

INDENTURE OF TRUST

by and between

U.S. BANK NATIONAL ASSOCIATION  
as Trustee

and

UPPER SANTA CLARA VALLEY JOINT POWERS AUTHORITY  
as Issuer

Relating to

\$ \_\_\_\_\_  
UPPER SANTA CLARA VALLEY JOINT POWERS AUTHORITY  
REVENUE BONDS, SERIES 2011C

Executed and Entered Into as of November 1, 2011

## INDENTURE OF TRUST

This INDENTURE OF TRUST (the "Indenture"), executed and entered into and dated as of November 1, 2011, by and between U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under and by virtue of the laws to the United States of America (the "Trustee"), and UPPER SANTA CLARA VALLEY JOINT POWERS AUTHORITY, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Issuer");

### WITNESSETH

WHEREAS, the Issuer desires to assign without recourse all of its rights to receive the Revenues (as hereinafter defined) scheduled to be paid by the Castaic Lake Water Agency ("the Agency") to the Issuer under and pursuant to the Installment Purchase Agreement (as hereinafter defined); and

WHEREAS, in consideration of such assignment and the execution and entering into of this Indenture, the Trustee has agreed to authenticate and deliver bonds (the "2011C Bonds") in an aggregate principal amount equal to \$\_\_\_\_\_; 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 regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Indenture;

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

### ARTICLE I

#### DEFINITIONS; EQUAL SECURITY

Section 1.01. Definitions. Capitalized terms used herein and not otherwise defined herein shall have the respective meanings ascribed to such terms in the Installment Purchase Agreement. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any amendment hereof or supplement hereto and of the 2011C Bonds and of any certificate, opinion, request or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

Agency. The term "Agency" means the Castaic Lake Water Agency, an agency duly organized and existing under and by virtue of the laws of the State of California.

Authorized Denominations. The term "Authorized Denominations" mean \$5,000 or any integral multiple thereof.

Bond Payment Fund. The term “Bond Payment Fund” means the fund by that name established pursuant to Section 3.02.

Book-Entry System. The term “Book-Entry System” means the system maintained by the Securities Depository and described in Section 2.10 hereof.

Business Day. The term “Business Day” means any day other than: (i) a Saturday or Sunday; or (ii) a day on which banks located in the city in which the Principal Corporate Trust Office of the Trustee is located are authorized or required to remain closed; or (iii) a day on which The New York Stock Exchange is closed.

Certificate; Request. The terms “Certificate” or “Request” mean: (i) with respect to the Agency, an instrument in writing signed on behalf of the Agency by the President of the Board of Directors of the Agency, or by any other officer of the Agency duly authorized by the Board of Directors of the Agency to sign documents on its behalf with respect to the matters referred to therein; and (ii) with respect to the Issuer, by the President of the Board of Directors of the Issuer, or by any other officer of the Issuer duly authorized by the Board of Directors of the Issuer to sign documents on its behalf with respect to the matters referred to therein.

Code. The term “Code” means the Internal Revenue Code of 1986, as amended, and the United States Treasury Regulations in effect with respect thereto.

Delivery Date. The term “Delivery Date” means the date of the delivery of the 2011C Bonds to the initial purchaser thereof.

DTC. The term “DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

Depository. The term “Depository” means DTC or another recognized securities depository selected by the Issuer which maintains a Book-Entry System for the 2011C Bonds.

Escrow Agent. The term “Escrow Agent” means U.S. Bank National Association, as escrow agent pursuant to the terms of the Escrow Agreement (Series 2006C), or its successor thereunder.

Escrow Agreement (Series 2006C). The term “Escrow Agreement (2006C)” means the Escrow Agreement (Series 2006C), dated as of November 1, 2011, by and between the District and the Escrow Agent, as originally executed or as it may from time to time be amended or supplemented in accordance with its terms.

Escrow Fund. The term “Escrow Fund” means the fund by that name established pursuant to the Escrow Agreement (Series 2006C).

Event of Default. The term “Event of Default” means an Event of Default as defined in Section 8.1 of the Installment Purchase Agreement.

Favorable Opinion of Special Counsel. The term “Favorable Opinion of Special Counsel” means an opinion of Special Counsel addressed to the Agency and the Trustee to the effect that an action proposed to be taken is not prohibited by the laws of the State or this Indenture and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the 2011C Bonds.

Fitch. The term “Fitch” means Fitch Ratings, Inc., a Delaware corporation, and its successors and assigns, and, if such corporation is dissolved or liquidated or no longer performs the functions of a securities rating agency, “Fitch” will be deemed to refer to any other nationally recognized securities rating agency (other than Moody’s or S&P) designated by the Issuer by written notice to the Trustee.

Hazardous Substances. The term “Hazardous Substances” means any hazardous substances, wastes, pollutants or contaminants now or hereafter included in such (or any similar) term under any federal, state, or local statute, code, ordinance or regulation now in effect or hereafter enacted or amended.

Indenture. The term “Indenture” means this Indenture of Trust, dated as of November 1, 2011, by and between the Trustee and the Issuer, as originally executed and entered into and as it may from time to time be amended or supplemented in accordance herewith.

Information Services. The term “Information Services” means the Municipal Securities Rulemaking Board; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the Agency may specify in a Certificate to the Trustee and as the Trustee may select.

Installment Purchase Agreement. The term “Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of November 1, 2011, by and between the Agency and the Issuer, as originally executed or as it may from time to time be amended or supplemented in accordance with its terms.

Interest Account. The term “Interest Account” means the account by that name established pursuant to Section 3.02.

Interest Payment Date. The term “Interest Payment Date” means February 1 and August 1 of each year, commencing \_\_\_\_\_ 1, 20\_\_.

Issuance Costs. The term “Issuance Costs” means all items of expense directly or indirectly payable by or reimbursable to the Agency and related to the authorization, execution, sale and delivery of the 2011C Bonds, including but not limited to costs of preparation and reproduction of documents, printing expenses, filing and recording fees, initial fees and charges of the Trustee and counsel to the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, rating agency fees, title insurance premiums and certificate insurance premiums (if any), fees and charges for preparation, execution and safekeeping of the 2011C Bonds and any other cost, charge or fee in connection with the original execution and delivery of the 2011C Bonds.

Issuance Costs Fund. The term “Issuance Costs Fund” means the fund by that name established pursuant to Section 3.02.

Issuer. The term “Issuer” means the Upper Santa Clara Valley Joint Powers Authority, a joint exercise of powers authority duly organized and existing under and by virtue of the laws of the State of California.

