



**RESOURCE MANAGEMENT
AGENCY
COUNTY OF TULARE
AGENDA ITEM**

BOARD OF SUPERVISORS

KUYLER CROCKER
District One
PETE VANDER POEL
District Two
AMY SHUKLIAN
District Three
EDDIE VALERO
District Four
DENNIS TOWNSEND
District Five

AGENDA DATE: June 9, 2020

Public Hearing Required	Yes <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Scheduled Public Hearing w/Clerk	Yes <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Published Notice Required	Yes <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Advertised Published Notice	Yes <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Meet & Confer Required	Yes <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Electronic file(s) has been sent	Yes <input checked="" type="checkbox"/>	N/A <input type="checkbox"/>
Budget Transfer (Aud 308) attached	Yes <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Personnel Resolution attached	Yes <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Agreements are attached and signature line for Chairman is marked with tab(s)/flag(s)	Yes <input checked="" type="checkbox"/>	N/A <input type="checkbox"/>
CONTACT PERSON: Celeste Perez PHONE: (559) 624-7010		

SUBJECT: Repayment of United States Department of Agriculture Certificates of Participation for the 1994 Yettem Water Project and Termination of Associated Agreements

REQUEST(S):
That the Board of Supervisors:

1. Approve a revolving fund loan of up to \$35,000 to the Z91 Yettem Water System in County Service Area #1 for the prepayment of obligations under Certificates of Participation (the "COP") with the United States Department of Agriculture related to the 1994 Yettem Water Project; and
2. Approve the repayment of the COP for the Z91 Yettem Water System in accordance with the payoff demand letter from United States Department of Agriculture (USDA); and
3. Approve a Termination Agreement between the County of Tulare, the Tulare County Public Facilities Corporation, and the County of Tulare Treasurer-Tax Collector as Trust Administrator related to the 1994 Yettem Water Project and the COP upon payment in full of any and all outstanding balance by the County on the 1994 Certificates of Participation with the USDA; and
4. Authorize the Chairman to sign the Termination Agreement upon payment in full of any and all outstanding balance by the County on the 1994 Certificates of Participation with the USDA; and
5. Authorize the Treasurer-Tax Collector as Trust Administrator to sign the Termination Agreement upon payment in full of any and all outstanding balance by the County on the 1994 Certificates of Participation with the USDA; and
6. Authorize the Treasurer-Tax Collector as Trust Administrator to take all other reasonable steps as necessary to effect payment to the USDA of outstanding

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- balances and terminate the related trust for the 1994 Yettem Water System Certificates of Participation; and
7. Authorize the Director of the Resource Management Agency or his designee to take all other reasonable steps as necessary to effect payment to the USDA of outstanding balances and remove any leasehold interests and other encumbrances on the Yettem Water System related to the 1994 Yettem Water System Certificates of Participation.

SUMMARY:

The Yettem Water Zone of Benefit in County Service Area #1 (“Yettem Water System”) is owned by the County and operated and maintained by the Resource Management Agency (RMA). The Zone of Benefit for the Yettem Water System was established by Resolution No. 88-0938 and the water system was constructed in 1994-1995 as the 1994 Yettem Water Project.

As part of the 1994 Yettem Water Project, the County, with the cooperation and participation of the Tulare County Public Facilities Corporation (the “Corporation”) and the County of Tulare Treasurer-Tax Collector as Trust Administrator (the “Trust Administrator”), borrowed \$55,300 from the United States Department of Agriculture (USDA) at an interest rate of 4.5% and a maturity date of August 1, 2034 and issued to USDA Certificates of Participation (“COP”) for the repayment of these funds.

Prepayment of all outstanding balance on the COP will be required for the County to transfer the Yettem Water System to the Yettem-Seville Community Services District (“YSCSD”) as part of the Yettem and Seville Water System Improvement Project (the “Project”), as described below.

In order to issue the COP, the County, the Corporation, and the Trust Administrator entered into several agreements, including the following (collectively the “Financing Agreements”):

- **Installment Sale Agreement:** This agreement provided for the Corporation to sell the County certain improvements and facilities connected to the Yettem Water System in exchange for installment payments. This agreement also allows for the prepayment of the outstanding agreement.
- **Assignment Agreement:** In this agreement, the Corporation assigned its right to receive payments under the Installment Sale Agreement from the County to the Trust Administrator.
- **Trust Agreement:** This agreement between the County, the Corporation, and the Trust Administrator allowed the COP to be sold to the USDA [then the Farmers Home Administration, now USDA Rural Development].

Upon paying off the COP, the County, the Corporation, and the Trust Administrator will need to enter into a Termination Agreement, attached hereto as Attachment A, to terminate the Installment Sale Agreement, attached hereto as Attachment B, and the Trust Agreement, attached hereto as Attachment C, and dissolve and release

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any leasehold interests and other encumbrances on the Yettem Water System. This will give the County title to the facilities and parcels free and clear of the encumbrances, and allow the County to transfer the Yettem Water System to the Yettem-Seville Community Services District (YSCSD) in the near future as described below. The Termination Agreement will be sent for consideration by the Board of Supervisors sitting as the Board of Directors of the Corporation under separate cover.

To facilitate repayment of the COP, USDA has issued a demand letter with a payoff date of August 1, 2020 for the outstanding balance of \$30,664.85, attached hereto as Attachment D. This demand letter may be amended by USDA as a date certain for payoff is determined after approval of this item. Further, such a prepayment is expressly allowed under Article X of the Installment Sale Agreement and the Trust Agreement.

The County is the lead agency on the Project to design and construct water system improvements in the communities of Yettem and Seville. The Project is split into two construction phases and a governance component. For the governance component, the County submitted an application to the Tulare County Local Area Formation Commission (LAFCo) to create the Yettem-Seville Community Services District (YSCSD), which has been formed subject to terms and conditions set by LAFCo as noted in LAFCO Resolution No. 18-005, which includes the following:

Following a successful election and the completion of the water system upgrades, Tulare County shall assign its assets, liabilities and debts pertaining to the water systems to the Yettem-Seville CSD. The member agency resolutions assigning the assets and liabilities must be provided to LAFCO.

Repayment of the COP is necessary prior to the transfer of assets to YSCSD. Staff, in conjunction with YSCSD, have prepared a Transfer Agreement that will provide for this transfer of the water systems, which was approved by YSCSD at their April 21, 2020 meeting as Resolution 2020-01 and adoption of this Agreement is proposed under a separate Agenda Item at this meeting.

As a newly formed entity, the YSCSD will have limited cash flow to repay the revolving fund loan being requested and the communities will, upon transfer of the systems under the Agreement, have a water rate beyond the affordability standard of 1.5-2% of median household income as set by your Board through Resolution 2019-0734. To prevent economic or fiscal hardships to the new special district, the Agenda Item for the Transfer Agreement with YSCSD also includes the County forgiving the revolving fund loan pursuant to its authority under Cal. Gov. Code § 25214.5(b) by a 4/5ths vote of the Board of Supervisors. The Yettem Water System currently has an outstanding revolving fund loan of approximately \$70,000. Additional funds for this payoff would increase the total revolving fund loan debt to

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approximately \$105,000. In total, the transfer of assets due to the transfer of the Yettem Water System to YSCSD and loan forgiveness is approximately \$175,000.

The Seville Water System has been under the receivership of Tulare County acting for the Seville Water Company since June 11, 2009, which was most recently renewed through June 30, 2021 under an updated Court Order dated June 17, 2019 and previously approved under Resolution 2019-0465. RMA operates and maintains the Seville Water System on behalf of the County.

Phase 1 of the Project is to design and construct a new community based municipal storage tank, water distribution system, and appurtenances in the community of Seville. The new municipal system will replace the existing distribution system, which has excessive leaks and requires the community be in a continuous “boil water” status. Phase 2 of the Project consists of a new well, an interconnection pipeline between the water systems in Yettem and Seville, and water meters in Yettem.

The construction of Phase 1 has been funded by a grant from the State Water Resources Control Board (“Water Board”) and is substantially complete. Staff expected to bring an Agenda Item for consideration by your Board to issue a Notice of Completion for Phase 1 in late June or July 2020. The County has begun an application for grant funding for the construction of Phase 2 which is expected to be completed by October 2020 with construction to follow in 2021 or 2022.

FISCAL IMPACT/FINANCING:

No Net County Cost at this time. However, the requested action in this agenda item involves a Revolving Fund loan of up to \$35,000 to the Yettem Water Zone of Benefit Z91 for repayment of the outstanding debt under the Certificates of Participation by USDA. This is greater than the actual outstanding balance of approximately \$30,665 on August 1, 2020 to ensure adequate funds are available as the balance total will be adjusted based on the actual day of payoff. This Revolving Fund Loan may be forgiven in the future as part of the transfer of the Yettem Water System to the

A separate Agenda Item at this meeting is proposed for transfer of the Yettem Water System, as well as the Seville Water System, to the newly formed Yettem-Seville Community Services District (CSD). That Agenda Item also includes a request for your Board to forgive any outstanding balance of the Yettem Water Zone of Benefit upon transfer of the water system to the CSD. Should your Board approve both of these agenda items, the County would ultimately need to forgive approximately \$105,000 total in Revolving Fund Loan debts from the Yettem Water Zone of Benefit including these funds for repayment of the COP once the systems are transferred. Further, the transfer of assets from the Yettem Water Zone of Benefit to the Yettem-Seville CSD would result in a write off of approximately \$20,000 book value in assets, bringing the total impact to the County to approximately \$125,000. Please

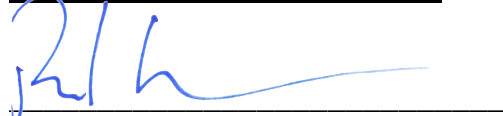
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refer to that Agenda Item for additional information on related fiscal impacts.

LINKAGE TO THE COUNTY OF TULARE STRATEGIC BUSINESS PLAN:

County's five-year strategic plan includes a Quality of Life initiative to provide an adequate and safe water supply. This project helps the water infrastructure in the Community of Yettem.

ADMINISTRATIVE SIGN-OFF:



Reed Schenke
Director – Resource Management Agency

RS:rm

cc: County Administrative Office
Treasurer-Tax Collector

Attachment(s) A – Termination Agreement
B – Installment Sale Agreement
C – Trust Agreement
D – USDA Demand Letter

**BEFORE THE BOARD OF SUPERVISORS
COUNTY OF TULARE, STATE OF CALIFORNIA**

IN THE MATTER OF REPAYMENT OF)
UNITED STATES DEPARTMENT OF) Resolution No. _____
AGRICULTURE CERTIFICATES OF) Agreement No. _____
PARTICIPATION FOR THE 1994 YETTEM)
WATER PROJECT AND TERMINATION OF)
ASSOCIATED AGREEMENTS)

UPON MOTION OF SUPERVISOR _____, SECONDED BY
SUPERVISOR _____, THE FOLLOWING WAS ADOPTED BY THE
BOARD OF SUPERVISORS, AT AN OFFICIAL MEETING HELD JUNE 9, 2020, BY
THE FOLLOWING VOTE:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST: JASON T. BRITT
COUNTY ADMINISTRATIVE OFFICER/
CLERK, BOARD OF SUPERVISORS

BY: _____
Deputy Clerk

* * * * *

1. Approved a revolving fund loan of up to \$35,000 to the Z91 Yettem Water System in County Service Area #1 for the prepayment of obligations under Certificates of Participation (the "COP") with the United States Department of Agriculture related to the 1994 Yettem Water Project; and
2. Approved the repayment of the COP for the Z91 Yettem Water System in accordance with the payoff demand letter from United States Department of Agriculture (USDA); and
3. Approved a Termination Agreement between the County of Tulare, the Tulare County Public Facilities Corporation, and the County of Tulare Treasurer-Tax Collector as Trust Administrator related to the 1994 Yettem Water Project and the COP upon payment in full of any and all outstanding balance by the County on the 1994 Certificates of Participation with the USDA; and
4. Authorized the Chairman to sign the Termination Agreement upon payment in full of any and all outstanding balance by the County on the 1994 Certificates of

Participation with the USDA; and

5. Authorized the Treasurer-Tax Collector as Trust Administrator to sign the Termination Agreement upon payment in full of any and all outstanding balance by the County on the 1994 Certificates of Participation with the USDA; and
6. Authorized the Treasurer-Tax Collector as Trust Administrator to take all other reasonable steps as necessary to effect payment to the USDA of outstanding balances and terminate the related trust for the 1994 Yettem Water System Certificates of Participation; and
7. Authorized the Director of the Resource Management Agency or his designee to take all other reasonable steps as necessary to effect payment to the USDA of outstanding balances and remove any leasehold interests and other encumbrances on the Yettem Water System related to the 1994 Yettem Water System Certificates of Participation.

Attachment B

Installment Sale Agreement

INSTALLMENT SALE AGREEMENT

Dated as of August 1, 1994

by and between the

TULARE COUNTY PUBLIC FACILITIES CORPORATION, as Seller

the

COUNTY OF TULARE, CALIFORNIA, as Purchaser

(1994 Yettem Water Project)

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INSTALLMENT SALE AGREEMENT

THIS INSTALLMENT SALE AGREEMENT, dated as of August 1, 1994, by and between the TULARE COUNTY PUBLIC FACILITIES CORPORATION, a nonprofit public benefit corporation organized and existing under the laws of the State of California, as seller (the "Corporation"), and COUNTY OF TULARE, a political subdivision organized and existing under the Constitution and laws of the State of California, as purchaser (the "County");

W I T N E S S E T H:

WHEREAS, the County wishes to obtain funds to repay a portion of the cost of the construction of certain improvements and facilities more particularly described in Exhibit "B" attached hereto (the "Project");

WHEREAS, the Board of Supervisors of the County has determined that in order to secure financing for such purpose it is necessary and desirable to purchase the Project from the Corporation pursuant to this Installment Sale Agreement; and

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

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

ARTICLE I

DEFINITIONS AND EXHIBITS

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

Section 1.02. Content of Written Certificates. Every certificate provided for in this Installment Sale Agreement with respect to compliance with any provision hereof shall include (a) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the certificate is based; (c) a statement that, in the opinion of such person, he has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; (d) a statement of the assumptions upon which such certificate is based, and that such assumptions are reasonable; and (e) a statement as to whether, in the opinion of such person, such provision has been complied with.

