



**COUNTY OF LOS ANGELES  
TREASURER AND TAX COLLECTOR**



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**MARK J. SALADINO**  
TREASURER AND TAX COLLECTOR

June 17, 2014

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

Dear Supervisors:

HOME PAGE  
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**ADOPTED**  
BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

66 June 17, 2014

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

**LOS ANGELES COUNTY ENERGY PROGRAM  
ISSUANCE OF CONTRACTUAL ASSESSMENT LIMITED OBLIGATION  
IMPROVEMENT BONDS, SERIES 2014 C-1  
(FIFTH DISTRICT) (3 VOTES)**

**SUBJECT**

The Treasurer and Tax Collector is requesting authorization to issue contractual assessment limited obligation improvement bonds under the Los Angeles County Energy Program (LACEP), which was approved by your Board in May 2010. LACEP was established at the request of the Internal Services Department and Treasurer and Tax Collector to provide a financing mechanism for qualified property owners within the County of Los Angeles (the "County") to install energy and water efficiency improvements to their respective properties. Participating commercial property owners will repay the cost of the improvements through an annual assessment levied against their property which is payable in semi-annual installments through the property tax system. Park Place Commercial, LP has applied for financing through LACEP to fund the installation of such improvements to a commercial property located in Pasadena.

**IT IS RECOMMENDED THAT YOUR BOARD:**

Adopt the Resolution authorizing the issuance of Contractual Assessment Limited Obligation Improvement Bonds, Series 2014 C-1 on behalf of Park Place Commercial, LP in a maximum par amount of not to exceed \$7,010,000.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

On July 21, 2008, the Governor signed California Assembly Bill 811 (AB 811) which, as amended, authorizes local governments to establish Property Assessed Clean Energy (PACE) financing programs, which enables property owners to voluntarily finance energy and water efficiency improvements, and distributed generation renewable

energy projects (collectively referred to as "Energy Improvements") that are permanently fixed to residential, commercial, industrial, or other real property. LACEP provides a financing mechanism for Energy Improvements through an assessment contract between the County and the property owner, pursuant to which the County will disburse a specified amount of funding in the form of a loan to the property owner. The property owner will repay the PACE loan through a direct assessment levy, which is included as a component of the annual property tax bill. The County will provide the financing for Energy Improvements under LACEP by issuing PACE bonds to private investors, which are payable from contractual assessment revenue and secured by assessment contracts with qualified commercial property owners. The assessment contract is secured by a lien on the subject property, which will be eligible to remain with the property upon a sale or transfer of ownership, without the current owner of record having to repay the PACE loan. Participation in a PACE financing is completely voluntary, and the property taxes for non-participating property owners will not be affected by the County's implementation of LACEP. Energy Improvements under LACEP are generally not subject to reappraisal by the County Assessor unless they are included as part of a major remodeling or renovation project, which results in a structural change that is substantially equivalent to new construction.

The implementation of Energy Improvements to existing commercial properties in the County will help the State and County reduce greenhouse gas emissions, and enable property owners to save money through reductions in water and energy usage. PACE financings under AB 811 mitigate two key barriers that prevent property owners from implementing a greater number of Energy Improvements: 1) eliminates the need for property owners to finance up-front costs for Energy Improvements out of pocket, and 2) establishes a loan obligation that is attached to the property and not to the individual property owner. The issuance of the Contractual Assessment Limited Obligation Improvement Bonds, Series 2014 C-1 Bonds (the "Bonds") on behalf of Park Place Commercial, LP will be the third commercial PACE financing completed under LACEP.

#### Implementation of Strategic Plan Goals

This action supports the County's Strategic Plan Goal #2: Community Support and Responsiveness. The PACE financing program under LACEP provides an economic benefit to County residents and property owners, and supports the County's strategic initiative related to environmentally sustainable practices, which include energy and water conservation and the reduction of greenhouse gas emissions.

#### FISCAL IMPACT/FINANCING

There is no fiscal impact to the County budget. Repayment of the Bonds is secured by the PACE assessment contract and is the sole responsibility of the property owner.

## **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

### **Legal Authority**

LACEP was established in accordance with the provisions of Chapter 29 of Part 3 of Division 7 of the Streets and Highways Code of the State of California (the "1911 Act"). Pursuant to the Improvement Bond Act of 1915 (the "1915 Bond Act") and Division 10 of the California Streets and Highways Code, local governments are authorized to issue bonds secured by the voluntary contractual assessments of property owners within their jurisdictions. In accordance with Section 5898.30 of the 1911 Act, as amended by AB 811, the levy and collection of assessments are valid under existing law and provide for the priority status of an AB 811 assessment lien. To facilitate the issuance of PACE bonds under LACEP, the County has relied upon the legal opinion of its bond counsel to confirm the validity of the PACE assessments and the priority status of contractual assessments liens.

On April 6, 2010, your Board adopted a Resolution of Intention to initiate the formation of a voluntary contractual assessment program in accordance with the provisions of AB 811. On May 25, 2010 a public hearing was held in which your Board approved the establishment and implementation of LACEP and authorized the issuance of PACE bonds to provide financing for Energy Improvements to participating property owners. Proceeds from the sale of the PACE bonds will be used for the purpose of funding loans to property owners that have been approved for participation in LACEP.

### **Residential PACE Financing Program**

LACEP was established with the primary objective to implement a PACE financing program for both residential and commercial property owners. As of July 6, 2010, however, the County's residential PACE program was put on hold after the Federal Housing Finance Agency (FHFA) issued a statement that certain PACE programs present significant safety and soundness concerns to the mortgage portfolios held by Fannie Mae, Freddie Mac and the Federal Home Loan Banks (collectively the "Federal Mortgage Agencies") due to the priority lien status of PACE assessment contracts. The FHFA statement directed the Federal Mortgage Agencies to take a number of steps to protect their mortgage portfolios from the potential adverse impacts of residential PACE programs. Since the Federal Mortgage Agencies dominate the secondary mortgage market, the FHFA action was designed to prevent the growth of residential PACE programs throughout the nation by prohibiting liens related to PACE assessments on properties with mortgage contracts that are purchased by the Federal Mortgage Agencies. As a result of the FHFA actions, banks that provide mortgage loans to new property owners with an intent to sell the mortgages to one of the Federal Mortgage

Agencies may require the payment of an existing PACE assessment contract upon the sale or transfer of the property to the new owners, thus eliminating one of the primary benefits of residential PACE.

In an effort to mitigate the FHFA's concerns with residential PACE programs, the State created the California PACE Loss Reserve Fund (the "Loss Reserve Fund") in March 2014. The Loss Reserve Fund is administered by the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) and is designed to protect mortgage lenders from losses incurred during the foreclosure process due to the priority lien status of PACE assessments over mortgage contracts. In response to the establishment of the Loss Reserve Fund, the FHFA delivered a letter dated May 1, 2014, which essentially maintained their original position from the July 6, 2010 statement. The FHFA considers the Loss Reserve Fund to be an inadequate solution to address their objection to the priority lien status of PACE assessments and the related impact to the safety and soundness of the Federal mortgage portfolio.

On May 20, 2014, your Board instructed the Chief Executive Officer, Director of Internal Services, County Counsel and the Treasurer and Tax Collector to take certain initial steps to evaluate the various issues and risk factors related to residential PACE and to return to your Board within 60 days with a formal recommendation regarding the implementation of a residential PACE program in the County.

### **Commercial PACE Financing Program**

In a commercial PACE financing transaction, the County utilizes a private placement model in which the property owner will secure financing from the capital markets in accordance with the basic parameters of the 1915 Bond Act. The County will issue a single series of bonds to the PACE investor, which will be secured by the annual revenues generated from the assessment contract between the County and the property owner. The proceeds from the sale of the bonds to the PACE investor will be used to finance the Energy Improvements to the commercial property. The commercial PACE financing program under LACEP is not impacted by FHFA's opposition to residential PACE financing programs.

In the private placement model, the County is relying on the expertise of the financial markets to evaluate the creditworthiness of commercial property owners for participation in LACEP. However, the commercial property owner will be required to obtain lender consent if there is an existing mortgage lien on the property, and will be subject to more restrictive foreclosure covenants. If the commercial property owner becomes delinquent on their annual property tax bill, upon the request of the PACE investor, the County will be required to immediately commence judicial foreclosure proceedings. The final maturity of PACE bonds issued under LACEP will be limited to the estimated useful life of the Energy Improvements, which on average, is expected to be 15 - 20 years. In no event will the final maturity of PACE bonds exceed twenty years. Because the Energy

Improvements are installed on private property, the County does not have the legal authority to issue PACE bonds on a tax-exempt basis. The legal requirement to issue taxable bonds will result in higher interest costs to participating property owners in comparison to tax-exempt bonds issued on behalf of borrowers with similar credit ratings.

### **Park Place Commercial, LP**

Park Place Commercial, LP is requesting PACE financing to install Energy Improvements to its Constance Pasadena Hotel located at 940 East Colorado Boulevard, Pasadena, CA 91106 (APN: 5735-006-032). The project will include a wide range of energy efficiency upgrades, including automated occupancy sensors and controls to reduce energy usage in the hotel guest rooms, LED and CFL lighting retrofits to reduce wattage and heat loads, freight elevator modernization, insulation for the building envelope which includes window shutters and fiberglass insulation, and low-flow/dual-flush water improvements. The Energy Improvements are expected to lower annual electricity usage by 200,000 kwh and reduce operating and maintenance expenses by approximately \$100,000 per year. In addition, the water improvements are projected to save 3.2 million gallons of water annually. The Bonds issued to finance the Energy Improvements will have a maximum par amount of not to exceed \$7,010,000 and will be repaid over a 20-year term. The interest rate on the Bonds will be established prior to the closing date, and will be equal to the 20-year Constant Maturity Treasury Rate plus 3.35%. Based on recent Treasury Yield Curve rates, the estimated interest rate for the Bonds is 6.52%.

The PACE investor for this transaction is Structured Finance Associates LLC (SFA), a California-based company focused on providing PACE financing for energy efficiency and renewable energy generation products on commercial and industrial properties. SFA has been actively involved in PACE financing programs in various counties in California, as well as similar programs in Connecticut and New Jersey. Hawkins Delafield & Wood, LLP will represent the County as bond counsel for this transaction and future PACE financings. The Treasurer and Tax Collector has appointed Wilmington Trust, N.A. as the trustee and paying agent for the Bonds and for future commercial PACE financings.

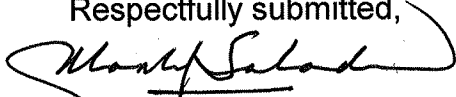
### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

There will be no impact to current services or projects.

**CONCLUSION**

Upon approval of this Resolution, it is requested that the Executive Officer-Clerk of the Board of Supervisors return two originally executed copies of the adopted Resolution to the Treasurer and Tax Collector (Office of Public Finance).

Respectfully submitted,



MARK J. SALADINO  
Treasurer and Tax Collector

MJS:GB:JP:PP:pab  
Pb/brdltr/paceseries2014

c: Chief Executive Officer  
Internal Services Department  
County Counsel  
Auditor-Controller

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES AUTHORIZING THE EXECUTION AND DELIVERY BY THE COUNTY OF AN INDENTURE, AN ASSESSMENT CONTRACT AND A BOND PURCHASE AGREEMENT IN CONNECTION WITH THE ISSUANCE OF LOS ANGELES COUNTY ENERGY PROGRAM CONTRACTUAL ASSESSMENT LIMITED OBLIGATION IMPROVEMENT BONDS, SERIES 2014 C-1, APPROVING THE ISSUANCE OF SUCH BONDS IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$7,010,000 AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS**

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

**WHEREAS**, the Board of Supervisors (the “Board of Supervisors”) of the County of Los Angeles (the “County”) established the Los Angeles County Energy Program (the “LACEP”) to finance the acquisition, construction and installation of the Improvements on properties in the County through the use of contractual assessments pursuant to the Contractual Assessment Law; and

**WHEREAS**, the City of Pasadena, an incorporated city located within the boundaries of the County (the “City”), has resolved to participate with the County in LACEP; and

**WHEREAS**, Park Place Commercial, LP (the “Owner”), has applied for financing pursuant to LACEP to fund Improvements to certain real property owned by Owner and located in the City (the “Property”); and

**WHEREAS**, pursuant to LACEP, the County will enter into a contractual assessment agreement (the “Assessment Contract”) with Owner pursuant to which the County will assist in financing the acquisition, construction and installation of Improvements on the Property and levy contractual assessments (the “Assessment”) on the Property in the amounts set forth in the Assessment Contract; and

**WHEREAS**, the County desires to assist in the financing of the Improvements through the issuance of Los Angeles County Energy Program Contractual Assessment Limited Obligation Improvement Bonds, Series 2014 C-1 (the “Bonds”); and

**WHEREAS**, the Board of Supervisors previously authorized the issuance of Los Angeles County Energy Program Contractual Assessment Limited Obligation Improvement Bonds (the “Contractual Assessment Bonds”) under and pursuant to the Contractual Assessment Law, The Improvement Bond Act of 1915, being Division 10 of the Streets and Highways Code of the

State (the “1915 Act”) in the aggregate principal amount of not to exceed \$100 million for the purpose of funding qualified improvements under LACEP; and

**WHEREAS**, the issuance of the Bonds will not cause the authorized amount of Contractual Assessment Bonds to be exceeded; and

**WHEREAS**, the Bonds will be issued pursuant to the Indenture (the “Indenture”), by and between the County and the trustee named therein; and

**WHEREAS**, the County desires to provide for the negotiated sale of the Bonds to an accredited investor or qualified institutional buyer named in the Bond Purchase Agreement (the “Bond Purchase Agreement” and, together with the Assessment Contract and the Indenture, the “Financing Documents”), such negotiated sale being in the best interests of the County; and

**WHEREAS**, the Board of Supervisors has been presented with the form of each Financing Document referred to herein relating to the actions contemplated hereby, and the Board of Supervisors has examined and approved each Financing Document and desires to authorize and direct the execution of such Financing Documents and the consummation of such actions; and

**WHEREAS**, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the actions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the County is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such actions for the purpose, in the manner and upon the terms herein provided;

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

**Section 1.** All of the recitals herein contained are true and correct and the Board of Supervisors so finds.

**Section 2.** The County hereby approves the issuance of the Bonds in an aggregate principal amount of not-to-exceed \$7,010,000 pursuant to the Act and the Indenture for the purpose of providing funds to finance the Improvements on the Property of the Owner in accordance with LACEP; provided, however, that the term of the Bonds shall not exceed 21 years from their date of issuance and the interest payable on Bonds shall not exceed 8.00% per annum; provided, further, that the Bonds or any portion thereof shall be subject to redemption in advance of their maturity on any interest payment date upon payment to the Purchaser of the principal and accrued interest to the date of redemption together with a redemption premium of not more than 5.00% and not less than 3.00% of the principal for the first five years of the term of the Bonds, which redemption premium may be reduced to 0.00% after the first five years of the term of the Bonds; provided, further, that payment of principal of and interest on the Bonds and payment of the Assessment (as defined in the Assessment Contract) and interest thereon shall commence as set forth in the Indenture and the Assessment Contract, respectively.



**Section 3.** The form of the Indenture, submitted to and on file with the Executive Officer-Clerk of the Board of Supervisors, is hereby approved, and the Chairman of the Board of Supervisors, and such other member of the Board of Supervisors as the Chairman may designate, the County Treasurer, and such other officer or employee of the County as the County Treasurer may designate (collectively, the “Authorized Officers”), are each hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver the Indenture in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, including the appointment of a trustee to perform various fiscal agent and paying agent duties, and subject to the provisions set forth under Section 2 above, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 4.** The form of the Assessment Contract, submitted to and on file with the Executive Officer-Clerk of the Board of Supervisors, is hereby approved, and each of the Authorized Officers is hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver the Assessment Contract in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the disbursement amount thereunder shall not exceed the principal amount of Bonds issued, the term of the Assessment Contract shall not exceed 21 years from the date of the Assessment Contract and the interest on the unpaid assessments under the Assessment Contract shall not exceed 8.00% per annum.