Letter of Representations. The term “Letter of Representations” means the letter of the Agency and the Trustee delivered to and accepted by the Depository on or prior to delivery of the

2011C Bonds as book-entry bonds setting forth the basis on which the Depository serves as depository for such book-entry bonds, as originally executed or as it may be supplemented or revised or replaced by a letter from the Agency and the Trustee delivered to and accepted by the Depository.

Maturity Date. The term “Maturity Date” means February 1 of each year commencing in 20\_\_ and ending in 20\_\_.

Moody’s. The term “Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation is dissolved or liquidated or no longer performs the functions of a securities rating agency, “Moody’s” will be deemed to refer to any other nationally recognized securities rating agency (other than Fitch and S&P) designated by the Issuer by written notice to the Trustee.

Nominee. The term “Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.10 hereof.

Outstanding. The term “Outstanding,” when used as of any particular time with reference to 2011C Bonds, means (subject to the provisions of Section 9.02) all 2011C Bonds except: (i) 2011C Bonds canceled by the Trustee or delivered to the Trustee for cancellation; (ii) 2011C Bonds paid or deemed to have been paid within the meaning of Section 10.01; and (iii) 2011C Bonds in lieu of or in substitution for which other 2011C Bonds shall have been authenticated and delivered by the Trustee pursuant to this Indenture.

Owner. The term “Owner” or “2011C Bond Owner” or “Owner of 2011C Bonds” or any similar term, when used with respect to the 2011C Bonds, means any person who shall be the registered owner of any Outstanding 2011C Bond.

Participant. The term “Participant” means, with respect to DTC or another Securities Depository, a member of or participant in DTC or such other Securities Depository, respectively.

Person. The term “Person” means a natural person or any legal entity.

Permitted Investments. The term “Permitted Investments” means any of the following, if and to the extent permitted by law and by any policy guidelines promulgated by the Issuer.

The following obligations may be used as Permitted Investments for all purposes, including defeasance investments in refunding escrow agreements.

- (a) Cash (insured at all times by the Federal Deposit Insurance Corporation); and
- (b) Obligations of, or obligations guaranteed as to principal and interest by, the U.S. or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the U.S. including: U.S. treasury obligations; All direct or fully guaranteed obligations; Farmers Home Administration; General Services Administration; Guaranteed Title XI financing; Government National Mortgage Association (GNMA); and State and Local Government Series.

Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt

(excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

The following obligations may be used as Permitted Investments for all purposes other than defeasance investments in refunding escrow accounts.

- (c) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including: Export-Import Bank; Rural Economic Community Development Administration; Federal Farm Credit Bureau; U.S. Maritime Administration; Small Business Administration; U.S. Department of Housing & Urban Development (PHAs); and Federal Housing Administration and Federal Financing Bank;
- (d) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America: Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC); Obligations of the Resolution Funding Corporation (REFCORP); Senior debt obligations of the Federal Home Loan Bank System; and Senior debt obligations of other Government Sponsored Agencies;
- (e) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" by S&P and maturing not more than 360 calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);
- (f) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's or "A-1" by S&P and which matures not more than 270 calendar days after the date of purchase;
- (g) Investments in a money market fund rated "AAm", "AAAm" or "AAAm-G" or better by S&P, including such funds for which the Trustee or an affiliate provides investment advice for other services;
- (h) Pre-refunded Municipal Obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice:
  - (1) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's or S&P or any successors thereto; or
  - (2) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (b) above, which escrow may be applied only to the payment of such principal and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the

specified redemption date or dates pursuant to such irrevocable instructions, as appropriate; and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

- (i) The following municipal obligations: (1) revenue obligations of states or any department, board, agency or authority thereof rated “A1” or better by Moody’s, “A+” or better by S&P or “A+” or better by Fitch; (2) general obligations of states rated “A3” or better by Moody’s, “A-” or better by S&P or “A-” or better by Fitch; (3) adjustable rate revenue obligations of states or any department, board, agency or authority thereof rated “P-1” or better by Moody’s, “A-1+” or better by S&P or “F-1”+ or better by Fitch; (4) fixed rate revenue obligations of any political subdivision of the State or entity owned, operated or controlled by such a political subdivision rated “A1” or better by Moody’s, “A+” or better by S&P or “A+” or better by Fitch; or (5) adjustable rate revenue obligations of any political subdivision of the State or entity owned, operated or controlled by such a political subdivision rated “P-1” or better by Moody’s, “A-1+” or better by S&P or “F-1+” by Fitch;
- (j) Investment agreements (supported by appropriate opinions of counsel) for which the guarantor is rated at least “AA” by S&P;
- (k) the Local Agency Investment Fund of the State, created pursuant to Section 16429.1 of the California Government Code, to the extent that the Trustee is authorized to register such investment in its name;
- (l) Local Government Investment Pools (LGIP). Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code § 6509.7. To be eligible for purchase, the pool must meet the requirements of Government Code § 53601(p); and
- (m) Certificates of deposit insured by the Federal Deposit Insurance Corporation.

The value of the above investments shall be determined as follows: (i) for the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued at cost; (ii) as to certificates of deposit and bankers’ acceptances: the face amount thereof, plus accrued interest thereon; and (iii) as to any investment not specified above: the value thereof established by prior agreement among the Issuer and the Trustee.

Principal Account. The term “Principal Account” means the account by that name established pursuant to Section 3.02 hereof.

Principal Corporate Trust Office. The term “Principal Corporate Trust Office” means the principal corporate trust office of the Trustee in Los Angeles, California, or such other office as the Trustee may from time to time designate in writing to the Agency, the Issuer and the Owners.

Rebate Fund. The term “Rebate Fund” means the fund by that name established and held by the Trustee pursuant to Section 5.03.

Record Date. The term “Record Date” means the fifteenth (15th) day of the month immediately preceding an Interest Payment Date.

Redemption Account. The term “Redemption Account” means the account by that name established pursuant to Section 3.02.

Redemption Price. The term “Redemption Price” means, with respect to any 2011C Bond (or portion thereof), the principal amount with respect to such 2011C Bond (or portion) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such 2011C Bond and this Indenture.

[Reserve Fund. The term “Reserve Fund” means the fund by that name established pursuant to Section 3.02.]

Revenues. The term “Revenues” means amounts received by the Issuer pursuant to or with respect to the Installment Purchase Agreement and all interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder.

Securities Depository. The term “Securities Depository” means DTC or, if applicable, any successor securities depository appointed pursuant to Section 2.10 hereof.

S&P. The term “S&P” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation is dissolved or liquidated or no longer performs the functions of a securities rating agency, “S&P” will be deemed to refer to any other nationally recognized securities rating agency (other than Fitch and Moody’s) designated by the Issuer by written notice to the Trustee.

Special Counsel. The term “Special Counsel” means any attorney at law or firm of attorneys selected by the Agency, of nationally-recognized standing in matters pertaining to the federal tax exemption of interest with respect to obligations of states and political subdivisions.