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

Section 1.03. Exhibits. The following Exhibits are attached to, and by this reference are made a part of, this Installment Sale Agreement:

- Exhibit A: Definitions
- Exhibit B: Project Description
- Exhibit C: The schedule of Installment Payments to be paid by the County to the Corporation, showing the Installment Payment Date and amount of each Installment Payment.

ARTICLE II
REPRESENTATIONS, COVENANTS AND
WARRANTIES

Section 2.01. Representations, Covenants and Warranties of the County. The County represents, covenants and warrants to the Corporation as follows:

(a) The County is a political subdivision, duly organized and existing under the Constitution and laws of the State.

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

(c) Neither the execution and delivery of this Installment Sale Agreement or the Trust Agreement, nor the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the County is now a party or by which the County is bound or constitutes a default under any of the foregoing.

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

Section 2.02. Representations, Covenants and Warranties of the Corporation. The Corporation represents, covenants and warrants to the County as follows:

(a) The Corporation is a nonprofit public benefit corporation duly organized, existing and in good standing under and by virtue of the laws of the State; has power to enter into this Installment Sale Agreement, the Assignment Agreement and the Trust Agreement; is possessed of full power to own and hold real and personal property, and to sell the same; and has duly authorized the execution and delivery of all of the aforesaid agreements.

(b) The Corporation will not pledge the Installment Payments or other amounts derived from the Project and from its other rights under this Installment Sale Agreement, and will not mortgage or encumber the Project, except as provided under the terms of this Installment Sale Agreement, the Assignment Agreement and the Trust Agreement.

(c) Neither the execution and delivery of this Installment Sale Agreement, the Assignment Agreement or the Trust Agreement, nor the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement, instrument, regulation or law to which the Corporation is now a party or by which the Corporation is bound, or constitutes a default under any of the foregoing.

(d) Except as provided herein, the Corporation will not assign this Installment Sale Agreement, its right to receive Installment Payments from the County or its duties and obligations hereunder to any other person, firm or corporation so as to impair or violate the representations, covenants and warranties contained in this Section 2.02.

ARTICLE III
DEPOSIT OF MONEYS

Section 3.01. Deposit of Moneys. On the Closing Date, the Corporation shall cause to be deposited with the Trust Administrator \$55,300. Pursuant to the Trust Agreement, the Trust Administrator shall deposit such amount in the Proceeds Fund.

ARTICLE IV

SALE OF PROJECT; TITLE TO THE PROJECT; TERM OF THE INSTALLMENT SALE AGREEMENT; INSTALLMENT PAYMENTS

Section 4.01. Sale. The Corporation hereby sells, bargains and conveys the Project to the County, and the County hereby purchases the Project from the Corporation upon the terms and conditions set forth in this Installment Sale Agreement.

Section 4.02. Title. The County and the Corporation agree that title to the Project shall be deemed conveyed to and vested in the County on the Closing Date, subject only to Permitted Encumbrances. The Corporation and its officers shall take all actions necessary to vest in the County all of the Corporation's rights in and title to the Project.

Section 4.03. Term of the Installment Sale Agreement. The Term of the Installment Sale Agreement shall commence as of the date hereof and shall end on August 1, 2034, unless such term is extended or sooner terminated as hereinafter provided. If on August 1, 2034, the Trust Agreement shall not be discharged by its terms, then the Term of the Installment Sale Agreement shall be extended until ten (10) days after the date on which the Trust Agreement shall be discharged by its terms. If prior to August 1, 2034, the Trust Agreement shall be discharged by its terms, the Term of the Installment Sale Agreement shall end ten (10) days after the date of such discharge.

Section 4.04. Installment Payments.

(a) *Obligation to Pay*. The County agrees to pay to the Corporation, its successors and assigns, as the purchase price of the Project, the Installment Payments, consisting of components of principal and interest, on the Installment Payment Dates and in the amounts specified in Section 4.06(b) hereof, except such amounts shall be reduced by moneys on deposit in the Installment Payment Fund and credited to the payment of Installment Payments next due. The Installment Payments shall be payable solely from Net Revenues as hereinafter provided.

(b) *Reduction Upon Partial Prepayment*. In the event the County prepays less than all of the remaining principal components of the Installment Payments pursuant to Sections 10.02 or 10.03 hereof, the amount of such prepayment shall be applied to reduce the principal component of the subsequent remaining Installment Payments in inverse order of Installment Payment Date and the interest component of each subsequent remaining Installment Payment shall be reduced by the aggregate corresponding amount of interest which would otherwise be payable with respect to the Certificates redeemed as a result of such prepayment.

(c) *Rate on Overdue Payments*. In the event the County should fail to make any of the payments required in this Section 4.04 so that there are insufficient moneys on hand in the Installment Payment Fund to pay any Installment Payment in full on an Installment Payment Date, the Installment Payment in default shall continue as an obligation of the County until the amount in default shall have been fully paid and the County agrees to pay the same with interest thereon, to the extent permitted by law, from the date thereof at the rate of interest payable with respect to the Certificates.

(d) *Assignment*. The County understands and agrees that the Corporation has assigned its right, title and interest in this Installment Sale Agreement to the Trust Administrator pursuant to the Assignment Agreement for the benefit of the Owners and the County assents to

such assignment. The Corporation hereby directs the County, and the County hereby agrees, to pay to the Trust Administrator at the Trust Administrator's principal corporate office or at such other place as the Trust Administrator shall direct in writing, all payments payable by the County pursuant to this Section 4.04 and all amounts payable by the County pursuant to Article X hereof.

Section 4.05. Special Obligation of the County. The County's obligation to pay the Installment Payments shall be a special obligation limited solely to Net Revenues. Under no circumstances shall the County be required to advance any moneys derived from any source of income other than the Net Revenues and other sources specifically identified herein for the payment of the Installment Payments, nor shall any other funds or property of the County be liable for the payment of the Installment Payments.

The obligations of the County to make the Installment Payments from Net Revenues and to perform and observe the other agreements contained herein shall be absolute and unconditional and shall not be subject to any defense or any right of set-off, counterclaim or recoupment arising out of any breach of the County, the Corporation or the Trust Administrator of any obligation to the County or otherwise with respect to the Project, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the County by the Corporation or the Trust Administrator. Until such time as all of the Installment Payments shall have been fully paid or prepaid, the County (a) will not suspend, abate, or discontinue any payments provided for in Section 4.04 hereof, (b) will perform and observe all other agreements contained in this Installment Sale Agreement, and (c) will not terminate the Term of the Installment Sale Agreement for any cause, including, without limiting the generality of the foregoing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, the taking by eminent domain of title to or temporary use of any or all of the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either thereof or any failure of the Corporation or the Trust Administrator to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Trust Agreement, the Assignment Agreement or this Installment Sale Agreement.

Nothing contained in this Section 4.05 shall be construed to release the Corporation from the performance of any of the agreements on its part herein contained, and in the event the Corporation shall fail to perform any such agreements on its part, the County may institute such action against the Corporation as the County may deem necessary to compel performance so long as such action does not abrogate the obligations of the County contained in the first sentence of the preceding paragraph. The County may, however, at the County's own cost and expense and in the County's own name or in the name of the Corporation prosecute or defend any action or proceeding or take any other action involving third persons which the County deems reasonably necessary in order to secure or protect the County's right of possession, occupancy and use hereunder, and in such event the Corporation hereby agrees to cooperate fully with the County and to take such action necessary to effect the substitution of the County for the Corporation in such action or proceeding if the County shall so request.

Section 4.06. Pledge of Net Revenues: Deposits to Pay Installment Payments.

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

Revenues shall constitute a trust fund for the security and payment of the Installment Payments.

(b) *Transfer to Pay Installment Payments.* In order to provide for the payment of Installment Payments when due, the County shall, on or before one Business Day prior to each Installment Payment Date, transfer to the Trust Administrator for deposit into the Installment Payment Fund the amount indicated in Exhibit B attached hereto as required for the next occurring Payment Date; provided, however, that, to the extent moneys representing capitalized interest and funded from Certificate proceeds are remaining in the Installment Payment Fund, the County's payment obligations for interest on such Due Date shall be paid therefrom.

Section 4.07. Rate Covenant. The County hereby covenants that it shall prescribe, revise and collect such charges for the services and facilities of the Project which, after allowances for contingencies and error in the estimates, shall produce Gross Revenues sufficient in each Fiscal Year to provide Net Revenues equal to at least (i) the Installment Payments coming due and payable during such Fiscal Year, and (ii) all payments required with respect to Parity Debt.

Section 4.08. Limitations on Future Obligations Secured by Net Revenues.

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

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

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

(ii) Net Revenues, calculated on sound accounting principles, as shown by the books of the County for the latest Fiscal Year or any more recent twelve (12) month period selected by the County ending not more than sixty (60) days prior to the adoption of the resolution pursuant to which instrument such Parity Debt is issued or incurred, as shown by the books of the County, plus, at the option of the County, either or both of the items hereinafter in this subsection designated (1) and (2), shall have amounted to at least 1.10 times the sum of the maximum Installment Payments coming due and payable in any future Fiscal Year and the maximum annual debt service on all Parity Debt outstanding immediately subsequent to the incurring of such additional obligations.

Either or both of the following items may be added to such Net Revenues for the purpose of applying the restriction contained in this subsection (b)(ii):

(1) An allowance for revenues from any additions to or improvements or extensions of the Project to be made with the proceeds of such additional obligations, and also for net revenues from any such additions, improvements or extensions which have been made from moneys from any source but which, during all or any part of such Fiscal Year, were not in service, all in an amount equal to 70% of the estimated additional average annual Net Revenues to be derived from such additions, improvements and extensions for the first 36-month period following closing of the proposed Parity Debt, all as shown by the

certificate or opinion of a qualified independent engineer employed by the County.

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

Section 4.09. Additional Payments. In addition to the Installment Payments, the County shall pay, from Net Revenues, when due all costs and expenses incurred by the Corporation to comply with the provisions of the Trust Agreement and this Installment Sale Agreement, including, without limitation all Costs of Issuance attributable to this Installment Sale Agreement (to the extent not paid from amounts on deposit in the Costs of Issuance Fund), compensation due to the Trust Administrator for its fees, costs and expenses incurred under the Trust Agreement and all costs and expenses of attorneys, auditors, engineers and accountants.

ARTICLE V

MAINTENANCE; TAXES; INSURANCE; AND OTHER MATTERS

Section 5.01. Maintenance, Utilities, Taxes and Assessments. The County covenants to operate the Project in an efficient and economical manner and operate, maintain and preserve the Project in good repair and working order.

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

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

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

Section 5.03. Public Liability and Property Damage Insurance. The County shall maintain or cause to be maintained, throughout the Term of the Installment Sale Agreement, insurance policies, including a standard comprehensive general insurance policy or policies in protection of the County, its members, officers, agents and employees. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the construction or operation of the Project (but only if such insurance is available at reasonable cost on the open market from reputable insurance companies). Said policy or policies shall provide coverage in the minimum liability limits of \$1,000,000 for personal injury or death of each person and \$3,000,000 for personal injury or deaths of two or more persons in each accident or event, and in a minimum amount of \$250,000 (subject to a deductible clause of not to exceed \$250,000) for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of \$3,000,000 covering all such risks. Such liability insurance may be maintained as

part of or in conjunction with any other liability insurance coverage carried by the County, and may be maintained in the form of insurance maintained through a joint exercise of powers authority created for such purpose or in the form of self-insurance by the County. If the County shall maintain self-insurance, it shall supply to the Trust Administrator a statement of sufficiency by an independent insurance consultant or the County's risk manager on an annual basis as described in Section 5.05 hereof. The Net Proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the insurance proceeds shall have been paid.

Section 5.04. Fire and Extended Coverage Insurance. The County shall procure and maintain, or cause to be procured and maintained, throughout the Term of the Installment Sale Agreement, insurance against loss or damage to any structures constituting any part of the Project (excluding transmission and distribution pipelines and equipment in public and private rights-of-way) by fire and lightning, with extended coverage insurance. Such insurance shall be in an amount equal to the greater of 100% of the replacement cost of the Project or the then Outstanding principal amount of Certificates if available at commercially reasonable rates. Such insurance may be subject to a deductible clause of not to exceed ten percent of said replacement cost for any one loss and such other insurance may be subject to deductible clauses of not to exceed \$100,000 for any one loss. Such insurance may be maintained as part of or in conjunction with any other fire and extended coverage insurance carried or required to be carried by the County, and may be maintained in the form of insurance maintained through a joint exercise of powers authority created for such purpose or in the form of self-insurance by the County (which shall be required if purchased insurance is unavailable on the open market at reasonable rates). If the County shall maintain self-insurance, it will supply to the Trust Administrator a statement of sufficiency by an independent insurance consultant or the County's risk manager on an annual basis as described in Section 5.05 hereof. The Net Proceeds of such insurance shall be applied as provided in Section 6.01(a) hereof.

Section 5.05. Insurance Net Proceeds; Form of Policies. The insurance required by Section 5.04 hereof shall provide that all proceeds thereunder shall be payable to the Trust Administrator for the benefit of the Certificate Owners. The County shall pay or cause to be paid when due the premiums for all insurance policies required by this Installment Sale Agreement. All such policies shall provide that the Trust Administrator shall be given thirty (30) days' notice of each expiration, any intended cancellation thereof or reduction of the coverage provided thereby. The Trust Administrator shall not be responsible for the sufficiency of any insurance herein required or for the obtaining of such insurance and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the County. The County shall cause to be delivered to the Trust Administrator annually, no later than the end of each Fiscal Year, a Written Certificate signed by a County Representative stating that the County is in compliance with Sections 5.03 and 5.04 of this Agreement. The Trust Administrator may conclusively rely on such certificate.

Section 5.06. Advances. If the County shall fail to perform any of its obligations under this Article V, the Corporation may, but shall not be obligated to, take such action as may be necessary to cure such failure, including the advancement of money, and the County shall be obligated to repay all such advances as soon as possible, with interest at the rate of interest with respect to the Certificates from the date of the advance to the date of repayment.

Section 5.07. Installation of County's Equipment. The County may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Project. All such items shall remain the sole property of the County, in which neither the Corporation nor the Trust Administrator shall have any interest, and may be modified or removed by the County at any time provided that the County shall repair and restore any and all damage to the Project

resulting from the installation, modification or removal of any such items. Nothing in this Installment Sale Agreement shall prevent the County from purchasing items to be installed pursuant to this Section 5.07 under a conditional sale or lease purchase contract, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof.

