2018R Refunding Loan for application in accordance with Section 2.04 of the 2018R Refunding Loan Agreement,

(ii) transfer \$200,238.77 to the County to pay Administrative Expenses (as defined in the 2018R Refunding Loan Agreement) of the Program,

(iii) transfer \$250,000.00 to the County to reimburse the County for Administrative Expenses related to the Program,

(iv) transfer \$33,701.71 to the County to pay a portion of the interest on the 2018R Refunding Loan,

(v) deposit \$190,799.13 into the Capitalized Interest Subaccount,

(vi) deposit \$310,000.00 in the Costs of Issuance Fund in accordance with Section 4.03, and

(vii) credit the Series A Reserve Policy to the Series A Reserve Account.

(b) Upon the receipt of payment for the Subordinate Series B Bonds on the Closing Date in the amount of \$4,868,456.89, representing the principal amount of \$4,772,996.95 plus an original issue premium of \$95,459.94, the Trustee shall:

(i) transfer \$4,846,692.02 to the County to fund a portion of the principal amount of the 2018R Refunding Loan, as set forth in Section 2.04 of the 2018R Refunding Loan Agreement and

(ii) pay \$21,764.87 to Stifel, Nicolaus & Company, Incorporated for its services as placement agent for the Subordinate Series B Bonds.

Validity of Bonds

The validity of the authorization and issuance of the Bonds shall not be affected in any way by any proceedings taken by the County with respect to the application of the proceeds of the 2018R Refunding Loan funded from the proceeds of the Bonds, and the recital contained in the Bonds that the same are issued pursuant to the Bond Law shall be conclusive evidence of their validity and of the regularity of their issuance.

Costs of Issuance Fund

The Costs of Issuance Fund is established by the Indenture as a separate fund to be held by the Trustee, to the credit of which a deposit will be made from the proceeds of the Bonds pursuant to the Indenture. Moneys in the Costs of Issuance Fund will be held in trust by the Trustee and will be disbursed as provided below for the payment or reimbursement of Costs of Issuance.

Amounts in the Costs of Issuance Fund will be disbursed from time to time to pay Costs of Issuance, as set forth in a Certificate of the Authority containing respective amounts to be paid to the designated payees and delivered to the Trustee concurrently with the delivery of the Bonds, or in any future requisition submitted by the Authority to the Trustee. Each such Certificate of the Authority will be sufficient evidence to the Trustee of the facts stated therein and the Trustee will have no duty to confirm the accuracy of such facts. The Trustee will pay all Costs of Issuance after receipt of the Certificate of the Authority, or an invoice from any such payee which requests payment in an amount which is less than or equal to the amount set forth with respect to such payee pursuant to the Certificate of the Authority requesting payment of Costs of Issuance. The Trustee will maintain the Costs of Issuance Fund for a period of 90 days from the final date of delivery of the Bonds and then will transfer any moneys remaining therein, including any investment earnings thereon, to the Revenue Fund. Moneys in the Costs of Issuance Fund shall be invested and deposited in accordance with the Indenture. Interest earnings and profits resulting from said investment will be retained by the Trustee in the Costs of Issuance Fund to be used for the purposes of such fund.

Investments

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

All interest or gain derived from the investment of amounts in any of the funds or accounts established under the Indenture shall be deposited in the fund or account from which such

investment was made. For purposes of acquiring any investments under the Indenture, the Trustee may commingle funds held by it under the Indenture but shall account for each separately. The Trustee may act as principal or agent in the acquisition or disposition of any investment. The Trustee shall incur no liability for losses arising from any investments made pursuant to the Indenture.

Valuation and Disposition of Investments

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

Punctual Payment

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

Extension of Payment of Bonds

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

Against Encumbrances

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

Power to Issue Bonds and Make Pledge and Assignment

The Authority is duly authorized pursuant to law to issue the Bonds and to enter into the Indenture and to pledge and assign the Revenues, the 2018R Refunding Loan Agreement and other assets purported to be pledged and assigned, respectively, under the Indenture in the manner and to the extent provided in this Indenture. The Bonds and the provisions of the Indenture are and will be the legal, valid and binding special obligations of the Authority in accordance with their terms, and the Authority and the Trustee shall, subject to the provisions of the Indenture at all times, to the extent permitted by law, defend, preserve and protect said pledge

and assignment of Revenues and other assets and all the rights of the Bond Owners under the Indenture against all claims and demands of all persons whomsoever.

Accounting Records and Financial Statements

The Trustee shall at all times keep, or cause to be kept, books of record and account, prepared in accordance with corporate trust industry standards, in which entries shall be made of all transactions made by the Trustee relating to the proceeds of Bonds, the Revenues, the 2018R Refunding Loan Agreement and all funds and accounts established pursuant to the Indenture. Such books of record and account shall be available for inspection by the Authority and the County, during regular business hours with reasonable prior written notice.

Parity Debt

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

The Authority may issue additional obligations payable on a parity basis with the Senior Series A Bonds or the Subordinate Series B Bonds ("Parity Debt"), as determined by the Authority, under Supplemental Indentures that may be secured by a pledge of Revenues on a parity with the series of Bonds selected by the Authority, but only upon compliance with the following specific conditions precedent:

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

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

(c) Refunding Only. The proceeds of such Parity Debt shall be applied to accomplish a refunding of all or a portion of the Bonds or any previously-issued Parity Debt and there shall have been delivered to the Trustee a certificate of an Independent Financial Consultant stating that the annual payments due on the 2018R Refunding Loan will be adequate to pay the principal of and interest on the Bonds and any Parity Debt when due.

(d) Subordinate Relationship to Senior Series A Bonds. So long as any Senior Series A Bonds remain Outstanding, any Parity Debt issued to refund all or a portion of the Subordinate Series B Bonds shall be subordinate to any Outstanding Senior Series A Bonds in the same manner that the Subordinate Series B Bonds are subordinate to the Senior Series A Bonds as provided in the Indenture, or as the holders of any Outstanding Senior Series A Bonds may otherwise agree.

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

2018R Refunding Loan Agreement

Subject to the provisions of the Indenture, the Trustee, as assignee of the Authority's rights pursuant to the Indenture, shall promptly collect all amounts due from the County pursuant to the 2018R Refunding Loan Agreement and shall enforce, and take all steps, actions and proceedings reasonably necessary for the enforcement of all of the rights of the Authority thereunder and for the enforcement of all of the obligations of the County thereunder.

The County shall have the right to incur debt payable on a parity basis with the Series 2015R-A/R-B Loan, the Series 2015 R New Money Loan and the 2018R Refunding Loan, as set forth in the 2018R Refunding Loan Agreement.

The Authority, the Trustee and the County may at any time amend or modify the 2018R Refunding Loan Agreement pursuant to the 2018R Refunding Loan Agreement, but only (a) if the Trustee first obtains the written consent of the Owners of a majority in aggregate principal amount of the then Outstanding Senior Series A Bonds and Subordinate Series B Bonds to such amendment or modification, or (b) without the consent of any of the Bond Owners, if such amendment or modification is for any one or more of the following purposes:

- (a) to add to the covenants and agreements of the County contained in the 2018R Refunding Loan Agreement, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power therein reserved to or conferred upon the County; or
- (b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the 2018R Refunding Loan Agreement, or in any other respect whatsoever as the County may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not materially adversely affect the interests of the Owners of the Bonds; or
- (c) to amend any provision thereof relating to the Code, to the extent the Code is applicable; or
- (d) in connection with issuance of Parity Debt in accordance with the 2018R Refunding Loan Agreement; or
- (e) to provide for the delivery of credit enhancements for the Bonds or the 2018R Refunding Loan, provided that such modifications or amendments shall not materially adversely affect the interests of the Owners of the Bonds; or
- (f) as necessary in connection with an amendment of the Indenture, provided that such modifications or amendments shall not materially adversely affect the interests of the Owners of the Bonds; or
- (g) in connection with the appointment of a new Trustee, provided that such modifications or amendments shall not materially adversely affect the interests of the Owners of the Bonds.

The Authority or the Trustee shall send a copy of any amendment to the 2018R Refunding Loan Agreement to any rating agency then rating the Bonds at least 15 Business Days prior to its effective date.

Continued Existence of the Authority

The Authority will take or cause to be taken all actions reasonably necessary to continue the Authority's existence until such time as the Bonds have been paid in full, including but not limited to the addition or substitution of one or more new members.

Further Assurances

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

Non-Impairment

Without the prior written consent of the Series A Bond Insurer and Series A Reserve Insurer, the Authority covenants and agrees in the Indenture that, except as required by applicable law, it will not take, or knowingly omit to take, any action, which action or omission would have the effect of adversely affecting the security for the 2018 Refunding Bonds.

Appointment of Trustee

The Placer County Treasurer-Tax Collector is appointed the initial Trustee under the Indenture. The Authority agrees that it will maintain a Trustee that is, in the discretion of the Authority, either the Placer County Treasurer-Tax Collector or is an entity that has a corporate trust office in the State, with a combined capital and surplus (including capital and surplus of its parent or affiliate) of at least Seventy-Five Million Dollars (\$75,000,000), and subject to supervision or examination by federal or State authority. If such bank or trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of the Indenture the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

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

Acceptance of Trustee

The Trustee accepts the trusts imposed upon it by the Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

- (a) The Trustee, prior to the occurrence of an Event of Default and after curing or waiver of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Indenture. In case an Event

of Default under the Indenture has occurred (which has not been cured or waived), the Trustee may exercise such of the rights and powers vested in it by the Indenture, and shall use the same degree of care and skill and diligence in their exercise, as a prudent person would exercise in the conduct of its own affairs.

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

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

(d) At any and all reasonable times the Trustee and its duly authorized agents, attorneys, experts, accountants and representatives, shall have the right (but not the duty) fully to inspect all books, papers and records of the Authority pertaining to the Bonds, and to make copies of any of such books, papers and records such as may be desired but which is not privileged by statute or by law.

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

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

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

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

Fees, Charges and Expenses of Trustee

The Trustee shall be entitled to payment and reimbursement for reasonable fees for its services rendered under the Indenture or pursuant to the 2018R Refunding Loan Agreement and all advances, counsel fees (including expenses) and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services. Upon the occurrence of an Event of Default under the Indenture, but only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment of any Bond upon the amounts held under the Indenture for the foregoing fees, charges and expenses incurred by it respectively.

Notice to Bond Owners of Default

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

Intervention by Trustee

In any judicial proceeding to which the Authority is a party which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of the Owners of any of the Bonds, the Trustee may intervene on behalf of such Bond Owners, and subject to the Indenture, shall do so if requested in writing by the Owners of at least twenty-five percent (25%) in aggregate principal amount of the Senior Series A Bonds or the Subordinate Series B Bonds then Outstanding.

Removal of Trustee

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

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

Resignation by Trustee

The Trustee and any successor Trustee may at any time give thirty (30) days' written notice of its intention to resign as Trustee under the Indenture, such notice to be given to the Authority and the County by registered or certified mail. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee. Any resignation or removal of the

Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. Upon such acceptance, the Authority shall cause notice thereof to be given by first class mail, postage prepaid, to the Bond Owners at their respective addresses set forth on the Registration Books.

Appointment of Successor Trustee

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

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

Merger or Consolidation

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

Concerning any Successor Trustee

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

Indenture in the predecessor Trustee, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority.

Appointment of Co-Trustee

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

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

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

Indemnification; Limited Liability of Trustee

The Authority further covenants and agrees to indemnify and save the Trustee and its officers, directors, agents and employees, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise and performance of its powers and duties under the Indenture or pursuant to the 2018R Refunding Loan Agreement, including the reasonable costs and expenses of defending against any claim of liability, but excluding any and all losses, expenses and liabilities which are due to the negligence or willful misconduct of the Trustee, its officers, directors, agents or employees. Such indemnity shall survive the termination or discharge of the Indenture. No provision in the Indenture shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability under the Indenture if repayment of such funds or adequate indemnity against such liability or risk is not assured to it. The Trustee shall not be liable for any action taken or omitted to be taken by it in accordance with the direction of the Owners of at least twenty-five percent (25%) in aggregate principal amount of the Senior Series A Bonds or the Subordinate Series B Bonds Outstanding relating to the time, method and place of conducting any proceeding or remedy available to the Trustee under the Indenture.

Provisions Relating to Series A Bond Insurance Policy

So long as the Series A Bond Insurance Policy remains in effect, or any amounts are owed to the Series A Bond Insurer, the Authority and the Trustee shall comply with all terms and provisions set forth in Exhibit C of the Indenture relating to the Series A Bond Insurance Policy and the Series A Bond Insurer, which terms and provisions are as follows:

- 1) Notice and Other Information to be given to BAM. The Authority and County will provide BAM with all notices and other information they are obligated to provide (i) under its Continuing Disclosure Certificate and (ii) to the holders of the Senior Series A Bonds or the Trustee under the Security Documents.

- 2) Defeasance. The investments in the defeasance escrow relating to the Senior Series A Bonds shall be limited to non-callable, direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, or as otherwise maybe authorized under State law and approved by BAM.

At least (three) 3 Business Days prior to any defeasance with respect to the Senior Series A Bonds, the Authority shall deliver to BAM draft copies of an escrow agreement, an opinion of counsel regarding the validity and enforceability of the escrow agreement and the defeasance of the Senior Series A Bonds, and a verification report (a "Verification Report") prepared by a nationally recognized independent financial analyst or firm of certified public accountants regarding the sufficiency of the escrow fund. Such opinion and Verification Report shall be addressed to BAM and shall be in form and substance satisfactory to BAM. In addition, the escrow agreement shall provide that:

- a) Any substitution of securities following the execution and delivery of the escrow agreement shall require the delivery of a Verification Report and the prior written consent of BAM, which consent will not be unreasonably withheld.

 - b) The Authority will not exercise any prior optional redemption of the Senior Series A Bonds secured by the escrow agreement or any other redemption other than mandatory sinking fund redemptions unless (i) the right to make any such redemption has been expressly reserved in the escrow agreement and such reservation has been disclosed in detail in the official statement for the refunding bonds, and (ii) as a condition to any such redemption there shall be provided to BAM a Verification Report as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following any such redemption.

 - c) The Authority shall not amend the escrow agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without the prior written consent of BAM.
-
- 3) Trustee.
 - a) BAM shall receive prior written notice of any name change of the Trustee for the Senior Series A Bonds or the resignation or removal of the Trustee. Any Trustee must be (A) a national banking association that is supervised by the Office of the Comptroller of the Currency and has at least \$250 million of assets, (B) a state-

chartered commercial bank that is a member of the Federal Reserve System and has at least \$1 billion of assets, or (C) otherwise approved by BAM in writing.

- b) No removal, resignation or termination of the Trustee shall take effect until a successor, acceptable to BAM, shall be qualified and appointed.
- 4) Amendments, Supplements and Consents. BAM's prior written consent is required for all amendments and supplements to the Security Documents, with the exceptions noted below. The Authority or County shall send copies of any such amendments or supplements to BAM and the rating agencies which have assigned a rating to the Senior Series A Bonds.
- a) *Consent of BAM.* Any amendments or supplements to the Security Documents shall require the prior written consent of BAM with the exception of amendments or supplements:
 - i. To cure any ambiguity or formal defect or omissions or to correct any inconsistent provisions in the transaction documents or in any supplement thereto, or
 - ii. To grant or confer upon the holders of the Senior Series A Bonds any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the holders of the Senior Series A Bonds, or
 - iii. To add to the conditions, limitations and restrictions on the issuance of bonds or other obligations under the provisions of the Security Documents other conditions, limitations and restrictions thereafter to be observed, or
 - iv. To add to the covenants and agreements of the Authority or the County in the Security Documents other covenants and agreements thereafter to be observed by the Authority or the County or to surrender any right or power therein reserved to or conferred upon the Authority or the County.
 - v. To issue additional parity debt in accordance with the requirements set forth in the Security Documents.
 - b) *Consent of BAM in Addition to Bondholder Consent.* Any amendment, supplement, modification to, or waiver of, any of the Security Documents that requires the consent of holders of the Senior Series A Bonds or adversely affects the rights or interests of BAM shall be subject to the prior written consent of BAM.
 - c) *Insolvency.* Any reorganization or liquidation plan with respect to the Authority or County must be acceptable to BAM. The Trustee and each owner of the Senior Series A Bonds hereby appoint BAM as their agent and attorney-in-fact with respect to the Senior Series A Bonds and agree that BAM may at any time during the continuation of any proceeding by or against the Authority or County under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without

limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee and each owner of the Senior Series A Bonds delegate and assign to BAM, to the fullest extent permitted by law, the rights of the Trustee and each owner of the Senior Series A Bonds with respect to the Senior Series A Bonds in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding.