**Section 5.** The form of Bond Purchase Agreement, submitted to and on file with the Executive Officer-Clerk of the Board of Supervisors, is hereby approved, and each of the Authorized Officers is hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver the Bond Purchase Agreement in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the sale price of the Bonds shall not be less than the principal amount of the Bonds.

**Section 6.** The Authorized Officers are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution.

**Section 7.** All actions heretofore taken by the officers, employees and agents of the County with respect to the transactions set forth above are hereby approved, confirmed and ratified.

**Section 8.** This Resolution shall take effect from and after its date of adoption by the Board of Supervisors.

The foregoing Resolution was on the 17<sup>th</sup> day of June, 2014, adopted by the Board of Supervisors of the County of Los Angeles and *ex officio* the governing body of all other special assessment and taxing districts, agencies and authorities for which the Board so acts.



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

By: Carla Little  
Deputy

APPROVED AS TO FORM:

JOHN F. KRATTLI  
County Counsel

By: Gmmy O. La Par  
Principal Deputy County Counsel

**INDENTURE**

**Dated as of [As of Date]**

**by and among**

**COUNTY OF LOS ANGELES, CALIFORNIA**

**and**

**WILMINGTON TRUST, N.A.  
as Trustee**

**[\$[Principal Amount]  
Los Angeles County Energy Program  
Contractual Assessment Limited Obligation Improvement Bonds, Series 2014 C-1**

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## INDENTURE

This INDENTURE (this “Indenture”), dated as of [As of Date], is executed by and among the County of Los Angeles (the “County”), a political subdivision of the State of California (the “State”), and Wilmington Trust, N.A., a national banking association organized and existing under the laws of the United States of America, as trustee (the “Trustee”).

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

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

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

WHEREAS, the City of Pasadena, a charter city located within the boundaries of the County (the “City”), has resolved to participate with the County in LACEP; and

WHEREAS, Park Place Commercial, LP (the “Property Owner”) has applied for financing pursuant to LACEP to fund Improvements to certain real property owned by the Property Owner and located in the City (the “Property”); and

WHEREAS, pursuant to LACEP, the County will enter into a contractual assessment agreement (the “Assessment Contract”) with the Property Owner pursuant to which the County will assist in financing the acquisition, construction and installation of Improvements on the Property and levy contractual assessments (each, an “Assessment”) on the Property in the amounts set forth in the Assessment Contract; and

WHEREAS, the County desires to assist in the financing of the Improvements through the issuance of Los Angeles County Energy Program Contractual Assessment Limited Obligation Improvement Bonds (the “County Contractual Assessment Bonds”) under and pursuant to the Contractual Assessment Law, The Improvement Bond Act of 1915, being Division 10 of the Streets and Highways Code of the State (the “1915 Act”); and

WHEREAS, the Board of Supervisors previously authorized the issuance of County Contractual Assessment Bonds in the aggregate principal amount of not to exceed \$100 million for the purpose of funding LACEP; and

WHEREAS, the herein referenced issuance of Bonds (herein defined) will be the initial series of Bonds to be issued to fund LACEP; and

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured, and to secure the payment of the principal thereof and premium, if any, and interest thereon, the parties hereto have authorized the execution and delivery of this Indenture; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Indenture do exist, have happened and have been performed in due time, form, and manner as required by law, and the parties hereto are duly authorized to execute and enter into this Indenture;

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

## **ARTICLE I**

### **DEFINITIONS; RULES OF CONSTRUCTION; AUTHORIZATION AND PURPOSE OF BONDS**

Section 1.1. Definitions. Unless the context otherwise requires, the following terms shall have the following meanings for purposes of this Indenture:

“1913 Act” means The Municipal Improvement Act of 1913, being Division 12 of the Streets and Highways Code of the State.

“1915 Act” means The Improvement Bond Act of 1915, being Division 10 of the Streets and Highways Code of the State.

“Accredited Investor” shall have the meaning assigned to such term in the Bond Purchase Agreement.

“Administrative Expenses” means (i) the ordinary and necessary costs of administering the levy and collection of the Assessments and penalties and defaulted interest thereon, and all other administrative costs and incidental expenses related to the Bonds, including, but not limited to, any annual audit fees, fees and costs of the Trustee and such other costs as are paid or payable from amounts collected pursuant to Sections 8682, 8682.1 or 10312 of the California Streets and Highway Code and (ii) costs of administering LACEP, the amount of which may not exceed \$100 in each Fiscal Year.



“Annual Administrative Assessment” means the annual assessment levied against the properties of owners participating in LACEP to pay the ordinary and necessary costs incurred by the County in connection with the administration and collection of the Assessments, from the administration or registration of any associated bonds, including the Bonds, securities or other financing arrangements, and from the administration of other related funds.

“Assessment Contract” means the agreement by and between the County and the Property Owner, as further described in Exhibit C hereto, pursuant to which the County agrees to provide financing to such property owner for the acquisition, construction and installation of Improvements to such owner’s properties.

“Assessment Installments” means the installments of principal, interest and premium, if any, to be paid on the unpaid Assessments pursuant to the Assessment Contract. The term “Assessment Installments” does not include the Annual Administrative Assessment.

“Assessment Payment Account” means the account by that name established and held by the Trustee pursuant to Section 4.1 hereof.

“Assessment Prepayment Account” means the account by that name established and held by the Trustee pursuant to Section 4.1 hereof.

“Assessments” means the unpaid assessments levied by the County pursuant to the Contractual Assessment Law and the Assessment Contract constituting a first lien and charge upon certain real property or properties in the County.

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

“Authorized Investment” means any legal investment of County funds.

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

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

“Bond Date” means the dated date of the Bonds, which shall be the Closing Date thereof.

“Bond Purchase Agreement” means the Bond Purchase Agreement, dated [Closing Date], by and between the County and the Purchaser.

“Bondowner” when used with respect to any Bond, means the person in whose name the ownership of such Bond is registered on the Registration Books maintained by the Trustee.

“Bonds” means the County’s Los Angeles County Energy Program Contractual Assessment Limited Obligation Improvement Bonds, Series 2014 C-1.

“Business Day” means any day other than (i) a Saturday or a Sunday, (ii) a day on which banking institutions in the State or the Federal Reserve System are authorized or obligated by law or executive order to be closed, or (iii) a day on which the County offices are closed on account of an official holiday recognized by the County.

“City” means the City of Pasadena, an incorporated city located within the boundaries of the County.

“Closing Date” means the date of initial delivery of the Bonds.

“Contractual Assessment Law” means Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code, commencing with Section 5898.10, and all laws amendatory thereof or supplemental thereto.

“Costs of Issuance” means all of the costs of issuing the Bonds, including, but not limited to, all printing and document preparation expenses in connection with this Indenture, the Bonds and any and all other agreements, instruments, certificates or other documents issued in connection therewith; legal fees and expenses of counsel with respect to the issuance of the Bonds; fees and expenses of the financial advisor with respect to the issuance of the Bonds; underwriters’ fees; the initial fees and expenses of the Trustee, if any (including without limitation, origination fees and first annual fees payable in advance); and other fees and expenses incurred in connection with the issuance of the Bonds or the implementation of LACEP.

“Costs of Issuance Fund” means the fund created and established pursuant to Section 4.1 hereof.

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

“County Contractual Assessment Bonds” means the Los Angeles County Energy Program Contractual Assessment Limited Obligation Improvement Bonds.

“Debt Service Fund” means the fund created and established pursuant to Section 4.1 hereof.

“DTC” means The Depository Trust Company in New York, New York.

“Event of Default” means any occurrence or event specified in and defined by Section 8.1 hereof.

“Federal Securities” means any of the following which at the time of investment are legal investments under the laws of the State of California for the funds proposed to be invested therein: (a) direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America); and (b) obligations of any agency, department or instrumentality of the United States of America the timely payment of principal of and interest on which are fully guaranteed by the United States of America.

“Fiscal Year” means any twelve-month period extending from July 1st in one calendar year to June 30th of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the County as its official fiscal year period.

“Improvement Fund” means the fund by that name established and held by the Trustee pursuant to Section 4.1 hereof.

“Improvements” means the qualifying distributed generation renewable energy sources and energy and water efficiency improvements acquired, constructed and/or installed on or in the Property under LACEP and the Assessment Contract.

“Indenture” means this Indenture, dated as of [As of Date], by and between the County and the Trustee, as amended or supplemented pursuant to the terms hereof.

“Independent Public Accountant” means any certified public accountant or firm of certified public accountants appointed and paid by the County who, or each of whom (i) is in fact independent and not under domination of the County; (ii) does not have any substantial interest, direct or indirect the County; and (iii) is not connected with the County as an officer or employee of the County but who may be regularly retained to make annual or other audits of the books of, or reports to, the County.

“Information Services” means the Electronic Municipal Market Access system, or such other electronic system designated by the Municipal Securities Rulemaking Board, or any successor thereto.

“Interest Payment Date” means, with respect to any Bond, March 2 and September 2 in each year, beginning on March 2 in the year immediately succeeding the August deadline by which the Assessments of the applicable Assessment Contracts have been enrolled on the County tax roll, and continuing thereafter so long as any Bonds remain Outstanding.

“Investor Letter” means a letter in the form of Exhibit B to the Bond Purchase Agreement.

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

“Maturity Date” means the date specified in any Bond on which the principal of such Bond becomes due and payable.

“Outstanding” means, subject to the provisions of Section 9.6 hereof, all Bonds theretofore or thereupon being authenticated and delivered by the Trustee under this Indenture except:

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

(2) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to this Indenture;

(3) From and after the date fixed for redemption, Bonds or portions thereof designated for redemption for which notice of redemption has been duly given and the amount necessary for redemption has been made available for that purpose; and

(4) Bonds for the payment or redemption of which funds or eligible securities in the necessary amount shall have theretofore been deposited with the Trustee in accordance with Section 9.1 hereof (whether on or prior to the maturity or Redemption Date of such Bonds).

“Penalties” means the penalties accruing on delinquent assessments under the 1915 Act and collected by the County, commencing July 1 after the delinquency, at the rate established for general taxes of the County on real property, being 1.5% per month as of the date of this Indenture.

“Principal Payment Date” means September 2 of each year, commencing September 2, 2015.

“Program Administrator” means the Director of the Internal Services Department of the County, pursuant to the Resolution of Intention, or any designee of such officer.

“Program Expense Fund” means the fund by that name and held by the County in connection with the Annual Administrative Assessment and other amounts received for payment of Administrative Expenses and administered pursuant to Section 4.8 hereof.

“Property” means that certain real property owned by the Property Owner on or in which the Improvements will be installed.

“Property Owner” means Park Place Commercial, LP.

“Purchaser” means Celtic Bank Corporation or any subsequent purchaser in accordance with Section 2.15 hereof.

“Qualified Institutional Buyer” shall have the meaning assigned to such term in the Bond Purchase Agreement.

“Record Date” means, with respect to any Interest Payment Date, the fifteenth day of the calendar month immediately preceding the applicable Interest Payment Date, whether or not such day is a Business Day.

“Redemption Date” means, with respect to any Bonds, the date on which such Bonds have been called for redemption pursuant to Section 3.1 or Section 3.2 of this Indenture prior to their Maturity Date.

“Redemption Notice” has the meaning provided in Section 3.6 hereof.

“Registration Books” means the records maintained by the Trustee pursuant to Section 2.9 hereof for the registration and transfer of ownership of the Bonds.

“Representation Letter” means the Blanket Letter of Representations delivered upon or prior to the issuance of the Bonds to DTC by the County.

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

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

“Revenues” shall mean the Assessment Installments, any interest and Penalties thereon and the proceeds of any foreclosure proceedings relating thereto, the proceeds of the sale of the Bonds, all amounts in the Debt Service Fund and the accounts thereunder and all interest, profits and other income received from the investment of such amounts, but excluding the 10% late charge immediately applicable to any delinquent assessments inuring to the County and amounts to be used to pay Administrative Expenses.

“Securities Depository” means The Depository Trust Company, 55 Water Street, 50th Floor, New York, N.Y. 10041-0099 Attn. Call Notification Department, Fax (212) 855 7232, or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other securities depositories, or no such depositories, as the County may indicate in a Written Request of the County delivered to the Trustee.

“State” means the State of California.

“Supplemental Indenture” means any indenture adopted by the parties hereto amendatory of or supplemental to this Indenture.

“Treasurer” means the Treasurer and Tax Collector of the County.

“Trustee” means Wilmington Trust, N.A., a national banking association organized and existing under the laws of the United States of America, or any successor thereto as Trustee hereunder substituted in its place of provided herein.

“Written Request of the County” means a request in writing signed by an Authorized Representative of the County.

Section 1.2. Rules of Construction. All references in this Indenture to “Sections,” and other subdivisions, unless indicated otherwise, are to the corresponding Sections or subdivisions of this Indenture; and the words “herein,” “hereof,” “hereunder,” and other words of similar import refer to this Indenture as a whole and not to any particular Section or subdivision hereof.

Section 1.3. Authorization and Purpose of Bonds. The Board of Supervisors has reviewed all proceedings heretofore taken relative to the authorization of the Bonds and has found, as a result of such review, and hereby finds and determines that all things, conditions and acts required by law to exist, happen and be performed precedent to and in the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the County is now authorized, pursuant to each and every requirement of law, to issue the Bonds in the manner and form as in this Indenture provided. The Board of Supervisors hereby authorizes the issuance of the Bonds pursuant to the Contractual Assessment Law, the 1915 Act and this Indenture for the purpose of funding disbursements pursuant to the Assessment Contract to property owners for the cost of Improvements pursuant to LACEP.

## **ARTICLE II**

### **THE BONDS**

#### **Section 2.1. Authorization and Purpose of Bonds; Pledge; Limited Liability**

(a) The County is hereby authorized and directed to execute, and the Trustee is hereby authorized and directed upon written request of an Authorized Representative of the County to authenticate and deliver the Bonds. The Bonds shall be issued in certificate form and shall be initially registered pursuant to Section 2.5 hereof. The Bonds shall be evidenced by a single fully registered bond in the aggregate principal amount of the Bonds.

(b) The County hereby pledges and assigns to the Trustee, as applicable, in trust for the protection and security of the Bondowner, all of its right, title and interest in the Revenues. The Bonds shall be and are equally secured by a pledge of and lien upon the Revenues.

(c) The Bonds and interest thereon are not payable from the general funds of the County. Neither the credit of the County nor the taxing power of the County is pledged for the payment of the Bonds or the interest thereon, and, except as provided herein, no Bondowner of the Bonds may compel the exercise of any taxing power by the County or force the forfeiture of any of its property. The principal of, and premium (if any) and interest on the Bonds are not a debt of the County nor a legal or equitable pledge, charge, lien or encumbrance upon any of the property of the County, or upon any of their income, receipts or revenues, other than the Revenues.

Section 2.2. Collection of Assessments. (a) The Assessment Installments shall be payable as provided in the Assessment Contract and shall be payable in the same manner and at the same time and in the same installments as general taxes on real property are payable, and become delinquent at the same times and in the same proportionate amounts and bear the same

proportionate penalties and interest after delinquency as do general taxes on real property. All sums received by the Auditor from the collection of the Assessments (except those amounts allocable to Administrative Expenses, which shall be deposited into the Program Expense Fund) and the interest and Penalties thereon will be transferred by the Auditor to the Trustee for deposit into the Debt Service Fund. Nothing in this Indenture or in any Supplemental Indenture shall preclude the redemption prior to maturity of any Bonds or the payment of the Bonds from proceeds of refunding bonds issued under any law of the State.

(b) Except for the collection of the Assessment Installments and the observance and performance of the other conditions, covenants and terms contained herein or in the 1915 Act or the Contractual Assessment Law required to be observed or performed by it, the County shall not have any obligation or liability to the Bondowner with respect to this Indenture or the Bonds.

Section 2.3. Issuance of Bonds; Description of Bonds. (a) The Bonds shall be designated the “County of Los Angeles Los Angeles County Energy Program Contractual Assessment Limited Obligation Improvement Bonds, Series 2014 C-1”. Bonds in the aggregate principal amount not to exceed \$[Principal Amount] shall be issued for the purposes of funding disbursements of such amounts and any other moneys available therefor to the free and willing property owner named in the Assessment Contract to finance the Improvements pursuant to LACEP.