Section 5.08. Operation of the Project. The County covenants to operate, or cause to be operated, the Project in accordance with customary standards and practices applicable to similar facilities.

Section 5.09. Private Activity Bond Limitation. The County shall assure that proceeds of the Certificates are not so used as to cause the Certificates or the Installment Sale Agreement to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(b) of the Code.

Section 5.10. Private Loan Financing Limitation. The County shall assure that proceeds of the Certificates are not so used as to cause the Certificates or the Installment Sale Agreement to satisfy the private loan financing test of section 141(c) of the Code.

Section 5.11. Federal Guarantee Prohibition. The County shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Certificates or the Installment Sale Agreement to be "federally guaranteed" within the meaning of section 149(b) of the Code.

Section 5.12. Maintenance of Tax-Exemption. The County shall take all actions necessary to assure the exclusion of interest with respect to the Certificates from the gross income of the Owners of the Certificates to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the Closing Date.

ARTICLE VI

APPLICATION OF NET PROCEEDS

Section 6.01. Application of Net Proceeds.

(a) *From Insurance Award.* The Net Proceeds of any insurance award resulting from any damage to or destruction of the Project by fire or other casualty shall be deposited in the Insurance and Condemnation Fund by the Trust Administrator promptly upon receipt thereof and, if the County Representative notifies the Trust Administrator in writing of the County's determination that the replacement, repair, restoration, modification or improvement of the Project is not economically feasible or in the best interest of the County, then such Net Proceeds shall be promptly transferred by the Trust Administrator to the Installment Payment Fund to be applied as provided in Section 10.03 hereof. All Net Proceeds deposited in the Insurance and Condemnation Fund and not so transferred shall be applied to the prompt replacement, repair, restoration, modification or improvement of the Project by the County, upon receipt of a requisition acceptable to the Trust Administrator signed by the County Representative stating with respect to each payment to be made (i) the requisition number, (ii) the name and address of the person, firm or corporation to whom payment is due, (iii) the amount to be paid and (iv) that each obligation mentioned therein has been properly incurred, is a proper charge against the Insurance and Condemnation Fund, has not been the basis of any previous withdrawal, and specifying in reasonable detail the nature of the obligation, accompanied by a bill or a statement of account for such obligation. Any balance of the Net Proceeds remaining after such work has been completed shall be transferred to the Installment Payment Fund. The County covenants that it will commence such replacement, repair, restoration, modification or improvement or indicate that such replacement, repair, restoration, modification or improvement is not economically feasible within 180 days of receipt of such Net Proceeds.

(b) *From Eminent Domain Award.* The Net Proceeds of any eminent domain award shall be deposited in the Insurance and Condemnation Fund to be held and applied by the Trust Administrator pursuant to Section 6.02 of the Trust Agreement.

ARTICLE VII

DISCLAIMER OF WARRANTIES; ACCESS

Section 7.01. Disclaimer of Warranties. THE CORPORATION MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE COUNTY FOR THE PROJECT OR ANY ITEM THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE PROJECT OR ANY ITEM THEREOF. IN NO EVENT SHALL THE CORPORATION BE LIABLE FOR INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES, IN CONNECTION WITH OR ARISING OUT OF THIS INSTALLMENT SALE AGREEMENT OR THE TRUST AGREEMENT FOR THE EXISTENCE, FURNISHING, FUNCTIONING OR COUNTY'S USE OF THE PROJECT.

Section 7.02. Access to the Project. The County agrees that the Corporation and any Corporation Representative, and the Corporation's successors or assigns, shall have the right at all reasonable times to enter upon and to examine and inspect the Project. The County further agrees that the Corporation, any Corporation Representative, and the Corporation's successors or assigns shall have such rights of access to the Project as may be reasonably necessary to cause the proper maintenance of the Project in the event of failure by the County to perform its obligations hereunder.

Section 7.03. Release and Indemnification Covenants. The County shall and hereby agrees to indemnify and save the Corporation and its successors and assigns harmless from and against all claims, losses and damages, including legal fees and expenses, arising out of (a) the use, maintenance, condition or management of, or from any work or thing done on the Project by the County, (b) any breach or default on the part of the County in the performance of any of its obligations under this Installment Sale Agreement, (c) any act or negligence of the County or of any of its agents, contractors, servants, employees or licensees with respect to the Project, (d) any act or negligence of any assignee or sublessee of the County with respect to the Project, or (e) the construction of the Project or the authorization of payment of the costs of the Project by the County or the Corporation. No indemnification is made under this Section 7.03, in Section 9.04 or elsewhere in this Installment Sale Agreement for willful misconduct, negligence, or breach of duty under this Installment Sale Agreement by the Corporation, its officers, agents, employees, successors or assigns.

ARTICLE VIII

ASSIGNMENT, SALE AND AMENDMENT

Section 8.01. Assignment by the Corporation. The Corporation's right, title and interest in this Installment Sale Agreement, including the right to receive and enforce payment of the Installment Payments to be made by the County under this Installment Sale Agreement, have been assigned to the Trust Administrator, subject to certain exceptions, pursuant to the Assignment Agreement, to which assignment the County hereby consents.

Section 8.02. Assignment, Sale and Disposition by the County. This Installment Sale Agreement may not be assigned by the County, and the Project may not be sold by the County during the Term of this Installment Sale Agreement.

The County may lease the Project, or any portion thereof, subject to all of the following conditions:

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

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

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

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

Section 8.03. Amendment of Installment Sale Agreement. Without the written consent of the Trust Administrator, the County will not alter, modify or cancel or agree or consent to alter, modify or cancel this Installment Sale Agreement; excepting only as such alteration or modification may be permitted by Article IX of the Trust Agreement.

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES

Section 9.01. Events of Default Defined. The following shall be "events of default" under this Installment Sale Agreement and the terms "events of default" and "default" shall mean, whenever they are used in this Installment Sale Agreement, any one or more of the following events:

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

(b) Failure by the County to observe and perform any covenant, condition or agreement on its part to be observed or performed in this Installment Sale Agreement or the Trust Agreement, other than as referred to in clause (a) of this Section 9.01, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the County by the Corporation, the Trust Administrator or the Owners of not less than five percent (5%) in aggregate principal amount of Certificates then Outstanding; *provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Corporation, the Trust Administrator or such Owners, as applicable, shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the County within the applicable period and diligently pursued until the default is corrected; or*

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

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

Section 9.02. Remedies on Default. Whenever any event of default referred to in Section 9.01 hereof shall have happened and be continuing, the Corporation shall have the right, at its option and without any further demand or notice, to:

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

(b) take whatever action at law or in equity may appear necessary or desirable to collect the Installment Payments then due or thereafter to become due during the Term of the Installment Sale Agreement, or enforce performance and observance of any obligation, agreement or covenant of the County under this Installment Sale Agreement.

Section 9.03. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Corporation is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Installment Sale Agreement or now or

hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Corporation to exercise any remedy reserved to it in this Article IX it shall not be necessary to give any notice, other than such notice as may be required in this Article IX or by law.

Section 9.04. Prosecution and Defense of Suits. The County shall promptly, upon request of the Corporation or its assignee, from time to time take or cause to be taken such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Project whether now existing or hereafter developing and shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and shall indemnify or cause to be indemnified the Corporation and its assignee for all loss, cost, damage and expense, including attorneys' fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceedings.

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

Section 9.05. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Installment Sale Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 9.06. Application of the Proceeds. The Trust Administrator, as assignee of the Corporation, shall deposit all amounts received under this Article IX in the Installment Payment Fund, as provided in Section 12.03 of the Trust Agreement.

Section 9.07. Liability Limited to Net Revenues. Notwithstanding any provision of this Installment Sale Agreement, the County's liability to pay the Installment Payments and other amounts hereunder shall be limited solely to Net Revenues as provided in Sections 4.05 and 4.06 hereof. In the event that Net Revenues shall be insufficient at any time to pay an Installment Payment in full, the County shall not be liable to pay or prepay such Installment Payment other than from Net Revenues.

Section 9.08. Trust Administrator and Certificate Owners to Exercise Rights Such rights and remedies as are given to the Corporation under this Article IX have been assigned by the Corporation to the Trust Administrator under the Assignment Agreement, to which assignment the County hereby consents. Such rights and remedies shall be exercised by the Trust Administrator and the Owners of the Certificates as provided in the Trust Agreement.

ARTICLE X

PREPAYMENT OF INSTALLMENT PAYMENTS

Section 10.01. Prepayment. The County shall have the right to prepay the Installment Payments, but only in the manner, at the times and in all respects in accordance with the provisions of this Article X.

Section 10.02. Optional Prepayment. The County, at its option, may prepay the Installment Payments prior to their scheduled date of payment, on any July 15 or January 15 on or after January 15, 1995, as a whole or in part by lot, at the principal amount thereof to be prepaid and accrued interest thereon to the date of prepayment.

Section 10.03. Mandatory Prepayment From Net Proceeds of Insurance or Condemnation. The County shall be obligated to prepay the Installment Payments in whole or in part on any date from and to the extent of any Net Proceeds of any insurance or condemnation award theretofore deposited in the Installment Payment Fund for such purpose pursuant to Section 6.01 hereof or pursuant to Section 6.02 of the Trust Agreement.

Section 10.04. Credit for Amounts on Deposit. In the event the County elects or is required to prepay the Installment Payments in full under this Article X, such that the Trust Agreement shall be discharged by its terms as a result of such prepayment, all amounts then on deposit in the Installment Payment Fund shall be credited towards the amounts required to be so prepaid.

Section 10.05. Security Deposit. Notwithstanding any other provision of this Installment Sale Agreement, the County may, on any date, secure the payment of Installment Payments by a deposit with the Trust Administrator, as escrow holder under an escrow deposit and trust agreement as referenced in Section 13.01(d) of the Trust Agreement, of:

(a) in the case of a security deposit relating to all Installment Payments, either (i) an amount which, together with amounts on deposit in the Installment Payment Fund, is sufficient to pay all unpaid Installment Payments, including the principal and interest components thereof, in accordance with the Installment Payment schedule set forth in Exhibit C attached hereto, or (ii) non-callable Federal Securities, together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and, if required, all or a portion of moneys or Federal Securities then on deposit in the Installment Payment Fund, be fully sufficient to pay all unpaid Installment Payments on their Installment Payment Date; or

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

In the event of a deposit pursuant to this Section 10.05, all obligations of the County under this Installment Sale Agreement pertaining to the portion of the Project for which the deposit has been made shall cease and terminate, excepting only the obligation of the County to make, or cause to be made, all Installment Payments, or the portion of Installment Payments to which the deposit pertains, from the deposit made by County pursuant to this Section 10.05.

Said deposit shall be deemed to be and shall constitute a special fund for the payment of Installment Payments in accordance with the provisions of this Installment Sale Agreement; and further provided that any security deposit relating to the Project shall not affect the covenant of the County contained in Section 4.07 hereof in the event such security deposit is insufficient to pay or prepay all Installment Payments relating to the Project when and as the same become due and payable. Upon said deposit, the Corporation will execute or cause to be executed any and all documents as may be necessary to release the security provided hereby to the extent of such deposit.

ARTICLE XI
MISCELLANEOUS

Section 11.01. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed to have been received 48 hours after deposit in the United States mail with postage fully prepaid:

If to the County: County of Tulare
2900 West Burrel
County Civic Center
Visalia, CA 93291
Attention: County Administrative Officer

If to the Corporation: Tulare County Public Facilities Corporation
2900 West Burrel
County Civic Center
Visalia, CA 93291
Attention: President

If to the Trust Administrator: County of Tulare
County Civic Center
County Courthouse, Room 104-E
Visalia, CA 93291
Attention: Treasurer-Tax Collector

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

Section 11.02. Binding Effect. This Installment Sale Agreement shall inure to the benefit of and shall be binding upon the Corporation and the County and their respective successors and assigns.

Section 11.03. Severability. In the event any provision of this Installment Sale Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 11.04. Amendments, Changes and Modifications. Subject to the provisions of Section 8.03 hereof, this Installment Sale Agreement may be amended or any of its terms modified with the written consent of the County and the Corporation.

Section 11.05. Net Contract. This Installment Sale Agreement shall be deemed and construed to be a "net contract" and the County hereby agrees that the Installment Payments shall be an absolute net return to the Corporation, free and clear of any expenses, charges or set-offs whatsoever.

Section 11.06. Further Assurances and Corrective Instruments. The Corporation and the County agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Project hereby sold or intended so to be or for carrying out the expressed intention of this Installment Sale Agreement.

Section 11.07. Execution in Counterparts. This Installment Sale Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.08. Applicable Law. This Installment Sale Agreement shall be governed by and construed in accordance with the laws of the State.

Section 11.09. Corporation and County Representatives. Whenever under the provisions of this Installment Sale Agreement the approval of the Corporation or the County is required, or the Corporation or the County is required to take some action at the request of the other, such approval or such request shall be given for the Corporation by a Corporation Representative and for the County by a County Representative, and any party hereto shall be authorized to rely upon any such approval or request.

Section 11.10. Captions. The captions or headings in this Installment Sale Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provision, Article or Section of this Installment Sale Agreement.

IN WITNESS WHEREOF, the Corporation has caused this Installment Sale Agreement to be executed in its corporate name by its duly authorized officer and sealed with its corporate seal; and the County has caused this Installment Sale Agreement to be executed in its name by its duly authorized officers, as of the date first above written.

TULARE COUNTY PUBLIC FACILITIES CORPORATION, as Seller

By John C. Miller
President

[SEAL]

ATTEST:

J. Wogan
Secretary

TULARE COUNTY, CALIFORNIA, as Purchaser

By James E. Masler
Chairman of the Board of Supervisors

[SEAL]

ATTEST:

Louise J. Mandy
Clerk of the Board of Supervisors



EXHIBIT A

DEFINITIONS

"Assignment Agreement" means the Assignment Agreement, dated as of August 1, 1994, by and between the Corporation and the Trust Administrator, together with any amendments or supplements thereto.

"Business Day" means a day which is not a Saturday, Sunday or legal holiday on which banking institutions in the State are closed or are required to close or a day which the Federal Reserve System is closed.