State. The term “State” means the State of California.

Tax Certificate. The term “Tax Certificate” means the Tax Certificate, dated the date of initial issuance of the 2011C Bonds, concerning certain matters pertaining to the use and investment of proceeds of the 2011C Bonds, including any and all exhibits attached thereto.

Trustee. The term “Trustee” means U.S. Bank National Association, a national banking association having a corporate trust office in Los Angeles, California, or such other office as the Trustee may from time to time designate in writing to the Agency, the Issuer and the Owners, or its successor as Trustee hereunder.

2011C Bonds. The term “2011C Bonds” means the Upper Santa Clara Valley Joint Powers Authority Revenue Bonds, Series 2011C in the aggregate principal amount of \$\_\_\_\_\_.

Written Consent of the Issuer or the Agency; Written Order of the Issuer or the Agency; Written Request of the Issuer or the Agency; Written Requisition of the Issuer or the Agency. The terms “Written Consent of the Issuer or the Agency,” “Written Order of the Issuer or the Agency,” “Written Request of the Issuer or the Agency,” and “Written Requisition of the Issuer or the Agency”

mean, respectively, a written consent, order, request or requisition signed by or on behalf of: (i) the Issuer by its President, or a Vice President or Treasurer; or (ii) the Agency by the President or Manager, or its Administrative Services Manager, or by the Secretary or by any two persons (whether or not members of the Board of Directors) who are specifically authorized by resolution of the Agency to sign or execute such a document on its behalf.

Section 1.02. Equal Security. In consideration of the acceptance of the 2011C Bonds by the Owners, the Indenture shall be deemed to be and shall constitute a contract between the Trustee and the Owners to secure the full and final payment of the interest and principal and redemption premiums, if any, on the 2011C Bonds, subject to the agreements, conditions, covenants and terms contained herein, including without limitation the terms included in Article VIII hereof; and all agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the Trustee shall be for the equal and proportionate benefit, protection and security of all Owners without distinction, preference or priority as to benefit, protection or security of any 2011C Bonds over any other 2011C Bonds by reason of the number or date thereof or the time of sale, execution or delivery thereof or otherwise for any cause whatsoever, except as expressly provided herein or therein.

## ARTICLE II

### CONDITIONS AND TERMS OF 2011C BONDS

Section 2.01. Preparation of 2011C Bonds. The Trustee is hereby authorized to authenticate and deliver the 2011C Bonds, to be denominated “Upper Santa Clara Valley Joint Powers Authority Revenue Bonds, Series 2011C” in an aggregate principal amount of \$\_\_\_\_\_.

Section 2.02. Denominations; Dating. The 2011C Bonds shall be prepared in the form of fully registered bonds in Authorized Denominations. The 2011C Bonds shall be dated the initial date of delivery thereof.

Section 2.03. Payment of Principal and Interest with Respect to 2011C Bonds.

(a) 2011C Bonds. The 2011C Bonds shall become payable on February 1 of each of the years in the principal amount and shall bear interest at the rates set forth in a Certificate of the Manager in the form attached hereto as Exhibit B to be delivered to the Trustee upon the initial issuance of the 2011C Bonds.

(b) Amounts Due. Principal or Redemption Price due on the 2011C Bonds at maturity or redemption thereof, whichever is earlier, shall, to the extent of the aggregate principal amount stated upon the 2011C Bonds, represent the sum of those portions of the Series 2011C Installment Payments designated as principal coming due on the Series 2011C Installment Payment Dates immediately preceding the Interest Payment Dates in each year.

(c) Payment of Interest. Interest on the 2011C Bonds shall be paid on each Interest Payment Date and redemption date and on the Maturity Dates therefor. However, if, as shown by the records of the Trustee, interest on the 2011C Bonds is in default, 2011C Bonds issued in exchange for 2011C Bonds surrendered for registration of transfer or exchange shall bear interest from the date to which interest has been paid in full on the 2011C Bonds so surrendered or, if no interest has been paid on the 2011C Bonds, from the date thereof.

(d) Interest Accrual. Interest on the 2011C Bonds shall accrue on the basis of a 360-day year comprised of twelve 30-day months.

(e) Method and Place of Payment. The principal of and premium, if any, and interest on the 2011C Bonds shall be payable in lawful money of the United States of America. Such amounts shall be paid by the Trustee on the applicable payment dates by check mailed by the Trustee to the respective Owners thereof on the applicable Interest Payment Date at their addresses as they appear as of the close of business on the applicable Record Date in the registration books kept by the Trustee, except that in the case of such an Owner of \$1,000,000 or more in aggregate principal amount of 2011C Bonds, upon the written request of such Owner to the Trustee at least two Business Days before the Record Date, specifying the account or accounts in the United States to which such payment shall be made, such payments shall be made by wire transfer of immediately available funds on the applicable payment date following such Record Date. Any request referred to in the preceding sentence shall remain in effect until revoked or revised by such Owner by an instrument in writing delivered to the Trustee. When a Book-Entry System is in effect, interest may be paid by wire transfer in accordance with mutually satisfactory arrangements between the Trustee and the Securities Depository. Principal and interest will be paid in money of the United States that at the time of payment is legal tender for payment of public and private debts or by checks or wire transfers payable in such money.

Section 2.04. Form of 2011C Bonds. The 2011C Bonds and the form of assignment to appear thereon shall be in substantially the form set forth in Exhibit A hereto with necessary or appropriate variations, omissions and insertions as permitted or required by this Indenture.

Section 2.05. Execution of 2011C Bonds. The 2011C Bonds shall be executed in the name and on behalf of the Issuer with the manual or facsimile signature of its President, attested by the manual or facsimile signature of its Secretary. The 2011C Bonds shall then be delivered to the Trustee for authentication by it. In case any of the officers who shall have signed or attested any of the 2011C Bonds shall cease to be such officer or officers of the Issuer before the 2011C Bonds so signed or attested shall have been authenticated or delivered by the Trustee, or issued by the Issuer, such 2011C Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Issuer as though those who signed and attested the same had continued to be such officers of the Issuer, and also any 2011C Bonds may be signed and attested on behalf of the Issuer by such persons as at the actual date of execution of such 2011C Bonds shall be the proper officers of the Issuer although at the nominal date of such 2011C Bonds any such person shall not have been such officer of the Issuer.

Only such of the 2011C Bonds as shall bear thereon a certificate of authentication substantially in the form set forth in Exhibit A hereto, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of or on behalf of the Trustee shall be conclusive evidence that the 2011C Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.06. Transfer of 2011C Bonds. Any 2011C Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 2.08, by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such 2011C Bond for cancellation at the Principal Corporate Trust Office of the

Trustee, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Trustee.