- d) *Control by BAM Upon Default.* Anything in the Security Documents to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default, BAM shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Senior Series A Bonds or the Trustee for the benefit of the holders of the Senior Series A Bonds under any Security Document. No default or event of default may be waived without BAM's written consent.
- e) *BAM as Owner.* Upon the occurrence and continuance of a default or an event of default, BAM shall be deemed to be the sole owner of the Senior Series A Bonds for all purposes under the Security Documents, including, without limitations, for purposes of exercising remedies and approving amendments.
- f) *Consent of BAM for acceleration.* BAM's prior written consent is required as a condition precedent to and in all instances of acceleration of the Senior Series A Bonds.
- g) *Grace Period for Payment Defaults.* No grace period shall be permitted for payment defaults on the Senior Series A Bonds. No grace period for a covenant default shall exceed 30 days without the prior written consent of BAM.
- h) *Special Provisions for Insurer Default.* If an Insurer Default shall occur and be continuing, then, notwithstanding anything in paragraphs 4(a)-(e) above to the contrary, (1) if at any time prior to or following an Insurer Default, BAM has made payment under the Policy, to the extent of such payment BAM shall be treated like any other holder of the Senior Series A Bonds for all purposes, including giving of consents, and (2) if BAM has not made any payment under the Policy, BAM shall have no further consent rights until the particular Insurer Default is no longer continuing or BAM makes a payment under the Policy, in which event, the foregoing clause (1) shall control. For purposes of this paragraph, "Insurer Default" means: (A) BAM has failed to make any payment under the Policy when due and owing in accordance with its terms; (B) BAM shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar

official for such party or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take action for the purpose of effecting any of the foregoing; or (C) any state or federal agency or instrumentality shall order the suspension of payments on the Policy or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of BAM (including without limitation under the New York Insurance Law).

- 5) 2018R Refunding Loan Agreement. A default under the 2018R Refunding Loan Agreement shall constitute an Event of Default under the Security Documents.
- 6) BAM As Third Party Beneficiary. BAM is recognized as and shall be deemed to be a third party beneficiary of the Security Documents and may enforce the provisions of the Security Documents as if it were a party thereto.
- 7) Payment Procedure Under the Policy.

In the event that principal and/or interest due on the Senior Series A Bonds shall be paid by BAM pursuant to the Policy and BAM has not been reimbursed for such payment, the Senior Series A Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Authority, the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the Authority to the registered owners shall continue to exist and shall run to the benefit of BAM, and BAM shall be subrogated to the rights of such registered owners.

In the event that on the second (2nd) business day prior to any payment date on the Senior Series A Bonds, the Trustee has not received sufficient moneys to pay all principal of and interest on the Senior Series A Bonds due on such payment date, the Trustee shall immediately notify BAM or its designee on the same business day by telephone or electronic mail, of the amount of the deficiency. If any deficiency is made up in whole or in part prior to or on the payment date, the Trustee shall so notify BAM or its designee.

In addition, if the Trustee has notice that any holder of the Senior Series A Bonds has been required to disgorge payments of principal of or interest on the Senior Series A Bonds pursuant to a final, non-appealable order by a court of competent jurisdiction that such payment constitutes an avoidable preference to such holder within the meaning of any applicable bankruptcy law, then the Trustee shall notify BAM or its designee of such fact by telephone or electronic mail, or by overnight or other delivery service as to which a delivery receipt is signed by a person authorized to accept delivery on behalf of BAM.

The Trustee shall irrevocably be designated, appointed, directed and authorized to act as attorney-in-fact for holders of the Senior Series A Bonds as follows:

- a) If there is a deficiency in amounts required to pay interest and/or principal on the Senior Series A Bonds, the Trustee shall (i) execute and deliver to BAM, in form satisfactory to BAM, an instrument appointing BAM as agent and attorney-in-fact for such holders of the Senior Series A Bonds in any legal proceeding related to the payment and assignment to BAM of the claims for interest on the Senior Series A Bonds, (ii) receive as designee of the respective holders in accordance with the tenor of the Policy payment from BAM with respect to the claims for

interest so assigned, (iii) segregate all such payments in a separate account (the "BAM Policy Payment Account") to only be used to make scheduled payments of principal of and interest on the Senior Series A Bonds, and (iv) disburse the same to such respective holders; and

- b) If there is a deficiency in amounts required to pay principal of the Senior Series A Bonds, the Trustee shall (i) execute and deliver to BAM, in form satisfactory to BAM, an instrument appointing BAM as agent and attorney-in-fact for such holder of the Senior Series A Bonds in any legal proceeding related to the payment of such principal and an assignment to BAM of the Senior Series A Bonds surrendered to BAM, (ii) receive as designee of the respective holders in accordance with the tenor of the Policy payment therefore from BAM, (iii) segregate all such payments in the BAM Policy Payment Account to only be used to make scheduled payments of principal of and interest on the Senior Series A Bonds, and (iv) disburse the same to such holders.

The Trustee shall designate any portion of payment of principal on Senior Series A Bonds paid by BAM but not reimbursed in accordance with the terms hereof, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Senior Series A Bonds registered to the then current holder, whether DTC or its nominee or otherwise, and shall issue a replacement Senior Series A Bond to BAM, registered in the name directed by BAM, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Senior Series A Bond shall have no effect on the amount of principal or interest payable by the Authority on any Senior Series A Bond or the subrogation or assignment rights of BAM.

Payments with respect to claims for interest on and principal of the Senior Series A Bonds disbursed by the Trustee from proceeds of the Policy but not reimbursed in accordance with the terms hereof shall not be considered to discharge the obligation of the Authority with respect to such Senior Series A Bonds, and BAM shall become the owner of such unpaid Senior Series A Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of the preceding paragraphs or otherwise.

Irrespective of whether any such assignment is executed and delivered, the Authority, County and the Trustee agree for the benefit of BAM that:

- a) They recognize that to the extent BAM makes payments directly or indirectly (e.g., by paying through the Trustee), on account of principal of or interest on the Senior Series A Bonds, BAM will be subrogated to the rights of such holders to receive the amount of such principal and interest from the Authority, with interest thereon, as provided and solely from the sources stated in the Security Documents and the Senior Series A Bonds; and
- b) They will accordingly pay to BAM the amount of such principal and interest, with interest thereon as provided in the transaction documents and the Senior Series A Bonds, but only from the sources and in the manner provided therein for the payment of principal of and interest on the Senior Series A Bonds to holders, and will otherwise treat BAM as the owner of such rights to the amount of such principal and interest.

- 8) Additional Payments/Semi-Annual Payments. The Authority agrees unconditionally that it will pay or reimburse BAM on demand any and all reasonable charges, fees, costs, losses, liabilities and expenses that BAM may pay or incur, including, but not limited to, fees and expenses of BAM's agents, attorneys, accountants, consultants, appraisers and auditors and reasonable costs of investigations, in connection with the administration (including waivers and consents, if any), enforcement, defense, exercise or preservation of any rights and remedies in respect of the Security Documents ("Administrative Costs"). For purposes of the foregoing, costs and expenses shall include a reasonable allocation of compensation and overhead attributable to the time of employees of BAM spent in connection with the actions described in the preceding sentence. The Authority agrees that failure to pay any Administrative Costs on a timely basis will result in the accrual of interest on the unpaid amount at the Late Payment Rate, compounded semi-annually, from the date that payment is first due to BAM until the date BAM is paid in full.

Notwithstanding anything herein to the contrary, the Authority agrees to pay to BAM (i) a sum equal to the total of all amounts paid by BAM under the Policy ("BAM Policy Payment"); and (ii) interest on such BAM Policy Payments from the date paid by BAM until payment thereof in full by the Authority, payable to BAM at the Late Payment Rate per annum (collectively, "BAM Reimbursement Amounts") compounded semi-annually. The Authority hereby covenants and agrees that the BAM Reimbursement Amounts are secured by a lien on and pledge of the Revenues on a parity basis with debt service due on the Senior Series A Bonds and are payable as set forth in the Indenture.

In addition, for as long as any Senior Series A Bonds are Outstanding, the Authority agrees that it will pay BAM a semi-annual insurance payment (the "Semi-Annual Insurance Payment") from Revenues. The Semi-Annual Insurance Payment shall be paid to BAM on each October 1 and April 1 (or if such day is not a business day, the next succeeding business day, without interest) (each a "Semi-Annual Insurance Payment Date"), commencing with October 1, 2018 and shall be in an amount equal to 0.075% of the principal amount of the Senior Series A Bonds Outstanding on such date (taking into account any Senior Series A Bond principal payments made on such date).

- 9) Series A Reserve Account. The prior written consent of BAM shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Series A Reserve Account, if any. Amounts on deposit in the Series A Reserve Account shall be applied solely to the payment of debt service due on the Senior Series A Bonds.
- 10) Exercise of Rights by BAM. The rights granted to BAM under the Security Documents to request, consent to or direct any action are rights granted to BAM in consideration of its issuance of the Policy. Any exercise by BAM of such rights is merely an exercise of BAM's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the holders of the Senior Series A Bonds and such action does not evidence any position of BAM, affirmative or negative, as to whether the consent of the holders of the Senior Series A Bonds or any other person is required in addition to the consent of BAM.
- 11) BAM shall be entitled to pay principal or interest on the Senior Series A Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Authority (as such terms are defined in the Policy) and any amounts due on the Senior Series A

Bonds as a result of acceleration of the maturity thereof in accordance with the Security Documents, whether or not BAM has received a claim upon the Policy.

- 12) If an event of default occurs under any agreement pursuant to which any Obligation of the Authority has been incurred or issued and that permits the holder of such Obligation or trustee to accelerate the Obligation or otherwise exercise rights or remedies that are adverse to the interest of the holders of the Senior Series A Bonds or BAM, as BAM may determine in its sole discretion, then an event of default shall be deemed to have occurred under this Indenture and the related Security Documents for which BAM or the Trustee, at the direction of BAM, shall be entitled to exercise all available remedies under the Security Documents, at law and in equity. For purposes of the foregoing, "Obligation" shall mean any bonds, loans, certificates, installment or lease payments or similar obligations that are payable and/or secured on a parity or subordinate basis to the Senior Series A Bonds.

13) Definitions.

Capitalized Terms used in the foregoing terms and provisions and not otherwise defined have the meanings given them in the Indenture.

"BAM" shall mean Build America Mutual Assurance Company, or any successor thereto.

"Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank, N.A., at its principal office in The City of New York, New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank, N.A.) plus 3%, and (ii) the then applicable highest rate of interest on the Senior Series A Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. In the event JPMorgan Chase Bank, N.A., ceases to announce its Prime Rate, the Prime Rate shall be the prime or base lending rate of such other bank, banking association or trust company as BAM, in its sole and absolute discretion, shall designate. Interest at the Late Payment Rate on any amount owing to BAM shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

"Policy" shall mean the Series A Bond Insurance Policy.

"Security Documents" shall mean the Indenture, any Supplemental Indenture, the 2018R Refunding Loan Agreement, and/or any additional or supplemental document executed in connection with the Senior Series A Bonds or the 2018R Refunding Loan.

"Semi-Annual Insurance Payment" shall mean 0.075% of the principal amount of the Senior Series A Bonds outstanding on each Semi-Annual Insurance Payment Date, taking into account principal payments of the Senior Series A Bonds made on such date.

"Semi-Annual Insurance Payment Date" shall mean October 1 and April 1 commencing October 1, 2018.

The foregoing terms and provisions are incorporated into the Indenture by reference, and shall control and supersede any conflicting or inconsistent provisions in the Indenture.

Provisions Relating to Series A Reserve Policy

So long as the Series A Reserve Policy remains in effect, or any amounts are owed to the Series A Reserve Insurer, the Authority and the Trustee shall comply with all terms and provisions set forth in Exhibit D of the Indenture relating to the Series A Reserve Policy and the Series A Reserve Insurer, which terms and provisions are as follows:

- 1) The Authority shall repay any draws under the Series A Reserve Policy and pay all related reasonable expenses incurred by BAM (the "Series A Reserve Insurer"). Interest shall accrue and be payable on such draws and expenses from the date of payment by the Series A Reserve Insurer at the Late Payment Rate. "Late Payment Rate" means the lesser of (A) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such changes are announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Senior Series A Bonds, and (B) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such bank, banking association or trust company bank as the Series A Reserve Insurer in its sole and absolute discretion shall specify.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, the "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to the Series A Reserve Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Series A Reserve Insurer on account of principal due, the coverage under the Series A Reserve Policy will be increased by a like amount, subject to the terms of the Series A Reserve Policy.

- 2) Draws under the Series A Reserve Policy may only be used to make payments on Senior Series A Bonds insured by the Series A Reserve Insurer.
- 3) If the Authority shall fail to pay any Policy Costs in accordance with the requirements of paragraph (1) above, the Series A Reserve Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture other than (i) acceleration of the maturity of the Senior Series A Bonds, or (ii) remedies which would adversely affect owners of the Senior Series A Bonds.
- 4) The Indenture shall not be discharged until all Policy Costs owing to the Series A Reserve Insurer shall have been paid in full. The Authority's obligation to pay such amount shall expressly survive payment in full of the Senior Series A Bonds.
- 5) The Trustee shall ascertain the necessity for a claim upon the Series A Reserve Policy in accordance with the provisions of paragraph (1) hereof and provide notice to the Series A Reserve Insurer at least three business days prior to each date upon which

interest or principal is due on the Senior Series A Bonds.

- 6) The Series A Reserve Policy shall expire on the earlier of the date the Senior Series A Bonds are no longer outstanding and the final maturity date of the Senior Series A Bonds.

Capitalized Terms used in the foregoing terms and provisions and not otherwise defined have the meanings given them in the Indenture.

- 7) For as long as any Senior Series A Bonds are Outstanding, the Authority agrees that it will pay BAM a semi-annual insurance payment from Revenues.

The foregoing terms and provisions are incorporated into the Indenture by reference, and shall control and supersede any conflicting or inconsistent provisions in the Indenture.

Amendment of the Indenture

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

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

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

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

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

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

- (f) to amend the redemption provisions of a Bond in connection with a transfer or a remarketing of such Bond (but only with the written consent of the owner of such Bond); or

(g) to provide for the delivery of credit enhancements for the Bonds or the 2018R Refunding Loan, provided that such modifications or amendments shall not materially adversely affect the interests of the Owners of the Bonds; or

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

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

Effect of Supplemental Indenture

From and after the time any Supplemental Indenture becomes effective pursuant to the Indenture, the Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties to the Indenture or the Supplemental Indenture and all Owners of Outstanding Bonds, as the case may be, shall thereafter be determined, exercised and enforced under the Indenture subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Indenture shall be deemed to be part of the terms and conditions of the Indenture for any and all purposes.

Endorsement or Replacement of Bonds After Amendment

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

Amendment by Mutual Consent

The provisions of the Indenture shall not prevent any Bond Owner from accepting any amendment as to the particular Bond held by him, provided that due notation thereof is made on such Bond.

Events of Default

The following events shall be Events of Default under the Indenture:

(a) Default in the due and punctual payment of the principal of any Bond pursuant to the Indenture, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise.

(b) Default in the due and punctual payment of any installment of interest on any Bond pursuant to the Indenture.

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

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

(e) An Event of Default by the County under the 2018R Refunding Loan Agreement.

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

Remedies and Rights of Bond Owners

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

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

The Owner of the Subordinate Series B Bonds may not rescind or revoke any action taken by the Owners of the Senior Series A Bonds. No remedy by the terms of the Indenture conferred upon or reserved to the Trustee (or to the Bond Owners) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bond Owners under the Indenture or now or hereafter existing at law or in equity.