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

"Certificates" means the Certificates of Participation executed and delivered pursuant to the Trust Agreement.

"Certificate Year" means the twelve-month period extending from August 2 in one calendar year, both dates inclusive; except that the first Certificate Year shall begin on the Closing Date and end on August 1, 1995.

"Code" means the Internal Revenue Code of 1986 as in effect on the Closing Date or as it may be amended to apply to obligations issued on the Closing Date, together with applicable temporary and final regulations promulgated under the Code.

"Corporation" means the Tulare County Public Facilities Corporation, a nonprofit public benefit corporation organized and existing under the laws of the State of California.

"Corporation Representative" means the President of the Corporation, or any persons authorized to act on behalf of the Corporation under or with respect to the Trust Agreement, the Installment Sale Agreement and the Assignment Agreement.

"County" means County of Tulare, California, a political subdivision duly organized and existing under the Constitution and laws of the State of California.

"County Representative" means the Chairman of the Board of Supervisors or the County Administrative Officer of the County, or any other person designated by the County to act on behalf of the County under or with respect to the Trust Agreement and/or the Installment Sale Agreement.

"Closing Date" means the date upon which there is a physical delivery of the Certificates in exchange for the amount representing the purchase of the Certificates by the Original Purchaser.

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

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

"Event of Default" means an event of default under the Installment Sale Agreement, as defined in Section 9.01 thereof.

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

"Fiscal Year" means any period of twelve (12) consecutive months established by the County as its fiscal year and shall initially mean the period commencing July 1 of one year and ending on June 30 of the following year.

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

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

"Information Services" means Financial Information, Inc.'s *"Daily Called Bond Service"*, 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Services' *"Called Bond Service"*, 65 Broadway, 16th Floor, New York, New York 10006; Moody's *"Municipal and Government"*, 99 Church Street, 8th Floor, New York, New York 10007, Attention: Municipal News Reports; S&P's *"Called Bond Record"*, 25 Broadway, 3rd Floor, New York, New York 10004; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds as the County may designate in a written request of the County delivered to the Trust Administrator.

"Installment Payment" means any payment required to be paid by the County to the Corporation pursuant to Section 4.04 of the Installment Sale Agreement.

"Installment Payment Date" means the 15th day of each January and July, commencing January 15, 1995.

"Installment Payment Fund" means the fund by that name established and held by the Trust Administrator pursuant to Article V of the Trust Agreement.

"Installment Sale Agreement" means the Installment Sale Agreement, dated as of August 1, 1994, by and between the Corporation and the County, and any duly authorized and executed amendment or supplement thereto.

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

"Interest Payment Date" means February 1 and August 1 of each year, commencing February 1, 1995.

"Moody's" means Moody's Investors Service, New York, New York, or its successors.

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

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

"Operation and Maintenance Expenses" means all expenses and costs of management, operation, maintenance and repair of the Project and all incidental costs, fees and expenses properly chargeable to the Project (but excluding debt service or other similar payments on Parity Debt or other obligations and depreciation and obsolescence charges or reserves therefor and amortization of intangibles and inter-fund transfers or other bookkeeping entries of a similar nature).

"Original Purchaser" means the United States of America, as original purchaser of the Certificates.

"Outstanding", when used as of any particular time with respect to Certificates, means (subject to the provisions of Section 9.03 of the Trust Agreement) all Certificates theretofore executed and delivered by the Trust Administrator under the Trust Agreement except:

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

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

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

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

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

"Permitted Encumbrances" means, as of any particular time: (a) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the County may, pursuant to provisions of Article V of the Installment Sale Agreement, permit to remain unpaid; (b) the Installment Sale Agreement and the assignment of the Corporation's interests in the Installment

Sale Agreement pursuant to the Assignment Agreement; (c) any right or claim of any mechanic, laborer, materialman, supplier or vendor filed or perfected in the manner prescribed by law and (d) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the date of the Installment Sale Agreement.

"Permitted Investments" means:

(a) Federal Securities;

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

(c) bonds or obligations of the State of California which are rated "AA" or better by S&P;

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

(e) repurchase agreements with

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

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

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

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

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

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

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

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

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

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

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

(F) the repurchase securities are free and clear of any third party lien or claim; or

(iii) with financial institutions insured by the FDIC or any broker-dealer with "retail customers" which falls under the jurisdiction of the Securities Investors Protection Corp. ("SIPC"), provided that

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

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

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

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

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

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

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

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

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

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

"Project" means the water improvements and facilities described in Exhibit B to the Installment Sale Agreement.

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

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

"S&P" means Standard & Poor's Corporation, New York, New York, or its successors.

"Securities Depositories" means The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax-(516) 227-4039 or 4190; Midwest Securities Trust Company, Capital Structures-Call Notification, 440 South LaSalle Street, Chicago, Illinois 60605, Fax-(312) 663-2343; Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, Pennsylvania 19103, Attention: Bond Department, Fax-(215) 496-5058; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the County may designate in a certificate of the County delivered to the Trust Administrator.

"State" means the State of California.

"Term of the Installment Sale Agreement" means the time during which the Installment Sale Agreement is in effect, as provided in Section 4.03 of the Installment Sale Agreement.

"Trust Administrator" means the Treasurer-Tax Collector of the County of Tulare, or any successor thereto, acting as Trust Administrator pursuant to the Trust Agreement.

"Trust Agreement" means the Trust Agreement, dated as of August 1, 1994, by and among the Trust Administrator, the Corporation and the County, together with any amendments or supplements thereto permitted to be made thereunder.

"Written Certificate" of the County means a written certificate signed in the name of the County by a County Representative. Any such certificate or request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by Section 1.03 of the Trust Agreement or Section 1.02 of the Installment Sale Agreement, each such certificate shall include the statements provided for in Section 1.03 of the Trust Agreement or Section 1.02 of the Installment Sale Agreement.

EXHIBIT B

DESCRIPTION OF THE PROJECT

The project includes two production wells, one test well, a 25,000 gallon storage tank, a 4,000 gallon hydroneumatic tank, fire hydrants and 7,600 feet of water line. The project serves the Yettem Zone of Benefit, County Service Area No. 1.

EXHIBIT C
SCHEDULE OF INSTALLMENT PAYMENTS

<u>Installment Payment Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total</u>
01/15/95	—	\$1,182.04	\$1,182.04
07/15/95	\$1,300	1,244.25	2,544.25
01/15/96	—	1,215.00	1,215.00
07/15/96	1,000	1,215.00	2,215.00
01/15/97	—	1,192.50	1,192.50
07/15/97	1,000	1,192.50	2,192.50
01/15/98	—	1,170.00	1,170.00
07/15/98	1,000	1,170.00	2,170.00
01/15/99	—	1,147.50	1,147.50
07/15/99	1,000	1,147.50	2,147.50
01/15/00	—	1,125.00	1,125.00
07/15/00	1,000	1,125.00	2,125.00
01/15/01	—	1,102.50	1,102.50
07/15/01	1,000	1,102.50	2,102.50
01/15/02	—	1,080.00	1,080.00
07/15/02	1,000	1,080.00	2,080.00
01/15/03	—	1,057.50	1,057.50
07/15/03	1,000	1,057.50	2,057.50
01/15/04	—	1,035.00	1,035.00
07/15/04	1,000	1,035.00	2,035.00
01/15/05	—	1,012.50	1,012.50
07/15/05	1,000	1,012.50	2,012.50
01/15/06	—	990.00	990.00
07/15/06	1,000	990.00	1,990.00
01/15/07	—	967.50	967.50
07/15/07	1,000	967.50	1,967.50
01/15/08	—	945.00	945.00
07/15/08	1,000	945.00	1,945.00
01/15/09	—	922.50	922.50
07/15/09	1,000	922.50	1,922.50
01/15/10	—	900.00	900.00
07/15/10	1,000	900.00	1,900.00
01/15/11	—	877.50	877.50
07/15/11	1,000	877.50	1,877.50
01/15/12	—	855.00	855.00
07/15/12	1,000	855.00	1,855.00
01/15/13	—	832.50	832.50
07/15/13	1,000	832.50	1,832.50
01/15/14	—	810.00	810.00
07/15/14	1,000	810.00	1,810.00
01/15/15	—	787.50	787.50
07/15/15	1,000	787.50	1,787.50
01/15/16	—	765.00	765.00
07/15/16	1,000	765.00	1,765.00
01/15/17	—	742.50	742.50
07/15/17	1,000	742.50	1,742.50
01/15/18	—	720.00	720.00
07/15/18	1,000	720.00	1,720.00

PD 954.49 4/11/95

Continued on the Following Page

<u>Installment Payment Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total</u>
01/15/19	—	\$697.50	\$ 697.50
07/15/19	\$1,000	697.50	1,697.50
01/15/20	—	675.00	675.00
07/15/20	1,000	675.00	1,675.00
01/15/21	—	652.50	652.50
07/15/21	1,000	652.50	1,652.50
01/15/22	—	630.00	630.00
07/15/22	1,000	630.00	1,630.00
01/15/23	—	607.50	607.50
07/15/23	1,000	607.50	1,607.50
01/15/24	—	585.00	585.00
07/15/24	1,000	585.00	1,585.00
01/15/25	—	562.50	562.50
07/15/25	2,000	562.50	2,562.50
01/15/26	—	517.50	517.50
07/15/26	2,000	517.50	2,517.50
01/15/27	—	472.50	472.50
07/15/27	2,000	472.50	2,472.50
01/15/28	—	427.50	427.50
07/15/28	2,000	427.50	2,427.50
01/15/29	—	382.50	382.50
07/15/29	2,000	382.50	2,382.50
01/15/30	—	337.50	337.50
07/15/30	3,000	337.50	3,337.50
01/15/31	—	270.00	270.00
07/15/31	3,000	270.00	3,270.00
01/15/32	—	202.50	202.50
07/15/32	3,000	202.50	3,202.50
01/15/33	—	135.00	135.00
07/15/33	3,000	135.00	3,135.00
01/15/34	—	67.50	67.50
07/15/34	3,000	67.50	3,067.50

Attachment C Trust Agreement

TRUST AGREEMENT

Dated as of August 1, 1994

by and among the

**COUNTY OF TULARE TREASURER-TAX COLLECTOR
as Trust Administrator,**

the

TULARE COUNTY PUBLIC FACILITIES CORPORATION

and the

COUNTY OF TULARE, CALIFORNIA

(1994 Yettem Water Project)

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EXHIBIT A -	DEFINITIONS
EXHIBIT B -	FORM OF CERTIFICATE OF PARTICIPATION

TRUST AGREEMENT

This TRUST AGREEMENT, made and entered into as of August 1, 1994, by and among the COUNTY OF TULARE TREASURER-TAX COLLECTOR, as Trust Administrator (the "Trust Administrator"), the TULARE COUNTY PUBLIC FACILITIES CORPORATION, a nonprofit public benefit corporation organized and existing under the laws of the State of California, as seller under the Installment Sale Agreement hereinafter referred to (the "Corporation"), and COUNTY OF TULARE, a political subdivision organized and existing under the laws of the State of California, as purchaser under said Installment Sale Agreement (the "County");

W I T N E S S E T H

WHEREAS, the County and the Corporation have entered into an installment sale agreement regarding the Yettem Water Project (the "Installment Sale Agreement"), dated as of the date hereof, whereby the Corporation has agreed to sell certain improvements (the "Project"), to the County and the County has agreed to purchase the Project from the Corporation; and

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

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

ARTICLE I

DEFINITIONS; AUTHORIZATION; EXHIBITS

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

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

Section 1.03. Content of Written Certificates. Every certificate provided for in this Trust Agreement with respect to compliance with any provision hereof shall include (a) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the certificate is based; (c) a statement that, in the opinion of such person, he has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; (d) a statement of the assumptions upon which such certificate is based, and that such assumptions are reasonable; and (e) a statement as to whether, in the opinion of such person, such provision has been complied with.

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

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

- EXHIBIT A: DEFINITIONS
- EXHIBIT B: FORM OF CERTIFICATE OF PARTICIPATION

ARTICLE II

THE CERTIFICATES OF PARTICIPATION

Section 2.01. Authorization. The Trust Administrator is hereby authorized and directed upon written request from Corporation to prepare, execute and deliver, to the Original Purchaser, Certificates in an aggregate principal amount of fifty-five thousand three hundred dollars (\$55,300) evidencing undivided fractional interests in the Installment Payments and the Prepayments.

Section 2.02. Date. Each Certificate shall be dated as of August 14, 1994.

Section 2.03. Maturity; Interest Rate. Each Certificate shall mature on August 1, 2034, and interest with respect thereto shall be computed at the rate of 4.50% per annum.

Section 2.04. Interest. Interest with respect to the Certificates shall be payable semiannually on each February 1 and August 1 (each, an "Interest Payment Date"), commencing February 1, 1995, to and including the date of final principal payment (or provision therefor pursuant to Section 14.01 hereof) or redemption, whichever is earlier. Said interest shall represent one-half (1/2) of the interest determined by multiplying the then Outstanding principal portion of the Certificates by the interest rate applicable thereto; *provided, however*, that interest payable on February 1, 1995, shall be computed on the actual number of days elapsed from the Closing Date to such Interest Payment Date.

Interest with respect to any Certificate shall be payable from the Interest Payment Date next preceding the date of execution thereof, unless (i) such Certificate is executed on an Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (ii) such Certificate is executed after the close of business on the fifteenth (15th) day of the month immediately preceding the following Interest Payment Date and prior to such Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) such Certificate is executed on or before January 15, 1995, in which event interest shall be payable from the Closing Date; *provided, however*, that if at the time of execution of any Certificate, interest with respect thereto is in default, interest with respect thereto shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment. Payment of interest with respect to any Certificate shall be made to the person appearing on the registration books of the Trustee as the Owner thereof as of the fifteenth (15th) day of the month prior to the Interest Payment Date, such interest to be paid by check mailed on each Interest Payment Date by first class mail, postage prepaid, to such Owner at his address as it appears on such registration books or at such other address as he may have filed in writing with the Trustee for that purpose by the fifteenth (15th) day of the month prior to such Interest Payment Date.

Section 2.05. Form of Certificates; Legends. The Certificates shall be delivered in the form of fully registered Certificates, without coupons, in the denomination of \$1,000 each or any integral multiple thereof, except that one Certificate of each maturity may be in any odd amount and that no Certificate may have principal maturing in more than one year. The Certificates shall be numbered in such manner as the Trust Administrator deems appropriate. The Certificates shall be substantially in the form set forth in Exhibit B attached hereto and by this reference incorporated herein. The Certificates may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Trust Agreement as may be necessary or desirable to comply with custom, or otherwise.