(b) The Bonds shall be issued only in fully registered form without coupons in the aggregate principal amount set forth in Section 2.3(a). The Bonds shall be dated as of their date of delivery and shall mature and be payable on September 2, [2034] in the principal amount of \$[Principal Amount] and shall bear interest at the rate per annum of [6.57%] calculated on the basis of a 360-day year of twelve 30-day months. Payment on the Bonds shall include any Penalties accruing on delinquent assessments pursuant to the 1915 Act and collected by the County, less County Administrative Expenses.

Section 2.4. Medium and Payment. Principal of, and premium (if any) and interest on the Bonds shall be payable in lawful money of the United States of America. The principal of the Bonds shall be payable on the respective Maturity Date set forth in the applicable Bonds. Interest with respect to each Bond shall accrue from the respective Bond Date. Interest on any Bond shall be payable from the Interest Payment Date next preceding the date of authentication of that Bond, unless (i) such date of authentication is an Interest Payment Date, in which event interest shall be payable from such date of authentication, (ii) the date of authentication is after a Record Date but prior to the immediately succeeding Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) the date of authentication is prior to the close of business on the first Record Date, in which event interest shall be payable from the Bond Date; provided, however, that if at the time of authentication of such Bond, interest is in default, interest on that Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment.

Principal of and interest on any Bond shall be paid by check of the Trustee mailed on or before the Interest Payment Date by first class mail, postage prepaid, to the person whose name appears in the Registration Books as the Bondowner of such Bond as of the close of

business on the Record Date, to the address that appears on the Registration Books, provided that the payment of principal of the Bonds on the final Maturity Date and the payment of the principal of the Bonds and any premium due upon the redemption thereof shall be payable upon presentation and surrender thereof at maturity or earlier redemption at the office of the Trustee.

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

Section 2.5. Form of Bonds and Certificate of Authentication and Registration. The Bonds shall be initially issued in the form of a fully registered bond registered in the name of the Purchaser. The form of the Bond, the form of the certificate of authentication and the form of registration thereon shall be substantially in the form attached hereto as Exhibit A and incorporated herein by this reference, with any necessary or appropriate variations, omissions and insertions as permitted or required hereunder. The Bonds may be printed, lithographed or typewritten and may contain such reference to any of the provisions of this Indenture as may be appropriate.

Section 2.6. Execution and Authentication. The Bonds shall be executed by the manual or facsimile signature of the Treasurer or his designee and by the manual or facsimile signature of the Executive Officer Clerk of the Board of Supervisors. In case any one or more of the officers who shall have signed the Bonds shall cease to be such officer before the Bonds so signed have been authenticated and delivered by the Trustee (including new Bonds delivered pursuant to the provisions hereof with reference to the transfer and exchange of Bonds or to lost, stolen, destroyed or mutilated Bonds), such Bonds may, nevertheless, be authenticated and delivered as herein provided, and may be issued as if the persons who signed such Bonds had not ceased to hold such offices.

The Bonds shall bear thereon a certificate of authentication and registration, in the form set forth in Exhibit A hereto, executed by the manual signature of the Trustee. Only such Bonds as shall bear thereon such certificate of authentication and registration shall be entitled to any right or benefit under this Indenture, and no Bond shall be valid or obligatory for any purpose until such certificate of authentication and registration shall have been duly executed by the Trustee.

Section 2.7. Registration of Transfer. The registration of any Bond may, in accordance with its terms and Section 2.14 hereof, be transferred upon the Registration Books by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond for cancellation at the office of the Trustee, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee and duly executed by the Bondowner or his or her duly authorized attorney. The Trustee will not charge for any new Bond issued upon any transfer, but may require the Bondowner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange. Whenever any Bond shall be surrendered for registration of transfer or exchange, the Trustee shall authenticate and deliver a new Bond or Bonds of the same maturity, for a like



aggregate principal amount; provided that the Trustee shall not be required to register transfers during the 15 days immediately preceding any Interest Payment Date, and, of (i) Bonds for a period of 15 days next preceding the date of any selection of Bonds to be redeemed, or (ii) any Bonds chosen for redemption.

Section 2.8. Mutilated, Lost, Destroyed or Stolen Bonds. If any Bond shall become mutilated, the County, at the expense of the Bondowner of such Bond, shall execute, and the Trustee shall thereupon authenticate and deliver a new Bond of like tenor, date, maturity and aggregate principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be cancelled and destroyed. If any Bond issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence is satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given, the County, at the expense of the Bondowner, shall execute, the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and maturity numbered and dated as the Trustee shall determine in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Bond the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee). The Trustee may require payment of a reasonable fee for each new Bond issued under this Section 2.8 and of the expenses which may be incurred by the County and the Trustee. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to have been lost, destroyed or stolen shall be equally and proportionately entitled to the benefits hereof with all other Bonds secured hereby. The Trustee shall not treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be executed, authenticated and delivered hereunder, but both the original and replacement Bond shall be treated as one and the same.

Section 2.9. Registration Books. The Trustee will keep or cause to be kept, at its principal office, sufficient books for the registration and transfer of the Bonds, and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as he or she may prescribe, register or transfer or cause to be registered or transferred, on the Registration Books, Bonds as herein provided.

The County and the Trustee may treat the Bondowner of any Bond whose name appears on the Registration Books as the absolute Bondowner of such Bond for any and all purposes, and the County and the Trustee shall not be affected by any notice to the contrary. The County and the Trustee may rely on the address of the Bondowner as it appears in the Registration Books for any and all purposes. It shall be the duty of each Bondowner to give written notice to the County and the Trustee of any change in such Bondowner's address so that the Registration Books may be revised accordingly.

Section 2.10. Validity of the Bonds. The validity of the authorization and issuance of the Bonds shall not be dependent upon the completion of the Improvements or upon the performance by any person of such person's obligation with respect to the Improvements.

Section 2.11. Refunding of Bonds. The Bonds may be refunded by the County at any time as permitted by applicable law including, but not limited to, the 1915 Act.

Section 2.12. Unclaimed Money. To the extent permitted by law, all money which the Trustee shall have received from any source and set aside for the purpose of paying or redeeming the Bonds shall be held for the respective Bondowners of such Bonds, but any money which shall be so set aside or deposited by the Trustee and which shall remain unclaimed by the Bondowner of such Bonds for a period of one year after the date on which any payment or redemption with respect to such Bonds shall have become due and payable shall be transferred to the County for use in connection with LACEP; provided, however, that the Trustee, before making such payment, shall cause notice of unclaimed money to be mailed to the Bondowner of such Bonds, by first class mail, postage prepaid. Thereafter, the Bondowner of such Bonds shall look only to the County for payment and then only to the extent of the amount so received without any interest thereon.

Section 2.13. Nonpresentment of Bonds. Except as otherwise provided in Section 2.12 hereof, in the event any Bonds shall not be presented for payment when the principal or redemption price thereof becomes due, if funds sufficient to pay such Bonds shall be held by the Trustee for the benefit of the Bondowner thereof, all liability of the County to the Bondowner thereof shall forthwith cease and be completely discharged and thereupon it shall be the duty of the Trustee to hold such funds (subject to Section 2.12 hereof), without liability for interest thereon, for the benefit of the Bondowner of such Bonds, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on or with respect to such Bonds.

Section 2.14. Restrictions on Transfer of Bonds.

(a) The Bonds may, in accordance with its terms, be transferred, upon the Registration Books by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such Bonds for cancellation, accompanied by delivery of a duly written instrument of transfer in a form acceptable to the Trustee; provided, however, that, such Bonds shall be transferred in whole to a single purchaser that is a Qualified Institutional Buyer or an Accredited Investor and such transferee delivers to the Trustee and the County an executed Investor Letter. The cost for any services rendered or any expenses incurred by the Trustee and the County in connection with any such transfer or exchange shall be paid by the transferor.

(b) The County may deem and treat the Bondowner of any Bonds as the absolute owner of such Bonds for the purpose of receiving payment thereof and for all other purposes, whether such Bonds shall be overdue or not, and the County shall not be affected by any notice or knowledge to the contrary; and payment of the interest on and principal of and redemption premium, if any, on such Bonds shall be made only to such Bondowner, which payments shall be valid and effectual to satisfy and discharge liability on such Bonds to the extent of the sum or sums so paid.

## ARTICLE III

### REDEMPTION OF BONDS

Section 3.1. Mandatory Redemption of Bonds. The Bonds shall be redeemed prior to maturity, in whole or in part on any Interest Payment Date, by lot if in part, from prepaid assessments on deposit and available for such purpose in the related Assessment Prepayment Account of the Debt Service Fund, to the extent of and in the manner set forth in Section 4.4(c) of this Indenture at the redemption price equal to the principal amount of the Bonds to be redeemed, together with a redemption premium determined in accordance with Section 3.2 hereof, plus accrued interest to the date of redemption.

In the event that Bonds shall be redeemed as provided in this Section 3.1, the County shall give written notice to the Paying Agent of such redemption, the redemption date and the principal amount of the Bonds to be redeemed. Such notice shall be given at least 30 days but no more than 60 days prior to the redemption date.

Section 3.2. Optional Redemption of Bonds. The Bonds are subject to redemption prior to maturity, in whole or in part on any Interest Payment Date, by lot if in part, from surplus monies on deposit and available for such purpose in the Debt Service Fund from sources other than those in the Assessment Prepayment Account, at the option of the County at the redemption price equal to the principal amount thereof, together with a premium (expressed as a percentage of the principal amount of Bonds to be redeemed), plus accrued interest to the date of redemption as set forth in the following table: [To be confirmed]

<u>Redemption Dates</u>	<u>Redemption Premium</u>
Interest Payment Dates through March 2, 2019	3.0%
Interest Payment Dates from September 2, 2019 through March 2, 2024	2.0
Interest Payment Dates from September 2, 2024 through March 2, 2029	1.0
Interest Payment Dates from September 2, 2029 and thereafter	0.0

In the event that the County shall elect to redeem the Bonds as provided in this Section 3.2, the County shall give written notice to the Trustee of its election to so redeem the Bonds, the redemption date and the principal amount of the Bonds to be redeemed. Such notice shall be given at least 30 days but no more than 60 days prior to the redemption date.

Section 3.3. Mandatory Sinking Fund Redemption of Bonds. The Bonds are subject to mandatory sinking fund redemption in part by lot on September 2 of each year from mandatory sinking fund payments deposited into the Assessment Payment Account of the Debt Service Fund at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, as follows:

<u>Year</u> <u>(September 2)</u>	<u>Principal Amount</u>
2015	
2016	
2017	
2018	
2019	
2020	
2021	
2022	
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031	
2032	
2033	
2034*	

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\* Maturity.

If some but not all of the Bonds are redeemed pursuant to Section 3.1 or Section 3.2 hereof, the principal amount of Bonds to be subsequently redeemed pursuant to this Section 3.3 shall be reduced by the aggregate principal amount of the Bonds so redeemed and such reduction to be allocated among redemption dates in amounts of \$5,000 or integral multiples thereof as designated by the County in a written certificate of the County filed with the Trustee.

In lieu of depositing cash with the Trustee as a mandatory sinking fund payment, the County shall have the option to tender to the Trustee for cancellation any amount of Bonds purchased by the County, which Bonds may be purchased by the County at public or private sale as and when and at such prices as the County may in its discretion determine. The principal amount of any Bonds so purchased by the County and tendered to the Trustee in any twelve-month period ending on July 1 in any calendar year shall be credited towards and shall reduce the next mandatory sinking fund payments required to be made in the order in which they are required to be made pursuant to this Section 3.3.

Section 3.4. Partial Redemption of Bonds. Upon surrender of any Bond to be redeemed in part only, the Trustee shall authenticate and deliver to the Bondowner a new Bond of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered, with the same interest rate and the same maturity. Such partial redemption shall be valid upon payment of the amount required to be paid to such Bondowner, and the

County shall be released and discharged thereupon from all liability to the extent of such payment.

Section 3.5. Notice of Redemption. The Trustee on behalf and at the expense of the County shall mail (by first class mail) notice of any redemption (other than mandatory sinking fund redemption, in which case no notice of redemption shall be required) to the respective Bondowners of any Bonds designated for redemption at the address appearing on the Registration Books, at least 30 days (or other shorter period upon the consent of the Bondowner of any Bonds designed for redemption) but not more than sixty 60 days prior to the date fixed for redemption. Such notice shall state the date of the notice, the redemption date, the redemption place and the Redemption Price and shall designate the CUSIP numbers (if any) of the Bonds to be redeemed and the Bond number, and shall require that such Bonds be then surrendered at the office of the Trustee for redemption at the Redemption Price, giving notice also that further interest on such Bonds will not accrue from and after the date fixed for redemption, and with regard to optional redemption in the event that funds required to pay the redemption price are not on deposit under this Indenture, at the time the notice of redemption is sent, a statement to the effect that the redemption is conditioned upon the receipt of the appropriate funds required to pay the redemption price by the Trustee on or prior to the redemption date. Neither the failure to receive any notice so mailed, nor any defect in such notice, shall affect the sufficiency of the proceedings for the redemption of the Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption. The County has the right to rescind any notice of optional redemption from prepayments of unpaid assessments by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be canceled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default hereunder. The Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

Section 3.6. Effect of Notice and Availability of Redemption Price. Notice of redemption having been duly given as aforesaid, and the amount necessary for the redemption having been made available for that purpose and being available therefor on the date fixed for such redemption: (1) the Bonds, or portions thereof, designated for redemption shall, on the date fixed for redemption, become due and payable at the redemption price thereof as provided in this Indenture, anything in this Indenture or in the Bonds to the contrary notwithstanding; (2) upon presentation and surrender thereof at the office of the Trustee, such Bonds shall be redeemed at the redemption price; (3) from and after the Redemption Date, the Bonds or portions thereof so designated for redemption shall be deemed to be no longer Outstanding and such Bonds or portions thereof shall cease to accrue interest; and (4) from and after the date fixed for redemption no Bondowner of the Bonds or portions thereof so designated for redemption shall be entitled to any of the benefits of this Indenture or to any other rights, except with respect to payment of the redemption price and interest accrued to the Redemption Date from the amounts so made available.

## ARTICLE IV

### FUNDS AND ACCOUNTS

Section 4.1. Establishment of Funds and Accounts. The following funds and accounts are hereby created and established and shall be maintained by the Trustee for the administration and control of the proceeds of the Bonds, the Revenues and any related moneys:

(a) Los Angeles County Energy Program Contractual Assessment Limited Obligation Improvement Bonds, Series 2014 C-1, Improvement Fund (the “Improvement Fund”);

(b) Los Angeles County Energy Program Contractual Assessment Limited Obligation Improvement Bonds, Series 2014 C-1, Debt Service Fund (the “Debt Service Fund”), within which there shall be established (A) the Assessment Payment Account (the “Assessment Payment Account”); and (B) the Assessment Prepayment Account (the “Assessment Prepayment Account”); and

(c) Los Angeles County Energy Program Contractual Assessment Limited Obligation Improvement Bonds, Series 2014 C-1, Costs of Issuance Fund (the “Costs of Issuance Fund”).

Section 4.2. Application of Proceeds of the Bonds. On the Closing Date for the Bonds, the net proceeds of the sale of the Bonds in the amount of \$[Net Proceeds] shall be paid to the Trustee and transferred or deposited by the Trustee as follows:

(a) \$[Improvement Fund Deposit] in the Improvement Fund; and

(b) \$[COI Deposit] in the Costs of Issuance Fund.

Section 4.3. Improvement Fund. The Trustee hereby agrees to maintain the Improvement Fund, into which shall be deposited the balance of the proceeds of sale of the Bonds issued pursuant to Section 2.3. Moneys in the Improvement Fund shall be disbursed by the Trustee as provided in a written request provided to the Trustee in accordance with Section 6(a) of the Assessment Contract.