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

Application of Revenues and Other Funds After Default

All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of the Indenture shall be applied by the Trustee in the following order upon presentation of the several Bonds, and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if fully paid -

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

Second, to the payment of the whole amount of interest on and principal of the Bonds then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the net effective rate of interest then borne by the Outstanding Bonds; to the payment to the Series A Bond Insurer of any amounts required to reimburse the Series A Bond Insurer for payments of principal of and interest on the Senior Series A Bonds; to the payment to the Series A Reserve Insurer of any amounts required to reimburse the Series A Reserve Insurer for draws on the Series A Reserve Policy and to the payment to the Series A Bond Insurer and the Series A Reserve Insurer of any semi-annual components of the premiums then due and payable for the Series A Bond Insurance Policy and the Series A Reserve Policy, respectively; provided, however, that in the event such amounts shall be insufficient to pay in full the full amount of such interest and principal and such moneys as may be due to the Series A Bond Insurer and the Series A Reserve Insurer, then such amounts shall be applied in the following order of priority:

- (a) *first*, to the payment of all installments of interest on the Senior Series A Bonds then due and unpaid, on a pro rata basis in the event that the available amounts are insufficient to pay all such interest in full,
- (b) *second*, to the payment of principal of all installments of the Senior Series A Bonds then due and unpaid, on a pro rata basis in the event that the available amounts are insufficient to pay all such principal in full, and
- (c) *third*, to the payment of interest on overdue installments of principal and interest on the Senior Series A Bonds, on a pro rata basis in the event that the available amounts are insufficient to pay all such interest in full.

(d) *fourth*, to the payment to the Series A Bond Insurer of (i) any amounts required to reimburse the Series A Bond Insurer for payments of principal of and interest on the Senior Series A Bonds and (ii) any semi-annual components of the premium then due and payable for the Series A Bond Insurance Policy.

(e) *fifth*, to the payment to the Series A Reserve Insurer of (i) any amounts required to reimburse the Series A Reserve Insurer for draws on the Series A Reserve Policy and (ii) any semi-annual components of the premium then due and payable for the Series A Reserve Policy.

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

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

(g) *eighth*, to the payment of interest on overdue installments of principal and interest on the Subordinate Series B Bonds, on a pro rata basis in the event that the available amounts are insufficient to pay all such interest in full.

Power of Trustee to Control Proceedings

In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties under the Indenture, whether upon its own discretion or upon the request of the Owners of a majority in aggregate principal amount of the Senior Series A Bonds then Outstanding or the Owners of a majority in aggregate principal amount of the Subordinate Series B Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in aggregate principal amount of the Senior Series A Bonds then Outstanding or the Owners of a majority in aggregate principal amount of the Outstanding Subordinate Series B Bonds under the Indenture opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation. Any suit, action or proceeding which any Owner of Bonds shall have the right to bring to enforce any right or remedy under the Indenture may be brought by the Trustee for the equal benefit and protection of all Owners of Bonds similarly situated and the Trustee is appointed by the Indenture (and the successive respective Owners of the Bonds issued under the Indenture, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners of the Bonds for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners of the Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact.

Appointment of Receivers

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

Non-Waiver

Nothing in the Indenture, or in the Bonds, shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the interest on the Bonds when due and principal of the Bonds at maturity or earlier redemption to the respective Owners of the Bonds, as provided in the Indenture, out of the Revenues and other moneys pledged in the Indenture for such payment.

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

Limitation on Bond Owners' Right to Sue

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

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

The right of any Owner of any Bond to receive payment of the principal of and interest and premium (if any) on such Bond, as applicable, as provided in the Indenture or to institute suit for

the enforcement of any such payment, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of the Indenture.

Termination of Proceedings

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

Limited Liability of Authority

Notwithstanding anything contained in the Indenture, the Authority shall not be required to advance any moneys derived from any source of income other than the Revenues for the payment of the principal of or interest on the Bonds, or any premiums upon the redemption thereof, or for the performance of any covenants contained in the Indenture (except to the extent any such covenants are expressly payable under the Indenture from the Revenues or otherwise from amounts payable under the 2018R Refunding Loan Agreement). The Authority may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose and may be used by the Authority for such purpose without incurring indebtedness.

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

Benefits of Indenture Limited to Parties

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

Discharge of Indenture

If the Authority shall pay and discharge any or all of the Outstanding Bonds in any one or more of the following ways:

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

(ii) by irrevocably depositing with the Trustee, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established with the Trustee pursuant to the Indenture and the 2018R Refunding Loan Agreement, is fully sufficient to pay such Bonds, including all principal, interest, premium (if any); or

(iii) by irrevocably depositing with the Trustee or any other fiduciary, in trust in an escrow, non-redeemable Federal Securities or cash in such amount as an Independent Certified Public Accountant shall determine (but the requirement for a determination of an Independent Certified Public Accountant shall be required only so long as the Placer County Treasurer-Tax Collector is not the owner of the Bonds) will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established with the Trustee pursuant to the Indenture and the 2018R Refunding Loan Agreement, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest, premium (if any) at or before their respective maturity dates;

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

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

Successor Is Deemed Included in All References to Predecessor

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

Content of Certificates

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

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

Execution of Documents by Bond Owners

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

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

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

Disqualified Bonds

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

Waiver of Personal Liability

No officer, agent or employee of the Authority shall be individually or personally liable for the payment of the interest on or principal of the Bonds; but nothing contained in the Indenture shall relieve any such officer, agent or employee from the performance of any official duty provided by law.

Partial Invalidity

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

Destruction of Canceled Bonds

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

Funds and Accounts

Any fund or account required by the Indenture to be established and maintained by the Authority or the Trustee may be established and maintained in the accounting records of the Authority or the Trustee, as the case may be, either as a fund or an account, and may, for the purpose of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account. All such records with respect to all such funds and accounts held by the Authority shall at all times be maintained in accordance with generally accepted accounting principles and all such records with respect to all such funds and accounts held by the Trustee shall be at all times maintained in accordance with corporate trust industry

practices; in each case with due regard for the protection of the security of the Bonds and the rights of every Owner thereof.

Notices

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

- If to the Authority: Placer County Public Financing Authority
175 Fulweiler Avenue
Auburn, CA 95603
Attention: County Counsel

- If to the County: County of Placer
175 Fulweiler Avenue
Auburn, CA 95603
Attention: County Executive

- If to the Trustee: Placer County Treasurer-Tax Collector
175 Fulweiler Avenue
Auburn, CA 95603

- If to the Series A Bond Insurer: As provided in Exhibit C of the Indenture

Unclaimed Moneys

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

Governing Law

The Indenture shall be construed and governed in accordance with the laws of the State of California.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$35,085,000

**PLACER COUNTY PUBLIC FINANCING AUTHORITY
Refunding Revenue Bonds, Senior Series 2018A
(mPOWER Placer Program)**

This CONTINUING DISCLOSURE CERTIFICATE (this “Disclosure Certificate”) is executed and delivered by the COUNTY OF PLACER (the “County”), for and on behalf of itself and the Placer County Public Financing Authority (the “Authority”), in connection with the issuance by the Authority of the bonds captioned above (the “Bonds”). The Bonds are being executed and delivered pursuant to an Indenture of Trust, dated as of June 1, 2018 (the “Indenture”), between the Authority and Placer County Treasurer-Tax Collector, as trustee (the “Trustee”).

The County covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the County for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any annual report, for the period beginning October 2 and ending October 1 of the relevant year, provided by the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Annual Report Date*” means each November 1.

“*Dissemination Agent*” means the County, or any successor Dissemination Agent, designated in writing by the County and which has filed with the County a written acceptance of such designation.

“*EMMA*” means the MSRB’s Electronic Municipal Market Access website.

“*Mid-Year Report*” means any mid-year report, for the period beginning October 2 and ending April 1 of the relevant year, provided by the County pursuant to, and as described in, Sections 5 and 6 of this Disclosure Certificate.

“*Mid-Year Report Date*” means each May 1.

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*Official Statement*” means the final official statement executed by the County in connection with the issuance of the Bonds.

“*Participating Underwriter*” means Stifel, Nicolaus & Company, Incorporated, the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

“*Significant Events*” means any of the events listed in Section 5(a) of this Disclosure Certificate.

Section 3. Provision of Annual Reports.

(a) The County shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing November 1, 2018, with the Annual Report for the period beginning October 2, 2017, and ending October 1, 2018, post at EMMA, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the County shall provide the Annual Report to the Dissemination Agent (if other than the County). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the County) has not received a copy of the Annual Report, the Dissemination Agent shall contact the County to determine if the County is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate. If the County’s fiscal year changes, it shall give notice of such change in the same manner as for a Significant Event under Section 7(b). The County shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the County hereunder.

(b) If the County does not post (or cause the Dissemination Agent to post) an Annual Report by the Annual Report Date at EMMA, the County shall, in a timely manner, post (or cause the Dissemination Agent to post) at EMMA, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the County, file a report with the County certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The County’s Annual Report shall contain or incorporate by reference the following:

(a) The information for the period that is the subject of the Annual Report in a format substantially similar to the corresponding tables in the Official Statement:

(i) Table 1, Overview of Assessments, except for overlapping debt information;

- (ii) Table 2, Summary of Assessment by Land Use Category;
- (iii) Table 3B, Assessed Value-to-Lien Distribution Based on Direct Debt;
- (iv) Table 4, Top 10 Taxpayers;
- (v) Table 6, Historical Delinquency Data;
- (vi) Table 7, Summary of Assessments by Location;
- (vii) Table 8A, Projected Debt Service Coverage on the Outstanding Parity Loans;
- (viii) Table 8B, Projected Debt Service Coverage on the Senior Bonds;
- (ix) Table 9, Prepayment History;
- (x) All fund and account balances held by the Trustee under the Indenture;
- (xi) Total amount of Bonds outstanding;
- (xii) Total principal amount of 2018 Loan outstanding; and
- (xiii) The quotient of the outstanding principal amount of the Bonds and the initial principal amount of the Bonds (provided in a decimal format with nine places).

(b) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the County shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(c) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the County or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The County shall clearly identify each such other document so included by reference.

Section 5. Provision of Mid-Year Reports.

(a) The County shall, or shall cause the Dissemination Agent to, not later than the Mid-Year Report Date, commencing May 1, 2019, with the Mid-Year Report for the period beginning October 2, 2018, and ending April 1, 2019, post at EMMA, in an electronic format as prescribed by the MSRB, a Mid-Year Report that is consistent with the requirements of Section 6 of this Disclosure Certificate. Not later than 15 Business Days prior to the Mid-Year Report Date, the County shall provide the Mid-Year Report to the Dissemination Agent (if other than the County). If by 15 Business Days prior to the Mid-Year Report Date the Dissemination Agent (if other than the County) has not received a copy of the Mid-Year Report, the Dissemination Agent shall contact the County to determine if the County is in compliance with the previous sentence. The Mid-Year Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 6 of this Disclosure Certificate; provided that the audited financial statements of the County may be

submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the County's fiscal year changes, it shall give notice of such change in the same manner as for a Significant Event under Section 7(b). The County shall provide a written certification with each Mid-Year Report furnished to the Dissemination Agent to the effect that such Mid-Year Report constitutes the Mid-Year Report required to be furnished by the County hereunder.

(b) If the County does not post (or cause the Dissemination Agent to post) a Mid-Year Report by the Mid-Year Report Date at EMMA, the County shall post (or cause the Dissemination Agent to post) at EMMA, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Mid-Year Report, the Dissemination Agent shall:

(i) determine each year prior to the Mid-Year Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the County, file a report with the County certifying that the Mid-Year Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 6. Content of Mid-Year Reports. The County's Mid-Year Report shall contain or incorporate by reference the following:

(a) The County's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the County's audited financial statements are not available by the Mid-Year Report Date, the Mid-Year Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Mid-Year Report when they become available.

(b) The information for the period that is the subject of the Mid-Year Report in a format substantially similar to the corresponding tables in the Official Statement:

(i) Table 1, Overview of Assessments, except for overlapping debt information;

(ii) Table 4, Top 10 Taxpayers;

(iii) Table 9, Prepayment History;

(iv) All fund and account balances held by the Trustee under the Indenture;

(v) Total amount of Bonds outstanding;

(vi) Total principal amount of 2018 Loan outstanding; and

(vii) The quotient of the outstanding principal amount of the Bonds and the initial principal amount of the Bonds (provided in a decimal format with nine places).

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the County shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Section 7. Reporting of Significant Events.

(a) The County shall give, or cause to be given, notice of the occurrence of any of the following Significant Events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the County or other obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving the County or an obligated person, or the sale of all or substantially all of the assets of the County or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the County obtains knowledge of the occurrence of a Significant Event, the County shall, or shall cause the Dissemination Agent (if not the County) to, post a notice of such occurrence at EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Significant Event. Notwithstanding the foregoing, notice of Significant Events described in subsection (a)(8) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The County acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(11), and (a)(12) of this Section 7 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The County shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the County obtains knowledge of the occurrence of any of these Significant Events, the County will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the County will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the County in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County.

Section 8. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 9. Termination of Reporting Obligation. The County's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the County shall give notice of such termination in the same manner as for a Significant Event under Section 7(b).

Section 10. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the County. Any Dissemination Agent may resign by providing 30 days' written notice to the County.

Section 11. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the County may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 7(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Mid-Year Report or Annual Report is amended pursuant to the provisions hereof, the first Mid-Year Report or Annual Report filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to this Disclosure Certificate modifying the accounting principles to be followed in preparing financial statements, the Mid-Year Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the County to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 11 shall be filed in the same manner as for a Significant Event under Section 7(b).

Section 12. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report, Mid-Year Report or notice of occurrence of a Significant Event, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any Annual Report, Mid-Year Report or notice of occurrence of a Significant Event in addition to that which is specifically required by this Disclosure Certificate, the County shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report, Mid-Year Report or notice of occurrence of a Significant Event.

Section 13. Default. If the County fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event

of any failure of the County to comply with this Disclosure Certificate shall be an action to compel performance.

Section 14. Duties, Immunities and Liabilities of Dissemination Agent. (a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the County agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the County hereunder, and shall not be deemed to be acting in any fiduciary capacity for the County, the Bond holders or any other party. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the County for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 15. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 16. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Section 17. Governing Law. This Disclosure Certificate shall be governed by and construed in accordance with the laws of the State of California.

Date: June 28, 2018

COUNTY OF PLACER

By: _____

Name: _____

Title: _____

EXHIBIT A

NOTICE OF FAILURE TO FILE [ANNUAL][MID-YEAR] REPORT

Name of Issuer: Placer County Public Financing Authority

Name of Issue: Placer County Public Financing Authority Refunding Revenue Bonds, Series 2018A (mPOWER Placer Program) (Green Bonds) (Federally Taxable)

Date of Issuance: June 28, 2018

NOTICE IS HEREBY GIVEN that the County has not provided [an Annual][a Mid-Year] Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate dated June 28, 2018. The County anticipates that the [Annual][Mid-Year] Report will be filed by _____.

Dated: _____

DISSEMINATION AGENT:

By: _____

Its: _____

APPENDIX D
FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF JONES HALL]

June 28, 2018

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

County of Placer
175 Fulweiler Avenue
Auburn, CA 95603

OPINION: \$35,085,000 Placer County Public Financing Authority Refunding Revenue
Bonds, Senior Series 2018A (mPOWER Placer Program) (Green Bonds)
(Federally Taxable)

Ladies and Gentlemen:

We have acted as bond counsel to the Placer County Public Financing Authority (the "Authority") in connection with the issuance by the Authority of the captioned bonds, dated the date hereof (the "Bonds"). In such capacity, we have examined such law and such certified proceedings, certifications and other documents as we have deemed necessary to render this opinion.

The Bonds are issued pursuant to Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Bond Law"), the Indenture of Trust, dated as of June 1, 2018 (the "Indenture"), by and between the Authority and the Placer County Treasurer-Tax Collector, as trustee (the "Trustee"), and a resolution of the Board of Directors of the Authority adopted on October 3, 2017 as ratified and supplemented by a resolution of the Board of Directors of the Authority adopted on May 22, 2018 (collectively, the "Resolution").