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

Section 2.07. Application of Proceeds. The proceeds received by the Trust Administrator from the sale of the Certificates shall forthwith be set aside by the Trust Administrator in the Proceeds Fund.

Section 2.08. Transfer and Exchange.

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

No transfer of Certificates shall be required to be made during the fifteen (15) days prior to the date of selection of Certificates for redemption, or of any Certificate selected for redemption.

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

No exchange of Certificates shall be required to be made during the fifteen (15) days prior to the date of selection of Certificates for redemption, or of any Certificate selected for redemption.

Section 2.09. Certificates Mutilated, Lost, Destroyed or Stolen. If any Certificate shall become mutilated, the Trust Administrator, at the expense of the Owner of said Certificate, shall execute and deliver a new Certificate of like maturity and principal amount in exchange and substitution for the Certificate so mutilated, but only upon surrender to the Trust Administrator of the Certificate so mutilated. Every mutilated Certificate so surrendered to the Trust Administrator shall be canceled by it and destroyed in accordance with Section 13.07 hereof, and the Trust Administrator shall deliver a certificate of destruction to the County. If any Certificate shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trust Administrator and, if such evidence is satisfactory to the Trust Administrator and if an indemnity satisfactory to the Trust Administrator shall be given, the Trust Administrator, at the expense of the Certificate Owner, shall execute and deliver a new Certificate of like tenor and maturity and numbered as the Trust Administrator shall determine in lieu of and in substitution for the Certificate so lost, destroyed or stolen. The Trust Administrator may require payment of an appropriate fee for each new Certificate delivered under this Section 2.09 and of the expenses which may be incurred by the Trust Administrator in carrying out the duties under this Section 2.09. Any Certificate delivered under the provisions of this Section 2.09 in lieu of any Certificate alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Trust Agreement with all other Certificates secured by this Trust Agreement. The Trust Administrator shall not be required to

treat both the original Certificate and any replacement Certificate as being Outstanding for the purpose of determining the principal amount of Certificates which may be executed and delivered hereunder or for the purpose of determining any percentage of Certificates Outstanding hereunder; the Trust Administrator shall consider only the replacement Certificate as Outstanding for such purpose. Notwithstanding any other provision of this Section 2.09, in lieu of delivering a new Certificate which has been mutilated, lost, destroyed or stolen, and which has matured, the Trust Administrator may make payment with respect to such Certificate upon receipt of indemnity satisfactory to the Trust Administrator.

Section 2.10. Payment. Interest payable with respect to the Certificates shall be paid to Certificate Owners in accordance with the provisions of Section 2.04 hereof. The principal and premium, if any, payable with respect to the Certificates shall be payable upon presentation and surrender of such Certificate by check or draft denominated in lawful money of the United States of America at the office of the Trust Administrator in Visalia, California.

Section 2.11. Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by Certificate Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for such Certificates. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the holding and ownership of Certificates shall be sufficient for any purpose of this Trust Agreement (except as otherwise herein provided), if made in the following manner:

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

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

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

Section 2.12. Certificate Register. The Trust Administrator will keep or cause to be kept, at its office in Visalia, California, sufficient books for the registration and transfer of the Certificates which shall be open at all reasonable times during normal business hours of the Trust Administrator to inspection by the County and Corporation; and, upon presentation for such purpose, the Trust Administrator shall, under such reasonable regulations as it may

prescribe, register or transfer or cause to be registered or transferred, on said books, Certificates as hereinbefore provided.

ARTICLE III
PROCEEDS FUND

Section 3.01. Proceeds Fund. The Trust Administrator shall establish a special fund designated as the "Proceeds Fund"; shall keep such fund separate and apart from all other funds and moneys held by the Trust Administrator; and shall administer such fund as provided herein. There shall be deposited in the Proceeds Fund the proceeds of sale of the Certificates. Moneys in the Proceeds Fund shall be withdrawn by the Trust Administrator upon request of a County Representative for payment of costs of the Project.

Upon written notice from a County Representative that all costs of the Project have been paid, the Trust Administrator shall transfer any moneys then remaining in the Proceeds Fund to the Installment Payment Fund, the Proceeds Fund shall be closed and the Trust Administrator shall no longer be obligated to make payments for costs of the Project.

ARTICLE IV

REDEMPTION OF CERTIFICATES

Section 4.01. Redemption.

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

(b) *Optional Redemption.* The Certificates shall be subject to optional redemption at the option of the Corporation on any February 1 or August 1 on or after February 1, 1995, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium.

(c) *Redemption From Net Proceeds of Insurance and Condemnation.* The Certificates are subject to redemption on any date, in whole or in part, from the Net Proceeds of any insurance or condemnation award deposited in the Installment Payment Fund and credited towards the Prepayment made by the County pursuant to Section 10.03 of the Installment Sale Agreement, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium.

(d) *Mandatory Redemption.* The Certificates are subject to mandatory redemption on August 1 in each year on and after August 1, 1995, from the principal components of the Installment Payments required to be paid by the County pursuant to the Installment Sale Agreement with respect to each such redemption date, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium, as follows:

<u>Mandatory Redemption Date (August 1)</u>	<u>Principal Amount</u>	<u>Mandatory Redemption Date (August 1)</u>	<u>Principal Amount</u>
1995	\$1,300	2015	\$1,000
1996	1,000	2016	1,000
1997	1,000	2017	1,000
1998	1,000	2018	1,000
1999	1,000	2019	1,000
2000	1,000	2020	1,000
2001	1,000	2021	1,000
2002	1,000	2022	1,000
2003	1,000	2023	1,000
2004	1,000	2024	1,000
2005	1,000	2025	2,000
2006	1,000	2026	2,000
2007	1,000	2027	2,000
2008	1,000	2028	2,000
2009	1,000	2029	2,000
2010	1,000	2030	3,000
2011	1,000	2031	3,000
2012	1,000	2032	3,000
2013	1,000	2033	3,000
2014	1,000	2034	3,000

Section 4.02. Selection of Certificates for Redemption. Whenever provision is made in this Trust Agreement for the redemption of Certificates and less than all Outstanding Certificates are called for redemption, the Trust Administrator shall select Certificates for redemption, from the Outstanding Certificates not previously called for redemption, pro rata among maturities and by lot within a maturity. The Trust Administrator shall promptly notify the County and Corporation in writing of the Certificates so selected for redemption.

Section 4.03. Notice of Redemption. Notice of any such redemption shall be given by the Trust Administrator on behalf and at the expense of the County by mailing a copy of a redemption notice by first class mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to such Owner of the Certificate or Certificates to be redeemed at the address shown on the Certificate registration books maintained by the Trust Administrator; *provided, however*, that neither the failure to receive such notice nor any defect in any notice shall affect the sufficiency of the proceedings for the redemption of the Certificates.

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

Prior to any redemption date, the County shall deposit, or cause to be deposited, with the Trust Administrator an amount of money sufficient to pay the redemption price of all the Certificates or portions of Certificates which are to be redeemed on that date.

Notice of redemption having been given as aforesaid, the Certificates or portions of Certificates so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the County shall default in the payment of the redemption price) interest with respect to such Certificates or portions of Certificates shall cease to be payable. Upon surrender of such Certificates for redemption in accordance with said notice, such Certificates shall be paid by the Trust Administrator at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Certificate, there shall be prepared for the Owner a new Certificate or Certificates of the same maturity in the amount of the unpaid principal. All Certificates which have been redeemed shall be canceled by the Trust Administrator, shall not be reissued and shall be destroyed pursuant to Section 13.07.

In addition to the foregoing notice, notice shall be given by the Trust Administrator to the Information Services and the Securities Depositories, but no defect in said notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed above.

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

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

Section 4.05. Effect of Notice of Redemption. Notice having been given as aforesaid, and the moneys for the redemption, including interest to the applicable Interest Payment Date and premium, if any, having been set aside in the Installment Payment Fund, the Certificates to be redeemed shall become due and payable on said Interest Payment Date, and, upon presentation and surrender thereof at the office or offices specified in said notice, said Certificates shall be paid at the unpaid principal amount with respect thereto, plus redemption premium, if any, and any unpaid and accrued interest to said Interest Payment Date.

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

ARTICLE V

INSTALLMENT PAYMENTS; INSTALLMENT PAYMENT FUND

Section 5.01. Assignment of Rights in Installment Sale Agreement. The Corporation has, pursuant to the Assignment Agreement, transferred, assigned and set over to the Trust Administrator all of its rights, title and interest in the Installment Sale Agreement (excepting only its rights under Sections 5.06, 7.03 and 9.04 thereof), including but not limited to all of Corporation's rights to receive and collect all of the Installment Payments, the Prepayments and all other amounts required to be deposited in the Installment Payment Fund pursuant to the Installment Sale Agreement or pursuant hereto. All Installment Payments, Prepayments and such other amounts which Corporation may at any time be entitled to shall be paid directly to the Trust Administrator and all Installment Payments collected or received by Corporation shall be deemed to be held or to have been collected or received by Corporation as agent of the Trust Administrator.

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

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

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

Section 5.05. Application of Redemption Fund. The Trust Administrator shall establish and maintain the Redemption Fund, amounts in which shall be used and withdrawn by the Trust Administrator solely for the purpose of paying the principal with respect to the Certificates to be redeemed pursuant to Section 4.01(b); provided, however, that at any time prior to giving notice of redemption of any such Certificates, the Trust Administrator may apply such amounts to the purchase of Certificates 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 Installment Payment Fund) as shall be directed pursuant to a Request of the Corporation, except that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to the Certificates.

Section 5.06. Surplus. Any surplus remaining in the Installment Payment Fund, after redemption and payment of all Certificates, including premiums, if any, and accrued interest (if any) and payment of any applicable fees, costs and expenses to the Trust Administrator, or

provision for such redemption or payment having been made to the satisfaction of the Trust Administrator, shall be withdrawn by the Trust Administrator and remitted to the County.

ARTICLE VI

INSURANCE AND CONDEMNATION FUND; INSURANCE; EMINENT DOMAIN

Section 6.01. Establishment of Insurance and Condemnation Fund; Application of Net Proceeds of Insurance Award. Any Net Proceeds of insurance against accident to or destruction of any structure constituting any part of the Project collected by the County in the event of any such accident or destruction shall be transferred by the County to the Trust Administrator pursuant to Section 6.01 of the Installment Sale Agreement and the Trust Administrator shall deposit such moneys in a special fund designated as the "Insurance and Condemnation Fund" to be applied and disbursed by the Trust Administrator as provided in Section 6.01(a) of the Installment Sale Agreement.

Section 6.02. Application of Net Proceeds of Eminent Domain Award. If all or any part of the Project shall be taken by eminent domain (or sold to a government threatening to exercise the power of eminent domain) the Net Proceeds therefrom shall be transferred by the County to the Trust Administrator for deposit in the Insurance and Condemnation Fund pursuant to Section 6.01(b) of the Installment Sale Agreement and shall be applied and disbursed by the Trust Administrator as follows:

(a) If the County determines that such eminent domain proceedings have not materially affected the operation of the Project, or the ability of the County to meet any of its obligations under the Installment Sale Agreement, and if the County determines that such proceeds are: (i) not needed for repair, replacement or rehabilitation of the Project, upon receipt of a written certificate from the County the Trust Administrator shall transfer such proceeds to the Installment Payment Fund to be credited towards the Prepayments required to be paid pursuant to Section 10.03 of the Installment Sale Agreement and applied to the redemption of Certificates in the manner provided in Article IV hereof, or (ii) needed for repair or rehabilitation of the Project, upon receipt of a written certificate from the County the Trust Administrator shall pay to the County, or to its order, from said proceeds such amounts as the County may expend for such repair or rehabilitation, upon the filing with the Trust Administrator of requisitions of the County Representative, substantially in the form described in Section 3.02 in connection with the payment of costs of the Project, as specified in Section 6.01(a) of the Installment Sale Agreement.

(b) If (i) less than all of the Project shall have been taken in such eminent domain proceedings, and if the County determines that such eminent domain proceedings have materially affected the operation of the Project or the ability of the County to meet any of its obligations under the Installment Sale Agreement or (ii) all of the Project shall have been taken in such eminent domain proceedings, then upon receipt of written instruction from the County the Trust Administrator shall transfer such proceeds to the Installment Payment Fund to be credited toward the Prepayment required to be paid pursuant to Section 10.03 of the Installment Sale Agreement and applied to the redemption of Certificates in the manner provided in Article IV hereof.

Section 6.03. Excess Net Proceeds. After all of the Certificates have been retired and the entire amount of principal, interest and any redemption premiums with respect to the Certificates have been paid in full and payment of all amounts due to the Trust Administrator, the Trust Administrator shall transfer any remaining funds to the County.

Section 6.04. Cooperation. The Corporation shall cooperate with the County at the expense of the County in filing any proof of loss with respect to any insurance policy

maintained pursuant to Article V of the Installment Sale Agreement and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Project or any part thereof.

ARTICLE VII

MONEYS IN FUNDS; INVESTMENT

Section 7.01. Held for Benefit of the Owners. The moneys and investments held by the Trust Administrator under this Trust Agreement are irrevocably held for the benefit of the Owners of the Certificates, and for the purposes herein specified, and such moneys, and any income or interest earned thereon, shall be expended only as provided in this Trust Agreement, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of either Corporation, the Trust Administrator or the County or any Owner of Certificates, or any of them until after the Certificates have been paid in full.

Section 7.02. Investments Authorized. Moneys held by the Trust Administrator hereunder shall, upon written order of a County Representative, be invested and reinvested by the Trust Administrator, to the maximum extent practicable, in Permitted Investments. If a County Representative shall fail to so direct investments, the Trust Administrator shall invest the affected moneys in Permitted Investments described in paragraph (f) of the definition thereof. A County Representative may, by written order filed with the Trust Administrator, direct investment of moneys held by the Trust Administrator in specific Permitted Investments. Investments, if registrable, shall be registered in the name of and held by the Trust Administrator or its nominee. The Trust Administrator may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Section 7.02. Such investments and reinvestments shall be made giving full consideration to the time at which funds are required to be available. The Trust Administrator may act as principal or agent in the making or disposing of any investment.