Section 4.4. Debt Service Fund and Accounts. (a) The Trustee hereby agrees to maintain the Debt Service Fund (the “Debt Service Fund”) and the accounts therein until all payments of principal of and premium (if any) and interest on the Bonds have been made and all of the Bonds have been paid or redeemed. The Trustee shall establish within the Debt Service Fund an Assessment Payment Account and an Assessment Prepayment Account. All sums received by the County pursuant to the Assessment Contract, including any redemption period interest and Penalties thereon and the proceeds of the exercise of any of the remedies for delinquent payments available hereunder or under the 1913 Act or the 1915 Act, shall be transferred to the Trustee and deposited and held in the Assessment Payment Account of the Debt Service Fund; provided, however, that any prepayments, including principal, redemption premium and interest relating thereto, shall be deposited in accordance with subsection (c) hereof).

(b) The Trustee shall make payments of principal of, interest on and Penalties relating to the Bonds then due or overdue and payable from monies in the Assessment Payment Account of the Debt Service Fund on each Interest Payment Date and each Principal Payment Date.

On each September 2 beginning on the first Principal Payment Date, all monies in the Assessment Payment Account in excess of the amount necessary to make the payments of principal of, interest on and Penalties relating to the Bonds then due or overdue and payable on such date (assuming the Bondowner entitled to payment on or before such date take or have taken any and all actions necessary on their part to receive amounts due them) shall be applied as follows:

(i) first, the moneys shall be transferred to the Program Expense Fund (in which case such moneys shall be released from the pledge and lien hereunder), unless the Treasurer determines in his sole discretion that amounts then on deposit in the Program Expense Fund are sufficient to pay anticipated costs and expenses to be incurred by the County in connection with administration of LACEP for the next 12 months and anticipated costs and expenses to be incurred by the County in connection with the Bonds for the next twelve (12) months, in which event the Treasurer may, but is not required to, apply such excess monies in accordance with paragraphs (ii) below; and

(ii) second, any remaining moneys shall be applied to the redemption of the Bonds pursuant to Section 3.2 hereof.

(c) Amounts received from, or on behalf of, the Property Owner as prepayment under the Assessment Contract, including principal, redemption premium and interest relating thereto, shall be transferred by the County to the Trustee for deposit in the Assessment Prepayment Account of the Debt Service Fund for application pursuant to Section 4.4(b) hereof. Amounts in the Assessment Prepayment Account shall be used to pay the principal of and redemption premium and interest on Bonds the maturities of which shall have been advanced pursuant to Parts 11 or 11.1 of the 1915 Act, codified as Sections 8750 et seq. and 8760 et seq. of the California Streets and Highways Code. The Trustee, at the direction of the Treasurer, shall advance the maturity of and call Bonds for redemption pursuant to this Indenture and the 1915 Act whenever and to the extent surplus monies are on deposit in the Assessment Prepayment Account sufficient to pay the principal of Bonds in integral \$5,000 amounts plus the redemption premium thereon. On or after each Redemption Date, or prior thereto with the consent of the Treasurer, upon presentation and surrender thereof, the Trustee shall pay the principal of and redemption premium on each Bond the maturity of which has been so advanced from the Assessment Prepayment Account. Interest accrued on each such Bond to the earlier of the payment date or Redemption Date shall be paid from in the Assessment Payment Account of the Debt Service Fund.

(d) If there is a surplus remaining in any account in the Debt Service Fund after payment of all Bonds and the interest thereon, plus applicable redemption premium (if any), that surplus shall be released from the pledge and lien hereof and transferred to the County to be used for the benefit of the LACEP.

Section 4.5. Assessment Prepayments. (a) The Bonds shall be prepaid to the extent the Property Owner may prepay the Assessment of the Assessment Contract.

(b) Upon prepayment of an Assessment pursuant to subsection (a) above, the Trustee shall deposit such payment in the Assessment Prepayment Account of the Debt Service Fund for payment to Bondowners in accordance with Section 3.1. If notice of redemption is given in accordance with Section 3.6 hereof, the Bonds to be redeemed shall become due and payable as set forth in Section 3.1 hereof.

Section 4.6. Costs of Issuance Fund. The Trustee hereby agrees to maintain the Costs of Issuance Fund. The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Disbursement Request of the County, substantially in the form of Exhibit B hereto, stating (a) the Person to whom payment is to be made, (b) the amount to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment is a proper charge against the applicable account of the Costs of Issuance Fund, and (e) that such amounts have not been the subject of a prior disbursement from the Costs of Issuance Fund; in each case together with a statement or invoice for each amount requested thereunder. On or before 180 days following the issuance of the Bonds, the Trustee shall transfer all amounts (if any) remaining in the Costs of Issuance Fund to the Debt Service Fund.

Section 4.7. Program Expense Fund. There has been heretofore established a fund called the Program Expense Fund and held by the County. There will be deposited in the Program Expense Fund (i) the amounts received by the Treasurer with respect to each parcel in each Fiscal Year in satisfaction of the Annual Administrative Assessment pursuant to the Assessment Contract and (ii) the amounts excluded from Revenues to pay Administrative Expenses. Amounts on deposit in the Program Expense Fund shall be used by the County to pay for Administrative Expenses. On each June 30, amounts in excess of the Annual Administrative Assessments expected to be incurred through the next succeeding September 2 may be applied as a credit upon the assessment levied for the upcoming fiscal year for Annual Administrative Assessments. Any surplus remaining in the Program Expense Fund after payment or provision for payment of all Administrative Expenses and other costs in connection with establishing and administering LACEP incurred or expected to be incurred through and including activities relating to the payment in full of the Bonds may be transferred to the County for the benefit of LACEP.

Section 4.8. Investments. (a) All moneys in any of the funds or accounts established pursuant to this Indenture shall be invested by the Trustee, upon written direction from the County, solely in Authorized Investments. Obligations purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account. Moneys in the Debt Service Fund and the accounts therein shall be invested only in obligations which will by their terms mature on such dates as to ensure the timely payment of principal and interest on the corresponding Bonds as the same become due.

(b) All interest or gain derived from the investment of amounts in any of the funds or accounts hereunder shall be deposited in the fund or account from which such



investment was made. The Trustee shall incur no liability for losses arising from any investments made pursuant to this Section.

(c) For the purpose of determining the amount in any fund or account hereunder, the value of investments credited to such fund or account shall be calculated at the cost thereof, excluding accrued interest and brokerage commissions, if any.

(d) The Trustee shall sell at the best price obtainable or present for redemption any obligations so purchased whenever it may be necessary to do so in order to provide moneys to meet any payment or transfer for such funds and accounts or from such funds and accounts. For the purpose of determining at any given time the balance in any fund or account, any such investments constituting a part of such fund and account shall be valued at their amortized cost.

## **ARTICLE V**

### **COVENANTS**

So long as the Bonds issued hereunder are outstanding, the County makes the following covenants with the Bondowner (to be performed by the County or its proper officers, agents or employees), which covenants are necessary, convenient and desirable to secure the Bonds; provided, however, that said covenants do not require the County to expend any funds other than the Revenues.

Section 5.1. Compliance with Indenture. The County will faithfully observe and perform all of the conditions, covenants and requirements of this Indenture required to be observed or performed by it.

Section 5.2. General. The County shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the County under the provisions of this Indenture. The County warrants that upon the date of execution and delivery of the Bonds, all conditions, acts and things required by law and this Indenture to exist, to have happened and to have been performed precedent to and in the execution and delivery of such Bonds do exist, have happened and have been performed and the execution and delivery of the Bonds shall comply in all respects with the applicable laws of the State.

Section 5.3. Punctual Payment. The County shall punctually pay or cause to be paid the principal, premium (if any) and interest to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof, but only out of Revenues and other moneys pledged for such payment as provided in this Indenture and received by the County or the Trustee hereunder.

Section 5.4. Extension of Payment of Bonds. The County shall not directly or indirectly extend the maturity dates of the Bonds or the time of payment of interest with respect thereto. Nothing herein shall be deemed to limit the right of the County to issue any securities for the purpose of providing funds for the redemption of the Bonds and such issuance shall not be deemed to constitute an extension of the maturity of the Bonds.

Section 5.5. Protection of Rights. The County will preserve and protect the security of the Bonds and the rights of the Bondowner against all claims and demands of all persons, and will faithfully perform and abide by all of the covenants, undertakings and provisions contained in this Indenture or in any Bond issued pursuant to this Indenture and will contest by court action or otherwise (a) the assertion by any officer of any government unit or any other person whatsoever against the County that (i) the 1915 Act or the Contractual Assessment Law is unconstitutional, (ii) the Assessments are invalid, or (iii) the Assessments cannot be applied by the County to pay debt service on the Bonds, or (b) any other action affecting the validity of the Bonds or diluting the security therefor.

Section 5.6. Against Encumbrances. The County will not encumber, pledge or place any charge or lien upon any of the Revenues or other amounts pledged to the Bonds superior to or on a parity with the pledge and lien herein created for the benefit of the Bonds, except as permitted by this Indenture.

Section 5.7. Deferral of Assessments. The County will refrain from directly or indirectly extending or deferring the payment of any Assessment Installment.

Section 5.8. Accounting Records and Statements. The County will keep or cause to be kept proper accounting records in which complete and correct entries shall be made of all transactions relating to the receipt, deposit and disbursement of the Assessment Installments, and such accounting records shall be available for inspection upon five (5) business days' written notice by any Bondowner or such Bondowner's agent duly authorized in writing at reasonable hours and under reasonable conditions.

Section 5.9. Covenant to Foreclose. (a) The County will initiate procedures to determine or cause to be determined if any Assessment was not paid when due during the fiscal year ended the prior June 30. If any such assessment was not paid, the County shall, upon the written request of the Bondowner pursuant to Section 8.2(b) hereof, send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner, and if the delinquency remains uncured within 90 days of such notice, order and cause to be commenced, and thereafter prosecute to completion pursuant to Section 8830 et seq. of the California Streets and Highways Code, judicial foreclosure proceedings upon the lien of delinquent unpaid assessments as necessary or desirable to result in assessment revenues sufficient to pay any delinquent principal of, interest on or Penalties relating to the Bonds.

(b) In the event that real property with an Assessment is neither redeemed by the owner thereof nor sold to a third party purchaser at such foreclosure sale, the County may, but shall not be obligated to, cause a credit bid on behalf of and in the name of the County to be entered in the amount due the County and shall cause a sheriff's deed for said real property to be executed in the name of the County. The proceeds from any resale of such real property on which there is an Assessment shall be applied in the following order: (i) to make any past due payments of principal of or interest on the Bonds, (ii) to the payment of any continuing costs of the Bonds, and (iii) for the redemption of Bonds pursuant to Section 3.2 hereof with credit for such redemption credited pro rata against all Assessments.

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

Section 5.10. Further Assurances. The County will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of its duties under this Indenture, and for the better assuring and confirming unto the Bondowner of the Bonds the rights and benefits provided in this Indenture.

## **ARTICLE VI**

### **TRUSTEE**

Section 6.1. Duties and Liabilities of Trustee. The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in this Indenture. The Trustee shall, during the existence of any Event of Default which has not been cured or waived, exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

Section 6.2. Removal and Resignation of the Trustee. The County may by an instrument in writing, remove the Trustee initially a party to this Indenture and any successor thereto unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee initially a party to this Indenture and any successor thereto if at any time (a) requested to do so by an instrument or concurrent instruments in writing signed by the Bondowner (or its attorney duly authorized in writing), or (b) the Trustee shall cease to be eligible in accordance with the following sentence, and shall appoint a successor Trustee. The Trustee and any successor Trustee shall be a commercial bank with trust powers having a combined capital (exclusive of borrowed capital) and surplus of at least \$50,000,000 (or be part of a bank holding company with a combined capital and Surplus of at least \$50,000,000) and subject to supervision or examination by federal or state authorities. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section 6.2 the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Section 6.3. Compensation and Indemnification of the Trustee. The County shall from time to time, subject to any written agreement then in effect with the Trustee, pay the Trustee reasonable compensation for all its services rendered under this Indenture and reimburse the Trustee for all its reasonable advances and expenditures (which shall not include "overhead expenses" except as such expenses are included as a component of the Trustee's stated annual fees) under this Indenture, including but not limited to advances to and reasonable fees and reasonable expenses of accountants, agents, appraisers, consultants or other experts, and counsel

not directly employed by the Trustee but an attorney or firm of attorneys retained by the Trustee, employed by it in the exercise and performance of its rights and obligations under this Indenture; provided, however, that the Trustee shall not have any lien for such compensation or reimbursement against any moneys held by it in any of the funds or accounts established under this Indenture.

The County shall, to the extent permitted by law, indemnify and save the Trustee harmless against any liabilities, costs, claims or expenses, including those of its attorneys, which it may incur in the exercise and performance of its powers and duties under this Indenture and under any related documents, including the enforcement of any remedies and the defense of any suit, and which are not due to its negligence or its willful misconduct. The duty of the County to indemnify the Trustee shall survive the termination and discharge of this Indenture.

Section 6.4. Protection of the Trustee. The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any affidavit, bond, certificate, consent, notice, request, requisition, resolution, statement, telegram, voucher, waiver or other paper or document which it shall in good faith believe to be genuine and to have been adopted, executed or delivered by the proper party or pursuant to any of the provisions of this Indenture, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee shall be under no obligation to exercise any of the rights, or powers vested in it by this Indenture at the request or direction of the Bondowner pursuant to this Indenture, unless such Bondowner shall have offered to the Trustee security or indemnity, reasonably satisfactory to the Trustee, against the, reasonable costs, expenses and liabilities which might be incurred by it in compliance with such request or direction. Under no circumstances shall the Trustee request or be entitled to indemnification from the County for taking actions required by and in accordance with this Indenture, including, but not limited to, causing payments of principal of and interest on the Bonds to be made to the Bondowner thereof and carrying out redemptions of the Bonds in accordance with the terms of this Indenture. The Trustee 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 to any action taken or suffered by it under this Indenture in good faith in accordance therewith.

The Trustee shall not be responsible for the sufficiency of the Bonds or the Sublease or for statements made in the preliminary or final official statement relating to the Bonds, or of the title to the Property.

Except as otherwise expressly provided in this Indenture, no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under this Indenture or in the exercise of any of its rights or powers thereunder.

Whenever in the administration of its rights and obligations under this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action thereunder, such matter (unless other evidence in respect thereof be specifically prescribed in this Indenture) may be deemed to be conclusively proved and

established by a Written Certificate of the County, and such certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions of this Indenture upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it deems reasonable.

The Trustee may buy, sell, own, hold and deal in any of the Bonds and may join in any action which the Bondowner may be entitled to take with like effect as if the Trustee were not a party to this Indenture. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the County, and may act as agent, depository or trustee for the Bondowner or any committee or body of owners of obligations of the County as freely as if it were not the Trustee under this Indenture.

The Trustee may, to the extent reasonably necessary, execute any of the trusts or powers of this Indenture and perform any rights and obligations required of it thereunder by or through agents, attorneys or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its rights and obligations under this Indenture, and the Trustee shall not be answerable for the negligence or misconduct of any such agent, attorney or receiver selected by it with reasonable care; provided, however, that in the event of any negligence or misconduct of any such attorney, agent or receiver, the Trustee shall diligently pursue all remedies of the Trustee against such agent, attorney or receiver. The Trustee shall not be liable for any error of judgment made by it in good faith unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

The Trustee shall not be answerable for the exercise of any trusts or powers under this Indenture or for anything whatsoever in connection with the funds established thereunder, except only for its own willful misconduct, negligence or breach of an obligation thereunder.

The Trustee may, on behalf of the Bondowner, intervene in any judicial proceeding to which the County is a party and which, in the opinion of the Trustee and its counsel, affects the Bonds or the security therefor, and shall do so if requested in writing by the Bondowner, provided the Trustee shall have no duty to take such action unless it has been indemnified to its reasonable satisfaction against all risk or liability arising from such action.