Whenever any 2011C Bond or 2011C Bonds shall be surrendered for transfer, the Trustee shall authenticate and deliver a new 2011C Bond or 2011C Bonds of the same series and maturity, for a like aggregate principal amount and of authorized denomination or denominations. The Trustee may charge a sum for each new 2011C Bond authenticated and delivered upon any transfer. The Trustee may require the payment by any 2011C Bond Owner requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer. Following any transfer of 2011C Bonds the Trustee shall cancel and destroy the 2011C Bonds it has received.

Section 2.07. Exchange of 2011C Bonds. 2011C Bonds may be exchanged at the Principal Corporate Trust Office of the Trustee for a like aggregate principal amount of 2011C Bonds of other authorized denominations of the same series and maturity. The Trustee may charge a sum for each new 2011C Bond authenticated and delivered upon any exchange except in the case of any exchange of temporary 2011C Bonds for definitive 2011C Bonds. The Trustee may require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. Following any exchange of 2011C Bonds, the Trustee shall cancel and destroy the 2011C Bonds it has received.

The Trustee shall not be required to register the exchange or transfer pursuant to Section 2.06 hereof, of any 2011C Bond: (i) within 15 days preceding selection of 2011C Bonds for redemption; or (ii) selected for redemption.

Section 2.08. Bond Registration Books. The Trustee will keep or cause to be kept, at the Principal Corporate Trust Office of the Trustee, sufficient books for the registration and transfer of the 2011C Bonds, which shall upon reasonable prior notice and at all reasonable times be open to inspection by the Issuer or the Agency; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, 2011C Bonds as hereinbefore provided.

The person in whose name any 2011C Bond shall be registered shall be deemed the Owner thereof for all purposes hereof, and payment of or on account of the interest on and principal of and Redemption Price represented by such 2011C Bond shall be made only to or upon the order in writing of such registered Owner, which payments shall be valid and effectual to satisfy and discharge liability upon such 2011C Bond to the extent of the sum or sums so paid.

Section 2.09. 2011C Bonds Mutilated, Lost, Destroyed or Stolen. If any 2011C Bond shall become mutilated, the Trustee shall authenticate and deliver a new 2011C Bond of like series, tenor, maturity and principal amount in exchange and substitution for the 2011C Bond so mutilated, but only upon surrender to the Trustee of the 2011C Bond so mutilated.

Every mutilated 2011C Bond so surrendered to the Trustee shall be canceled by it and destroyed. If any 2011C Bond 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 indemnifying the Trustee, the Issuer and the Agency, the Trustee, at the expense of the 2011C Bond Owner, shall authenticate and deliver a new 2011C Bond of like series, tenor and maturity, and numbered as the Trustee shall determine, in lieu of and in substitution for the 2011C Bond so lost, destroyed or stolen. The Trustee may require

payment of a sum not exceeding the actual cost of preparing each new 2011C Bond executed under this section and of the expenses which may be incurred by the Trustee under this section. Any 2011C Bond executed and authenticated under the provisions of this section in lieu of any 2011C Bond alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Indenture with all other 2011C Bonds secured by this Indenture. The Trustee shall not be required to treat both the original 2011C Bond and any replacement 2011C Bond as being Outstanding for the purpose of determining the principal amount of 2011C Bonds which may be executed hereunder or for the purpose of determining any percentage of 2011C Bonds Outstanding hereunder, but both the original and replacement 2011C Bond shall be treated as one and the same. Notwithstanding any other provision of this section, in lieu of delivering a new 2011C Bond for a 2011C Bond which has been mutilated, lost, destroyed or stolen and which has matured or has been selected for redemption, the Trustee may make payment of such 2011C Bond upon receipt of indemnity satisfactory to the Trustee.

Section 2.10. Book-Entry System.

(a) 2011C Bonds shall be issued in fully registered form and shall be initially issued registered in the name of “Cede & Co.,” as nominee of The Depository Trust Company in accordance with this Section 2.10. The 2011C Bonds shall be evidenced by one bond maturing on each stated Maturity Date of 2011C Bonds. The 2011C Bonds may be assigned by the Trustee a distinctive number or letter and number, and a record of the same shall be maintained by the Trustee. Registered ownership of the 2011C Bonds, or any portion thereof, may not thereafter be transferred except as set forth in this Section 2.10.

With respect to book-entry 2011C Bonds, the Issuer and the Trustee shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in such book-entry 2011C Bonds. Without limiting the immediately preceding sentence, the Issuer and the Trustee shall have no responsibility or obligation with respect to: (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in book-entry 2011C Bonds; (ii) the delivery to any Participant or any other person, other than an Owner as shown in the 2011C Bond registration books, of any notice with respect to book-entry 2011C Bonds, including any notice of redemption; (iii) the selection by the Depository and its Participants of the beneficial interests in book-entry 2011C Bonds to be redeemed in the event the Issuer redeems the 2011C Bonds in part; or (iv) the payment by the Depository or any Participant or any other person, of any amount with respect to principal, premium, if any, or interest with respect to book-entry 2011C Bonds. The Issuer and the Trustee may treat and consider the person in whose name each book-entry 2011C Bond is registered in the 2011C Bond registration books as the absolute Owner of such book-entry 2011C Bond for the purpose of payment of principal, premium and interest on such 2011C Bond, for the purpose of giving notices of redemption and other matters with respect to such 2011C Bond, for the purpose of registering transfers with respect to such 2011C Bond, and for all other purposes whatsoever. The Trustee shall pay all principal, premium, if any, and interest on the 2011C Bonds only to or upon the order of the respective Owner, as shown in the 2011C Bond register, or his respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer’s obligations with respect to payment of principal of, premium, if any, and interest evidenced and borne by the 2011C Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the 2011C Bond registration books, shall receive a 2011C Bond evidencing the obligation to make payments of principal, premium, if any, and interest evidenced and borne by the 2011C Bonds. Upon delivery by the Depository to the Owner and the Trustee, of written notice to

the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Indenture shall refer to such nominee of the Depository.

(b) Delivery of Letter of Representations. In order to qualify the book-entry 2011C Bonds for the Depository's Book-Entry System, the Issuer and the Trustee shall execute and deliver to the Depository, if required by the Depository, a Letter of Representations. The execution and delivery of a Letter of Representations shall not in any way impose upon the Issuer or the Trustee any obligation whatsoever with respect to persons having interests in such book-entry 2011C Bonds other than the Owners, as shown on the 2011C Bond registration books. By executing a Letter of Representations, the Trustee shall agree to take all action necessary at all times so that the Trustee will be in compliance with all representations of the Trustee in such Letter of Representations. In addition to the execution and delivery of a Letter of Representations, the Issuer and the Trustee shall take such other actions, not inconsistent with this Indenture, as are reasonably necessary to qualify book-entry 2011C Bonds for the Depository's Book-Entry System.