Under the Indenture, the Authority has pledged certain revenues (the "Revenues") for the payment of principal, premium (if any), and interest on the Bonds when due, consisting of payments made by the County of Placer (the "County") pursuant to a Refunding Limited Obligation

Loan Agreement (Series 2018R), dated as of June 1, 2018 (the "Loan Agreement"), by and among the County, the Authority and the Trustee. The County is authorized to enter into the Loan Agreement pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code and Articles 10 (commencing with Section 53570) and 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code. The Authority is authorized to enter into the Loan Agreement pursuant to the Bond Law.

Regarding questions of fact material to our opinion, we have relied on representations of the Authority contained in the Resolution and in the Indenture, representations of the Authority and the County contained in the Loan Agreement, and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation. We have also relied on the default judgment entered by the Placer County Superior Court on November 19, 2010, in the validation action entitled "ALL PERSONS INTERESTED IN THE MATTER of the mPOWER Placer Program, All Proceedings Relating Thereto and All Bonds, Contracts, Obligations or Evidences of Indebtedness Relating Thereto," Case No. SCV-26931.

Based on the foregoing, and subject to the limitations set forth below, we are of the opinion that, under existing law:

1. The Authority is a duly created and validly existing joint exercise of powers authority with the power to adopt the Resolution, enter into the Indenture and the Loan Agreement and perform the agreements on its part contained therein, and issue the Bonds.

2. The County is a duly created and validly existing county with the power to enter into the Loan Agreement and perform the agreements on its part contained therein.

3. The Indenture has been duly authorized, executed and delivered by the Authority, and constitutes a valid and binding obligation of the Authority, enforceable against the Authority.

4. The Indenture creates a valid lien on the Revenues and other funds pledged by the Indenture for the security of the Bonds, on a parity with other bonds (if any) issued or to be issued under the Indenture.

5. The Bonds have been duly authorized and executed by the Authority, and are valid and binding limited obligations of the Authority, payable solely from the Revenues and other funds provided therefor in the Indenture.

6. The Loan Agreement has been duly authorized, executed and delivered by the Authority and the County, and constitutes a valid and binding obligation of the Authority and the County, enforceable against the Authority and the County.

7. The Loan Agreement creates a valid lien on the revenues and other funds pledged by the Loan Agreement for the security of the payments to be made by the County thereunder, on a parity with other obligations (if any) described in the Loan Agreement, issued or to be issued under the Loan Agreement.

8. Interest on the Bonds is not excludable from gross income for federal income tax purposes.

9. Interest on the Bonds is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

A Professional Law Corporation

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX E

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the Senior Bonds, payment of principal, interest and other payments on the Senior Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Senior Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the Senior Bonds (the “Issuer”) nor the trustee, fiscal agent or paying agent appointed with respect to the Senior Bonds (the “Agent”) take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Senior Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Senior Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Senior Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Senior Bonds (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned

subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC is rated “AA+” by Standard & Poor’s. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting

rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal, redemption price and interest payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. If applicable, a Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to tender/remarketing agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to tender/remarketing agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to tender/remarketing agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the Authority or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX F
PROGRAM REPORT

[THIS PAGE INTENTIONALLY LEFT BLANK]



**AMENDED AND RESTATED AB 811
PROGRAM REPORT AND
ADMINISTRATIVE GUIDELINES**

Last updated: November 17, 2015



2976 RICHARDSON DRIVE, AUBURN, CALIFORNIA 95603
PHONE: (530) 889-4140 FAX (530) 889-4100

PROGRAM REPORT AND ADMINISTRATIVE GUIDELINES
Table of Contents

I. Introduction	3
A. Goals.....	3
B. Program Benefits	4
C. Program Administration	4
II. Program Requirements.....	5
A. Program Report	5
B. Geographic Parameters.....	6
C. Eligible Property Owners and Eligible Properties	6
D. Eligible Improvements	8
E. Eligible Costs and Program Fees	10
F. Program Administrative Costs	12
III. Tracks for Participation	13
A. The Water Conservation Track.....	13
B. The Energy Efficiency Track.....	13
C. The Solar Track	13
D. The Custom Measure Track	13
IV. Water Conservation, Energy Surveys, and Solar Site Checks	14
A. Residential Properties.....	14
B. Non-residential Properties	14
V. Program Parameters	15
A. Minimum Energy Financing Amount and Duration of Assessment	15
B. Maximum Energy Financing Amount.....	15
C. Maximum Portfolio	15
D. Assessment Interest Rate.....	16
E. Property Assessment Lien.....	16
F. Delinquent Assessment Collections	16
VI. The Financial Strategy	16
VII. CONSUMER PROTECTION.....	19
VIII. Changes to Report	19

APPENDICES.....	20
APPENDIX A: Eligible Improvements	21
I. Water Conservation Measure	21
A. Residential Indoor Water Conservation Measures	21
B. Residential and Non-residential Outdoor Water Conservation Measures	22
C. Non-residential Water Conservation Measures	22
D. Non-residential Custom Measures	23
E. Residential and Non-residential Recycled Water Use (Custom Track Measures).....	23
II. ENERGY Efficiency Measures.....	23
A. Residential Energy Efficiency Measures	24
B. Residential Energy Efficiency <i>Custom</i> Measures	26
C. Non-residential Energy Efficiency Measures	26
D. Non-residential Energy Efficiency <i>Custom</i> Measures	27
III. SOLAR Equipment	27
IV. CUSTOM Measures	28
A. Energy Efficiency Custom Measures	28
B. Energy Generation Custom Measures	29
APPENDIX B: Map of Program Area	30
APPENDIX C: ASSESSMENT CONTRACT	31
APPENDIX D: SUMMARY OF FINANCING PROCESS	41

I. INTRODUCTION

In July, 2008, the California Legislature approved Assembly Bill 811, which amended existing provisions in Chapter 29 of the 1911 Improvement Act to authorize cities and counties to establish voluntary contractual assessment programs to fund energy efficiency and renewable energy projects proposed by property owners. Subsequently, the California Legislature adopted Assembly Bill 474, amending Chapter 29 to allow the financing of water efficiency improvements. In AB 811 and AB 474, the California Legislature declared that a public purpose will be served by such programs, giving local governments the authority to finance the installation of distributed generation renewable energy sources – such as solar – and energy efficiency and water efficiency improvements that are permanently affixed to residential, commercial, industrial, agricultural or other real property. In this report, authorized improvements are collectively referred to as “Energy and Water Conservation Improvements” or “Improvements.”

To make Energy and Water Conservation Improvements more economical and to promote their installation in order to advance the public purposes identified by the California Legislature, Chapter 29 provides procedures for authorizing **voluntary contractual assessments** to finance the cost of these improvements. The County has established the **Placer money for Property Owner Water & Energy Efficiency Retrofitting Program** (“mPOWER Placer” or the “Program”) under Chapter 29 and will provide financing (“mPOWER Placer Financing”) for Energy and Water Conservation Improvements with the consent of owners of the property on which the Energy and Water Conservation Improvements are to be made and on which contractual assessments will be levied.

Under Chapter 29, property owners will repay mPOWER Placer Financing through an assessment levied against their property which is payable in semi-annual installments on the County property tax bill.

A. Goals

mPOWER Placer will help property owners of improved real property make principled investments in the energy and water efficiency of their property. The goals of the Program are to increase energy and water efficiency resulting in decreased energy and water consumption, decreased utility costs for property owners, increased energy independence, increased investment in the local economy and reduced greenhouse gas emissions. By providing a long-term financing mechanism for Energy and Water Conservation Improvements the long-term health of the local, state, and national economy and global environment will be improved.

As a result of reduced greenhouse gas emissions and to help meet future greenhouse gas reduction goals, credits or any other environmental benefits that may be attributable to Improvements financed by mPOWER Placer, will be owned and held by the County of Placer (on behalf of the mPOWER Placer Program), unless specifically exempted.

B. Program Benefits

mPOWER Placer provides multiple benefits. By enabling property owners to take responsible energy and water conservation actions, the Program will reduce their utility bills.¹ At the same time it boosts the local economy. It improves congestion on the California power grid. And, it improves national energy independence, and may help Placer County to fulfill future energy and water conservation and climate protection goals.

The Program can be a key element in achieving greenhouse gas reduction goals. mPOWER Placer provides a significant tool for directing more resources into the shift to greater efficiency and renewable energy. Lower energy use translates directly into reduced greenhouse gas emissions and helps secure our energy future. Reducing water use helps conserve our finite water supply and saves even more energy.

For property owners, mPOWER Placer offers a no-money-down means of financing Energy and Water Conservation Improvements, fixed-rate financing over a number of years, a streamlined financing and repayment process, and access to financing that may not readily be available through traditional means, such as equity loans.

C. Program Administration

The Treasurer-Tax Collector is authorized to enter into contractual assessments on behalf of the County. The Treasurer-Tax Collector will oversee professionals from the Treasurer-Tax Collector's Office and other County staff, ("mPOWER Placer Staff") in administering the Program.

In addition, a Program Steering Committee will be responsible for establishing program policies and procedures. The Program Steering Committee will consist of a representative from the Treasurer's Office, a representative from the Tax Collector's Office, a representative from the Auditor's Office, and a representative from the County Executive's Office; an attorney from County Counsel will advise the Committee. The Program Steering Committee will meet on a biweekly basis or as needed. The Committee will review Program policies and procedures as needed to ensure that the Program is operated in an efficient, effective and compliant manner. It will also review various program reports such as volume of applications received and approved, Improvements requested and funded and overall program results and outcomes.

The Committee will be responsible for approving or denying applications for financing in an amount greater than \$60,000 and less than \$500,000. For applications greater than \$500,000, the Committee will make a recommendation to the Treasurer-Tax Collector regarding approval. After review of the Committee's recommendation, the Treasurer-Tax Collector will make a final recommendation to the Board of Supervisors and prepare the application for the Board of Supervisor's agenda.

¹mPOWER Placer and Placer County do not guarantee savings on utility bills. mPOWER Placer requires that a property owner consult with its utility company or other trained professionals to ensure that the proposed Improvements satisfy the property owner's energy-saving goals.

Projects will be approved or denied by a majority of the Steering Committee members in circumstances that do not meet straight forward application criteria.

The mPOWER Placer office will be located in the Treasurer Tax Collector's Office and will operate as a storefront where the public can speak with mPOWER Placer Staff and apply for funding to mPOWER Placer. The Program may also operate from mobile locations from time to time. A web site is also maintained to provide Program information. Presently, the Placer County Treasurer-Tax Collector, in support of mPOWER Placer, will be hosting a website where the public and program participants can obtain information and apply to mPOWER Placer.

mPOWER Placer Staff responsibilities will include:

- Community outreach and education;
- Responding to property owners inquiries;
- Processing applications;
- Managing and tracking funds available for mPOWER Placer;
- Tracking and reporting individual and collective Energy and Water Conservation Improvements; and
- Working and coordinating with participating jurisdictions.

II. PROGRAM REQUIREMENTS

A. Program Report

In order to establish this Program, the County must prepare this report setting out how the Program will function (the "Program Report")². The Program Report is the guiding document for mPOWER Placer and fulfills the statutory requirements that this report contain:

- A map showing the boundaries of the territory within which contractual assessments are proposed;
- A draft assessment contract between a property owner and the County; the draft "Agreement to Pay Assessment and Finance Improvements" (the "Assessment Contract") is attached as Appendix D;
- Program policies concerning contractual assessments, including:
 - a list of Eligible Improvements;

² See California Streets and Highways Code Section 5898.22.

- identification of the County official authorized to enter into contractual assessments on behalf of the County;
 - maximum aggregate dollar amount of contractual assessments;
 - and a method for setting priority for applications in the event that requests appear likely to exceed the authorization amount;
- A plan for funding the Program; and
 - Information on the County's cost of placing assessments on the tax roll.

B. Geographic Parameters

All cities and towns within the County have agreed, by adopting a resolution, to have properties within the incorporated area included in the Program and permit voluntary contractual assessments to be established within their jurisdictions. The County has entered or will enter into implementing agreements with each City and Town.

A map showing the County boundaries is attached as Appendix B.

C. Eligible Property Owners and Eligible Properties

Property owners may be residential, commercial, industrial, agricultural and other real property. Certain eligibility criteria must be satisfied. Financing may be approved if the following criteria are met, among others:

- Property title is vested in the applicant name(s).
- Property owner is current on property taxes on the subject property and has not been in default for three years (or since he/she took ownership if less than three years), except for supplemental property tax bills where the taxpayer otherwise has a record of timely payment.
- Property owner is not in bankruptcy and, if the property owner was subject to bankruptcy, it has been at least five years since discharge or dismissal of bankruptcy, and the property is not an asset in a bankruptcy proceeding.
- Property owner is current on mortgage(s). A notice of default must not have been filed against the property during the last five years (or since the property owner took ownership if less than five years).
- The property must not be subject to a mechanics', Internal Revenue Service, Franchise Tax Board or other involuntary liens.
- There must not be a civil court record within the last five years that demonstrates failure by the property owner to make payments with respect to the subject property.

- The contractual assessments levied to finance Energy and Water Conservation Improvements will constitute a lien on the subject property. Depending upon the underlying loan documentation, if any, creation of the assessment lien could result in a default under existing loan documents or give lenders the right to take certain remedial action. For residential property, the property owner will be provided legal disclosure regarding the risks and responsibilities related to any lien on the property in conjunction with execution of the mPOWER Assessment Contract and the resulting assessment lien. The mPOWER Program must receive a written acknowledgement of the disclosure from the property owner before an Assessment Contract can be executed. For non-residential property,³ lender has signed an acknowledgement letter which states that the assessment contract will not constitute a default under its Deed of Trust.
- Without lender consent, except in limited circumstances, the principal amount of the contractual assessment may not exceed 10% of property value plus the value of the Energy and Water Conservation Improvements being financed. Value may be calculated in a number of ways, as appropriate, including (i) the assessed value as shown on the then current County real property tax roll (if the property owner is then contesting the value of the property, the assessed value will be deemed to be the lower amount claimed by the property owner), (ii) the appraised value, as determined in an appraisal performed by a qualified appraiser selected by the County, (iii) the market value based on Freddie Mac's Home Value Explorer or any other commercially-available automated valuation model or (iv) the market value based on any other valuation method selected by the County if a municipal bond rating agency will rate the bonds issued by the County to finance installation of the Energy and Water Conservation Improvements in the "A" category.
- Without lender consent, except in limited circumstances, the value of the property plus the value of the Energy and Water Conservation Improvements being financed must be equal to or greater than the total of (i) the principal amount of all outstanding private debt, (ii) the principal amount of any assessments (including the contractual assessments) and (iii) the allocable portion of any outstanding bonds issued under the Mello-Roos Community Facilities Act of 1982. The principal amount of any assessments and any outstanding bonds may be computed by rational means that would yield an amount reasonably proximate to the principle amount or by utilizing the actual outstanding principal or bond amount. Value will be measured as described in the previous paragraph.
- The property's aggregate tax rate (including ad valorem property taxes, the contractual assessments, other assessments and special taxes) may not exceed 5% of the value. Value will be measured as described in the paragraph preceding the previous paragraph.

³ For mPOWER, "residential property" is defined as single-family properties with 1-to-4 residential units; "non-residential property" is all other property.

- There may not be any public record of easements or covenants prohibiting the improvement.

Property owners may make more than one application for funding under the Program if additional Energy and Water Conservation Improvements are desired by the owner.