## **ARTICLE VII**

### **SUPPLEMENTAL INDENTURE**

Section 7.1. Supplemental Indenture Without Bondowner Consent. The County and the Trustee may from time to time, and at any time, without notice to or consent of any of the Bondowner, enter into such indentures or agreements supplemental hereto as shall not be inconsistent with the terms and provisions hereof (which supplemental indentures or agreements shall thereafter form a part hereof) for any of the following purposes:

(a) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provision with respect to matters or questions arising under this Indenture or in any supplemental indenture, provided that such action shall not adversely affect the interests of the Bondowner;

(b) to add to the covenants and agreements of and the limitations and the restrictions upon the County contained in this Indenture, other covenants, agreements, limitations and restrictions to be observed by the County which are not contrary to or inconsistent with this Indenture as theretofore in effect; and

(c) to modify, alter, amend or supplement this Indenture in any other respect which is not materially adverse to the interests of Bondowner.

Section 7.2. Supplemental Indenture With Bondowner Consent. Exclusive of the supplemental indentures covered by Section 7.1, the Bondowner shall have the right to consent to and approve the execution of such supplemental indentures as shall be deemed necessary or desirable for the purpose of waiving, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture or agreement; provided, however, that nothing herein shall permit, or be construed as permitting, (a) an extension of the scheduled date of principal payments on the Bonds, or the payment date of interest on, the Bonds, without the consent of the Bondowner or (b) a reduction in the principal amount of, or redemption price of, the Bonds or the rate of interest there on, without the consent of the Bondowner. In no event, however, may a modification or amendment provide for the issuance of additional Bonds, notes or other evidences of indebtedness payable out of the Assessment Installments. Nothing herein contained, however, shall be construed as making necessary the approval by the Bondowner of the execution of any supplemental indentures or agreements.

Section 7.3. Notice of Supplemental Indenture to Bondowner. If at any time the parties hereto shall desire to enter into an indenture supplemental hereto, which pursuant to Section 7.2 shall require the consent of the Bondowner, the County shall so notify the Trustee and shall deliver to the Trustee a copy of the proposed supplemental indenture and the notice to be provided to the Bondowner. The Trustee shall, at the expense of the County, cause notice of the proposed supplemental indenture to be mailed, postage prepaid, to the Bondowner at his address as it appears in the Bond Register. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that a copy thereof is on file at the Principal Office for inspection by the Bondowner. The failure of the Bondowner to receive such notice shall not affect the validity of such supplemental indenture when consented to and approved as in Section 7.2 provided. Whenever at any time within one year after the date of the first mailing of such notice, the Trustee shall receive an instrument or instruments purporting to be executed by the Bondowner, which instrument or instruments shall refer to the proposed supplemental indenture described in such notice, and shall specifically consent to and approve it substantially in the form of the copy thereof referred to in such notice as on file with the Trustee, such proposed supplemental indenture, when duly executed by the parties hereto, shall thereafter become a part of the proceedings for the issuance of the Bonds as referred to in Section 9.4 hereof.

Upon the execution and delivery of any indenture supplemental hereto and the receipt of consent to any such supplemental indenture from the Bondowner in instances where such consent is required pursuant to the provisions of Article VII, this Indenture shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the County, the Trustee and the Bondowner shall

thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

## **ARTICLE VIII**

### **DEFAULT**

Section 8.1. Events of Default. Any one or more of the following events shall constitute an “Event of Default”:

(a) Default in the due and punctual payment of the principal of or redemption premium, if any, on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

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

(c) Default by the County in the observance of any of the agreements, conditions or covenants on its part in this Indenture or in the Bonds contained (other than a payment default referred to in subparagraphs (a) and (b) above), and the continuation of such default for a period of 60 days after the County shall have been given notice in writing of such default by any Bondowner; provided that if within 60 days the County has commenced curing of the default and diligently pursues elimination thereof, such period shall be extended to permit such default to be eliminated.

Section 8.2. Remedies on Default. (a) If any installment of principal or interest on any Bond is not paid when due, the owner of such Bond shall have the right to exercise such rights and remedies as are provided to such owner under the Contractual Assessment Law or under other applicable law.

(b) In the event the County fails to take any action to eliminate an Event of Default under Section 8.1 hereof, the Bondowner of not less than sixty percent (60%) in aggregate principal amount of Outstanding Bonds may institute any suit, action, mandamus or other proceeding in equity or at law for the protection or enforcement of any right under this Indenture, but only if such Bondowners have first made written request of the County, after the right to exercise such powers or right of action shall have occurred, and shall have afforded the County a reasonable opportunity either to proceed to exercise the powers granted herein or granted under law or to institute such action, suit or proceeding in its name and unless also, the County shall have been offered reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the County shall have refused or neglected to comply with such request within a reasonable time. Any moneys recovered in such suit, action, mandamus or other proceedings shall be applied first to the payment of the reasonable costs and expenses of the Bondowner in bringing such suit, action, mandamus or other proceeding, including reasonable compensation to their agents and attorney.

(c) The principal of the Bonds shall not be subject to acceleration.

Section 8.3. Remedies Not Exclusive; Non-Waiver. No remedy conferred hereby upon any Bondowner is intended to be exclusive of any other remedy, but each such remedy is cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred by the 1915 Act, the Contractual Assessment Law, or any other law of the State. No waiver of any default or breach of duty or contract by any Bondowner shall affect any subsequent default or breach of duty or contract or shall impair any rights or remedies on said subsequent default or breach. No delay or omission of any Bondowner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed as a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the Bondowner may be enforced and exercised as often as may be deemed expedient. In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and the Bondowner shall prevail, said Bondowner shall be entitled to receive reimbursement for reasonable costs, expenses, outlays and attorney's fees and should said suit, action or proceeding be abandoned, or be determined adversely to the Bondowner then, and in every such case, the County and the Bondowner shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Section 8.4. Limited Liability of the County to the Bondowner; No Liability of the County. Except for the collection of the Revenues and the observance and performance of the other conditions, covenants and terms contained herein or in the 1915 Act or the Contractual Assessment Law required to be observed or performed by it, the County shall not have any obligation or liability to the Bondowner with respect to this Indenture or the preparation, authentication, delivery, transfer, exchange or cancellation of the Bonds. The County has determined that no funds of the County will be available to pay principal of, premium, if any, or interest on the Bonds. The County has determined that pursuant to the Contractual Assessment Law, the County will not obligate itself to advance available funds from the County's treasury to cure any deficiency which may occur in the Debt Service Fund.

## **ARTICLE IX**

### **MISCELLANEOUS**

Section 9.1. Defeasance. If all Outstanding Bonds shall be paid and discharged in any one or more of the following ways:

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

(b) by depositing with the Trustee, at or before maturity, an amount which, together with the amounts then on deposit in the corresponding account of the Debt Service Fund, is fully sufficient to pay the principal of and redemption premium (if any) and interest on all Bonds then Outstanding as and when the same shall become due and payable or, in the event of redemption thereof, before their respective Maturity Dates; or

(c) by depositing with the Trustee Federal Securities in such amount as the County shall determine, as verified by a nationally recognized Independent Public Accountant,



will, together with the interest to accrue thereon and moneys then on deposit in the corresponding account of the Debt Service Fund together with the interest to accrue thereon, be fully sufficient to pay and discharge the principal of, and premium (if any) and interest on all Bonds then Outstanding as and when the same shall become due and payable;

then, at the election of the County, and notwithstanding that any Bonds shall not have been surrendered for payment, all obligations of the County under this Indenture with respect to all Outstanding Bonds shall cease and terminate, except for (i) the obligation of the Trustee to pay or cause to be paid to the Bondowner of the Bonds not so surrendered and paid, all sums due thereon, and (ii) the County's obligations under Section 5.3. Any funds held by the Trustee in such account of the Debt Service Fund, at the time of receipt of such notice from the County, which are not required for the purpose above mentioned, shall be transferred to the County to be used for the benefit of the LACEP.

Section 9.2. Cancellation of Bonds. All Bonds surrendered to the Trustee for payment upon maturity or redemption shall upon payment therefor be canceled immediately and forthwith transmitted to or upon the order of the County. All of the canceled Bonds shall be transferred to and shall remain in the custody of the Trustee until destroyed by the Trustee pursuant to due authorization.

Section 9.3. Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Indenture to be signed or executed by Bondowners may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondowners in person or by their attorneys appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for such Bonds. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, and of the ownership of Bonds shall be sufficient for the purposes of this Indenture (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Bondowner or his or her attorney of any such instrument and of any instrument appointing any such attorney, may be proved by a signature guarantee of any bank or trust company located within the United States of America. 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 signature guarantee shall also constitute sufficient proof of his or her authority.

(b) As to any Bond, the person in whose name the same shall be registered in the Bond Register shall be deemed and regarded as the absolute Bondowner thereof for all purposes, and payment of or on account of the principal of any such Bond, and the interest thereon, shall be made only to or upon the order of the registered Bondowner thereof or his or her legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond and the interest thereon to the extent of the sum or sums so paid. The Trustee shall not be affected by any notice to the contrary.

Nothing in this Indenture shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated

which the Trustee may deem sufficient. Any request or consent of the Bondowner of any Bond shall bind every future Bondowner of the same Bond in respect of anything done or suffered to be done by the Trustee in pursuance of such request or consent.

Section 9.4. Provisions Constitute Contract. In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Indenture shall be deemed to be and shall constitute a contract between the County and the Bondowner from time to time of the Bonds; and the pledge made in this Indenture and the covenants and agreements herein set forth to be performed on behalf of the County shall be for the equal benefit, protection and security of the owners of any and all of the Bonds, all of which, regardless of the time or times of their issuance, shall be of equal rank without preference, priority or distinction of the Bonds over any other thereof except as expressly provided in or permitted by this Indenture.

Section 9.5. Payment on Business Day. In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds or the date fixed for redemption of any Bonds or the date any action is to be taken pursuant to this Indenture is other than a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date but may be made on the next succeeding day which is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period after such date.

Section 9.6. Disqualified Bonds. In the event of a later transfer of the Bonds in accordance with Section 2.7 hereof, in determining whether the Bondowner of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the County shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, provided, however, that for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Trustee knows to be so owned or held shall be disregarded.

Section 9.7. Severability. If any covenant, agreement or provision, or any portion thereof, contained in this Indenture, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of this Indenture and the application of any such covenant, agreement or provision, or portion thereof, to other persons or circumstances, shall be deemed severable and shall not be affected thereby, and this Indenture and the Bonds issued pursuant hereto shall remain valid and the Bondowner shall retain all valid rights and benefits accorded to them under this Indenture and the Constitution and laws of the State.

Section 9.8. Notice. Any notice, demand, direction, request or other instrument authorized or required by this Indenture to be given to or filed with the County or the Trustee shall be deemed to have been sufficiently given or filed for all purposes of this Indenture if and when delivered to or sent by certified mail, return receipt requested to:

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

Trustee: Wilmington Trust, N.A.  
Corporate Trust Department  
650 Town Center Drive, Suite 600  
Costa Mesa, California 92626  
Attention: Brian Buchanan, Vice President

All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession, subject at all reasonable times to the inspection of the County, any Bondowner, and the agents and representatives thereof.

Section 9.9. No Personal Liability. The County and the officer, agent or employee thereof shall not be individually or personally liable for the payment of the principal of or interest on the Bonds; but nothing herein contained shall relieve any such entity, officer, agent or employee from the performance of any official duty provided by law.

Section 9.10. Employment of Agents by the County. In order to perform its duties and obligations hereunder, the County may employ such persons or entities as it deems necessary or advisable. The County shall not be liable for any of the acts or omissions of such persons or entities employed by it in good faith hereunder, and shall be entitled to rely, and shall be fully protected in doing so, upon the opinions, calculations, determinations and directions of such persons or entities.

Section 9.11. Counterparts. This Indenture may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original; and such counterparts shall constitute but one and the same instrument.

Section 9.12. Headings. Any headings preceding the texts of the several Articles hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Indenture, nor shall they affect its meaning, construction or effect.

Section 9.13. Governing Law. All provisions of this Indenture are to be governed by the laws of the State.

IN WITNESS WHEREOF, the parties have executed this Indenture effective the date first above written.

COUNTY OF LOS ANGELES

By: \_\_\_\_\_  
Chairman of the Board of Supervisors

ATTEST:

SACHI A. HAMAI  
Executive Officer  
of the Board of Supervisors

By: \_\_\_\_\_

APPROVED AS TO FORM:

JOHN F. KRATTLI  
COUNTY COUNSEL

By: \_\_\_\_\_  
Principal Deputy County Counsel

WILMINGTON TRUST, N.A.  
as Trustee

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

**EXHIBIT A**

**FORM OF BOND**

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

United States of America  
State of California  
County of Los Angeles

NUMBER 1

[\$[Principal Amount]

COUNTY OF LOS ANGELES  
LOS ANGELES COUNTY ENERGY PROGRAM  
CONTRACTUAL ASSESSMENT LIMITED OBLIGATION IMPROVEMENT BOND  
SERIES 2014 C-1 (TAXABLE)

<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>INTEREST RATE</u>
September 2, [2034]	_____, 2014	_____%

REGISTERED OWNER:

PRINCIPAL AMOUNT:

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

interest shall be payable from such date of authentication and registration, (ii) prior to an Interest Payment Date and after the close of business on the 15th day of the month immediately preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (iii) prior to the close of business on February 15, 2015, in which event it shall bear interest from the Bond Date stated above, until payment of such principal sum shall have been discharged; provided, however, that if at the time of authentication of such Bond, interest is in default, interest on that Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment.

The principal of this Bond shall be payable on the Maturity Date. Interest on this Bond shall be payable semiannually on March 2 and September 2 (each an "Interest Payment Date") in each year commencing on March 2, 2015. Principal of and interest on this Bond shall be paid by check of the Trustee mailed on or before the Interest Payment Date by first class mail, postage prepaid, or upon satisfaction of certain conditions specified in the Indenture, by wire transfer or any other method acceptable to the Bondowner, to the person whose name appears in the Registrations Books as the Bondowner of such Bond as of the 15<sup>th</sup> day of the calendar month immediately preceding each Interest Payment Date, to the address of that person on the Registration Books, provided that the payment of principal of the Bond on the Maturity Date and the payment of the principal of the Bond and any premium due upon the redemption thereof shall be payable upon presentation and surrender thereof at maturity or earlier redemption at the office of the Trustee in Los Angeles, California.

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

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

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

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

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

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

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

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

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

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

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

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

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

---

Chief Deputy Treasurer and Tax Collector  
of the County of Los Angeles



CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture which has been authenticated and registered on the \_\_\_\_ day of \_\_\_\_\_, 2014.

Wilmington Trust, N.A., as Trustee

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

[FORM OF ASSIGNMENT]

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

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

Signature guaranteed:

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

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

**EXHIBIT B**

**(LETTERHEAD OF THE APPLICABLE DEPARTMENT OF THE  
COUNTY OF LOS ANGELES)**

**PAYMENT REQUEST FORM**

Wilmington Trust, N.A.  
Corporate Trust Department  
650 Town Center Drive, Suite 600  
Costa Mesa, California 92626

**SUBJECT: REQUEST FOR PAYMENT OF COSTS OF ISSUANCE  
COUNTY OF LOS ANGELES  
LOS ANGELES COUNTY ENERGY PROGRAM  
CONTRACTUAL ASSESSMENT LIMITED OBLIGATION IMPROVEMENT BONDS,  
SERIES 2014 C-1**

The Wilmington Trust, N.A., as trustee (the “Trustee”) is hereby requested to pay from the Costs of Issuance Fund established pursuant to the Indenture, dated as of [As of Date], executed by and between the County of Los Angeles and the Trustee, to the person, corporation or other entity designated below as Payee, the sum set forth below such designation, in payment of the Costs of Issuance described below. The amount shown below is due and payable under a purchase order, contract or other authorization with respect to the Costs of Issuance described below and has not formed the basis of any prior request for payment.

Payee:

Address:

Amount: \$ \_\_\_\_\_

Description:

Description of Costs of Issuance or portion thereof accepted by the County of Los Angeles and authorized to be paid to the Payee.