(c) Selection of Depository. In the event that: (i) the Depository determines not to continue to act as securities depository for book-entry 2011C Bonds; or (ii) the Issuer determines that continuation of the Book-Entry System is not in the best interest of the beneficial owners of the 2011C Bonds or the Issuer, then the Issuer will discontinue the Book-Entry System with the Depository. If the Issuer determines to replace the Depository with another qualified securities depository, the Issuer shall prepare or direct the preparation of a new single, separate, fully registered 2011C Bond for each of the Maturity Dates of such book-entry 2011C Bonds, registered in the name of such successor or substitute qualified securities depository or its Nominee as provided in subsection (e) hereof. If the Issuer fails to identify another qualified securities depository to replace the Depository, then the 2011C Bonds shall no longer be restricted to being registered in such 2011C Bond register in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such 2011C Bonds shall designate, in accordance with the provisions of Sections 2.06 and 2.07 hereof.

(d) Payments To Depository. Notwithstanding any other provision of this Indenture to the contrary, so long as all Outstanding 2011C Bonds are held in book-entry form and registered in the name of the Nominee, all payments with respect to principal, redemption premium, if any, and interest on such 2011C Bond and all notices with respect to such 2011C Bond shall be made and given, respectively to the Nominee, as provided in the Letter of Representations or as otherwise instructed by the Depository and agreed to by the Trustee notwithstanding any inconsistent provisions herein.

(e) Transfer of 2011C Bonds to Substitute Depository.

(i) The 2011C Bonds shall be initially authenticated and delivered as provided in Section 2.01 hereof. Registered ownership of such 2011C Bonds, or any portions thereof, may not thereafter be transferred except:

(A) to any successor of DTC or its nominee, or of any substitute depository designated pursuant to clause (B) of subsection (i) of this subsection ("Substitute Depository"); provided that any successor of DTC or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(B) to any Substitute Depository, upon: (i) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository; or (ii) a determination by the Issuer that DTC (or its successor) is no longer able to carry out its functions as depository; provided that any such Substitute Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(C) to any person as provided below, upon: (i) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository, or; (ii) a determination by the Issuer that DTC or its successor (or Substitute Depository or its successor) is no longer able to carry out its functions as depository.

(ii) In the case of any transfer pursuant to clause (A) or clause (B) of subsection (i) of this subsection, upon receipt of all Outstanding 2011C Bonds by the Trustee, together with a written request of the Issuer to the Trustee designating the Substitute Depository, a single new 2011C Bond, which the Issuer shall prepare or cause to be prepared, shall be authenticated and delivered for each series and maturity of 2011C Bonds then Outstanding, registered in the name of such successor or such Substitute Depository or their Nominees, as the case may be, all as specified in such written request of the Issuer. In the case of any transfer pursuant to clause (C) of subsection (i) of this subsection, upon receipt of all Outstanding 2011C Bonds by the Trustee, together with a written request of the Issuer to the Trustee, new 2011C Bonds, which the Issuer shall prepare or cause to be prepared, shall be authenticated and delivered in such denominations and registered in the names of such persons as are requested in such written request of the Issuer, subject to the limitations of Section 2.01 hereof, provided that the Trustee shall not be required to deliver such new 2011C Bonds within a period of less than sixty (60) days from the date of receipt of such written request from the Issuer.

(iii) In the case of a partial redemption or an advance refunding of any 2011C Bonds evidencing a portion of the principal maturing in a particular year, DTC or its successor (or any Substitute Depository or its successor) shall make an appropriate notation on such 2011C Bonds indicating the date and amounts of such reduction in principal, in form acceptable to the Trustee, all in accordance with the Letter of Representations. The Trustee shall not be liable for such Depository's failure to make such notations or errors in making such notations.

(iv) the Issuer and the Trustee shall be entitled to treat the person in whose name any 2011C Bond is registered as the Owner thereof for all purposes of this Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the Issuer; and the Issuer and the Trustee shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the 2011C Bonds. Neither the Issuer nor the Trustee shall have any responsibility or obligation, legal or otherwise, to any such beneficial owners or to any other party, including DTC or its successor (or Substitute Depository or its successor), except to the Owner of any 2011C Bonds, and the Trustee may rely conclusively on its records as to the identity of the Owners of the 2011C Bonds.

## ARTICLE III

### PROCEEDS OF 2011C BONDS

Section 3.01. Delivery of 2011C Bonds. The Trustee is hereby authorized to authenticate and deliver the 2011C Bonds to the purchaser thereof upon receipt of a Request of the Issuer and upon receipt of the proceeds of sale thereof.

Section 3.02. Establishment of Funds and Accounts and Deposit and Use of Proceeds of 2011C Bonds.

(a) There is hereby established with the Trustee the following funds and accounts for the 2011C Bonds: the Issuance Costs Fund[, the Reserve Fund] and the Bond Payment Fund. Within the Bond Payment Fund there is hereby established an Interest Account, a Principal Account and a Redemption Account.

(b) Upon the receipt of payment for the 2011C Bonds on the Delivery Date, the Issuer will cause the Trustee to apply the proceeds of sale thereof as follows:

- (i) Deposit \$\_\_\_\_\_ to the Issuance Costs Fund;
- (ii) [Deposit \$\_\_\_\_\_ to the Reserve Fund;] and
- (iii) Transfer \$\_\_\_\_\_ to the Escrow Agent for deposit in the Escrow Fund.

The Trustee may establish temporary funds and accounts to record and facilitate such deposits and transfers.

(c) Issuance Costs shall be paid from amounts on deposit in the Issuance Costs Fund. The Trustee shall make such payments in the amounts, at the times, in the manner, and on the other terms and conditions set forth herein. No such payment shall be made until the Trustee shall have received a requisition Certificate from the Agency or the Issuer. Upon the earlier of the written direction from the Issuer to the effect that all Issuance Costs have been paid or on the six month anniversary of the initial issuance of the 2011C Bonds, the Trustee shall transfer any remaining money in the Issuance Costs Fund to the Bond Payment Fund and the Issuance Costs Fund shall thereafter be closed.

## ARTICLE IV

### REDEMPTION OF BONDS

Section 4.01. Redemption of 2011C Bonds.

(a) Optional Redemption. The 2011C Bonds shall be subject to optional redemption prior to their respective stated maturities, as determined by the Agency in a certificate of the Manager attached hereto as Exhibit B, as a whole or in part, on any date in the order directed by the Agency in a written request provided to the Trustee at least 45 days (or such lesser number of days acceptable to the Trustee in its sole discretion) prior to such date and by lot within each

maturity, on the dates and at the Redemption Price of such 2011C Bonds provided by the Agency in a certificate of the Manager attached hereto as Exhibit B.