Section 7.03. Accounting. The Trust Administrator shall furnish to the County a monthly statement of all investments, transactions and disbursements made by the Trust Administrator. The Trust Administrator shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with this Article VII.

Section 7.04. Allocation of Earnings. All interest or income received by the Trust Administrator on investment of the Installment Payment Fund shall be retained in the Installment Payment Fund and be applied as a credit against Installment Payments. All interest or income in the Proceeds Fund shall be retained in the Proceeds Fund until the Proceeds Fund is closed pursuant to Section 3.01 hereof.

Section 7.05. Acquisition, Disposition and Valuation of Investments.

(a) Except as otherwise provided in subsection (b) of this Section 7.05, the County covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Trust Agreement, or otherwise containing gross proceeds of the Certificates (within the meaning of section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Trust Agreement or the Code) at Fair Market Value.

(b) Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code shall be valued at their present value (within the meaning of section 148 of the Code) .

Section 7.06. Deposit and Investment of Moneys in Funds. All moneys held by the Trust Administrator in any of the funds established pursuant to this Trust Agreement shall be deposited in demand or time deposits in any bank or trust company authorized to accept

deposits of public funds (including the banking department of the Trust Administrator), and, as and to the extent required by law, shall be secured at all times by obligations which are eligible by law to secure deposits of public moneys, except such moneys which are at the time invested as hereinbefore provided. Such obligations shall be deposited with such bank or banks as may be selected by the Trust Administrator, and held by or for the account of the Trust Administrator as security for such deposits.

The Trust Administrator may commingle, at its sole discretion, any of the funds held by it pursuant to this Trust Agreement into a separate fund or funds for investment purposes only, *provided, however*, that all funds or accounts held by the Trust Administrator hereunder shall be accounted for separately notwithstanding such commingling by the Trust Administrator.

ARTICLE VIII

THE TRUST ADMINISTRATOR/TRUSTEE

Section 8.01. Appointment of Trust Administrator. The Trust Administrator is hereby appointed by Corporation and the County for the purpose of receiving all moneys required to be deposited with the Trust Administrator hereunder and to allocate, use and apply the same as provided in this Trust Agreement.

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

So long as no Event of Default shall have occurred and be continuing, the County may remove the Trust Administrator initially appointed, and any successor thereto, on thirty (30) days written notice and may appoint a successor or successors thereto; provided that any such successor shall be a bank or trust company which shall be a corporation organized and doing business under the laws of any state, the District of Columbia or the United States of America, authorized under such laws to exercise corporate trust powers, which shall have (or, in the case of a corporation included in a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least fifty million dollars (\$50,000,000), and subject to supervision or examination by federal or state Corporation, so long as any Certificates are Outstanding. If such corporation publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining Corporation above referred to then for the purpose of this Section 8.01 the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. Any removal of the Trust Administrator shall not be effective until written acceptance of appointment by the successor Trust Administrator.

The Trust Administrator may at any time resign by giving written notice to Corporation and the County and by providing notice by first class mail, postage prepaid, to the Owners at their addresses as shown on the Certificate registration books maintained by the Trust Administrator. Said mailing shall be made prior to the proposed effective date of resignation. Upon receiving such notice of resignation, the County shall promptly appoint a successor Trust Administrator by an instrument in writing; *provided, however,* that in the event that the County does not appoint a successor Trust Administrator within thirty (30) days following receipt of such notice of resignation Corporation may appoint a successor Trust Administrator and in the event that Corporation does not appoint such successor Trust Administrator, the resigning Trust Administrator, at the expense of the County, may petition any appropriate court having jurisdiction to appoint a successor Trust Administrator. Any resignation or removal of the Trust Administrator and appointment of a successor Trust Administrator shall become effective upon acceptance of appointment by the successor Trust Administrator and receipt by the Trust Administrator of any fees and expenses due and payable to it.

Section 8.02. Liability of Trust Administrator. The recitals of facts, covenants and agreements herein and in the Certificates contained shall be taken as statements, covenants and agreements of Corporation and the County, and the Trust Administrator neither assumes any responsibility for the correctness of the same, nor makes any representations as to the validity

or sufficiency of this Trust Agreement or of the Certificates nor shall incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Certificates assigned to or imposed upon the Trust Administrator.

Section 8.03. Merger or Consolidation. Any company into which the Trust Administrator may be merged or converted or with which any of them may be consolidated or any company resulting from any merger, conversion or consolidation to which any of them shall be a party or any company to which the Trust Administrator may sell or transfer all or substantially all of its corporate trust business, provided that such company shall be eligible under Section 8.01, shall be the successor to the Trust Administrator without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Section 8.04. Protection and Rights of the Trust Administrator. The Trust Administrator shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificates, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Trust Agreement, and the Trust Administrator shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trust Administrator shall not be bound to recognize any person as an Owner of any Certificate or to take any action at his request unless such Certificate shall be deposited with the Trust Administrator or satisfactory evidence of the ownership of such Certificate shall be furnished to the Trust Administrator. The Trust Administrator may consult with counsel, who may be counsel to the County, with regard to legal questions and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith in accordance therewith.

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

The Trust Administrator may become the Owner of the Certificates with the same rights it would have if it were not Trust Administrator; may acquire and dispose of other bonds or evidence of indebtedness of the County with the same rights it would have if it were not the Trust Administrator; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Certificates, whether or not such committee shall represent the Owners of the majority in principal amount of the Certificates then Outstanding.

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

funds and accounts established hereunder, except only for its own willful misconduct or negligence.

The Trust Administrator undertakes to perform such duties, and only such duties as are specifically set forth in this Trust Agreement and no implied duties or obligations shall be read into this Trust Agreement against the Trust Administrator.

No provision in this Trust Agreement shall require the Trust Administrator to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not assured to it.

In accepting the duties hereby enumerated, the Trust Administrator acts solely as Trust Administrator for the Owners and not in its individual capacity and all persons, including without limitation the Owners and the County or Corporation having any claim against the Trust Administrator arising from the Trust Agreement shall look only to the funds and accounts held by the Trust Administrator hereunder for payment except as otherwise provided herein. Under no circumstances shall the Trust Administrator be liable in its individual capacity for the obligations evidenced by the Certificates.

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

The Trust Administrator shall not be responsible for the sufficiency or enforceability of the Installment Sale Agreement or the assignment under the Assignment Agreement of its rights to receive Installment Payments.

The Trust Administrator shall not be deemed to have knowledge of any Event of Default hereunder or under the Installment Sale Agreement except failure by the County to make Installment Payments unless the Trust Administrator shall be specifically notified in writing of such Event of Default.

The Trust Administrator shall not be accountable for the use or application by the County or any other party of any funds which the Trust Administrator has released under this Trust Agreement.

The Trust Administrator shall not be liable in its individual capacity with respect to any action taken or omitted to be taken by the Trust Administrator in good faith in accordance with the written request of the Owners of the Certificates.

Subject to applicable escheat laws, any amounts unclaimed two (2) years after the final redemption or maturity date of the Certificates, whichever occurs first, shall be paid by the Trust Administrator to the County, and thereafter, the Owner of any Certificate remaining unpaid shall look to the County for the payment of such Certificates.

Section 8.05. Appointment of Trust Administrator. In the event that an Event of Default shall occur or if it shall otherwise be necessary for the Trust Administrator to enforce payment of the Installment Payments, Prepayments or any other amount required to be deposited into the Installment Payment Fund or the Insurance and Condemnation Fund, or to exercise any of the remedies set forth in Article XI, or if it is determined that the Trust Administrator is unable

to perform any of the other duties hereunder, the County shall appoint a Trustee to succeed to the duties and responsibilities of the Trust Administrator hereunder, such appointment to be effective immediately upon written notice thereof to the Trust Administrator. Any Trustee appointed in such circumstances shall meet the requirements of the third paragraph of Section 8.01 hereof. Upon such appointment, the term "Trust Administrator" in this Agreement shall also refer to such Trustee.

ARTICLE IX
MODIFICATION OR AMENDMENT OF
AGREEMENTS

Section 9.01. Amendments Permitted. This Trust Agreement and the rights and obligations of the Owners of the Certificates and the Installment Sale Agreement and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental agreement which shall become effective when the written consent of the Owners of sixty percent (60%) or more in aggregate principal amount of the Certificates then Outstanding, exclusive of Certificates disqualified as provided in Section 9.03, shall have been filed with the Trust Administrator. No such modification or amendment shall (1) extend or have the effect of extending the fixed maturity of any Certificate or reducing the interest rate with respect thereto or extending the time of payment of interest, or reducing the amount of principal thereof or reducing any premium payable upon the redemption thereof, without the express consent of the Owner of such Certificate, or (2) reduce or have the effect of reducing the percentage of Certificates required for the affirmative vote or written consent to an amendment or modification of the Installment Sale Agreement, or (3) modify any of the rights or obligations of the Trust Administrator without its written assent thereto. Any such supplemental agreement shall become effective as provided in Section 9.02.

This Trust Agreement and the rights and obligations of the Owners of the Certificates and the Installment Sale Agreement and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental agreement, without the consent of any such Owners, but only to the extent permitted by law and only (1) to cure, correct or supplement any ambiguous or defective provision contained herein or therein, or (2) in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which shall not, in the opinion of nationally recognized bond counsel, materially adversely affect the interest of the Owners of the Certificates. Any such supplemental agreement shall become effective upon its execution and delivery by the parties hereto or thereto as the case may be.

Section 9.02. Procedure for Amendment with Written Consent of Certificate Owners. This Trust Agreement or the Installment Sale Agreement may be amended by supplemental agreement as provided in this Section 9.02 in the event the consent of the Owners of the Certificates is required pursuant to Section 9.01. A copy of such supplemental agreement, together with a request to the Certificate Owners for their consent thereto, shall be mailed by the Trust Administrator to the Owner of each Certificate at his address as set forth in the Certificate Register, but failure to mail copies of such supplemental agreement and request shall not affect the validity of the supplemental agreement when to as provided in this Section 9.02.

Such supplemental agreement shall not become effective unless there shall be filed with the Trust Administrator the written consent of the Owners of sixty percent (60%) or more in aggregate principal amount of the Certificates then Outstanding (exclusive of Certificates disqualified as provided in Section 9.03) and a notice shall have been mailed as hereinafter provided in this Section 9.02. Each such consent shall be effective only if accompanied by proof of ownership of the Certificates for which such consent is given, which proof shall be such as is permitted by Section 2.11. Any such consent shall be binding upon the Owner of the Certificate giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trust Administrator within five (5) business days of the date when the notice of consent hereinafter in this Section 9.02 provided for has been mailed.

After the Owners of the required percentage of Certificates shall have filed their consents to such supplemental agreement, the Trust Administrator shall mail a notice to the Owners of the Certificates in the manner hereinbefore provided in this Section 9.02 for the mailing of such supplemental agreement at the notice of adoption thereof, stating in substance that such supplemental agreement has been consented to by the Owners of the required percentage of Certificates and will be effective as provided in this Section 9.02 (but failure to mail copies of said notice shall not affect the validity of such supplemental agreement or consents thereto). A record, consisting of the papers required by this Section 9.02 to be filed with the Trust Administrator, shall be conclusive proof of the matters therein stated until the contrary is proved. Such supplemental agreement shall be deemed conclusively binding upon the parties hereto and the Owners of all Certificates at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty (60) day period.

Section 9.03. Disqualified Certificates. Certificates owned or held by or for the account of the County or by any person directly or indirectly controlled or controlled by, or under direct or indirect common control with the County (except any Certificates held in any pension or retirement fund) shall not be deemed Outstanding for the purpose of any vote, consent, waiver or other action or any calculation of Outstanding Certificates provided for in this Trust Agreement, and shall not be entitled to vote upon, consent to, or take any other action provided for in this Trust Agreement.

Section 9.04. Effect of Supplemental Agreement. From and after the time any supplemental agreement becomes effective pursuant to this Article IX, this Trust Agreement or the Installment Sale Agreement, as the case may be, shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Certificates Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any supplemental agreement shall be deemed to be part of the terms and conditions of this Trust Agreement or the Installment Sale Agreement, as the case may be, for any and all purposes.

The County may adopt appropriate regulations to require each Certificate Owner, before his consent provided for in this Article IX shall be deemed effective, to reveal the Certificates as to which such consent is given are disqualified as provided in Section 9.03.

Section 9.05. Endorsement or Replacement of Certificates Delivered After Amendments. The County may determine that Certificates delivered after the effective date of any action taken as provided in this Article IX shall bear a notation, by endorsement or otherwise, in form approved by the Trust Administrator, as to such action. In that case, upon demand of the Owner of any Certificate Outstanding at such effective date and presentation of his Certificate for the purpose at the office of the Trust Administrator, a suitable notation shall be made on such Certificate. The County may determine that new Certificates, so modified as in the opinion of the County is necessary to conform to such Certificate Owners' action, shall be prepared, executed and delivered. In that case, upon demand of the Owner of any Certificate then Outstanding, such new Certificate shall be exchanged in the principal corporate office of the Trust Administrator in Visalia, California, without cost to such Owner, for a Certificate of the same character then Outstanding, upon surrender of such Certificate.

Section 9.06. Amendatory Endorsement of Certificates. The provisions of this Article IX shall not prevent any Certificate Owner from accepting any amendment as to the particular Certificates held by him, provided that due notification thereof is made on such Certificates.

ARTICLE X
COVENANTS

Section 10.01. Compliance With and Enforcement of Installment Sale Agreement. The County covenants and agrees with the Owners of the Certificates to perform all obligations and duties imposed on it under the Installment Sale Agreement and this Trust Agreement.

The County or Corporation, immediately upon receiving or giving any notice or communication or other document in any way relating to or affecting their respective interests in the Project which may or can in any manner affect such interest, will deliver the same, or a copy thereof, to the Trust Administrator.

The County will not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be a ground for cancellation or termination of the Installment Sale Agreement by Corporation thereunder.

Section 10.02. Payment of Taxes. The County will pay or cause to be paid all taxes, assessments and other governmental charges, if any, that may be levied, assessed or charged upon the Project or any part thereof, promptly as and when the same shall become due and payable; and the County will, upon request of the Trust Administrator, keep the Trust Administrator advised of such payments, and deliver such evidence thereof as the Trust Administrator may reasonably require. The County will not suffer the Project, or any part thereof, to be sold for any taxes, assessments or other charges whatsoever, or to be forfeited therefor.