D. SPARCS Program Elements (Streamlined Project Application Review and Certification System)

SPARCS program elements are designed as an alternative for non-residential applications which are subject to lender consent. The SPARCS program elements are designed to provide lenders with a standardized review format that incorporates professional review of technical specifications with the goal of facilitating lender consent. Application under the SPARCS program elements is subject to agreement between the program applicant and the mPOWER Program Administrator. In addition to the program SPARCS applications are subject to the following requirements in addition to the requirements outlined above in Section II.c:

- Lender acknowledgement of the proposed assessment lien is required
- Estimate of first year avoided costs from energy, repairs and maintenance must be equal to or exceed 125% of the annual assessment
- Investment Grade Energy Audit: ASHRAE Level II or Level III or other recognized energy use analysis method
- Calibrated energy modeling software shall be IRS §179(d) compliant
- Verification of energy audit results by
 - a licensed Engineer of Record with Current license and Errors & Omissions insurance that applies to energy work
 - or, by an energy or water utility as applicable

D. Eligible Improvements

mPOWER Placer affords property owners in Placer County the opportunity to take advantage of a wide range of energy-savings and water conservation measures, consistent with the following provisions:

- (1) mPOWER Placer Financing is intended for retrofit activities to replace outdated inefficient equipment and to install new equipment that reduces energy consumption, produces renewable energy, or reduces water use. However, mPOWER Placer Financing is also available for purchasers of new structures that wish to add Energy and Water Conservation Improvements after taking title to the property.
- (2) mPOWER Placer provides financing only for Improvements that are permanently affixed to real property.

- (3) mPOWER Placer provides financing only for Improvements specified in Appendix A. Broadly, these include:
 - (a) Water Conservation Improvements;
 - (b) Energy Efficiency Improvements;
 - (c) Solar Systems; and
 - (d) Custom Measures.⁴

mPOWER Placer Financing is also available for projects that combine eligible Energy and Water Conservation Improvements, such as bundling of water conservation, energy efficiency and renewable energy measures. For instance, a property owner may choose to replace an aging and inefficient furnace, install weather stripping, install low flow toilets and install a solar photovoltaic system.

mPOWER Placer will include a variety of measures relating to loading order:

- In general, mPOWER Placer will encourage energy efficiency improvements before renewable energy improvements.
- If grant funding is sufficient, mPOWER Placer will provide Home Energy Rating System (“HERS II”) Energy Audits to residential applicants pursuant to the grant provisions. If grant funding is not sufficient, mPOWER Placer may require HERS II Energy Audits before allowing residential distributed generation installations to be financed.
- A site-specific energy audit is required for non-residential applications regardless of funding, except in limited circumstances.
- All applicants will be required to participate in a training session on energy efficiency and generation. The training program will educate the applicants about the Program, provide information on financing alternatives and consumer information on selecting a contractor and will provide educational emphasis on loading order used to achieve maximum energy reductions.
- mPOWER Placer will only finance Energy and Water Conservation Improvements that are expected to generate savings over their useful life. “Savings” are generated when

⁴ Large scale commercial or industrial projects requiring engineering design and meeting the financing threshold (\$500,000) requiring approval by the Board of Supervisors **or** projects involving emerging technologies for Improvements that provide new ways to save or generate energy will be evaluated on a case-by-case basis.

the expected monetary benefits of installing the Energy and Water Conservation Improvements over their useful life exceed the contractual assessment installments.

E. Eligible Costs and Program Fees

- (1) **Project Costs.** Eligible costs of the Energy and Water Conservation Improvements include the cost of equipment and installation. Installation costs may include, but are not limited to, energy audit consultations, labor, design, drafting, engineering, permit fees,⁵ inspection charges, and recording fees, and public records search and title costs.

The installation of Energy and Water Conservation Improvements can be completed by a qualified contractor of the property owner's choice. Eligible costs do not include labor costs for property owners that elect to do the work themselves. For purposes of mPOWER Placer, "qualified contractors" are those contractors who are appropriately licensed for the Improvement proposed to be installed.

Property owners who elect to engage in broader projects such as home or business remodeling may only receive mPOWER Placer Financing for that portion of the cost of retrofitting existing structures with Energy and Water Conservation Improvements. Repairs and/or new construction do not qualify for mPOWER Placer Financing except to the extent that the construction is required for the specific approved Improvement. Repairs to existing infrastructure, such as water and sewer laterals, are considered repairs and are not eligible.

The value of expected rebates⁶ but not the value of expected tax credits will be deducted from mPOWER Placer Financing. mPOWER Placer will include information about the tax credit in its presentations to property owners to ensure property owners consider whether to deduct the value of expected tax credits from their financed amount.

- (1) **Program Fees.** The following program costs and fees will be the responsibility of the property owner. The annual assessment fee will be included on the annual tax statement. The other costs and fees may be paid at the time they are incurred, or may be added into the amount to be financed by the property owner:

⁵ All improvements, including those normally exempt from permit requirements, will require an inspection from the local jurisdiction (town, city, unincorporated area). Each jurisdiction sets its own permit and inspection fees. Final inspection by a building inspector will ensure that the Improvements were completed.

⁶ "Expected rebates" do not include rebates (1) that are contingent on performance or (2) that are not available to the property owner at or shortly after completion of the project, so as to be available for use to pay for the project.

- (a) Processing Fee of \$500 for residential projects and \$1,300 for non-residential projects to be charged only on funded applications.
 - (b) Public Record Search and Title Report costs, Regular costs are \$65 for projects under \$5,000, and \$140 for projects \$5,000 and over, but less than \$500,000.
 - (c) Recording fee for the two documents required to be recorded in the real property records to evidence the contractual assessment: (i) the Notice of Assessment and (ii) the Payment of Contractual Assessment Required. The recording fee is set by the Recorder's Office.
 - (d) Appraisal cost as charged by a qualified appraiser selected by the County should the property owner elect to have value determined through an appraisal. Residential appraisal fees are not expected to exceed \$600 based on parameters such as square footage and acreage. Non-residential appraisal costs will be based on property characteristics.
 - (e) Truth in Lending and assessment amortization calculation costs. These calculations are determined by an outside contractor at a cost of \$50.00 per parcel.
 - (f) PACE Loss Reserve Program fee for residential applications. The program fee of .25 % of the principal amount is collected on behalf of CAEATFA for the administration of the PACE Loss Reserve Program.
 - (g) Assessment collection and processing costs will be added to the annual assessment on property tax bills totaling \$25 per year. This cost was determined after consultation with the County Auditor-Controller's.
 - (h) If a property owner wishes to receive multiple disbursements (which the County will consider only in appropriate circumstances), the multiple disbursements will be subject to an additional processing fee.
- (3) OPTIONAL: Escrow fees. Some large projects, or projects with multiple contractors, may benefit from funding through an escrow process. If this process is selected by the property owner, the owner would select an escrow agent, and after the Assessment Contract is signed, the amount requested would be funded into the escrow account. Escrow instructions governing release of the funds would need to be approved by the Treasurer-Tax Collector. All fees related to this process would be the responsibility of the property owner but could be requested as part of Program funding. As in the Multiple Disbursement Assessment Contract, interest on the amount of the requested disbursement will begin to accrue as soon as the escrow is funded. Any amount not needed at the completion of the project must be returned to the Program, and will be deducted from the amount of the assessment lien.

- (4) Debt Service Reserve Fund. A debt service reserve fund will be required as part of the mPOWER Placer Financing program. The reserve fund may be funded by one or more of the following sources: (i) the “spread” between the Placer mPOWER interim funding source interest rate and the mPOWER Placer Financing interest rate offered to the property owner, (ii) state and federal grant funds available for this purpose, and (iii) the mPOWER Placer Financing program, with the cost of the reserve fund paid by the contractual assessments.
- (5) Prepayment Premium. Assessments are subject to a prepayment premium as stated in Exhibit 1 of the Assessment Contract (Appendix C). The Board of Supervisors has authorized the Treasurer-Tax Collector waive prepayment premiums.

F. Program Administrative Costs

The Program may elect to cover all or a portion of its costs through the “spread” between its interim funding source interest rate and the mPOWER Placer Financing interest rate offered to the property owner. Similarly, it may elect to recover mPOWER Placer costs through a spread between bond rates and assessment rates, or the spread between interest rates of any financial vehicle and assessment rates. The Program may also, collect an application fee based a Fee Study and approved by the Board of Supervisors.

III. TRACKS FOR PARTICIPATION

There are four categories or “tracks” of technologies under which property owners may participate in the Program. Property owners may participate in more than one or any combination of tracks on the same or subsequent application. Eligible Improvements must meet specified minimum efficiency standards. A complete list of approved Improvements is set out in Appendix A.

A. The Water Conservation Track

The Water Conservation Track covers a wide range of water conserving fixtures, including low flow toilets, tankless water heaters, low flow shower heads, and irrigation controllers.

B. The Energy Efficiency Track

The Energy Efficiency Track covers a wide range of energy efficiency fixtures from windows and doors, attic insulation to HVAC equipment that is Energy Star rated. Packaged and central air conditioning systems must meet specified minimum efficiencies.

C. The Solar Track

The Solar System Track covers solar energy generation and solar hot water systems.

D. The Custom Measure Track

The development of technologies is encouraged by Placer County as a means of diversifying the energy sources in the County. The Custom Measure Track will evaluate and provide funding, if appropriate, for innovative projects.

Applicants for the Custom Measure Track should consult with mPOWER Placer Staff to determine eligibility and will be required in most cases to submit engineering plans and other specifications. The Treasurer-Tax Collector, or designated staff, will approve the Custom Measure Track application on a case-by-case basis, and may request consultation from outside technology experts in making this decision. The Applicant would be expected to bear the cost of such consultation. Cost reimbursement would be discussed with the Applicant before the project was reviewed.

IV. Water Conservation, Energy Surveys, and Solar Site Checks

A. Residential Properties

Water conservation and energy audits are highly recommended but not required. By participating in mPOWER Placer, the property owner is investing in the future, by making improvement to their property that will lead to reduced water and energy usage and reductions in greenhouse gas emissions. The property owner is also making a financial investment; this decision should be made based on both the efficiency and the cost effectiveness of the Energy and Water Conservation Improvements. mPOWER Placer Staff recommend that property owners complete a water conservation and energy audit or survey to assess water conservation, energy efficiency, and renewable energy opportunities for the property. Residential property owners may obtain an onsite survey by hiring a HERS II rater, or equivalent. Property owners can also check with their local energy and water provider to see if free energy and water conservation surveys are available.

Onsite energy inspections/audits can provide the property owner with valuable information about how to maximize energy savings for the dollars invested. The auditor will make an on-site inspection of the property and evaluate the condition of the building and recommend an energy savings priority list, which will provide the greatest benefit for the money invested. These inspection/audits also provide valuable data on energy usage, savings and GHG emissions reductions, all of which are goals of mPOWER Placer. Costs incurred to conduct onsite audits or surveys may be included in the application for mPOWER Placer Financing.

B. Non-residential Properties

A site-specific energy audit is required, except in limited circumstances, for non-residential properties. Some energy providers offer free site-specific audits for non-residential properties to help property owners determine the most cost-effective and efficient route to maximize investment and energy savings. Energy providers may provide an individual report tailored to the business describing energy-saving opportunities and analysis of potential savings. Non-residential property owners can also obtain an energy audit and may include the cost in the application for mPOWER Placer Financing. Property owners can also check with their local water provider to see if free water conservation surveys are available.

V. PROGRAM PARAMETERS

A. Minimum Energy Financing Amount and Duration of Assessment

mPOWER Placer Assessment Contracts are available for up to 20-year terms to accommodate a wide range of efficiency measures and renewable energy investments. The minimum size for an mPOWER Placer Assessment Contract is \$2,500. The term of contractual assessments established by an mPOWER Placer Assessment Contract will be equal to the shorter of (i) 20 years, (ii) the useful life of the financed Energy and Water Conservation Improvements or (iii) such other shorter period requested by the property owner.

B. Maximum Energy Financing Amount

There is no maximum “cap” for an mPOWER Placer Assessment Contract, subject to satisfaction of applicable underwriting criteria. The Committee will be responsible for approving or denying applications for financing in an amount greater than \$60,000 and less than \$500,000. For applications greater than \$500,000, the Committee will make a recommendation to the Treasurer-Tax Collector regarding approval. After review of the Committee’s recommendation, the Treasurer-Tax Collector will make a final recommendation to the Board of Supervisors and prepare the application for the Board of Supervisor’s agenda.

mPOWER Placer Financing will be disbursed directly to the property owner after Energy and Water Conservation Improvements are completed and final documentation is submitted to mPOWER Placer Staff (except in connection with multiple disbursements in circumstances approved by mPOWER Placer Staff). Should the property owner choose, the property owner may assign disbursement to their contractor(s).

C. Maximum Portfolio

The County intends to initially fund mPOWER Placer with a commitment of up to \$33 million provided through a financial arrangement with the County Treasury and utilizing the Placer County Public Financing Authority. The County will explore other financing opportunities, with the goal of expanding the Program to \$50 million. The Program will be evaluated to determine demand and feasibility above \$50 million, and this Report may be amended to increase the maximum aggregate dollar amount of voluntary contractual assessments above \$50 million. In the event that requests appear likely to exceed the total authorized amount, financing will be approved on a first-come-first-served basis.

D. Assessment Interest Rate

The Treasurer-Tax Collector will set the interest rate for an mPOWER Placer Assessment Contract at the time the Program and property owner enter into the Assessment Contract. The interest rate will be fixed at that point and will not go up, although the County may reduce the rate for all Program participants if it is able to negotiate long term financing on sufficiently favorable terms to allow it to do so while still funding the Program costs.

The interest rate for the mPOWER Placer program will be determined periodically by the Treasurer-Tax Collector and ratified by the Board of Supervisors. The interest rate will be set with the intention of creating a self sustaining program at a rate that is competitively priced compared to financing options available through banking or other financial institutions, balanced with the ability to remarket the securities and encourage the future liquidity of the mPOWER Placer program. Initially, the Treasurer-Tax Collector will recommend a fixed rate of interest for the Program to be approved by the Board of Supervisors at the time of financing document approval.

E. Property Assessment Lien

All property owners must execute by notarized signature the mPOWER Placer Assessment Contract. Upon execution of the Assessment Contract, the Program will place a lien for the full amount of the assessment on the property that secures the assessment. If funds are disbursed to property owners before the third Thursday in July, an assessment installment will appear on the next tax bill. For disbursements made after the first business day of August, an assessment installment will not appear on the tax bill until the following tax year, and either (i) the first year's installments will include all accrued interest through the payment date or (ii) the property owner may elect to finance the first year's assessment installments as part of the mPOWER Placer Financing.

F. Delinquent Assessment Collections

Delinquent assessments will be collected using the laws and powers authorized under state statutes for collecting property taxes and assessments. The Board of Supervisors has adopted the alternative tax distribution plan known as the Teeter Plan. Where the County has incurred indebtedness to finance Energy and Water Conservation Improvements, state law also allows delinquent assessments to be collected through foreclosure proceedings to protect lenders.

VI. THE FINANCIAL STRATEGY

The County Treasurer will establish the mPOWER Placer Fund ("the Fund") and may accept funds from any available source and may disburse the funds to eligible property owners for the purpose of funding Energy and Water Conservation Improvements. Repayments will be made pursuant to Assessment Contracts between the property owners and County of Placer and will

be collected through the property assessment mechanism in the Placer County property tax system.

The County will manage the mPOWER Placer program in one enterprise fund with multiple sub-funds. It is necessary to ensure that financings equal the County's receivables. Likewise, it is necessary to separate the County's funds for repaying bonds, etc. to ensure funds are available when payment is due. The Treasurer-Tax Collector has the authority to develop the necessary accounting structure needed to run the mPOWER Placer.