Executed by the Authorized  
Representative of the County  
of Los Angeles

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

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

Title: \_\_\_\_\_

Payment Request No. \_\_\_\_\_

Attachment: (Attach duplicate original of Payee's statement(s) or invoice(s))

**EXHIBIT C**  
**ASSESSMENT CONTRACT**

Assessment Contact Information:

Property Owner: Park Place Commercial, LP

Property Address: dusit D2 Constance Pasadena  
940 East Colorado Boulevard  
Pasadena, California 91106

Date of Assessment Contract: [Closing Date]

APN: \_\_\_\_\_

**LOS ANGELES COUNTY ENERGY PROGRAM**

**ASSESSMENT CONTRACT**

This Assessment Contract (this “Contract”) is made and entered into as of this \_\_\_\_\_ day of [Month], 2014, by and between the COUNTY OF LOS ANGELES, a political subdivision of the State of California (the “County”), and PARK PLACE COMMERCIAL, LP (the “Owner”).

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

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

WHEREAS, the Owner is the fee title owner of certain commercial property described in Exhibit B attached hereto (the “Property”) and located within the City of Los Angeles, County of Los Angeles.

WHEREAS, the Owner has reviewed the Program participant handbook (the “Participant Handbook”) and submitted an application to participate in LACEP (the “Application”; together with Participant Handbook and this Contract, the “Contract Documents”) to finance the acquisition, construction and installation of the renewable energy systems, energy efficient improvements and/or water efficiency improvements described in Exhibit A attached hereto (the “Improvements”) on the Property and the County has approved such Application.

WHEREAS, the County may fund LACEP through a number of financing mechanisms, including with proceeds of bonds to be issued by the County (the “Bonds”).

WHEREAS, the County wishes to provide for the terms and conditions pursuant to which the Owner will participate in LACEP and pay assessments to finance the Improvements hereunder.

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

1. **Financing Terms**

(a) **Disbursement Amount.** Subject to the conditions set forth herein, the County agrees to disburse moneys to the Owner in the amount of the actual cost of the Improvements in the maximum amount set forth in Exhibit A hereto (the “Disbursement Amount”). LACEP Program Administrator (the “Program Administrator”) shall determine the Disbursement Amount on the basis of the best available written evidence of the actual cost of the Improvements and in the exercise of the Program Administrator’s reasonable judgment. The Owner agrees to complete the Improvements. The Owner agrees to pay for and shall be solely responsible for the payment of all costs to complete the Improvements described in the Application which exceed the Disbursement Amount.

(b) **Repayment by Owner.**

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

(ii) **Interest.** Interest shall be payable in installments, computed on the basis of a 360-day year, and shall accrue on the unpaid Assessment from the date of this contract. The interest rate applicable to the unpaid Assessment and the interest installments therefor are set forth in Exhibit A and Exhibit C hereto.

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

(iv) **Financing Costs in the Event of Noncompletion.** If the Owner fails to install the Improvements in compliance with LACEP requirements following execution of this Assessment Contract, the Owner shall pay for all expenses incurred by the County or any of its agents in connection with levying or removing the assessments hereunder and financing the Improvements, including costs relating to the redemption of bonds issued to finance the Improvements, in the amount set forth in Exhibit A hereto.

(c) Prepayment. The Owner may prepay the Assessment in whole and in part by paying all or a part of the principal amount owing on the Assessment, plus the applicable prepayment premium set forth in Exhibit A hereto, and accrued interest. The Owner shall notify the Program Administrator in writing of the Owner's determination to prepay the Assessment at least twenty (20) business days prior to the date the Owner intends to prepay the Assessment.

(d) Term of Contract. The term of this Contract shall be as set forth in Exhibit A hereto, commencing upon the execution hereof and ending on the date the Assessment and any applicable penalties, costs, fees, and charges have been paid in full. The amount of each Assessment and Annual Administrative Assessment installment that will be levied each year is set forth in Exhibit C attached hereto.

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

(a) Lien Against Property. The execution of this Contract by the parties constitutes the levy of the Assessment and the Annual Administrative Assessment by the Board of Supervisors against the Property without any further action required by the parties. The Owner consents to the levy of the Assessment and the Annual Administrative Assessment, including each installment thereof and any interest and penalties that accrue with respect thereto, on and recordation of a lien against the Property and agrees that, upon the execution of this Contract by the parties, the Property shall be subject to the Assessment and the Annual Administrative Assessment in accordance with and pursuant to this Contract, the Act and applicable law.

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

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



(d) Special Benefit to Property.

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

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

3. Collection of Amounts Due; Failure to Pay.

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

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

4. Commencement and Completion of Improvements.

(a) Consent and Authorization. Upon the issuance by the County of the Los Angeles County Energy Program Contractual Assessment Limited Obligation Improvement Bonds, Series 2014 C-1, the Program Administrator will give to the Owner a notice to proceed in the form of Exhibit F hereto (the "Notice to Proceed"), which notice shall constitute consent and authorization pursuant to Section 5898.21 of the Act for the Owner to purchase directly the related equipment and materials for the Improvements and to contract directly for the construction on and/or installation in the Property of the Improvements. The Owner bears the risk of any costs of the Improvements incurred prior to receipt of the Notice to Proceed. The Owner may perform the construction and/or installation on the Property provided that the Owner is deemed a qualified installer by the Program Administrator in his/her sole discretion in accordance with the Participant Handbook.

(b) Date of Completion of the Improvements. Subject to Section 13(g) hereof, the Owner agrees to complete installation of the Improvements no later than one (1) year after the

date of the Notice to Proceed of this Contract. The Owner and the Program Administrator may agree to an extension of this completion date for good cause shown. In the event the Improvements are not completed one year and three months after the date of the Notice to Proceed, any undisbursed amounts under this Contract shall be applied to the redemption of any related Bonds issued by the County to finance this Contract.

5. **Use of Proceeds.**

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

6. **Disbursement of Funds**

(a) **Conditions Precedent to Disbursement of Funds.** Notwithstanding anything to the contrary contained herein, the County shall have no obligation to disburse funds to the Owner unless and until each of the requirements set forth in the Participant Handbook and the following conditions are satisfied, or any such requirement or condition is expressly waived by the Program Administrator:

(i) With respect to the initial disbursement:

- (A) The Owner has executed and delivered to the Program Administrator the Contract Documents and such other declarations, certifications, documents or instruments pertaining to the Disbursement Amount or the Improvements as the Program Administrator may require.
- (B) The Owner shall have executed any and all documents or instruments required by the Contract Documents in connection with the disbursement of funds to the Owner.
- (C) The Owner shall have provided all applicable lenders the Notice of Proposed Contractual Assessment set forth as Exhibit H to this Contract and received an executed copy of the Certificate of Lender set forth as Exhibit I to this contract. In addition, the Owner shall have received from the Program Administrator, at the expense of the Owner, a determination that the Improvements to be financed hereunder (a) are within one or more classes of projects exempt from the California Environmental Quality Act (commencing with Section 21000 et seq. of the California Public Resources Code, "CEQA") pursuant to Sections 15301, 15302 or 15303 of the California Public Resources Code, (b) are the appropriate subject of a negative declaration pursuant to CEQA, in which case a negative declaration to that effect will be adopted pursuant to Section 21080 et seq. of the California Public Resources Code and Section 15070 et seq. of the California Code of Regulations, or (c), is the appropriate subject of an

environmental impact report pursuant to CEQA, in which case an environmental impact report shall be prepared and certified and amounts hereunder shall be disbursed only if the Improvements are subsequently approved in accordance with CEQA.

(ii) With respect to each of disbursement:

- (A) The Program Administrator shall have received a written request to disburse the Disbursement Amount in the form of Exhibit I hereto.
- (B) As of the date of disbursement of the Disbursement Amount the representations of the Owner contained in the Contract Documents are true and correct, and no Default (as defined in Section 13(a) below) shall have occurred and be continuing.
- (C) No stop payment or mechanic's lien notice pertaining to the Improvements has been filed and remains in effect as of the date of disbursement of the Disbursement Amount.
- (D) The Program Administrator shall have received such other documents and instruments as the Program Administrator may require, including but not limited to, if applicable, the sworn statements of contractor(s) or the Owner, if construction and/or installation is performed by the Owner in his/her capacity as a qualified installer pursuant to the Contract Documents, and releases or waivers of lien, all in compliance with the requirements of applicable law.

(iii) With respect to the final disbursement:

- (A) The Program Administrator shall have received a copy of a finalized permit issued by the building inspection department of the jurisdiction within which the Property is located, if applicable.
- (B) The Program Administrator shall have received a written certification from the Owner and the contractor(s) that installed or constructed the Improvements, if any, stating that the Improvements for which disbursement is requested is complete and setting forth the actual cost of the Improvements (exclusive of any cost attributable to labor performed by the Owner pursuant to the terms and conditions of this Contract and the other Contract Documents). Such certification shall be in form and substance acceptable to the Program Administrator.
- (C) The Program Administrator shall have received a bring-down of the preliminary title report.

(D) If an inspection is required, an inspection of the Improvements and a determination by the applicable agency, authority or entity that the Improvements have been completed in full compliance with the requirements of applicable law or that any noncompliance has been waived.

(iv) If there shall be a single disbursement under this Assessment Contract, all conditions under (i) through (iii) shall be satisfied by the Owner or waived by the Program Administrator prior to disbursement.

(b) Disbursement by County. Upon satisfaction or waiver of the conditions described in paragraph (a), above, the County will disburse or cause the disbursement of funds to the Owner. The Owner expressly waives the 30-day payment period provided by Section 10403 of the Streets and Highways Code.

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

For purposes of entering into this Contract, the County has relied upon the declarations, warranties and covenants of the Owner in this Contract and in the Application, which are incorporated into this Contract as if fully set forth herein. The Owner promises that each representation and warranty set forth herein is true, accurate and complete as of the date of this Contract. By accepting the disbursement, the Owner shall be deemed to have reaffirmed each and every representation and warranty made by the Owner in this Contract and in the Application as of the date of disbursement. If the Owner is comprised of the trustees of a trust, the following representations shall also pertain to the trustor(s) of the trust.

(a) Formation; Authority. If the Owner is anything other than a natural person, it has complied with all laws and regulations concerning its organization, its existence and the transaction of its business, and is in good standing in each State in which it conducts its business. The Owner is the owner of the Property and is authorized to execute, deliver and perform its obligations under the Contract Documents, and all other documents and instruments delivered by the Owner to the County in connection therewith. The Contract Documents have been duly executed and delivered by the Owner and are valid and binding upon and enforceable against the Owner in accordance with their terms, and no consent or approval of any third party, which has not been previously obtained by the Owner is required for the Owner's execution thereof or the performance of its obligations contained therein.

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

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

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

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

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

8. **Covenants of the Owner.**

The Owner agrees and covenants to each of the following:

(a) Installation and Maintenance of Improvements. The Owner shall, or shall cause its contractor(s) to, promptly commence the Improvements and diligently continue to completion in a good and workmanlike manner and in accordance with sound construction and installation practices. The installation of the Improvements shall be completed no later than the date determined pursuant to Section 4(b) hereof. The Owner shall maintain the Improvements in good condition and repair.

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

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

(d) Site Visits; Utility Records; Surveys. For purposes of examining the workmanship of the Improvements, observing the quality of the Improvements and otherwise evaluating LACEP, the Owner grants the County, its agents and representatives, including without limitation the Program Administrator, the right to enter and visit the Property at any reasonable time, after giving reasonable notice to the Owner. For purposes of examining savings derived from the Improvements and other satisfying the requirements relating to grant moneys used to fund LACEP, the Owner shall also allow the County to examine and copy records and other documents of the Owner which relate to the Improvements, including utility records of the Owner and execute any consents, waivers or similar documents required by utility providers in connection therewith through the term of this Contract. The Owner also agrees to participate in any and all surveys conducted in connection with LACEP. The County is under no duty to visit the Property, observe any aspects of the Improvements or examine any records, and the County

shall not incur any obligation or liability by reason of not making any such visit or examination. Any site visit, observation or examination by the County shall be solely for the purposes of protecting the County's rights under the Contract Documents.

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

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

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

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

In the event of the filing of a stop notice or the recording of a mechanic's lien pursuant to applicable law of the State of California and relating to the Improvements, the Program Administrator may refuse to disburse any funds to the Owner, and, in the event the Owner fails to furnish the Program Administrator a bond causing such notice or lien to be released within thirty (30) days of notice from the Program Administrator to do so, such failure shall at the option of the County constitute a default under the terms of this Contract. The Owner shall promptly deliver to the Program Administrator copies of all such notices or liens.

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

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

(b) Indemnification. The Owner shall indemnify, defend, protect, and hold harmless the County, the City and any and all officials, agents, employees, attorneys and representatives of the County or City (collectively, the "Indemnified Parties"), from and against all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorneys' fees) and any demands of any nature whatsoever related directly or indirectly to, or arising out of or in connection with, (i) the Contract Documents, (ii) disbursement of the Disbursement Amount, (iii) the Improvements, (iv) any breach or Default by the Owner under the Contract Documents, (v) the levy and collection of the Assessment and the Annual Administrative

Assessment, (vi) the imposition of the lien of the Assessment and the Annual Administrative Assessment, (vii) any breach or failure of the Owner or its contractor(s) or agents to comply with all applicable laws, including all applicable federal, state and local occupation, safety and health laws, rules, regulations and standards, in connection with the acquisition, installation or completion of the Improvements, and (viii) any other fact, circumstance or event related to the County's payment of the Disbursement Amount to the Owner or the Owner's performance of its obligations under the Contract Documents (collectively, the "Liabilities"), regardless of whether such Liabilities shall accrue or are discovered before or after the Disbursement.

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

11. Waiver of Claims.

For and in consideration of the County's execution and delivery of this Contract, the Owner, for itself and for its successors-in-interest to the Property and for any one claiming by, through, or under the Owner, hereby waives the right to recover from and fully and irrevocably releases the Indemnified Parties from any and all claims, obligations, liabilities, causes of action, or damages, including attorneys' fees and court costs, that the Owner may now have or hereafter acquire against any of the Indemnified Parties and accruing from or related to (i) the Contract Documents, (ii) the disbursement of any of the Disbursement Amount, including any amounts advanced hereunder, (iii) the levy and collection of the Assessment and the Annual Administrative Assessment, (iv) the imposition of the lien of the Assessment, (v) the issuance and sale of any bonds or other evidences of indebtedness, or other financial arrangements entered into by the County pursuant to LACEP, (vi) the performance of the Improvements, (vii) the Improvements, (viii) any damage to or diminution in value of the Property that may result from construction or installation of the Improvements, (ix) any personal injury or death that may result from the construction or installation of the Improvements, (x) the selection of manufacturer(s), dealer(s), supplier(s), contractor(s) and/or installer(s), and their action or inaction with respect to the Improvements, (xi) the merchantability and fitness for any particular purpose, use or application of the Improvements, (xii) the amount of energy savings resulting from the Improvements, (xiii) the workmanship of any third parties, and (xiv) any other matter with respect to LACEP. This release includes claims, obligations, liabilities, causes of action, and damages of which the Owner is not presently aware or which the Owner does not suspect to exist which, if known by the Owner, would materially affect the Owner's release of the Indemnified Parties.

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

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH KNOWN BY HIM OR

HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

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

Owner's Initials: \_\_\_\_\_

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

12. **Further Assurances.**

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

13. **Events of Default.**

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

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

(c) **Cure Period for Monetary Default.** If the Owner fails to timely pay any installment of the Assessment or the Annual Administrative Assessment, the Owner shall have a period of thirty (30) days after notice is given pursuant to paragraph (b) above within which to cure such default. Following such thirty (30) day period, the County in its sole discretion may exercise any and all of its available remedies, including its right to foreclose the lien of the Assessment or the Annual Administrative Assessment pursuant to applicable law.

(d) **Cure Period for Non-Monetary Default.** If a non-monetary Default occurs and such Default is reasonably capable of being cured within thirty (30) days, the Owner shall have such period to effect a cure prior to exercise of remedies by the County under the Contract Documents or the Act. If the Default is such that it is reasonably capable of being cured but not within such thirty (30) day period and the Owner (i) initiates corrective action within such thirty (30) day period, and (ii) diligently, continually, and in good faith works to effect a cure as soon as possible, then the County in its sole discretion may elect to grant the Owner such additional



time as is reasonably necessary to cure the Default prior to exercise of any remedies by the County. The foregoing notwithstanding, in no event shall the County be precluded from exercising any of its remedies if the Default is reasonably expected to result in the foreclosure or forfeiture of the Property, or if the Default is not cured within sixty (60) days after the first notice of Default is given.