(b) Redemption from Net Proceeds. The 2011C Bonds shall be subject to redemption prior to their respective stated maturities, as a whole or in part, on any date in the order of maturity as directed by the Agency in a written request provided to the Trustee at least 45 days (or such lesser number of days acceptable to the Trustee in its sole discretion) prior to such date and by lot within each maturity in integral multiples of \$5,000 from prepaid Series 2011C Installment Payments made by the Agency from Net Proceeds, upon the terms and conditions of, and as provided for in, Section 7.1 of the Installment Purchase Agreement, at a Redemption Price equal to the principal amount thereof and accrued interest thereon to the redemption date without premium.

Section 4.02. Selection of 2011C Bonds To Be Redeemed. If any 2011C Bond is in a denomination larger than a minimum Authorized Denomination, a portion of such 2011C Bonds (the minimum Authorized Denomination or any integral multiple thereof) may be redeemed pursuant to this section, in which case the Trustee shall, without charge to the Owner, authenticate and issue a replacement 2011C Bond or 2011C Bonds for the unredeemed portion thereof. In the case of a partial redemption of 2011C Bonds, the Trustee shall select the 2011C Bonds to be redeemed by lot at such times as directed by the Agency in writing at least thirty (30) days prior to the redemption date and if such selection is more than sixty (60) days before a redemption date, shall appropriately identify the 2011C Bonds so called for redemption by stamping them at the time any 2011C Bonds so selected for redemption are presented to the Trustee for stamping or for transfer or exchange, or by such other method of identification as is deemed adequate by the Trustee, and any 2011C Bond or 2011C Bonds issued in exchange for, or to replace, any 2011C Bond so called for prior redemption shall likewise be stamped or otherwise identified.

Section 4.03. Notice of Redemption. The Agency shall notify the Trustee at least forty-five (45) days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee) prior to the redemption date for 2011C Bonds pursuant to Section 4.01(a). Notice of redemption shall be mailed by the Trustee, not less than thirty (30) nor more than sixty (60) days prior to the redemption date: (i) to the respective Owners of any 2011C Bonds designated for redemption at their addresses appearing on the bond registration books of the Trustee by first-class mail; (ii) to the Securities Depository by facsimile and by first-class mail; and (iii) to the Information Services by first-class mail. Notice of redemption shall be given in the form and in accordance with the terms of this Indenture.

Each such notice of redemption will state the date of notice, the redemption date, the place or places of redemption and the redemption price, will designate the maturities, CUSIP numbers, if any, and, if less than all of any such maturity is to be redeemed, the serial numbers of the 2011C Bonds of such maturity to be redeemed by giving the individual number of each 2011C Bond or by stating that all 2011C Bonds between two stated numbers, both inclusive, have been called for redemption and, in the case of 2011C Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice will also state that on said date there will become due and payable on each of said 2011C Bonds the Redemption Price thereof or of said specified portion of the principal thereof in the case of a 2011C Bond to be redeemed in part only, together with interest accrued with respect thereto to the redemption date, and that (provided that moneys for redemption have been deposited with the Trustee) from and after such redemption date interest thereon ceases to accrue, and will require that such 2011C Bond be then surrendered to the Trustee.

Any failure to receive such notice or any defect in the notice or the mailing will not affect the validity of the redemption of any 2011C Bond.

Section 4.04. Partial Redemption of 2011C Bonds. Upon surrender of any 2011C Bond redeemed in part only, the Issuer shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Agency, a new 2011C Bond of Authorized Denominations, and of the same Maturity Date and interest rate, equal in aggregate principal amount to the unredeemed portion of the 2011C Bond surrendered.

Section 4.05. Effect of Redemption of 2011C Bonds. If notice of redemption has been duly given pursuant to Section 4.03 hereof, and money for payment of the Redemption Price of, together with interest accrued to the redemption date on, the 2011C Bonds (or portions thereof) so called for redemption is held by the Trustee, on the redemption date designated in such notice, the 2011C Bonds (or portions thereof) so called for redemption shall become due and payable at the Redemption Price specified in such notice together with interest accrued thereon to the date fixed for redemption, interest on the 2011C Bonds so called for redemption shall cease to accrue, the 2011C Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Indenture, and the Owners of the 2011C Bonds shall have no rights in respect thereof except to receive payment of the Redemption Price and accrued interest. Any defect as failure to receive notice shall not affect the sufficiency of the proceedings of redemption.

All 2011C Bonds redeemed pursuant to the provisions hereof shall be cancelled upon surrender thereof and destroyed.

## ARTICLE V

### SERIES 2011C INSTALLMENT PAYMENTS

Section 5.01. Assignment of Revenues. The Issuer, for good and valuable consideration, does hereby unconditionally grant, transfer and assign to the Trustee without recourse all its rights to receive the Revenues and enforce the Installment Purchase Agreement upon an event of default thereunder for the benefit of the Owners of the 2011C Bonds, for the purpose of securing: (a) the payment of all sums due and owing to the Owners of the 2011C Bonds under the terms of the Indenture; and (b) the observance, performance and discharge of each agreement, condition, covenant and term of the Agency contained in the Installment Purchase Agreement, and the Trustee hereby accepts such assignment.

All Series 2011C Installment Payments shall be paid directly by the Agency to the Trustee, and all Series 2011C Installment Payments received by the Trustee shall be held in trust by the Trustee under the terms hereof for the benefit of the Agency until deposited in the funds provided in Section 5.02, whereupon such money shall be held in trust in such funds by the Trustee for the benefit of the Owners.

Section 5.02. Deposit of Revenues. The Trustee shall deposit all Revenues paid to it into the Bond Payment Fund and shall transfer such funds to the Interest Account, the Principal Account and the Redemption Account in the manner and at the times hereinafter provided. The Bond Payment Fund (and all accounts contained therein) shall be maintained so long as any 2011C Bonds are Outstanding. All moneys in the Bond Payment Fund (and the accounts contained therein) shall be disbursed only for the purposes and uses hereinafter authorized; provided that any money in such

fund or accounts not required to pay the principal and interest and redemption premiums, if any, on the 2011C Bonds shall on the Business Day immediately following each Interest Payment Date, be transferred to the Issuer to be used for any lawful purpose of the Issuer.

(a) Interest Account. On or prior to each Interest Payment Date, the Trustee shall transfer to the Interest Account that amount of money representing the portion of the Revenues constituting the interest becoming due and payable on such Interest Payment Date. All money in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the 2011C Bonds on their respective Interest Payment Dates.