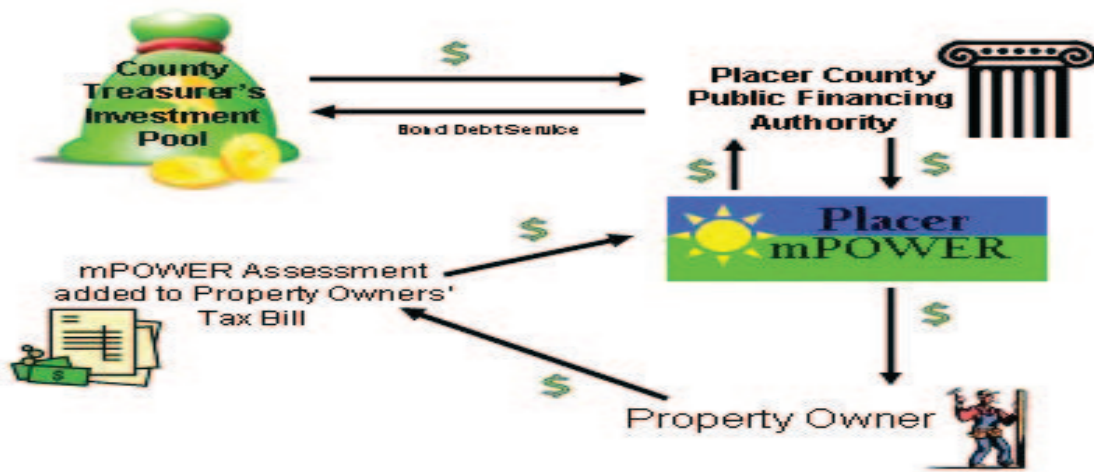
The Placer County Public Financing Authority (the "Authority") is a joint powers agency formed to assist the County with financings. The County and the Authority intend to cooperate in a financing arrangement whereby the Authority issues a bond or a series of bonds in an aggregate principal amount not to exceed \$33 million to be purchased by the Treasurer for its Treasury Pool. The aggregate amount of bonds outstanding at one time and owned by the Treasurer for its Treasury Pool may not exceed five percent of the total Treasury Pool.

An example of a possible financing arrangement is briefly described below.

The Authority will issue one or more bonds (the "Bonds") in an initial principal amount not to exceed \$33 million. The Bond(s) may be a single draw down bond, The Treasurer will purchase the Bond from the Authority for the Treasury Pool.

The Authority will make a loan (the "Loan") of the Bond proceeds to the County pursuant to a loan agreement between the County and Authority (the "Loan Agreement"). The County will use the Loan proceeds to finance the Energy and Water Conservation Improvements pursuant to the Assessment Contracts and to pay Program administrative costs. The Loan Agreement will obligate the County to repay the Loan from the assessments received by the County pursuant to the Assessment Contracts (excluding the annual administrative assessments to be paid by the property owners). In turn, the Authority will repay the Bond from the loan payments paid by the County pursuant to the Loan Agreement.

When the mPOWER Placer program is ready to advance funds to property owners in connection with a designated group of Assessment Contracts (i.e., typically, the Energy and Water Conservation Improvements have been completed and inspected) the principal balance of the bond will be adjusted to reflect the aggregate amount advanced by the County pursuant to the Assessment Contracts and to pay Program administrative costs.,



Each year, the County may use assessment revenues in excess of the amounts needed to repay the Loan to fund a reserve account and a program expense account. Moneys in the reserve account will provide additional security for the repayment of the Loan. Moneys in the Program expense account may be used to pay or reimburse the County for expenses to administer the mPOWER Placer Program. The County may use surplus funds that remain after the payment of the Bond at maturity or upon early redemption for any lawful purpose for the Program.

The County will use revenues from the assessment interest rate and administrative assessment provided for in each Assessment Contract to pay for the administrative expenses of the County and Authority in connection with the Bond and the collection of the assessments. The assessment interest rate will cover the cost of administering the Program. The annual administrative expense is expected to be 1% of the annual assessment to cover the Auditor's cost of placing the charge on the tax roll plus \$10, to cover the Treasurer's cost of the administering the annual assessments.

For long-term and additional financing, the Treasurer-Tax Collector will explore funding opportunities from a number of other potential funding sources, which may include but are not limited to funds under the control of the Board of Supervisors; the issuance of notes, bonds, or agreements with utilities or public or private lenders, other governmental entities and quasi-governmental entities such as, CalPERS and Cal STRS; or any financing structure allowed by law.

The Treasurer-Tax Collector in consultation with the County Executive Officer has the authority to establish an mPOWER Placer budget to be approved by the Board of Supervisors.

VII. CONSUMER PROTECTION

The mPOWER Placer program is subject to certain State and federal laws designed to protect consumers. Among other things, these laws require the County to disclose information to property owners and, only during the three-day period following execution of the Assessment Contract, guarantee a property owner the right to rescind the Assessment Contract without penalty. The County will comply with all applicable State and federal laws in connection with the mPOWER Placer program.

VIII. CHANGES TO REPORT

This Program Report may be changed from time to time. No such changes will adversely affect the amounts payable by a property owner under an existing Assessment Contract. The Treasurer-Tax Collector may make changes to this Report that the Treasurer-Tax Collector reasonably determines are necessary to clarify its provisions. Any changes to this Report that materially modify the mPOWER Placer Program will only be made with the approval of the Board of Supervisors.

The Treasurer-Tax Collector may modify from time to time the Eligible Improvements List, and Assessment Contract attached hereto as Appendix A, and Appendix C, respectively, as deemed necessary by the Treasurer-Tax Collector to effectuate the purposes of the Program.

APPENDICES

APPENDIX A: Eligible Improvements

mPOWER Placer provides funds for a number of equipment types, including water conservation measures, energy efficiency measures, solar systems, and other innovative, energy-saving and energy generation custom measures, only to the extent that the improvements are permanently attached to the property. In each case, if a rebate is available to the property owner to be applied to the purchase price, that amount must be deducted from the amount of financing requested.

I. WATER CONSERVATION MEASURE

A. Residential Indoor Water Conservation Measures

- (1) High efficiency toilets (average flush volume of 1.28 gallons or less)
- (2) Dual Flush Toilets
- (3) Showerheads (1.75 gpm)
- (4) Bathroom aerators (1.5 gpm)
- (5) Hot water delivery options, as defined by the Energy Star “[Volumetric Hot Water Savings Guidelines](#)”
 - (a) Hot water recirculation systems use a hot water circulating pump to pump hot water from the water heater, through the hot water piping, and back to the water heater through an additional length of pipe that runs from the furthest fixture back to the water heater.
 - (b) Demand initiated hot water systems use a recirculation pump to rapidly pull hot water from a water heater while simultaneously sending cooled-off water from the hot water lines back to the water heater to be reheated.
 - (c) Whole house manifold systems consist of a manifold (trunk line) connected to the water heater from which individual pipes (twigs) are connected to each water fixture.
 - (d) Core plumbing systems are hot water distribution systems where water volumes in the pipes are reduced by a combination of smaller pipe diameters and shorter pipe runs due to a centrally located water heater.

- (6) Demand initiated water softeners, Energy Star rated
- (7) Demand initiated or instantaneous hot water heater
- (8) Hot water pipe insulation (minimum of R4)

B. Residential and Non-residential Outdoor Water Conservation Measures

- (1) A weather-based irrigation controller, or Smart irrigation controller with a rain shut off device, uses weather data and site information such as plant type and sprinkler system output to adjust watering times and frequency. This provides more efficient watering, reduces water run-off and improves the health of your landscape.
- (2) Permanently installed rainwater cisterns.
- (3) Drip irrigation systems in gardens, planters and beds. Drip irrigation can save up to 70% in water usage due to more efficient delivery.
- (4) Matched precipitation sprinklers so that all spray patterns and radius deliver water evenly over the landscape area.
- (5) Evapotranspiration based irrigation controllers
- (6) Irrigation system retrofits:
 - a. Conversion of overhead spray to drip
 - b. Conversion of conventional spray nozzles to rotator nozzle

C. Non-residential Water Conservation Measures

- (1) All applicable water conservation measures listed for “residential”
- (2) Pre-rinse spray valves (.64 gpm)
- (3) Urinals (pint)
- (4) Waterless urinals
- (5) Bathroom aerators (0.5 gpm)

D. Non-residential Custom Measures

- (1) Industrial process water use reduction
- (2) Recycled water source
- (3) Deionization
- (4) Filter upgrades
- (5) Cooling condensate reuse
- (6) Foundation drain water
- (7) Cooling tower conductivity controllers

E. Residential and Non-residential Recycled Water Use (Custom Track Measures)

- (1) Outdoor irrigation

II. ENERGY EFFICIENCY MEASURES

The **mPOWER Placer** provides services and funding for a wide range of Energy Star-rated efficiency measures, including many Energy Efficiency measures for which property owners can get rebates as well as **mPOWER Placer** funding. Except the HVAC equipment as noted below, efficiency measures must meet the performance criteria stated in the list of Eligible Improvements or the Energy Star minimum efficiency levels.

For all packaged and central air conditioning systems funded in this Program, the minimum efficiency levels shall be as required by the current minimum requirements set forth in List of Eligible Improvements.

All other proposed efficiency measures will be considered in the Custom Measure Track. Specifically, any energy efficiency measure eligible for a rebate(s) from a California utility is considered to be an Eligible Improvement.

The County of Placer anticipates that Energy Star requirements will “ratchet up” to greater efficiency levels over time. Energy Star will also become more inclusive of technologies over time. Thus, the **mPOWER Placer** will evolve with Energy Star and the market for energy-efficient technologies.

The following Energy Star measures – among others – are eligible in the Efficiency Track.

A. Residential Energy Efficiency Measures

- (1) Geothermal exchange heat pumps
 - (a) Minimum efficiencies
 - (i) Ground source exchange open loop system 18.2 EER or higher
 - (ii) Ground source exchange closed loop system 16.1 EER or higher
- (2) Home EV charging installations
- (3) Whole house fans
- (4) HVAC Systems
 - (a) Minimum efficiencies must meet current Energy Star minimums. Existing requirements:
 - (i) Split systems with 14.5 SEER and 12 EER or higher rating with thermal expansion valve (TXV).
 - (ii) Natural gas furnaces of 90 AFUE or higher
 - (iii) Package systems with 14.5 SEER and 12 EER or higher rating with thermal expansion valve (TXV).
 - (iv) Meet applicable duct sealing requirements (d) & (e) below
 - (b) Home energy management control systems
 - (c) Duct insulation: Meeting Energy Star guideline
 - (d) Duct sealing: Meeting Title 24 “alterations requirement”.
 - (e) Duct replacement: Meeting Title 24 “alterations requirement”
- (5) Evaporative Coolers and all water/ice based cooling units
 - (a) Cooler must have a separate ducting system from air conditioning and heating ducting system
 - (b) Maximum 5 gallons/ton-hour cooling
- (6) Natural gas storage water heater, EF of 0.67 or higher and Energy Star listed
- (7) Tankless water heater, EF of 0.82 or higher and Energy Star listed
- (8) Solar water heater systems, rated by Solar Rating Certification Council

- (9) Cool roof system as defined by the 2008 California Building Energy Efficiency Standards (also called the California Energy Code). Roofing replacement eligible under this program shall be:
- (a) Tested and rated through the Cool Roof Rating Council (CRRC);
 - (b) Be labeled for its initial reflectance and initial emittance as determined in the CRRC tests and be labeled that the product meets Title 24, Section 118(i);
 - (c) Achieve at least a 0.75 initial emittance and 0.70 initial reflectance or, if the initial emittance is less than 0.75, have an initial reflectance of at least $[0.70 + \{0.34 \times (0.75 - \text{initial emittance})\}]$; **and**, if applied as a liquid coating in the field, be applied at a minimum dry mil thickness of 20 mils* across the entire roof surface and meet performance requirements listed in the table shown immediately below:

Physical Property	ASTM*** Test Procedure	Requirement
Initial percent elongation (break)	D 2370	Minimum 60% 0 °F (-18 °C) Minimum 200% 73 °F (23 °C)
Initial tensile strength (maximum stress)	D 2370	Minimum 100 psi (1.38 Mpa) 73 °F (23 °C) Minimum 200 psi (2.76 Mpa) 0 °F (-18 °C)
Final percent elongation (break) after accelerated weathering 1000 h	D 2370	Minimum 40% 0 °F (-18 °C) Minimum 100% 73 °F (23 °C)
Permeance	D 1653	Maximum 50 perms
Accelerated weathering 1000 h	D 4798	No cracking or checking Any cracking or checking visible to the eye fails the test procedure
<p><i>NOTE: Aluminum-pigmented asphalt roof coatings and cement-based roof coatings are not required to meet this table. The former must meet ASTM D2824, D6848, and D3805 and the latter must meet greater dry mil thicknesses (depending on the substrate) and meet ASTM D822. Details are found in Standards Section 118(i)3.</i></p>		

- (10) Reflective roofs and coatings
- (11) Insulation
 - (a) Zone 11: Attic: R30 Walls: R13 Floors: R19
 - (b) Zone 16 Attic: R38 Walls: R25 Floors: R25
- (12) Reflective insulation, radiant barriers
- (13) Attic fans with thermostat control
- (14) Windows and glass doors following Energy Star Guidelines for U Value and solar heat gain coefficient. Currently,

- | | | |
|-------------|----------------|-------------|
| (a) Zone 11 | U value ≤ 0.35 | SHGC ≤ 0.30 |
| (b) Zone 16 | U-value ≤ 0.30 | SHGC ≤ 0.40 |
- (15) Window film, in compliance with the NFRC glazing attachment ratings for solar heat gain and visible transmittance
 - (16) Weather-stripping, following Energy Star guidelines
 - (17) Home sealing, following Energy Star guidelines
 - (18) Skylights following Energy Star Guidelines for U Value and solar heat gain coefficient. Currently,

(a) Zone 11	U value ≤ 0.57	SHGC ≤ 0.30
(b) Zone 16	U value ≤ 0.55 ;	SHGC ≤ 0.40
 - (19) Solar tubes
 - (20) Additional building openings to provide additional natural light, windows and doors must meet the Energy Star ratings listed in Item (14)
 - (21) Lighting, Energy Star listed (hardwire only) (no bulb only retrofits)
 - (22) Pool equipment
 - (a) Pool circulating pumps (must be variable speed or greater than two speeds with controllers)
 - (23) EPA certified wood stoves or wood heating appliances independently tested by an accredited laboratory to meet a particulate emissions limit of 7.5* grams per hour for non-catalytic wood stoves and 4.1* grams per hour for catalytic wood stoves.

B. Residential Energy Efficiency Custom Measures

- (1) Passive solar (heating/cooling)

C. Non-residential Energy Efficiency Measures

- (1) Heating, ventilating and air conditioning systems (“HVAC”)
 - (a) Minimum efficiencies meeting CEE Tier One Standards. Currently:
 - (i) Split systems with 16 SEER or 13 EER
 - (ii) Package systems with 14 SEER or 12 EER

- (2) Geothermal exchange heat pumps
 - (a) Minimum efficiencies
 - (i) Ground source exchange open loop system 16.2 EER or higher
 - (ii) Ground source exchange closed loop system 14.1 EER or higher
- (3) High efficiency electric hand dryer
- (4) All applicable energy efficiency measures listed in “Residential” section
- (5) Lighting
 - (a) LED exit signs
 - (b) Lighting control and sensors
 - (c) <30 watt T8 retrofits for fluorescent replacements
 - (d) Custom lighting retrofits with 30% or greater energy reduction

D. Non-residential Energy Efficiency Custom Measures

- (1) Building energy management systems that are DDC controlled. (Electronic-not pneumatic).
- (2) Lighting control systems, which shall include occupancy sensors and other energy saving measures
- (3) HVAC duct zoning control systems
- (4) Motors and controls (processing or manufacturing equipment) Where available, motors must be “NEMA” standard for “Premium” level efficiency.
- (5) Customer electric vehicle plug-in station

III. SOLAR EQUIPMENT

Solar track funding is available for a wide range of solar equipment. mPOWER Placer funding will be available for photovoltaic equipment and installers. Solar thermal equipment must be rated by the Solar Rating Certification Council (SRCC). As with efficiency measures, if a rebate is available to the property owner to be applied to the purchase price, that amount must be deducted from the amount of financing requested. Eligible solar equipment for both residential and non-residential properties includes:

- (1) Solar thermal systems (hot water)

- (2) Solar thermal systems for pool heating
- (3) Photovoltaic systems (electricity) meeting CEC equipment standards.
 - (a) Battery back-up systems will be allowed
 - (b) Funding for off-grid systems will be allowed
 - (c) PV systems can be sized to accommodate plug-in electric vehicles
 - (d) Plug in stations
- (4) Emerging technologies – following the Custom Measures Track
 - (a) Nano/thin film photovoltaic
 - (b) High intensity (parabolic solar panels)

IV. CUSTOM MEASURES

The Custom Measures Track is a process by which mPOWER Placer Staff can evaluate and fund projects that are not “off the shelf” improvements listed in the eligible Water Conservation, Energy Efficiency or Solar Measures. These custom projects may involve large scale industrial or commercial energy efficiency improvement projects, such as process or industrial mechanical systems, renewable energy sources and energy generation, other than the solar system (photovoltaic), such as geothermal, and potentially fuel cells, as well as more complex and cutting edge energy management solutions and emerging technologies. The Custom Measure Track will evaluate and provide funding, if appropriate, for these innovative projects.