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

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

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

#### 14. Severability.

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

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

15. **Notices.**

All notices and demands shall be given in writing by first class mail, postage prepaid, or by personal delivery (by recognized courier service). Notices shall be considered given upon the earlier of (a) personal delivery or (b) two (2) business days following deposit in the United States mail, postage prepaid. Notices shall be addressed as provided below for the respective party; provided that if any party gives notice in writing of a change of name or address, notices to such party shall thereafter be given as demanded in that notice:

To the County: County of Los Angeles Office of Sustainability  
1100 North Eastern Avenue, Room 200  
Los Angeles, California 90063  
Attention: Program Administrator

With a copy to: County of Los Angeles  
Office of the Treasurer and Tax Collector  
500 West Temple Street, Room 432  
Los Angeles, California 90012  
Attention: Office of Public Finance

To the Owner: Park Place Commercial, LP  
25 East Foothill Boulevard  
Arcadia, California 91006  
Attention: William H. Chu

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

16. **No Waiver.**

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

17. **Governing Law.**

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

18. **Assignment by the County.**

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

19. **Assignment by Owner Prohibited.**

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

20. **Entire Agreement; Amendment.**

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

21. **Natural Persons.**

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

22. **Counterparts.**

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

23. **No Third Party Beneficiary Rights.**

This Contract is entered into for the sole benefit of the Owner and the County and, subject to the provisions of Sections 9, 10, 11 and 18, no other parties are intended to be direct or incidental beneficiaries of this Contract and no third party shall have any right in, under or to this Contract.

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

**THE OWNER:**

**PARK PLACE COMMERCIAL, LP**

**THE COUNTY:**

**COUNTY OF LOS ANGELES, CALIFORNIA**

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Name: William H. Chu  
Title: Chief Financial Officer

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Name: Jim Jones  
Title: Program Administrator,  
Los Angeles County Energy Program

**ACKNOWLEDGEMENT(S)**

STATE OF CALIFORNIA                     )  
  :   ss.:  
COUNTY OF \_\_\_\_\_ )

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

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

WITNESS my hand and official seal.

Signature \_\_\_\_\_

(This area for official notarial seal)



STATE OF CALIFORNIA                     )  
  :   ss.:  
COUNTY OF \_\_\_\_\_ )

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

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

WITNESS my hand and official seal.

Signature \_\_\_\_\_

(This area for official notarial seal)

**EXHIBIT A**  
**CERTAIN FINANCING TERMS**

Disbursement Amount: \$[Principal Amount]

Contract Term: 20 years, commencing with the first payment of Assessment Installment hereunder

Interest Rate: [6.57%] per annum

Financing Costs in the Event of Noncompletion: N/A

Annual Administrative Assessment<sup>(1)</sup>: \$100

Prepayment Premium: [To be confirmed.]

From the date of the Assessment Contract to March 2, 2019, a prepayment premium of 3.00%

From March 3, 2019 through March 2, 2024, a prepayment premium of 2.00%

From March 3, 2024 through March 2, 2029, a prepayment premium of 1.00%

After March 2, 2029, a prepayment premium of 0.00%

Improvements: [To come]

**EXHIBIT B**  
**LEGAL DESCRIPTION**

**EXHIBIT C**

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

Owner: Park Place Commercial, LP (the “Owner”)

Property  
Address: 940 East Colorado Boulevard  
Pasadena, California 91106 (the “Property”)

Attention: William H. Chu

Assessor’s Parcel Number: [APN]

LACEP Loan Number: 2014 C-1

Disbursement Amount: \$[Principal Amount]

Pursuant to Section 1(b)(i) of that certain Assessment Contract (the “Assessment Contract”) executed by and between you, as Owner of the Property, and the County in connection with the Los Angeles County Energy Program, you are hereby notified that the schedule of Assessment Installments, interest thereon and the Maximum Annual Administrative Assessment with respect to the referenced property is as set forth below:

Year <sup>(1)</sup>	Assessment Installments			Annual Administrative Assessment <sup>(3)</sup>	Total
	Principal Payment	Interest Payment	Subtotal <sup>(2)</sup>		
2015					
2016					
2017					
2018					
2019					
2020					
2021					

*(Continued on next page)*



(Continued from prior page.)

Year <sup>(1)</sup>	Assessment Installments			Annual Administrative Assessment <sup>(3)</sup>	Total
	Principal Payment	Interest Payment	Subtotal <sup>(2)</sup>		
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					

<sup>(1)</sup> Reflects assessments that will appear on the property tax bill for the referenced year.

<sup>(2)</sup> Includes financing costs consisting of capitalized LACEP administrative expenses.

<sup>(3)</sup> Based on the Maximum Annual Administrative Assessment established for LACEP, which amount may be adjusted from time to time by the Program Administrator, provided that the adjusted amount does not exceed the Maximum Annual Administrative Assessment.

Program Administrator,  
Los Angeles County Energy Program

**EXHIBIT D**

**NOTICE OF ASSESSMENT**

WHEN RECORDED RETURN TO

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

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**NOTICE OF ASSESSMENT**

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

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

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

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

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

Dated: \_\_\_\_\_, 2014

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

By: \_\_\_\_\_

**Appendix A to Notice of Assessment**

**LEGAL DESCRIPTION**

**Appendix B to the Notice of Assessment**

Name(s) of Owner of the Property: Park Place Commercial, LP

Assessor's Parcel Number: [APN]

Assessment Amount: \$[Principal Amount]

Annual Administrative Assessment Amount: \$100

## **EXHIBIT E**

### **Payment of Contractual Assessment Required**

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

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

Park Place Commercial, LP

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

- (3) Assessor’s parcel number for the Property: [APN]

- (4) The annual amount of the contractual assessment: \$\_\_\_\_\_

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

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

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

Los Angeles County Tax Collector  
P.O. Box 54018  
Los Angeles, CA 90054-0018  
Contact: Office of Public Finance  
Telephone: (213) 974-7175

Date: \_\_\_\_\_, 2014

TREASURER AND TAX COLLECTOR OF THE  
COUNTY OF LOS ANGELES

By: \_\_\_\_\_  
Joseph Kelly  
Chief Deputy Treasurer and Tax Collector

**Appendix A to Notice of Payment of Contractual Assessment Required**

LEGAL DESCRIPTION



**EXHIBIT F**

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

Date: \_\_\_\_\_, 2013

Owner: Park Place Commercial, LP (the “Owner”)

Property  
Address: 940 East Colorado Boulevard  
Pasadena, California 91106 (the “Property”)

Assessor’s Parcel Number: [APN]

LACEP Loan Number: 2014 C-1

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

Program Administrator,  
Los Angeles County Energy Program

**EXHIBIT G**

**NOTICE OF PROPOSED CONTRACTUAL ASSESSMENT  
(Commercial Property Owner)**

**Not Applicable**

**EXHIBIT H**

**LENDER CONSENT TO PROPOSED CONTRACTUAL ASSESSMENT  
(Commercial Property Owner)**

**Not Applicable**

**EXHIBIT I**

**FORM OF DISBURSEMENT REQUEST**

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

Wilmington Trust, N.A.  
Corporate Trust Department  
650 Town Center Drive, Suite 600  
Costa Mesa, California 92626  
Attention: Brian Buchanan, Vice President (bbuchanan@wilmingtontrust.com)  
Jeanie Mar, Vice President (jmar@wilmingtontrust.com)  
Edwille Sabalbuero, Trust Administrator Assistant II  
(esabalbuero@wilmingtontrust.com)

Date: \_\_\_\_\_, 2014

Owner: Park Place Commercial, LP (the “Owner”)

Property  
Address: 940 East Colorado Boulevard  
Pasadena, California 91106 (the “Property”)

Assessor’s Parcel Number: [APN]

LACEP Loan Number: 2014 C-1

Pursuant to Section 6(a) of that certain Assessment Contract (the “Assessment Contract”) executed by and between the undersigned, as Owner of the Property, and the County of Los Angeles in connection with the Los Angeles County Energy Program, the Owner hereby requests that the Program Administrator, on behalf of the County, cause the disbursement of the Disbursement Amount to the Owner by check or wire transfer to the address or account, as applicable, as set forth above. The County may rely on such payment instructions with no duty to investigate or inquire as to the authenticity of the payment instructions or the authority under which such instructions were given.

In connection with this Disbursement Request, the undersigned hereby certifies that:

- (i) the undersigned is duly authorized to deliver this Disbursement Request;

(ii) the amounts to be disbursed will be properly used under and pursuant to the Assessment Contract; and

(iii) as of the date hereof, the representations of the Owner contained in the Contract Documents are true and correct, and no Default (as defined in Section 14(a) of the Assessment Contract) has occurred and is continuing.

Capitalized terms used herein and not otherwise defined herein shall have the meaning given in the Assessment Contract.

PARK PLACE COMMERCIAL, LP

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Acknowledged And Consented To:

STRUCTURED FINANCE ASSOCIATES, LLC

By: \_\_\_\_\_  
Name:  
Title:

HDW – 5/19/14 Draft

**[\$[Principal Amount]**  
**LOS ANGELES COUNTY ENERGY PROGRAM**  
**CONTRACTUAL ASSESSMENT LIMITED OBLIGATION IMPROVEMENT BONDS,**  
**SERIES 2014 C-1**

**BOND PURCHASE AGREEMENT**

[Closing Date]

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

Ladies and Gentlemen:

The undersigned, [Purchaser] (the “Purchaser”) offers to enter into this Bond Purchase Agreement (the “Bond Purchase Agreement”) with the County of Los Angeles, a political subdivision of the State of California (the “County”), which, upon acceptance of this offer by the County, will be binding upon the County and the Purchaser. This offer is made subject to receipt by the Purchaser of the documents referred to in Section 6 hereof and to acceptance by the County by execution and delivery of this Bond Purchase Agreement to the Purchaser at or prior to 8:00 P.M., California time, on the date first above written, and if not so accepted will be subject to withdrawal by the Purchaser upon notice delivered to the County at any time prior to the acceptance hereof by the County. Capitalized terms in this Bond Purchase Agreement that are not otherwise defined herein shall have the meanings given to such terms in the Indenture.

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties, covenants and agreements hereinafter set forth, the Purchaser hereby agrees to purchase from the County and the County hereby agrees to deliver to the Purchaser, all (but not less than all), in the manner provided herein, of the \$[Principal Amount] aggregate principal amount of the Los Angeles County Energy Program Contractual Assessment Limited Obligation Improvement Bonds, Series 2014 C-1 (the “Bonds”) at the purchase price of \$[Principal Amount]. The Bonds are being issued pursuant to the Indenture, dated as of [As of Date] (the “Indenture”), by and between the County and Wilmington Trust, N.A. as trustee thereunder (the “Trustee”). The Bonds shall be delivered in fully registered form and shall be dated their date of delivery and mature on the date and in the principal amount, and interest with respect thereto shall be computed at the rate, all as shown in Exhibit A hereto. Interest on the Bonds will be payable semiannually each March 2 and September 2, commencing on March 2, 2015. The Bonds shall be subject to redemption as provided in the Indenture. The purchase price of the Bonds shall be the principal amount thereof.

2. The Bonds. The Bonds shall be issued in accordance with The Improvement Bond Act of 1915, being Division 10 of the Streets and Highways Code of the State of California (the “1915 Act”), Chapter 29 of Part 3 of Division 7 of the Streets and Highways Code of the

State of California (the “Contractual Assessment Law”), a Resolution of the County adopted on May 25, 2010, and a Resolution of the County adopted on [Authorizing Resolution Date] (the “County Resolution”).

The Bonds shall be issued pursuant to the Indenture and shall be payable from Revenues, including assessment installments remitted pursuant to that certain Assessment Contract, dated [Closing Date] (the “Assessment Contract”), by and between the County and Park Place Commercial, LP (the “Commercial Property Owner”), a free and willing owner of property located in the City of Pasadena, County of Los Angeles (the “Participating Parcel”), to finance the acquisition, construction and installation of distributed generation renewable energy sources and energy and water efficiency improvements (the “Improvements”) in accordance with the Los Angeles County Energy Program (“LACEP”). Proceeds of the Bonds will also be used to pay certain costs of issuance incurred in connection with the issuance of the Bonds.

The Indenture, the Assessment Contract and this Bond Purchase Agreement are referred to herein as the “Legal Documents”.

3. Representations, Warranties and Agreements of the County. The County hereby represents, warrants and agrees with the Purchaser as follows:

(a) the County is, and will be on the date of Closing, a political subdivision of the State of California (the “State”) organized and operating pursuant to the Constitution and laws of the State with the full power and authority to adopt the County Resolution, execute and deliver the Legal Documents to be executed by it and to own its properties and to carry on its business as presently conducted;

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

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

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

(e) to the best knowledge of the County, the County is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other

instrument to which the County is a party or is otherwise subject, which breach or default would materially adversely affect the County's ability to enter into or perform its obligations under the Legal Documents to be executed by it, and, no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default;

(f) to the best knowledge of the County, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending in which service of process has been completed against the County or threatened against the County in any material respect affecting the existence of the County or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the adoption of the County Resolution or the levying of the assessments under the Assessment Contract or in any way contesting or affecting the validity or enforceability of the 1915 Act, the Contractual Assessment Law or the Legal Documents or contesting the powers of the County or its authority to enter into, adopt or perform its obligations under any of the foregoing, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Legal Documents to be executed by the County or that could have a material adverse impact upon the ability of the County to enter into or perform its obligations under such documents or in any way contesting the existence or powers of the County;

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

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

4. Representations, Warranties and Agreements of the Purchaser. The Purchaser hereby represents, warrants and agrees with the County as follows:

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

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



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

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

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

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

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

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

the Purchaser deemed necessary or desirable in connection with its decision to purchase the Bonds.

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

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

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

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

(m) The Purchaser acknowledges that its right to sell and transfer the Bonds is subject to the delivery to the County of an investor letter from the proposed transferee substantially in the form attached as Exhibit B hereto, with no revisions except as may be approved in writing by the County. Failure to deliver such investor’s letter to the County shall cause the purported transfer to be null and void. The Purchaser agrees to indemnify and hold harmless the County with respect to any claim asserted against the County that is based upon the sale, transfer or other disposition of the Bonds.

5. Closing. At 8:00 a.m., California time, on [Closing Date], or at such other date and time as shall have been mutually agreed upon by the County and the Purchaser, the County will issue or cause to be issued to the Purchaser the Bonds in definite form duly executed and authenticated by the Fiscal Agent in book-entry form and the other documents hereinafter mentioned shall be delivered at the office of Hawkins Delafield & Wood LLP, Los Angeles, California (“Bond Counsel”), or at such other place as shall have been mutually agreed upon by the County and the Purchaser. The Purchaser will accept delivery of the Bonds and pay the purchase price thereof as set forth in Section 1 hereof in federal or other immediately available funds (such delivery of and payment for the Bonds is herein called the “Closing”). The Bonds shall be prepared and delivered to the Purchaser on the date of Closing in the form of one certificate, fully registered in the name of the Purchaser.