(b) Principal Account. On or prior to each Maturity Date (commencing on February 1, 20\_\_), the Trustee shall transfer to the Principal Account that amount of money representing the portion of the Revenues constituting the principal becoming due and payable on such Maturity Date. All money in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal on the 2011C Bonds on their respective maturities.

(c) Redemption Account. Any prepayments paid to the Trustee pursuant to the Installment Purchase Agreement shall immediately be transferred to the Redemption Account. All money in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest and principal and redemption premiums, if any, on the 2011C Bonds to be redeemed on their respective optional or mandatory redemption dates.

#### Section 5.03. Rebate Fund.

(a) Establishment. The Trustee shall establish a separate fund designated the “Rebate Fund.” Absent an opinion of 2011C Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the 2011C Bonds will not be adversely affected, the Issuer shall cause to be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to this section and the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust for payment to the United States Treasury. All amounts on deposit in the Rebate Fund shall be governed by this section and the Tax Certificate for the 2011C Bonds, unless and to the extent that the Issuer delivers to the Trustee an opinion of 2011C Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the 2011C Bonds will not be adversely affected if such requirements are not satisfied.

(i) Computation. Within 55 days of the end of each Bond Year (as such term is defined in the Tax Certificate), the Issuer shall calculate or cause to be calculated the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Treasury Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (e.g., the temporary investments exception of Section 148(f)(4)(B) and the construction expenditure exception of Section 148(f)(4)(C) of the Code or Section 1.148-7(d) of the Treasury Regulations), and taking into account whether the election pursuant to Section 148(f)(4)(C)(vii) of the Code (the “1½% Penalty”) has been made), for this purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148-1(b) of the Treasury Regulations (the “Rebatable Arbitrage”). The Issuer shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with this section.

(ii) Transfer. Within 55 days of the end of the fifth Bond Year, upon the written request of the Issuer, an amount shall be deposited to the Rebate Fund by the Trustee from any Revenues legally available for such purpose (as specified by the Issuer in the aforesaid written Request), if and to the extent required so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated in accordance with clause (i) of this subsection (a). In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the Rebate Fund exceeds the amount required to be on deposit therein, upon written Request of the Issuer, the Trustee shall withdraw the excess from the Rebate Fund and then credit the excess to the Bond Payment Fund.

(iii) Payment to the Treasury. The Trustee shall pay, as directed by Request of the Issuer, to the United States Treasury, out of amounts in the Rebate Fund:

(A) not later than 60 days after the end of: (X) the fifth Bond Year; and (Y) each applicable fifth Bond Year thereafter, an amount that, together with all previous rebate payments, is equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Bond Year; and

(B) not later than 60 days after the payment of all the 2011C Bonds, an amount equal to 100% of the Rebatable Arbitrage calculated as of the date of such payment and any income attributable to the Rebatable Arbitrage determined to be due and payable, computed in accordance with Section 1.148-3 of the Treasury Regulations.

In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the Issuer shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source equal to such deficiency prior to the time such payment is due. Each payment required to be made pursuant to this subsection (a) shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, or shall be made in such other manner as provided under the Code.

(b) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund after redemption and payment in full of the 2011C Bonds and the payments described in subsection (a)(iii) above being made may be withdrawn by the Issuer upon written direction of the Issuer to the Trustee and utilized in any manner by the Issuer.

(c) Survival of Defeasance. Notwithstanding anything in this section to the contrary, the obligation to comply with the requirements of this section shall survive the defeasance or payment in full of the 2011C Bonds.

(d) Recordkeeping. The Issuer shall retain records of all determinations made hereunder until six years after the complete retirement of the 2011C Bonds.

The Trustee shall not be responsible for calculating rebate amounts or for the adequacy or correctness or any rebate report or rebate calculations. The Trustee shall be deemed conclusively to have complied with the provisions of this Indenture regarding calculation and payment of rebate if it follows the directions of the Issuer and it shall have no independent duty to review or such calculations or enforce compliance with such rebate requirements.

Section 5.04. [Reserve Fund]

ARTICLE VI

COVENANTS

Section 6.01. Compliance with Indenture and Installment Purchase Agreement. The Issuer will not execute and the Trustee will not authenticate or deliver any 2011C Bonds in any manner other than in accordance with the provisions hereof; and the Issuer will not suffer or permit any default by it to occur hereunder, but will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by it.

The Issuer will faithfully observe and perform all the agreements, conditions, covenants and terms contained in the Installment Purchase Agreement required to be observed and performed by the Issuer, and will enforce such agreements against the other party thereto in accordance with their terms.

Section 6.02. Tax Covenants. Notwithstanding any other provision of this Indenture, absent an opinion of 2011C Bond Counsel that the exclusion from gross income of interest on 2011C Bonds will not be adversely affected for federal income tax purposes, the Issuer covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The Issuer will take no action or refrain from taking any action or make any use of the proceeds of the 2011C Bonds or of any other moneys or property which would cause the 2011C Bonds to be “private activity bonds” within the meaning of Section 141 of the Code;

(b) Arbitrage. The Issuer will make no use of the proceeds of the 2011C Bonds or of any other amounts or property, regardless of the source, or take any action or refrain from taking any action which will cause the 2011C Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code;

(c) Federal Guaranty. The Issuer will make no use of the proceeds of the 2011C Bonds or take or omit to take any action that would cause the 2011C Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code;

(d) Information Reporting. The Issuer will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code;

(e) Hedge Bonds. The Issuer will make no use of the proceeds of the 2011C Bonds or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause either the 2011C Bonds to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the Issuer takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest on the 2011C Bonds for federal income tax purposes; and

(f) Miscellaneous. The Issuer will take no action or refrain from taking any action inconsistent with its expectations stated in that certain Tax Certificate executed by the Issuer in connection with each issuance of 2011C Bonds and will comply with the covenants and requirements stated therein and incorporated by reference herein.

Section 6.03. Prosecution and Defense of Suits. The Issuer will defend against every action, suit or other proceeding at any time brought against the Trustee, the Issuer or any Owner upon any claim arising out of the receipt, deposit or disbursement of any of the Series 2011C Installment Payments or involving any rights or obligations of the Trustee, the Issuer or any Owner hereunder; provided, that the Trustee, the Issuer or any Owner at its, his or her election may appear in and defend any such action, suit or other proceeding. The Issuer will indemnify and hold harmless the Trustee and the Owners against any and all liability claimed or asserted by any person arising out of any such receipt, deposit or disbursement, and will indemnify and hold harmless the Owners against any attorneys' fees or other expenses which any of them may incur in connection with any litigation or otherwise in connection with the foregoing to which any of them may become a party in order to enforce their rights hereunder or under the 2011C Bonds; provided that such litigation shall be concluded favorably to such Owners' contentions therein.