Section 10.03. Observance of Laws and Regulations. The County will well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the County, including its right to exist and carry on business as a political subdivision, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 10.04. Prosecution and Defense of Suits. The County shall promptly, upon request of the Trust Administrator or any Certificate Owner from time to time, take such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Project, whether now existing or hereafter developing and shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and shall indemnify and save the Trust Administrator and every Certificate Owner harmless from all loss, cost, damage and expense, including attorneys' fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceeding.

Section 10.05. Further Assurances. The Corporation, the County and the Trust Administrator (at the cost of the County) will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Trust Agreement, and for the better assuring and confirming unto the Owners of the Certificates the rights and benefits provided herein.

Section 10.06. Filing. The County shall be responsible for the filing of any supplemental instruments or documents of further assurance as may be required by law in order to perfect the security interests created by this Trust Agreement. Neither the Trust Administrator nor Corporation shall be responsible for such filing.

ARTICLE XI

LIMITATION OF LIABILITY

Section 11.01. Limited Liability of County. Except for the payment of Installment Payments and Prepayments when due in accordance with the Installment Sale Agreement and the performance of the other covenants and agreements of the County contained in said Agreement, the County shall have no pecuniary obligation or liability to any of the other parties or to the Owners of the Certificates with respect to this Trust Agreement or the terms, execution, delivery or transfer of the Certificates, or the distribution of Installment Payments to the Owners by the Trust Administrator except as expressly set forth herein.

Section 11.02. No Liability of Corporation for Trust Administrator Performance. Neither the County nor Corporation shall have any obligation or liability to the other part or to the Owners of the Certificates with respect to the performance by the Trust Administrator of any duty imposed upon the Trust Administrator under this Trust Agreement.

Section 11.03. Indemnification of Trust Administrator. The County shall to the extent permitted by law indemnify and save the Trust Administrator, its officers, employees, directors and agents harmless from and against all claims, losses, costs, expenses, liability and damages, including legal fees and expenses, arising out of (i) the use, maintenance, condition or management of, or from any work or thing done on, the Project by Corporation or the County, (ii) any breach or default on the part of Corporation or the County in the performance of any of their respective obligations under the Installment Sale Agreement, this Trust Agreement and any other agreement made and entered into for purposes of the Project, (iii) any act of Corporation or the County or of any of their respective agents, contractors, servants, employees, licensees with respect to the Project, (iv) any act of any assignee of, or purchaser from Corporation or the County or of any of its or their respective agents, contractors, servants, employees or licensees with respect to the Project, (v) the acquisition, construction, installation and equipping of the Project or the authorization of payment or costs of the Project, (vi) the actions of any other party, including but not limited to the ownership, operation or use of the Project by Corporation or the County, (vii) the Trust Administrator's exercise and performance of its powers and duties hereunder, or (viii) the offering and sale of the Certificates. No indemnification will be made under this Section 11.03 or elsewhere in this Trust Agreement for willful misconduct or negligence under this Trust Agreement by the Trust Administrator, its officers or employees. The County's obligations hereunder shall remain valid and binding notwithstanding maturity and payment of the Certificates or resignation or removal of the Trust Administrator.

Section 11.04. Limitation of Rights to Parties and Certificate Owners. Nothing in this Trust Agreement or in the Certificates expressed or implied is intended or shall be construed to give any person other than the County, Corporation, the Trust Administrator and the Owners of the Certificates, any legal or equitable right, remedy or claim under or in respect of this Trust Agreement or any covenant, condition or provision hereof; and all such covenants, conditions and provisions are and shall be for the sole and exclusive benefit of the County, Corporation, the Trust Administrator and said Owners.

ARTICLE XII

EVENTS OF DEFAULT AND REMEDIES OF CERTIFICATE OWNERS

Section 12.01. Assignment of Rights. Pursuant to the Assignment Agreement, Corporation transfers, assigns and sets over to the Trust Administrator all of Corporation's rights under the Installment Sale Agreement (excepting only Corporation's rights under Sections 5.06, 7.03 and 9.04 thereof), including without limitation Corporation's rights to exercise such rights and remedies conferred on Corporation pursuant to the Installment Sale Agreement as may be necessary or convenient (i) to enforce payment of the Installment Payments, Prepayments and any other amounts required to be deposited in the Installment Payment Fund or the Insurance and Condemnation Fund, and (ii) otherwise to exercise Corporation's rights and take any action to protect the interests of the Trust Administrator or the Certificate Owners in an Event of Default. In the event that it becomes necessary for the Trust Administrator to exercise such rights or to enforce such payment, the County shall appoint a Trustee to act as successor to the Trust Administrator pursuant to Article IV hereof. Notwithstanding anything in this Agreement to the contrary, the Trust Administrator shall not be deemed to be a trustee when performing the duties of the Trust Administrator hereunder.

Section 12.02. Remedies. If an Event of Default shall happen, then and in each and every such case during the continuance of such Event of Default, the Trustee may exercise any and all remedies available hereunder pursuant to law or granted pursuant to the Installment Sale Agreement.

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

Section 12.03. Application of Funds. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article XII or of Article IX of the Installment Sale Agreement, shall be applied by the Trustee in the order following upon presentation of the several Certificates and the stamping thereon of the payment if only partially paid or upon the surrender thereof if fully paid -

First, to the payment of the costs and expenses of the Trustee hereunder (including, but not limited to, the costs and expenses of itself and its counsel in declaring such Event of Default) and, after such payment to the Trustee, of the Certificate Owners in declaring such Event of Default, including reasonable compensation to its or their agents, attorneys and counsel;

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

installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

Section 12.04. Institution of Legal Proceedings. If one or more Events of Default shall happen and be continuing, the Trustee in its discretion may, and upon the written request of the Owners of a majority in principal amount of the Certificates then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Owners of Certificates by a suit in equity or action at law, for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual to enforce any of its rights or duties hereunder.

Section 12.05. Non-waiver. Nothing in this Article XII or in any other provision of this Trust Agreement, or in the Certificates, shall affect or impair the obligation of the County, which is absolute and unconditional subject to Section 4.05 of the Installment Sale Agreement, to pay or prepay the Installment Payments as provided in the Installment Sale Agreement, or affect or impair the right of action, which is also absolute and unconditional, of the Certificate Owners to institute suit to enforce such payment. No delay or omission of the Trustee or of any Owner of any of the Certificates to exercise any right or power arising upon the happening of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, and every power and remedy given by this Article XII to the Trustee or to the Owners of Certificates may be exercised from time to time and as often as shall be deemed expedient by the Trustee or the Certificate Owners.

Section 12.06. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Certificate Owners is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise.

Section 12.07. Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the Certificates then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Certificates, 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 hereunder, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of at least a majority in principal amount of the Certificates Outstanding hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Section 12.08. Limitation on Certificate Owners' Right to Sue. No Owner of any Certificate shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Trust Agreement, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default hereunder; (b) the Owners of at least a majority in aggregate principal amount of all the Certificates then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee reasonable indemnity 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 sixty (60) days after such

written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

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

The right of any Owner of any Certificate to receive payment of said Owner's proportionate interest in the Installment Payments as the same become due, or to institute suit for the enforcement of such payment, shall not be impaired or affected without the consent of such Owner, notwithstanding the foregoing provisions of this Section 12.08 or any other provision of this Trust Agreement.

Section 12.09. Parties Interested Herein. Nothing in this Trust Agreement expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the County, Corporation, the Trust Administrator and the Owners any right, remedy or claim under or by reason of this Trust Agreement, or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Trust Agreement contained by and on behalf of the County shall be for the sole and exclusive benefit of the County, Corporation, the Trustee and the Owners.

ARTICLE XIII
MISCELLANEOUS

Section 13.01. Defeasance. If all Outstanding Certificates shall be paid and discharged in any one or more of the following ways:

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

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

(c) by irrevocably depositing with the Trust Administrator or a qualified escrow agent cash or non-callable Federal Securities in such amount as an independent certified public accountant shall determine in a written report delivered to the Trust Administrator or qualified escrow agent will, together with the interest to accrue thereon and moneys then on deposit in the Installment Payment Fund, if required, together with the interest to accrue thereon, be fully sufficient to pay and discharge all Certificates (including all principal and interest) at or before their respective maturity dates; or

(d) by depositing with the Trust Administrator, under an escrow deposit and trust agreement, security for the payment of Installment Payments as more particularly described in Section 10.05 of the Installment Sale Agreement, said security to be held by the Trust Administrator, as agent for County, and to be applied by the Trust Administrator to Installment Payments representing the obligation of the County under the Installment Sale Agreement, as described in Section 10.05 of the Installment Sale Agreement.

notwithstanding that any Certificates shall not have been surrendered for payment, all rights hereunder of the Owners of the Certificates and all obligations of Corporation, the Trust Administrator and the County under this Trust Agreement with respect to all Outstanding Certificates shall cease and terminate, except only the obligation of the Trust Administrator to pay or cause to be paid, from Installment Payments paid by or on behalf of the County from deposits pursuant to paragraphs (b) through (d) of this Section 13.01, to the Owners of the Certificates not so surrendered and paid all sums due with respect thereto, and in the event of deposits pursuant to paragraphs (b) through (d) of this Section 13.01, the Certificates shall continue to represent direct, undivided and fractional interests of the Owners thereof in Installment Payments under the Installment Sale Agreement.

Any funds held by the Trust Administrator, at the time of one of the events described above in subsections (a) through (d) above, which are not required for the payment to be made to Owners, or for payments to be made to the Trust Administrator by the County (including attorneys' fees), shall be paid over to the County.

Section 13.02. Records. The Trust Administrator shall keep complete and accurate records of all moneys received and disbursed under this Trust Agreement, which shall be available for inspection by the County, Corporation, and the Owners of not less than 10% in aggregate principal amount of the Certificates Outstanding, or the agent of any of them, during regular business hours.

Section 13.03. Notices. All written notices to be given under this Trust Agreement shall be given by mail first class, postage prepaid, to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other parties in writing from time to time. Any such notice shall be deemed to have been received 48 hours after deposit in the United States mail, with postage fully prepaid.

If to the County: County of Tulare
2900 West Burrel
County Civic Center
Visalia, CA 93291
Attention: County Administrative Officer

If to the Corporation: Tulare County Public Facilities Corporation
2900 West Burrel
County Civic Center
Visalia, CA 93291
Attention: President

If to the Trust Administrator: County of Tulare
County Civic Center
County Courthouse, Room 104-E
Visalia, CA 93291
Attention: Treasurer-Tax Collector

Section 13.04. Governing Law. This Trust Agreement shall be construed and governed in accordance with the laws of the State.

Section 13.05. Binding Effect; Successors. This Trust Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Whenever in this Trust Agreement Corporation, the County or the Trust Administrator is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Trust Agreement contained by or on behalf of Corporation, the County or the Trust Administrator shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 13.06. Execution in Counterparts. This Trust Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

Section 13.07. Destruction of Canceled Certificates. Whenever in this Trust Agreement provision is made for the surrender to or cancellation by the Trust Administrator and the delivery to the County of any Certificates, the Trust Administrator may, in lieu of such cancellation and delivery, destroy such Certificates and deliver a certificate of such destruction to the County.

Section 13.08. Headings. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Trust Agreement. All references herein to "Articles", "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Trust Agreement; and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Trust Agreement as a whole and not to any particular Article, Section or subdivision hereof.

Section 13.09. Limitation of Rights to Parties and Certificates Owners. Nothing in this Trust Agreement or in the Certificates expressed or implied is intended or shall be construed to

give to any person other than Corporation, the County, the Trust Administrator, and the Owners of the Certificates, any legal or equitable right, remedy or claim under or in respect of this Trust Agreement or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of Corporation, the County, the Trust Administrator, and the Owners of the Certificates delivered hereunder.

Section 13.10. Waiver of Notice. Whenever in this Trust Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 13.11. Severability of Invalid Provisions. In case any one or more of the provisions contained in this Trust Agreement or in the Certificates shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision of this Trust Agreement, and this Trust Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The parties hereto hereby declare that they would have entered into this Trust Agreement and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the delivery of the Certificates pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Trust Agreement may be held illegal, invalid or unenforceable.

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date and year first above written.

COUNTY OF TULARE TREASURER-TAX COLLECTOR,
as Trust Administrator

By *D. Gerald Fields*

TULARE COUNTY PUBLIC FACILITIES CORPORATION

By *John L. Millner*
President

[SEAL]

ATTEST:

[Signature]
Secretary

COUNTY OF TULARE, CALIFORNIA

By *James E. Maples*
Chairman of the Board of Supervisors

[SEAL]

ATTEST:

Lois A. Knandy
Clerk of the Board of Supervisors



EXHIBIT A
DEFINITIONS

"Assignment Agreement" means the Assignment Agreement, dated as of August 1, 1994, by and between the Corporation and the Trust Administrator, together with any amendments or supplements thereto.

"Business Day" means a day which is not a Saturday, Sunday or legal holiday on which banking institutions in the State are closed or are required to close or a day which the Federal Reserve System is closed.

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

"Certificates" means the Certificates of Participation executed and delivered pursuant to the Trust Agreement.

"Certificate Year" means the twelve-month period extending from August 2 in one calendar year, both dates inclusive; except that the first Certificate Year shall begin on the Closing Date and end on August 1, 1995.

"Code" means the Internal Revenue Code of 1986 as in effect on the Closing Date or as it may be amended to apply to obligations issued on the Closing Date, together with applicable temporary and final regulations promulgated under the Code.

"Corporation" means the Tulare County Public Facilities Corporation, a nonprofit public benefit corporation organized and existing under the laws of the State of California.

"Corporation Representative" means the President of the Corporation, or any persons authorized to act on behalf of the Corporation under or with respect to the Trust Agreement, the Installment Sale Agreement and the Assignment Agreement.

"County" means County of Tulare, California, a political subdivision duly organized and existing under the Constitution and laws of the State of California.

"County Representative" means the Chairman of the Board of Supervisors or the County Administrative Officer of the County, or any other person designated by the County to act on behalf of the County under or with respect to the Trust Agreement and/or the Installment Sale Agreement.