Applicants for the Custom Measure Track should consult with mPOWER Placer Staff to determine eligibility and will be required in most cases to submit engineering plans and specifications. An mPOWER Placer Custom Measure’s Track review/technical panel will meet to review the engineering documents and data for custom and emerging technology projects. mPOWER Placer may require an additional administrative fee for project evaluation by the technical review. In all cases, the County reserves the right to decline funding of a custom measure.

The following types of measures – among others – will be considered for mPOWER Placer funding through the Custom Measure Track:

A. Energy Efficiency Custom Measures

- (1) Alternative energy generation (other than photovoltaic)

- (2) Building energy management controls
- (3) HVAC duct zoning control systems
- (4) Irrigation pumps and controls
- (5) Lighting controls
- (6) Industrial and process equipment motors and controls

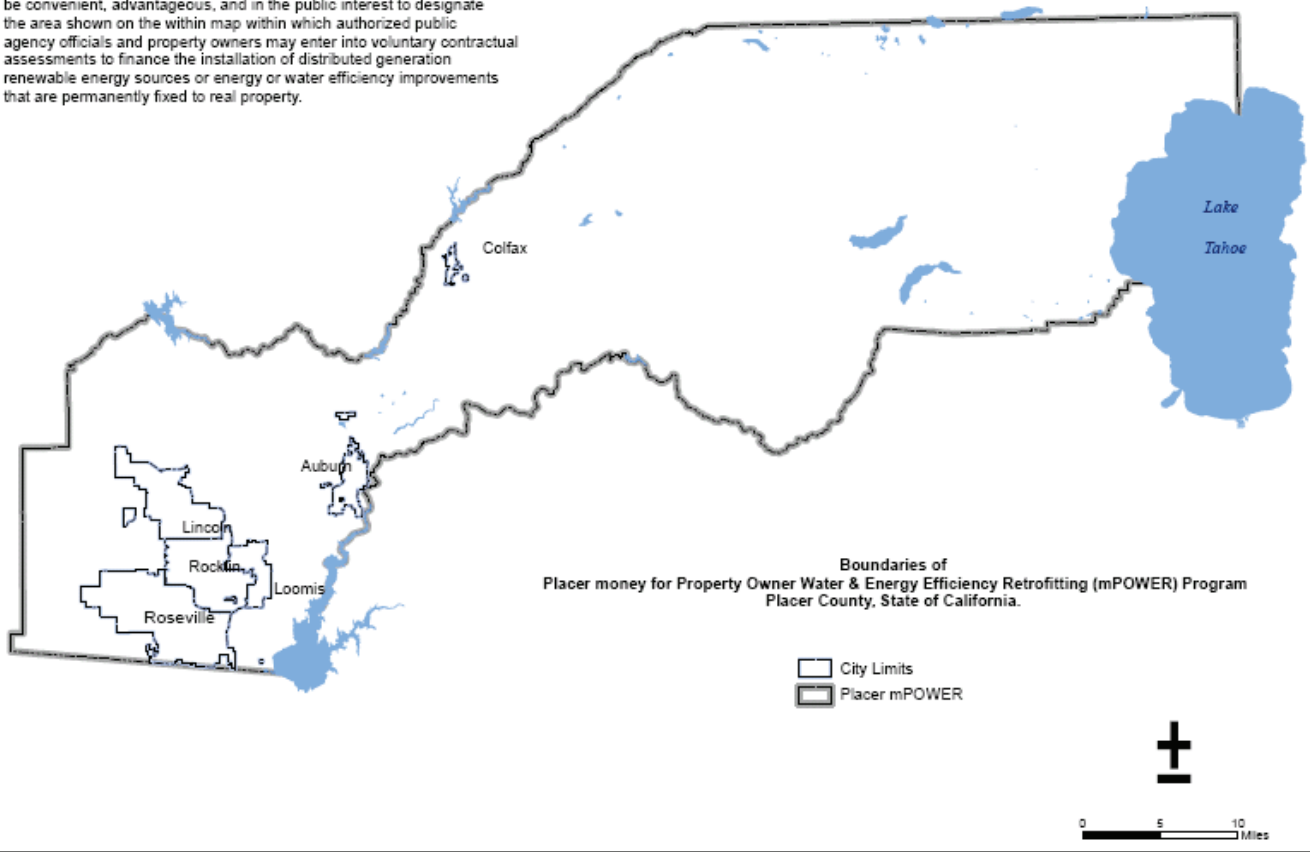
As these “Custom Measures” become Energy Star rated they will be included in the List of Eligible Improvements.

B. Energy Generation Custom Measures

- (1) Fuel Cells
- (2) Natural gas
- (3) Hydrogen fuel
- (4) Other fuel sources (emerging technologies)
- (5) Co-generation (heat and energy)

APPENDIX B: Map of Program Area

The within map shows the boundaries of the "Placer money for Property Owner Water & Energy Efficiency Retrofitting (mPOWER) Program," State of California. Pursuant to Chapter 29 of Part 3 of Division 7 of the Streets & Highways Code of the State of California, the legislative body of Placer County has determined that it would be convenient, advantageous, and in the public interest to designate the area shown on the within map within which authorized public agency officials and property owners may enter into voluntary contractual assessments to finance the installation of distributed generation renewable energy sources or energy or water efficiency improvements that are permanently fixed to real property.



APPENDIX C: DRAFT ASSESSMENT CONTRACT Updated 5-4-2011

AGREEMENT TO PAY ASSESSMENT AND FINANCE IMPROVEMENTS

**COUNTY OF PLACER
mPOWER Program**

This AGREEMENT TO PAY ASSESSMENT AND FINANCE IMPROVEMENTS (this "**Agreement**") is made and entered into as of this _____ day of _____, 20__, by and between the County of Placer (the "**County**") and the record owner(s) (the "**Property Owner**") of the fee title to the real property identified on Exhibit A (the "**Property**").

RECITALS

WHEREAS, the County has established the "Placer money for Property Owner Water & Energy Efficiency Retrofitting Program" (the "**mPOWER Program**") to allow the financing of certain renewable energy, energy efficiency and water efficiency improvements that are permanently fixed to real property (the "**Authorized Improvements**") through the levy of contractual assessments pursuant to Chapter 29 of Division 7 of the Streets & Highways Code ("**Chapter 29**") and the issuance of improvement bonds under the Improvement Bond Act of 1915 (Streets and Highways Code Sections 8500 and following) (the "**1915 Act**") upon the security of the unpaid contractual assessments; and

WHEREAS, Chapter 29 provides that assessments may be levied under its provisions only with the free and willing consent of the owner of each lot or parcel on which an assessment is levied at the time the assessment is levied pursuant to a contract between the property owner and the public agency; and

WHEREAS, the County has conducted the proceedings required by Chapter 29 with respect to the territory within the boundaries of the County; and

[If located in incorporated territory of a town or city] WHEREAS, the [Town/City] has consented to (i) owners of property within its jurisdiction (the "**Participating Property Owners**") participating in the mPOWER Program and (ii) the County conducting assessment proceedings under Chapter 29 and issuing bonds under the 1915 Act or entering into other financing arrangements to finance the Authorized Improvements; and

WHEREAS, pursuant to Chapter 29, the County and the Property Owner wish to enter into a contract pursuant to which the Property Owner will agree to pay an assessment in order to finance the installation on the Property of the Authorized Improvements described in Exhibit B (the "**Improvements**") and the County will agree to provide financing, all on the terms set forth in this Agreement;

NOW, THEREFORE, in consideration of the foregoing and the material covenants hereinafter contained, the Property Owner and the County formally covenant, agree and bind themselves and their successors and assigns as follows:

AGREEMENT

Section 1. Purpose. The Property Owner and the County are entering into this Agreement for the purpose of financing the installation of the Improvements identified on Exhibit B on the Property. The County will not finance installation of Improvements other than those listed on Exhibit B.

Section 2. The Property. This Agreement relates to the real property identified on Exhibit A. The Property Owner is the current owner of fee title to the Property and the undersigned possesses all legal authority necessary to execute this Agreement on behalf of the Property Owner.

Section 3. Agreement to Pay Assessment; Prepayment; Non-Completion Assessment.

(a) Payment of Initial Assessment. The Property Owner hereby freely and willingly agrees to pay the initial assessment set forth on Exhibit C (the “**Initial Assessment**”). The County will not provide financing in an amount in excess of the Initial Assessment.

Except as otherwise set forth in this Agreement, the Initial Assessment will be paid in the installments set forth in Exhibit C. There are two schedules set forth in Exhibit C. If the County issues a bond or enters into another financing relationship to finance installation of the Improvements on the Property before the County’s deadline for placing the first year’s installments of the Initial Assessment on the County’s property tax roll, then the first year’s installments will be billed on the Property Owner’s property tax bill. Schedule 1 shows the amount of the Initial Assessment and the Initial Assessment installments payable in this circumstance.

If the County issues a bond or enters into another financing relationship to finance installation of the Improvements on the Property after the County’s deadline for placing the first year’s installments of the Initial Assessment on the County’s property tax roll, then the first year’s Initial Assessment installments will be financed and will be included in the amount of the Initial Assessment. Schedule 2 shows the amount of the Initial Assessment and the Initial Assessment installments payable in this circumstance.

Interest will accrue on the Initial Assessment at the interest rate set forth on Exhibit A beginning on the date on which the County issues bonds or enters into another financing relationship to finance installation of Improvements on the Property.

(b) Payment of Non-Completion Assessment. The Property Owner hereby freely and willingly agrees to pay the additional assessment (the “**Non-Completion Assessment**”) identified on Exhibit A in the event that the Property Owner fails to install the Improvements in compliance with the mPOWER Program rules or otherwise fails to meet the conditions established by the County for financing through the mPOWER Program. The Property Owner acknowledges that the purpose of the Non-Completion Assessment is to pay any costs incurred by the County in order to release the lien of the Assessment on the Property. The Property Owner further acknowledges that the Non-Completion Assessment will be levied in full by the County as set forth in Section 5898.30 of Chapter 29 in the first fiscal year in which the County is able to cause the Non-Completion Assessment to be placed on the County property tax roll.

(c) Administrative Expenses. The Property Owner hereby acknowledges that, pursuant to the 1915 Act, including Sections 8682(b) and 8682.1(a), the County may add amounts to an annual installment of the Initial Assessment in order to pay for the costs of collecting the Assessment (the “**Additional Administrative Assessment**”; together with the Initial Assessment and the Non-Completion Assessment, the “**Assessment**”).

(d) Prepayment of the Assessment. The Assessment may be prepaid, in whole or in part, at any time upon the payment of (a) the whole or a portion of the unpaid principal component of the Assessment, (b) the accrued but unpaid interest component of the whole or applicable portion of the unpaid principal component of the Assessment through the prepayment date, (c) a prepayment premium in the amount set forth on Exhibit A and (d) the reasonable costs of the County related to such prepayment

(e) Absolute Obligation. The Property Owner hereby agrees that the Assessment will not be subject to reduction, offset or credit of any kind in the event that the bonds or other financing relationship secured thereby are refunded or for any other reason.

Section 4. Collection of Assessment; Lien. The Assessment, and the interest and penalties thereon as a result of a delinquency in the payment of any installment of the Assessment, shall constitute a lien against the Property until they are paid and shall be collected and shall have the lien priority as set forth in Chapter 29.

The Property Owner acknowledges that if any Assessment installment is not paid when due, the County has the right to have the delinquent installment and its associated penalties and interest stripped off the secured property tax roll and immediately enforced through a judicial foreclosure action that could result in a sale of the Property for the payment of the delinquent installments, associated penalties and interest, and all costs of suit, including attorneys’ fees. The Property Owner acknowledges that, if bonds are sold to finance the Improvements or if the County enters into any other financing relationship in order to finance the Improvements, the County may obligate itself, through a covenant with the owners of the bonds or the provider of any other financing relationship, to exercise its foreclosure rights with respect to delinquent Assessment installments under specified circumstances.

(a) Lender Notification. The County intends to collect the Assessment installment using the county property tax bill. In the event the Property is delinquent in the payment of an installment (the first installment is delinquent after December 10th of each year; second installment is delinquent after April 10th of each year), the County shall send notice of the delinquency to the lender. At least 30 days prior to initiating judicial foreclosure of a delinquent Assessment installment, and for the purpose of giving a lender the opportunity to pay any delinquent Assessment installment(s) (and any penalties and interest), the county will provide each lender whose loan is secured by the Property and whose security interest is recorded in the real property records with written notice of its intent to initiate judicial foreclosure. For the purposes of this section, the County will provide such notice to a lender at the address stated on the lender Acknowledgement executed by the lender or such other address provided by the lender to the County Treasurer-Tax Collector for the purposes of this section 4(a).

(b) Pursuant to the 1915 Act as of the date of this Agreement, (i) the County may order judicial foreclosure of Assessment installments (together with any penalties, fees and costs) if they are not paid when due, (ii) only delinquent Assessment installments can be foreclosed, (iii) non-delinquent Assessments cannot be accelerated or foreclosed, (iv) additional Assessment installments may be added to the foreclosure action as they become delinquent,

but not until then, (v) the foreclosure action must be dismissed prior to final judgment upon payment of the amount of any delinquent Assessment installments (together with any penalties, fees and costs) to the date of payment and (vi) unpaid Assessment installments remain an obligation of the Property following any change of ownership of the Property.

Section 5. Financing of the Improvements.

(a) Agreement to Finance Improvements. The County hereby agrees to use the Assessment to finance the Improvements, including the payment of the County's reasonable costs of administering the mPOWER Program, subject to the Property Owner's compliance with the conditions for such financing established by the County.

(b) Assessment Installments. The Property Owner agrees to the issuance of bonds or the entry into any other financing relationship by the County to finance the installation of the Improvements. The interest rate used to calculate the Initial Assessment installments set forth on Exhibit C is identified on Exhibit A. If the County determines in its reasonable discretion that the Initial Assessment installments may be reduced because the applicable interest rate on the bonds or other financing relationship issued or entered to finance installation of the Improvements is lower than the interest rate specified in Exhibit A, or if the cost of the Improvements, as shown in a final invoice provided to the County by the Property Owner, is less than the amount shown on Exhibit B, then, concurrently with the disbursement of funds to the Property Owner, the County may provide the Property Owner with a schedule of annual Initial Assessment installments that provides for annual installments that are less than those set forth in the attached Exhibit C.

Section 6. Term; Agreement Runs with the Land; Subdivision.

(a) Except as otherwise set forth in this Agreement, this Agreement shall expire upon the final payment or prepayment of the Assessment.

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

(c) In the event the Property is subdivided while the Assessment remains unpaid, the Assessment will be assigned to the newly-created parcel on which the Improvements are located. If the Improvements no longer exist, the Assessment will be assigned to each of the newly-created parcels on a per-acre basis, unless the County, in its sole discretion, determines that the Assessment should be allocated in an alternate manner.

Section 7. Recordation of Documents. The Property Owner hereby authorizes and directs the County to cause to be recorded in the office of the County Recorder the various notices and other documents required by Chapter 29 and other applicable laws to be recorded against the Property.

Section 8. Notice. To the extent required by applicable law, the Property Owner hereby agrees to provide written notice to any subsequent purchaser of the Property of the obligation to pay the Assessment pursuant to this Agreement.

Section 9. Waivers, Acknowledgment and Agreement. Because this Agreement reflects the Property Owner's free and willing consent to pay the Assessment following a noticed

public hearing, the Property Owner hereby waives any otherwise applicable requirements of Article XIII D of the California Constitution or any other provision of California law for an engineer's report, notice, public hearing, protest or ballot.