6. Closing Conditions. The Purchaser has entered into this Bond Purchase Agreement in reliance upon the representations, warranties and agreements of the County contained herein, the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the County of its respective obligations herein, both as of the date hereof and as of the date of Closing. Accordingly, the Purchaser's obligations under this Bond Purchase Agreement to purchase, accept issuance of, and pay for the Bonds shall be conditioned upon the performance by the County of its obligations to be performed herein and the accuracy and delivery of the documents and instruments required to be delivered hereby at or prior to the Closing, and shall also be subject to the following additional conditions:

(a) the representations and warranties of the County contained or incorporated herein shall be true, complete and correct in all material respects at the date hereof and on and as of the date of Closing as if made on the date of Closing;

(b) at the time of the Closing, the Legal Documents shall be in full force and effect as valid and binding agreements between the various parties thereto, and the Legal Documents shall not have been amended, modified or supplemented after the date thereof except as may have been agreed to in writing by the Purchaser, and there shall be in full force and effect such resolutions as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby and by the Legal Documents and the County shall have performed its obligations required under or specified in the Legal Documents to be performed at or prior to the Closing;

(c) at the time of the Closing, all official actions of the County relating to the Legal Documents and the Bonds shall be in full force and effect in accordance with their respective terms and shall not have been amended, modified or supplemented in any material respect from the date hereof except as may have been agreed to in writing by the Purchaser;

(d) at or prior to the time of Closing, the Purchaser shall receive the following documents, in each case reasonably satisfactory in form and substance to the Purchaser and Jones Hall, A Professional Law Corporation ("Purchaser's Counsel"):

(i) executed copies of the Legal Documents;

(ii) the unqualified approving opinion of Hawkins Delafield & Wood LLP, Bond Counsel, dated the date of Closing and addressed to the County substantially in the form set forth in Exhibit C hereto, together with a letter of such counsel, dated the date of Closing and addressed to the Purchaser, to the effect that the foregoing approving legal opinion addressed to the County may be relied upon by the Purchaser to the same extent as if such letter were addressed to them;

(iii) an opinion of the County Counsel, as counsel to the County, dated the date of Closing and addressed to the Purchaser to the effect that:

(A) the County is a political subdivision of the State, duly organized and validly existing pursuant to the laws and Constitution of the State, and has full legal right, power and authority to execute and deliver

the Legal Documents and the Bonds, and to perform all of its obligations thereunder;

(B) the actions take by the County pursuant to the 1915 Act and the Contractual Assessment Law, including adoption of a resolution of the Board of Supervisors declaring its intention to order the implementation of a contractual assessment program, adoption of a resolution of the Board of Supervisors making certain findings and determinations in connection with and confirming the report of the Director of the Internal Services Department of the County in connection with the establishment of a contractual assessment program to finance the Improvements and confirming assessments to be levied within the parameters of the report, and adoption of the County Resolution (collectively, the “Proceedings”), were duly adopted at meetings and hearings of the Board of Supervisors, which were called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting at the time of adoption and the Proceedings are in full force and effect;

(C) the Legal Documents have been duly authorized, executed and delivered by the County, and, assuming due authorization, execution and delivery by the other respective parties thereto, constitute the legal, valid and binding obligations of the County, enforceable against the County in accordance with their respective terms;

(D) no authorization, approval, consent, or other order of the State or agency of the State other than the Board of Supervisors, is required for the valid authorization, execution and delivery by the County of the Legal Documents or the Bonds;

(E) to the best of County Counsel’s knowledge, the County is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the County is a party or is otherwise subject, which breach or default would materially adversely affect the County’s ability to enter into or perform its obligations under the Legal Documents, and, to the best of County Counsel’s knowledge, no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default; and the execution and delivery of the Legal Documents and the Bonds by the County and compliance with the provisions on the County’s part contained therein, will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument known to County Counsel after reasonable inquiry to which the County is a party or to which the County is otherwise subject;

(F) to the best of County Counsel's knowledge, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending in which service of process has been completed against the County or threatened against the County affecting the corporate existence of the County or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Bonds or the collection of the assessment installments or the pledge of and lien on the assessment installments, funds and accounts established pursuant to the Indenture or contesting or affecting, as to the County, the validity or enforceability of the 1915 Act, the Contractual Assessment Law, the Bonds or the Legal Documents, or contesting the authority for the issuance of the Bonds, or contesting the powers of the County or any authorization in connection with the adoption of the Proceedings, or the execution and delivery by the County of the Legal Documents, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the 1915 Act or the Contractual Assessment Law as to the County or the performance by the County of its obligations under and in connection with the Legal Documents; and

(G) the contractual assessment securing the Bonds has been duly and lawfully authorized under and pursuant to the Contractual Assessment Law and the unpaid contractual assessment is an enforceable obligation and valid lien against the Participating Parcel;

(iv) a certificate of an Authorized Representative of the County dated the date of Closing to the effect that the County has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied pursuant to the Legal Documents at or prior to the time of Closing;

(v) a copy of the County Resolution certified by the Clerk of the Board of Supervisors of the County;

(vi) conformed copy of Notice of Assessment evidencing recordation in the real property records of the County of Los Angeles;

(vii) conformed copy of Payment of Contractual Assessment Required evidencing recordation in the real property records of the County of Los Angeles;

(viii) a certificate from the Property Owner dated the date of Closing to the effect that the representations and warranties of the Property Owner contained in the Assessment Contract and the application for financing through LACEP are true and correct on and as of the date of Closing with the same effect as if made on the date of Closing;

(ix) a copy of the resolution of City of Pasadena consenting to inclusion of properties within its incorporated area in LACEP and certain matters in connection therewith;

(x) an executed copy of the “Lender Consent to Proposed Contractual Assessment” in the form attached as Exhibit I to the Assessment Contract, executed by all lenders of record with respect to the real property that is the subject of the LACEP financing;

(xi) a certificate of the Trustee dated the date of Closing to the effect that:

(A) the Trustee is duly organized and existing as a national banking association organized and existing under the laws of the United States of America, having the full power and authority to enter into and perform its duties under the Indenture and to authenticate and deliver the Bonds;

(B) the Trustee is duly authorized to enter into the Indenture, and, when the Indenture is duly authorized, executed and delivered by the other parties thereto, to deliver the Bonds to the Purchaser pursuant to the terms of the Indenture;

(C) the execution and delivery by the Trustee of the Indenture and the Bonds, and compliance with the terms thereof, will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Trustee is a party or by which it is bound, or, to its best knowledge, any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties (except that no representation, warranty or agreement is made by the Trustee with respect to any federal or state securities or blue sky laws or regulations);

(D) no authorization, approval, consent or order of any governmental agency or any other person is required for the valid authorization, execution and delivery of the Indenture by the Trustee or the delivery of the Bonds by the Trustee;

(E) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, that has been served on, or, to the best of the knowledge of the Trustee, threatened against or affecting the existence of the Trustee or in any way contesting or affecting the validity or enforceability of the Bonds or the Indenture, or contesting the powers of the Trustee or its authority to enter into and perform its obligations under any of the foregoing, or wherein an unfavorable decision, ruling or finding would adversely affect the Trustee or the transactions contemplated in connection with the delivery of the Bonds, or which, in any way, would adversely affect the validity of the Bonds or the Indenture or any agreement or instrument to which the Trustee is a party and which is used or contemplated for use in the

Indenture, or the consummation of the transactions contemplated in connection with the issuance of the Bonds; and

(F) subject to the provisions of the Indenture, the Trustee will apply the proceeds from the Bonds to the purposes specified in the Indenture;

(xii) an opinion of counsel to the Trustee dated the date of Closing addressed to the County and the Purchaser to the effect that:

(A) the Trustee is a national banking association organized and existing under the laws of the United States, having full power and being qualified to enter, accept and administer the trust created under the Indenture and to deliver the Bonds; and

(B) the Bonds have been duly delivered by the Trustee in accordance with the Indenture, and the Indenture has been duly authorized, executed and delivered by the Trustee and, assuming due authorization, execution and delivery thereof by the other parties thereto, constitutes the legal, valid and binding obligations of the Trustee enforceable in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought;

(xiii) such additional legal opinions, certificates, instruments and other documents as Bond Counsel or Purchaser's Counsel may reasonably request to evidence compliance by the Fiscal Agent, the County with legal requirements, the truth and accuracy, as of the time of Closing, of the representations contained herein, the lack of any material adverse litigation or proceeding and the due performance or satisfaction by the Fiscal Agent, the County, at or prior to such time of all agreements to be performed and all conditions then to be satisfied.

7. Termination. The Purchaser shall have the right to terminate in its discretion the Purchaser's obligations under this Bond Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds by notifying the County or Authority of its election to do so if, after the execution hereof and prior to the Closing, the purchase of and payment for the Bonds by the Purchaser on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission.

8. Expenses. The following expenses shall be financed with proceeds of the Bonds or other available moneys: (i) the cost of preparation, printing and delivery of the Indenture, (ii) the cost of preparation and printing of the Bonds and (iii) the fees and disbursements of Bond Counsel and the County Counsel. The Purchaser shall pay or cause to be paid the fees and disbursements of Purchaser's Counsel and all other expenses incurred by the Purchaser in connection with the purchase of the Bonds.

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

to the County to:

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

and to the Purchaser:

[Purchaser]  
[Purchaser's Street Address]  
[Purchaser's City, State, Zip Code]  
Attn: [Purchaser's Contact], [Title of Purchaser's Contact]

with a copy to Structured Finance Associates, LLC:

Structured Finance Associates, LLC  
7330 North Figueroa Street, Suite 100  
Los Angeles, CA 90041  
Attention: John Krappman

10. Parties in Interest; Survivability of Representations, Warranties and Agreements. This Bond Purchase Agreement is made solely for the benefit of the County and the Purchaser and no other person shall acquire or have any right hereunder or by virtue hereof. All of the County's representations, warranties and agreements contained in this Bond Purchase Agreement shall remain operative and in full force and effect, regardless of: (i) any investigations made by or on behalf of the Purchaser; (ii) issuance of and payment for the Bonds pursuant to this Bond Purchase Agreement; and (iii) any termination of this Bond Purchase Agreement.

11. Governing Law. The laws of the State shall govern the validity, interpretation and performance of this Bond Purchase Agreement.

12. Entire Agreement. This Bond Purchase Agreement, when accepted by the County in writing as heretofore specified, shall constitute the entire agreement among the County and the Purchaser.

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

14. Effectiveness. This Bond Purchase Agreement shall become effective upon the execution and acceptance hereof by an Authorized Representative of the County and shall be valid and enforceable at the time of such acceptance.



15. Counterparts. This Bond Purchase Agreement may be executed in several counterparts, which together shall constitute one and the same instrument.

Very truly yours,

[Purchaser]

By: \_\_\_\_\_

[Purchaser's Contact]  
[Title of Purchaser's Contact]

ACCEPTED:

This \_\_\_\_ day of \_\_\_\_\_, 2014

COUNTY OF LOS ANGELES, CALIFORNIA

By: \_\_\_\_\_

Name:

Title:

Approved as to Form:

JOHN F. KRATTLI

County Counsel

By: \_\_\_\_\_

Principal Deputy County Counsel

**EXHIBIT A**

**BOND TERMS**

<b><u>Maturity Date</u></b>	<b><u>Principal Amount</u></b>	<b><u>Interest Rate</u></b>
September 2, 20__	[\$Principal Amount]	[Interest Rate]

**EXHIBIT B**

**FORM OF INVESTOR LETTER**

[Transfer Date]

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

Hawkins Delafield & Wood LLP  
Los Angeles, California

Re: Los Angeles County Energy Program  
Contractual Assessment Limited Obligation Improvement Bonds,  
Series 2014 C-1

Ladies and Gentlemen:

The undersigned (the “Investor”) hereby acknowledges receipt of the above- referenced bonds (the “Bonds”), which evidence and represent the right to receive principal and interest payments from Revenues, including assessment installments remitted pursuant to that certain Assessment Contract, dated [Closing Date] (the “Assessment Contract”), by and between the County and Park Place Commercial, LP (the “Commercial Property Owner”), a free and willing owner of property located in the City of Pasadena, County of Los Angeles, to finance the acquisition, construction and installation of distributed generation renewable energy sources and energy and water efficiency improvements (the “Improvements”) in accordance with the Los Angeles County Energy Program (“LACEP”). The Bonds have been executed pursuant to the terms of that certain Indenture, dated as of [As of Date] (the “Indenture”), by and between the County and Wilmington Trust, N.A., as trustee thereunder. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(m) The Purchaser acknowledges that its right to sell and transfer the Bonds is subject to the delivery to the County of an investor letter substantially in the form hereof, with no revisions except as may be approved in writing by the County. Failure to deliver such investor’s letter to the County shall cause the purported transfer to be null and void. The Purchaser agrees to indemnify and hold harmless the County with respect to any claim asserted against the County that is based upon the sale, transfer or other disposition of the Bonds.

Very truly yours,

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Tax Identification Number: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

Payment Instructions: \_\_\_\_\_

**EXHIBIT C**

**FORM OF APPROVING OPINION**

[Closing Date]

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

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of the Los Angeles County Energy Program Contractual Assessment Limited Obligation Improvement Bonds, Series 2014 C-1 (the “Bonds”) by the County of Los Angeles, California (the “County”).

The Bonds are authorized and issued under and pursuant to the provisions of the Improvement Bond Act of 1915 (Streets and Highways Code Sections 8500 et seq.) (the “Bond Act”) and the Indenture, dated as of [As of Date] (the “Indenture”), by and between the County and Wilmington Trust, N.A.. The Bonds are being issued to finance the installation of certain distributed generation renewable energy sources and energy and water efficiency improvements (the “Improvements”) that are permanently fixed to residential, commercial, industrial or other real property through Los Angeles County Energy Program (“LACEP”), as established pursuant to Chapter 29 of Part 3 of Division 7 of the Streets and Highways Code of the State of California (the “Contractual Assessment Law”). The Bonds are secured by the unpaid assessments (the “Assessments”) to be levied upon certain real property located in the City of Long Beach, County of Los Angeles, all within the jurisdiction of LACEP (the “Participating Parcel”). Construction of the Improvements, the levy and collection of the Assessments, and the legal proceedings of the County relative thereto are undertaken pursuant to the Municipal Improvement Act of 1911, as amended (Division 7 of the California Streets and Highways Code) (the “Assessment Act”).

The Bonds are dated, mature on the date, bear interest at the rate per annum and are issued in the denominations, all as set forth in the Indenture. The Bonds are issued in fully registered form. The Bonds are subject to redemption prior to their maturity as set forth in the Indenture.

We are of the opinion that:

1. The Indenture has been duly authorized by the County and, assuming due execution by the other parties thereto, is valid and binding upon the County and is enforceable in accordance with its terms.

2. The Bonds constitute valid and binding limited obligations of the County, payable solely from the Assessments levied on the Participating Parcel and the other assets pledged therefor under the Indenture.

3. The Bonds are issued upon and secured by the unpaid Assessment on the Participating Parcel and said unpaid Assessment is an enforceable obligation and valid lien against such Participating Parcel.

4. Pursuant to Section 53935 of the Government Code of the State (the "Government Code"), the lien of the Assessment shall be coequal to and independent of the lien for general taxes, and prior and superior to all liens, claims and encumbrances except (a) the lien for general taxes or ad valorem assessments in the nature of and collected as taxes levied by the State of California, the County, or any city, special district or other local agency; (b) the lien of any special assessment or assessments the lien date of which is prior in time to the lien date of the assessment for which the deed is issued; (c) easements constituting servitudes upon or burdens to said lands; (d) water rights, the record title to which is held separately from the title to said lands; and (e) restrictions of record.

5. Interest on the Bonds is not excludable from gross income for Federal income tax purposes.

6. Interest on the Bonds is exempt from present State of California personal income taxes.

Except as stated in paragraphs 5 and 6 above, we express no opinion as to any other Federal, state or local tax consequences arising with respect to the Bonds or the ownership or disposition thereof. Furthermore, we express no opinion as the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Bonds, or under state and local tax law.

The foregoing opinions are qualified to the extent that the enforceability of the Bonds, the Indenture and the Assessment Contract pursuant to which the Assessments are levied may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditor's rights or remedies and is subject to general principles of equity (regardless of whether such enforceability is considered in equity or at law), to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities in the State of California.

We render our opinion under existing statutes and court decisions as of the date hereof, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances, or any change in law or in interpretations thereof, or otherwise, that may hereafter arise or occur, or for any other reason.

The opinions in paragraphs 5 and 6 above are not intended or provided by Bond Counsel to be used and cannot be used by an owner of the Bonds for the purpose of avoiding Federal taxpayer penalties that may be imposed on such owner. Such opinions are provided to support the promotion or marketing of the Bonds. Each owner of the Bonds should seek advice based on its particular circumstances from an independent tax advisor.



The opinions expressed herein are solely for your benefit in connection with the Bonds and may not be relied on in any manner or for any purpose by any person or entity other than the addressee listed above and the owners of the Bonds, nor may copies be furnished to any other person or entity, without the prior written consent of Hawkins Delafield & Wood LLP.

Very truly yours,