"Closing Date" means the date upon which there is a physical delivery of the Certificates in exchange for the amount representing the purchase of the Certificates by the Original Purchaser.

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

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

"Event of Default" means an event of default under the Installment Sale Agreement, as defined in Section 9.01 thereof.

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

"Fiscal Year" means any period of twelve (12) consecutive months established by the County as its fiscal year and shall initially mean the period commencing July 1 of one year and ending on June 30 of the following year.

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

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

"Information Services" means Financial Information, Inc.'s "Daily Called Bond Service", 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Services' "Called Bond Service," 65 Broadway, 16th Floor, New York, New York 10006; Moody's "Municipal and Government," 99 Church Street, 8th Floor, New York, New York 10007, Attention: Municipal News Reports; S&P's "Called Bond Record," 25 Broadway, 3rd Floor, New York, New York 10004; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds as the County may designate in a written request of the County delivered to the Trust Administrator.

"Installment Payment" means any payment required to be paid by the County to the Corporation pursuant to Section 4.04 of the Installment Sale Agreement.

"Installment Payment Date" means the 15th day of each January and July, commencing January 15, 1995.

"Installment Payment Fund" means the fund by that name established and held by the Trust Administrator pursuant to Article V of the Trust Agreement.

"Installment Sale Agreement" means the Installment Sale Agreement, dated as of August 1, 1994, by and between the Corporation and the County, and any duly authorized and executed amendment or supplement thereto.

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

"Interest Payment Date" means February 1 and August 1 of each year, commencing February 1, 1995.

"Moody's" means Moody's Investors Service, New York, New York, or its successors.

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

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

"Operation and Maintenance Expenses" means all expenses and costs of management, operation, maintenance and repair of the Project and all incidental costs, fees and expenses properly chargeable to the Project (but excluding debt service or other similar payments on Parity Debt or other obligations and depreciation and obsolescence charges or reserves therefor and amortization of intangibles and inter-fund transfers or other bookkeeping entries of a similar nature).

"Original Purchaser" means the United States of America, as original purchaser of the Certificates.

"Outstanding", when used as of any particular time with respect to Certificates, means (subject to the provisions of Section 9.03 of the Trust Agreement) all Certificates theretofore executed and delivered by the Trust Administrator under the Trust Agreement except:

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

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

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

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

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

"Permitted Encumbrances" means, as of any particular time: (a) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the County may, pursuant to provisions of Article V of the Installment Sale Agreement, permit to remain unpaid; (b) the Installment Sale Agreement and the assignment of the Corporation's interests in the Installment

Sale Agreement pursuant to the Assignment Agreement; (c) any right or claim of any mechanic, laborer, materialman, supplier or vendor filed or perfected in the manner prescribed by law and (d) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the date of the Installment Sale Agreement.

"Permitted Investments" means:

(a) Federal Securities;

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

(c) bonds or obligations of the State of California which are rated "AA" or better by S&P;

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

(e) repurchase agreements with

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

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

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

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

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

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

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

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

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

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

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

(F) the repurchase securities are free and clear of any third party lien or claim; or

(iii) with financial institutions insured by the FDIC or any broker-dealer with "retail customers" which falls under the jurisdiction of the Securities Investors Protection Corp. ("SIPC"), provided that

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

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

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

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

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

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

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

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

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

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

"Project" means the water improvements and facilities described in Exhibit B to the Installment Sale Agreement.

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

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

"S&P" means Standard & Poor's Corporation, New York, New York, or its successors.

"Securities Depositories" means The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax-(516) 227-4039 or 4190; Midwest Securities Trust Company, Capital Structures-Call Notification, 440 South LaSalle Street, Chicago, Illinois 60605, Fax-(312) 663-2343; Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, Pennsylvania 19103, Attention: Bond Department, Fax-(215) 496-5058; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the County may designate in a certificate of the County delivered to the Trust Administrator.

"State" means the State of California.

"Term of the Installment Sale Agreement" means the time during which the Installment Sale Agreement is in effect, as provided in Section 4.03 of the Installment Sale Agreement.

"Trust Administrator" means the Treasurer-Tax Collector of the County of Tulare, or any successor thereto, acting as Trust Administrator pursuant to the Trust Agreement.

"Trust Agreement" means the Trust Agreement, dated as of August 1, 1994, by and among the Trust Administrator, the Corporation and the County, together with any amendments or supplements thereto permitted to be made thereunder.

"Written Certificate" of the County means a written certificate signed in the name of the County by a County Representative. Any such certificate or request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by Section 1.03 of the Trust Agreement or Section 1.02 of the Installment Sale Agreement, each such certificate shall include the statements provided for in Section 1.03 of the Trust Agreement or Section 1.02 of the Installment Sale Agreement.

EXHIBIT B

FORM OF CERTIFICATE OF PARTICIPATION

No. R-1

\$55,300.00

CERTIFICATE OF PARTICIPATION

(1994 Yettem Water Project)

Evidencing a Direct, Undivided Fractional Interest of the
Owner Hereof in Installment Payments to be Made by the
COUNTY OF TULARE, CALIFORNIA
As the Purchase Price for Certain Property Pursuant to an
Installment Sale Agreement with the
Tulare County Public Facilities Corporation

INTEREST RATE	MATURITY DATE	DATED DATE
4.5%	August 1, 2034	August 31, 1994

REGISTERED OWNER: UNITED STATES OF AMERICA

PRINCIPAL AMOUNT: *****FIFTY-FIVE THOUSAND THREE HUNDRED DOLLARS*****

This is to certify that this Certificate of Participation (the "Certificate") evidences a direct, undivided fractional interest in the right to receive certain installment payments (the "Installment Payments") under, and as defined in, that certain Yettem Installment Sale Agreement, dated as of August 1, 1994 (the "Installment Sale Agreement"), by and between the Tulare County Public Facilities Corporation, a nonprofit public benefit corporation organized and existing under the laws of the State of California (the "Corporation"), and the County of Tulare, a political subdivision organized and existing under the Constitution and laws of the State of California (the "County"). The Installment Payments to be made under the Installment Sale Agreement have been assigned to the County of Tulare Treasurer-Tax Collector, as Trust Administrator (the "Trust Administrator"). The Registered Owner stated above, or registered assigns (the "Owner"), is entitled to receive, on the Maturity Date stated above, the Principal Amount stated above, subject to the terms of the Installment Sale Agreement, which represents a portion of the Installment Payments designated as principal coming due on the Installment Payment Date (as defined in the Installment Sale Agreement) immediately preceding the Maturity Date. The Owner is also entitled to receive, subject to the terms of the Installment Sale Agreement, semiannually on each February 1 and August 1, commencing February 1, 1995 (hereinafter referred to as the "Interest Payment Dates"), to and including the Maturity Date or the date of redemption, whichever is earlier, the Owner's fractional share of the Installment Payments designated as interest coming due with respect to each of the Interest Payment Dates; *provided, however*, that interest with respect to such principal amount shall be payable from the Interest Payment Date next preceding the date of execution of this Certificate unless (i) this Certificate is executed on an Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (ii) this Certificate is executed after the close of business on the fifteenth (15th) day of the month immediately preceding the following Interest Payment Date and prior to such Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) this Certificate is executed on or before January 15, 1995, in

which event interest shall be payable from the date of delivery of the Certificates. Said fractional share of the portion of the Installment Payments designated as interest is one-half (1/2) of the result of the multiplication of the Principal Amount by the Interest Rate per annum stated above.

The County is authorized to enter into the Installment Sale Agreement pursuant to the laws of the State of California and a resolution of the County adopted on June 28, 1994. The Corporation has assigned its rights to receive Installment Payments to the Trust Administrator pursuant to an Assignment Agreement, dated as of August 1, 1994, by and between the Corporation and the Trust Administrator (the "Assignment Agreement"), and a Trust Agreement, dated as of August 1, 1994, by and among the Trust Administrator, the Corporation and the County (the "Trust Agreement").

This Certificate has been executed by the Trust Administrator pursuant to the terms of the Trust Agreement. Copies of the Installment Sale Agreement, the Assignment Agreement and the Trust Agreement are on file at the office of the County and at the office of the Trust Administrator in Visalia, California, and reference to the Trust Agreement, the Installment Sale Agreement, the Assignment Agreement and any and all amendments to said agreements is made for a description of the pledges and covenants of the County securing the Installment Payments, the nature, extent and manner of enforcement of such pledges and covenants, the rights and remedies of the registered owners of the Certificates with respect thereto and the terms and conditions upon which the Certificates are delivered thereunder. To the extent and in the manner permitted by the terms thereof, the provisions of the Installment Sale Agreement and the Trust Agreement may be amended by the parties thereto with the written consent of the registered owners of at least sixty percent (60%) in principal amount with respect to the Certificates then outstanding, or without such consent with respect to an amendment not adversely affecting the interests of the registered owners of the Certificates.

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

The registration of this Certificate shall be transferable only upon the Certificate registration books, which shall be kept for that purpose at the Office, upon surrender hereof together with a written instrument of transfer satisfactory to the Trust Administrator duly executed by the Owner of this Certificate or his duly authorized attorney. Upon the registration of the transfer and the surrender of this Certificate, the Trust Administrator shall provide, in the name of the transferee, a new fully registered Certificate or Certificates of the same aggregate principal amount and Maturity Date as the surrendered Certificate.

The Certificates are delivered in the form of fully registered Certificates in denominations of \$1,000 each or any integral multiple thereof and upon surrender thereof at the Office, with a written request of exchange satisfactory to the Trust Administrator duly executed by the registered owner thereof or his attorney duly authorized in writing, may, at the option of such registered owner thereof, be exchanged for an equal aggregate principal amount of Certificates of any other authorized denominations and of the same Maturity Date.

No transfer or exchange of Certificates shall be required to be made during the fifteen (15) days prior to the date of selection of Certificates for redemption or of any Certificate selected for redemption.

The Certificates are subject to optional redemption prior to maturity at the option of the Corporation on any February 1 or August 1 on or after February 1, 1995, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium.

The Certificates are subject to mandatory redemption in whole or in part from time to time, pro rata among maturities and by lot within a maturity, on any date, without premium, at the principal amount thereof, together with accrued interest to the date fixed for redemption from the net proceeds of insurance or condemnation deposited with the Trust Administrator as provided in the Trust Agreement.

The Certificates are also subject to mandatory redemption in part by lot, on August 1 of each year on and after August 1, 1995, from scheduled Installment Payments made by the County pursuant to the Installment Sale Agreement, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium:

<u>Mandatory Redemption Date (August 1)</u>	<u>Principal Amount</u>	<u>Mandatory Redemption Date (August 1)</u>	<u>Principal Amount</u>
1995	\$1,300	2015	\$1,000
1996	1,000	2016	1,000
1997	1,000	2017	1,000
1998	1,000	2018	1,000
1999	1,000	2019	1,000
2000	1,000	2020	1,000
2001	1,000	2021	1,000
2002	1,000	2022	1,000
2003	1,000	2023	1,000
2004	1,000	2024	1,000
2005	1,000	2025	2,000
2006	1,000	2026	2,000
2007	1,000	2027	2,000
2008	1,000	2028	2,000
2009	1,000	2029	2,000
2010	1,000	2030	3,000
2011	1,000	2031	3,000
2012	1,000	2032	3,000
2013	1,000	2033	3,000
2014	1,000	2034	3,000

Notice of redemption, unless waived, is to be given by the Trust Administrator by mailing a redemption notice by first class mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to the registered owner of the Certificate or Certificates to be redeemed at the address shown on the Certificate registration books maintained by the Trust Administrator. Notice of redemption having been given as aforesaid, the Certificates or portions of Certificates so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the County shall default in the payment of the redemption price) interest with respect to such Certificates or portions of Certificates shall cease to be payable.

Said amounts are payable in lawful money of the United States of America, which at the time of payment is legal tender for the payment of public and private debts. The amounts representing principal are payable upon presentation and surrender of this Certificate at the corporate office of the Trust Administrator in Visalia, California (the "Office"), and the amounts representing interest are payable by check of the Trust Administrator mailed first class, postage prepaid, on each Interest Payment Date to the Owner of record at the close of business on the Record Date.

The Trust Administrator has no obligation or liability to the registered owners of the Certificates to make payments of principal or interest with respect to the Certificates, except from funds held by the Trust Administrator under the Trust Agreement. The Trust Administrator's primary obligations are to administer, for the benefit of the registered owners of the Certificates, the various funds and accounts established under the Trust Agreement. The Trust Administrator does not warrant the accuracy of the recitals herein.

This Certificate is given as evidence of a loan to the County made by the United States of America pursuant to the Consolidated Farm and Rural Development Act, and shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof or of the instruments authorizing its execution and delivery.

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

IN WITNESS WHEREOF, this Certificate has been executed by the manual signature of the Trust Administrator as of the date set forth below.

Execution Date: August 31, 1994

COUNTY OF TULARE TREASURER-TAX
COLLECTOR, as Trust Administrator

By _____
Authorized Signatory

ASSIGNMENT

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

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

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

Dated: _____

Signature Guaranteed:

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

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

Attachment D

USDA Demand Letter



May 20, 2020

TO BE SENT EMAIL ONLY

TULARE CO AUDITOR
COUNTY CIVIC CENTER
221 S MOONEY BLV
VISALIA CA 93291

RE: TULARE CO AUDITOR
04-054-946000545
USDA LOANS 91-11 (Yettem)
Date of Loan 09/14/94
Original Amount \$55,300.00

Solely for your use in connection with the subject account the following information is provided:

As of **August 1, 2020**, the payoff of loans is \$ **30,664.85** plus interest at a daily rate of \$ **3.6986** until received by this office. This amount must be forward immediately by certified or cashier's check made payable to the USDA Rural Development. The debt instruments and other appropriate documents will be released when the above request has been complied with and the account has cleared.

This authorization terminates on August 30, 2020. If it is determined that the transaction will not be completed by that date, please contact our office for updated figures to be assured the correct payoff amount.

Please feel free to contact me at (559) 754-3146, if you have any questions regarding this matter.

Sincerely,

LISA
BUTLER

Digitally signed by
LISA BUTLER
Date: 2020.05.20
07:27:03 -07'00'

LISA M. BUTLER
Community Programs Specialist

Rural Development • Visalia Office
3530 W. Orchard Ct. • Visalia, CA 93277
Voice (559) 754-3146 • Fax (844) 206-7019
TDD: 530.792.5848