The Property Owner hereby waives its right to repeal the Assessment by initiative or any other action, or to file any lawsuit or other proceeding to challenge the Assessment or any aspect of the proceedings of the County undertaken in connection with the mPOWER Program. The Property Owner hereby agrees that the Property Owner and its successors in interest to fee title in the Property shall be solely responsible for the installation, operation and maintenance of the Improvements. The Property Owner hereby represents that the Improvements are intended to be permanently fixed to the Property and the Property Owner covenants not to remove the Improvements for use on any other property. The Property Owner hereby acknowledges that the Property will be responsible for payment of the Assessment regardless of whether the Improvements are properly installed, operated or maintained as expected.

The Property Owner hereby agrees that the County is entering into this Agreement solely for the purpose of assisting the Property Owner with the financing of the installation of the Improvements, and that the County has no responsibility of any kind for, and shall have no liability arising out of, the installation, operation, financing, refinancing or maintenance of the Improvements. Based upon the foregoing, the Property Owner hereby waives the right to recover from and fully and irrevocably releases the County and any and all agents, employees, attorneys, representatives and successors and assigns of the County from any and all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees), relating to the subject matter of this Agreement that the Property Owner may now have or hereafter acquire against the County and any and all agents, employees, attorneys, representatives and successors and assigns of the County.

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

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

By initialing below, the Property Owner agrees to waive the provisions of Section 1542 in connection with the matters that are the subject of the foregoing waivers and releases.

Property Owner's Initials: _____

The waivers, releases and agreements set forth in this Section 9 shall survive termination of this Agreement.

Section 10. Indemnification. The Property Owner agrees to indemnify, defend, protect, and hold harmless the County and any and all agents, employees, attorneys, representatives and successors and assigns of the County, from and against all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees) and any demands of any nature whatsoever related directly or indirectly to, or arising out of or in connection with, (i) the Assessment, (ii) the financing by the County of the Improvements, (iii) the Improvements, (iv) or any other fact, circumstance or event related to the subject matter of this Agreement, regardless of whether such losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees) accrue before or after the date of this Agreement.

The provisions of this Section 10 shall survive the termination of this Agreement.

Section 11. Right to Inspect Property. The Property Owner hereby grants the County, its agents and representatives the right to enter and inspect the Property at any reasonable time, upon reasonable notice, to inspect the Improvements. The Property Owner further hereby grants the County, its agents and representatives the right to examine and copy any documentation relating to the Improvements and to work with applicable utility providers to calculate the benefits attributable to the Improvements.

Section 12. Environmental Benefits. The Property Owner hereby agrees that any credits, such as carbon credits, or other environmental benefits attributable to the Improvements shall be owned by the County.

Section 13. mPOWER Application. The Property Owner hereby represents and warrants to the County that the information set forth in the mPOWER Program Application submitted to the County in connection with its request for financing is true and correct as of the date hereof, and that the representations set forth in the mPOWER Program Application with respect to the Property and the Property Owner are true and correct as of the date hereof as if made on the date hereof.

Section 14. Amendment. Except as set forth in Section 5(b), this Agreement may be modified only by the written agreement of the County and the Property Owner.

Section 15. Binding Effect; Assignment. This Agreement inures to the benefit of and is binding upon the County, the Property Owner and their respective successors and assigns.

The County has the right to assign any or all of its rights and obligations under this Agreement without the consent of the Property Owner. The obligation to pay the Assessment set forth in this Agreement is an obligation of the Property and no agreement or action of the Property Owner will be competent to impair in any way the County's rights, including, but not limited to, the right to pursue judicial foreclosure of the Assessment lien or the right to enforce the collection of the Assessment or any installment thereof against the Property.

Section 16. Exhibits. The Exhibits to this Agreement are incorporated into this Agreement by this reference as if set forth in their entirety in this Agreement.

Section 17. Severability. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision of this Agreement.

Section 18. Corrective Instruments. The County and the Property Owner 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 in order to carry out the expressed intention of this Agreement.

Section 19. Governing Law; Venue. This Agreement is governed by and construed in accordance with the laws of the State of California. Any legal action brought under this Agreement must be instituted in the Superior Court of the County of Placer, State of California.

Section 20. Counterparts. This Agreement may be executed in several counterparts, each of which is an original and all of which constitutes one and the same instrument.

IN WITNESS WHEREOF, the County and the Property Owner have caused this Agreement to be executed in their respective names by their duly authorized representatives, all as of the date first above written.

COUNTY OF PLACER

By: _____

Signature:

Its: _____

The following are the authorized signatories of the Property Owner:

Name: _____ By: _____ Its: _____	Name: _____ By: _____ Its: _____
Name: _____ By: _____ Its: _____	Name: _____ By: _____ Its: _____

GENERAL ACKNOWLEDGMENT

STATE OF CALIFORNIA

COUNTY OF PLACER COUNTY } SS

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

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

WITNESS my hand and official seal.

Signature _____

EXHIBIT 1

Agreement Number: _____

Property Owner: _____

Property (APN/Legal Description): _____

Prepayment Premium: 1st year = 5% of amount prepaid
2nd year = 4% of amount prepaid
3rd, 4th, and 5th year = 3% of amount prepaid

Interest Rate Used to Calculate Initial Assessment Installments: 6%

EXHIBIT 2
IMPROVEMENTS

Description:

Improvement:

Size/Amount:

Annual Production (photovoltaic):

Components:

Other:

APPENDIX D: SUMMARY OF FINANCING PROCESS

mPOWER Placer provides financing (“mPOWER Placer Financing”) for the installation of energy efficiency improvements, water efficiency improvements and renewable energy sources that are permanently fixed to real property (“Improvements”) in Placer County. Property owners will repay mPOWER Placer Financing through an assessment levied against their property, which is payable in semi-annual installments on the County property tax bill and includes an administrative expense component.

A. Project Scoping

The first step in the process is attendance in an information seminar that will provide a Program overview, discussion of financing alternatives, consumer information for selecting a contractor, and will provide educational emphasis on loading order used to achieve maximum energy reductions. The next step in the process is project scoping. For residential properties⁷, water conservation and energy surveys are highly recommended but not required. By participating in mPOWER Placer, property owners are making a financial investment; this decision should be made based on both the efficiency and the cost effectiveness of the improvements. Conducting a water and energy audit will help property owners assess water conservation, energy efficiency, and renewable energy opportunities for their property. If grant funding is made available, the mPOWER Placer program will provide residential property owners with a HERS II or BPI survey. Additionally, residential property owners may obtain an onsite survey by hiring a Home Energy Rating System (“HERS II”) rater, BPI certified rater, or equivalent. For more information, go to www.energy.ca.gov/HERS, or www.BPI.org.

For non-residential properties, an onsite energy audit is required to participate. Non-residential Property owners should check with their local electricity provider for possible free onsite audits.

Residential and non-residential property owners should also check with their local water provider to see if free water conservation surveys are available.

Costs incurred to conduct onsite audits or surveys may be included in mPOWER Placer Financing.

Most property owners will work directly with contractors to determine the scope of their project.

As the project is defined, the property owner obtains a contractor’s bid or determines the cost of the equipment if self-installing. Interested property owners can visit the mPOWER Placer office, located at 2976 Richardson Drive Auburn, CA 95603 or contact mPOWER Placer Staff at (530) 889-4174 or will be able to obtain information from the Program web site.

⁷ For mPOWER Placer, “residential property” is defined as single-family properties with 1-to-4 residential units; “non-residential property” is all other property.

B. Program Application

The property owner visits the mPOWER Placer website or the mPOWER Placer office to complete an mPOWER Placer Program application form (the "Application"). The mPOWER Placer staff can also provide an Application by mail, e-mail or fax upon request.

The property owner submits the Application together with its required attachments. See Application for required attachments.

Applications will be processed once complete on first-come, first-served basis.

C. Public Records Search and Confirmation of Title

mPOWER Placer staff will verify property ownership by performing a public records search. Applicants are responsible for the costs of the title check as follows:

- (1) Financing requests less than \$5000: \$65
- (2) Financing requests \$5000 to \$499,999: \$215
- (3) Financing requests \$500,000 and above contact mPOWER Placer for estimate.

Public Records Search and Title costs may be included in the mPOWER Placer financing request.

D. Application Review

During the Application Review process, mPOWER Placer staff verifies that:

- (1) The Application is complete and accurate;
- (2) The property owner(s) owns the Property;
- (3) The Property is developed and within the County;
- (4) The Property meets applicable eligibility criteria;
- (5) The property owner has executed all declarations required in the Application;
- (6) The proposed Improvements and costs are eligible to be financed under the Program. If the proposed Improvements are part of a project that includes new construction (e.g., a room addition), the costs of the work have been properly allocated between adding mPOWER Placer Improvements and new construction;

- (7) All required documents have been submitted (including for non-residential properties, onsite energy audit report);
- (8) mPOWER Placer funding is available. Within 15 business days of receipt of an application, mPOWER Placer Staff notifies the property owner if the application is incomplete, approved, denied or requires additional approval.
- (9) Incomplete. An application shall be deemed incomplete if it is missing any information or attachments the property owner is required to provide. Incomplete applications may be resubmitted. mPOWER Placer Staff will process resubmitted applications on a first-come, first-served basis based upon the new receipt date.
- (10) Approved. An application for up to \$60,000 of financing shall be approved if mPOWER Placer Staff have verified all of the items in step (1) through (9).
- (11) Denied. An application shall be deemed denied if mPOWER Placer Staff cannot verify any of the items in steps (1) through (9). mPOWER Placer will send a written denial notice. Property owners are free to submit a new or amended application, which will be processed on a first-come, first-served basis based upon the new receipt date. If an application is denied on the sole basis that mPOWER Placer funding is not available, the application does not need to be resubmitted; applicants will be placed on a waiting list based on the date of application receipt.
- (12) Requires Additional Approval. Applications for mPOWER Placer financing between \$60,000 and \$500,000 require approval of the Program Steering Committee. The property owner will be notified that the application is complete and has been forwarded to the Steering Committee for approval. Applications for mPOWER Placer Financing of \$500,000 or more require approval of the Board of Supervisors. The property owner will be notified that the application is complete and has been forwarded to the Treasurer-Tax Collector to prepare an agenda item for the Board of Supervisors. The property owner will be advised once a Board of Supervisors date is set.
- (13) With respect to an application to finance a renewable energy system(s) other than solar (such as wind or geothermal) or a custom energy efficiency measure(s) (such as a combined heat and power system cogeneration system), or to finance an emerging technology (“Custom Measures”), mPOWER Placer Staff reserve the right to require the appropriate engineering documentation and energy studies showing the energy savings and/or energy generation capabilities of the proposed project. mPOWER Placer Staff may also charge an additional administrative fee for this technical review to be discussed with the property owner before proceeding.

E. mPOWER Placer Financing Approval

Approval means that funds are reserved for the property owner's approved project for a 90-day period.

F. Permit

After receiving notice of Application approval, property owner (or contractor) must obtain a permit, if required, from the local building official. All Improvements, including those normally exempt from permit requirements, will require an installation verification inspection from the local jurisdiction (town, city, unincorporated area). Final inspection by the permitting jurisdiction will be required to ensure that the Improvements were completed.

A valid final inspection is required before mPOWER Placer can execute an Assessment Contract and reserve mPOWER Placer financing for a project.

G. Installation of Improvements

Property owner enters into a contractual arrangement directly with a contractor for Improvements unless the property owner is self-installing the Improvements. All work is subject to the appropriate jurisdiction's (county, city, or town) permitting and inspections and all other applicable federal state and local laws and regulations. All work must be completed, including the final inspection, within 90 days of Application approval. The property owner and the Treasurer-Tax Collector may agree to an extension of this completion date for good cause.

H. Progress Payments/Multiple Disbursements

If multiple disbursements have been approved, the property owner may request in writing that mPOWER Placer make a progress payment prior to the completion of the work, in which case the Assessment Contract will need to be signed prior to the first disbursement and interest will accrue on the assessment amount advanced at the time of the first disbursement. Progress payment requests must be filed with mPOWER Placer at least five business days before the disbursement date. The disbursement dates are the first and third Thursday of the month. The following conditions must also have been met before disbursement is made:

- (1) At least 75 percent of the required materials have been delivered to the property and have been reasonably secured as confirmed by an onsite inspection. mPOWER Placer Staff has the discretion to make its own determination with respect to whether this condition has been satisfied; and
- (2) The requested progress payment does not exceed 50 percent of the maximum assessment amount.

I. Final Inspections; Final Financing Review

After Improvements are completed, the property owner must contact the local permitting agency for a final inspection and permit finalization. The property owner notifies mPOWER Placer that all work has been completed and submits final documentation: permit final approval; invoices showing all costs, less rebate amounts).

At this time, mPOWER Placer Staff will ask property owners to provide a current mortgage statement verifying that they are current in the payment of their mortgage and will confirm that the property is current in the payment of property taxes. mPOWER Placer staff will also obtain an updated public records and title search.

J. Assessment Contract

The Treasurer-Tax Collector, on behalf of the County, will enter into an Assessment Contract with the property owner.

All property owners of record must sign the Assessment Contract and have their signature(s) notarized. The Assessment Contract (Notice of Assessment) is recorded with the County Recorder's Office. A minimum of thirty days must elapse from the recording of the Assessment Lien to disbursement of funds.

K. Assessment Lien

Upon execution of the Assessment Contract, mPOWER Placer records notice of the assessment in the County Recorder's office. The lien will be for the full amount of the assessment on the property that secures the assessment.

L. Disbursement of mPOWER Placer Financing

Checks will be processed on the first and third Thursday of each month, provided that all required final documentation has been filed with mPOWER Placer five days prior to the disbursement date. Interest begins to accrue as of the date of disbursement.

APPENDIX G

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

[THIS PAGE INTENTIONALLY LEFT BLANK]



**MUNICIPAL BOND
INSURANCE POLICY
(Semi-Annual Payments)**

ISSUER: Placer County Public
Financing Authority, California

Policy No:

MEMBER: Placer County, CA,
California

Effective Date:

BONDS: \$ in aggregate principal
amount of Refunding Revenue Bonds
(mPOWER Placer Program) (Green
Bonds), Senior Series 2018A

Initial Risk Premium: \$
Initial Member Surplus Contribution: \$
Total Initial Insurance Payment: \$
Semi-Annual Insurance Payments: see attached Schedule A

BUILD AMERICA MUTUAL ASSURANCE COMPANY (“BAM”), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the “Trustee”) or paying agent (the “Paying Agent”) for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner’s right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner’s rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner’s right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked, whether for failure to pay any Semi-Annual Insurance Payment set forth in the attached Schedule or otherwise.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for

any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIMEN

**Schedule A to
Municipal Bond Policy No.**

In consideration for the issuance of the Policy on the closing date and as provided in the Bond documents, the Issuer has paid, or caused to be paid, an Initial Insurance Payment comprised of an Initial Risk Premium and an Initial Member Surplus Contribution. Beginning on October 1, 2018, and on each 6-month anniversary thereafter, the Issuer shall pay, or cause to be paid, a semi-annual payment (the “Semi-Annual Insurance Payments”) on the principal amount of Bonds outstanding on such date (taking into account any principal payment made on the Bonds on such date), at the rate of .075% payable semi-annually on October 1 and April 1 as further consideration for the issuance of the Policy as set forth below. No portion of the Initial Risk Premium, the Initial Member Surplus Contribution, or any paid Semi-Annual Insurance Payment is refundable for any reason, including without limitation any legal defeasance or payment on the Bonds prior to maturity.

SPECIMEN

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor

New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN



**CALIFORNIA
ENDORSEMENT TO
MUNICIPAL BOND
INSURANCE POLICY
NO.**

This Policy is not covered by the California Insurance Guaranty Association established pursuant to Article 15.2 of Chapter 1 of Part 2 of Division 1 of the California Law.

Nothing herein shall be construed to waive, alter, reduce or amend coverage in any other section of the Policy. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy language

IN WITNESS WHEREOF, BUILDAMERICA MUTUAL ASSURANCE COMPANY has caused this policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