Section 6.04. Accounting Records and Statements. The Trustee shall keep proper books of record and account in accordance with corporate trust industry standards in which complete and correct entries shall be made of all transactions made by the Trustee relating to the receipt, investment, disbursement, allocation and application of the Revenues and the proceeds of the 2011C Bonds. Such records shall be open to inspection by the Issuer and by any Owner at any reasonable time during regular business hours on reasonable notice. Not later than the fifteenth (15th) day of each month, commencing on the first calendar month after the initial issuance of the 2011C Bonds, and continuing so long as any 2011C Bonds are Outstanding, the Trustee will furnish to the Issuer and to the Agency a complete statement covering the receipts, deposits and disbursements of the funds held by the Trustee hereunder for the preceding month; provided that the Trustee shall not be obligated to provide an accounting for any fund or account that: (a) has a balance of \$0.00; and (b) has not had any activity since the last reporting date.

Section 6.05. Further Assurances. Whenever and so often as requested to do so by the Trustee or any Owner, the Issuer will promptly execute and deliver, or cause to be executed and delivered, all such other and further assurances, documents or instruments and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the Owners the benefit, protection and security conferred, or intended to be conferred, upon them hereby.

## ARTICLE VII

### DEFAULT AND LIMITATIONS OF LIABILITY

Section 7.01. Events of Default. The following events shall be Events of Default hereunder:

(a) Default by the Issuer in the due and punctual payment of the principal of any 2011C Bonds when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise.

(b) Default by the Issuer in the due and punctual payment of any installment of interest on any 2011C Bonds when and as the same shall become due and payable.

(c) Default by the Issuer in the observance of any of the other covenants, agreements or conditions on its part contained in this Indenture or in the 2011C Bonds, if such default shall have continued for a period of sixty (60) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Issuer by the Trustee or by the Owners of a majority in aggregate principal amount of 2011C Bonds Outstanding; provided, however, that if in the reasonable opinion of the Issuer the default stated in the notice can be corrected, but not within such sixty (60) day period and corrective action is instituted by the Issuer within such sixty (60) day period and diligently pursued in good faith until the default is corrected such failure shall not become an Event of Default.

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

Section 7.02. Remedies Upon Event of Default. If any Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee may, and at the written direction of the Owners of not less than a majority in aggregate principal amount of the 2011C Bonds at the time Outstanding shall, upon notice in writing to the Issuer, declare the principal of all of the 2011C Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything contained in this Indenture or in the 2011C Bonds to the contrary notwithstanding.

Any such declaration is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Issuer shall deposit with the Trustee a sum sufficient to pay all the principal of and interest on the 2011C Bonds the payment of which is overdue, with interest on such overdue principal at the rate borne by the respective 2011C Bonds to the extent permitted by law, and the reasonable charges and expenses of the Trustee, and any and all other Events of Default known to the Trustee (other than in the payment of principal of and interest on the 2011C Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case the Trustee shall, on behalf of the Owners of all of the 2011C Bonds, rescind and annul such declaration and its consequences and waive such Event of Default; but no such rescission and annulment shall extend to or shall affect any subsequent Event of Default, or shall impair or exhaust any right or power consequent thereon.

Section 7.03. Application of Revenues and Other Funds After Default. If an Event of Default shall occur and be continuing, all Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of this Indenture shall be applied by the Trustee as follows and in the following order:

(a) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Owners of the 2011C Bonds and payment of reasonable fees, charges and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under this Indenture; and

(b) To the payment of the principal of and interest then due on the 2011C Bonds (upon presentation of the 2011C Bonds to be paid, and stamping or otherwise noting thereon of the payment if only partially paid, or surrender thereof if fully paid) in accordance with the provisions of this Indenture, in the following order of priority:

First: To the payment to the persons entitled thereto of all interest then due in the order of the due date of such interest, and, if the amount available shall not be sufficient to pay in full any interest due on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal of any 2011C Bonds which shall have become due, whether at maturity or by acceleration or redemption, with interest on the overdue principal at the rate of two hundred (200) basis points above the interest rate per annum on such overdue principal, and, if the amount available shall not be sufficient to pay in full all the 2011C Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference.

Section 7.04. Trustee to Represent 2011C Bond Owners. The Trustee is hereby irrevocably appointed (and the successive respective Owners of the 2011C Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the 2011C Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the 2011C Bonds or this Indenture and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the 2011C Bond Owners, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of the 2011C Bonds then Outstanding and upon being indemnified to its satisfaction therefor, shall proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under the 2011C Bonds or this Indenture or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Revenues and other assets pledged under this Indenture, pending such proceedings. All rights of action under this Indenture or the 2011C Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the 2011C Bonds or the production thereof in any proceeding relating thereto, and any such suit, action

or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Owners of such 2011C Bonds, subject to the provisions of this Indenture.

Notwithstanding anything contained herein, the Trustee shall have no security interest in or mortgage on the Project, any property of the Agency or other assets or property thereof and no default hereunder shall result in the loss of the Project, any property of the Agency or other assets or property thereof.

Section 7.05. 2011C Bond Owners' Direction of Proceedings. Anything in this Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the 2011C Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable satisfaction, to direct the method of conduct in all remedial proceedings taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to 2011C Bond Owners not parties to such direction.

Section 7.06. Limitation on 2011C Bond Owners' Right to Sue. No Owner of any 2011C Bonds shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture, the Installment Purchase Agreement or any other applicable law with respect to such 2011C Bonds, unless: (a) such Owners shall have given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of the 2011C Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) such Owner or Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee shall have failed to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; (e) no direction inconsistent with such written request shall have been given to the Trustee during such sixty (60) day period by the Owners of a majority in aggregate principal amount of the 2011C Bonds then Outstanding; and (f) such suit, action or proceeding is instituted subject to this Indenture.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of 2011C Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Owners of 2011C Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture or the rights of any other Owners of 2011C Bonds, or to enforce any right under the 2011C Bonds, this Indenture, the Installment Purchase Agreement or other applicable law with respect to the 2011C Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners of the Outstanding 2011C Bonds, subject to the provisions of this Indenture.

Section 7.07. Absolute Obligation of Issuer. Nothing in Section 7.06 or in any other provision of this Indenture or in the 2011C Bonds contained shall affect or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on the 2011C Bonds to the respective Owners of the 2011C Bonds at their respective dates of maturity, or upon

call for redemption, as herein provided, but only out of the Revenues and other assets herein pledged therefor, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the 2011C Bonds.

Section 7.08. Termination of Proceedings. In case any proceedings taken by the Trustee or any one or more 2011C Bond Owners on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the 2011C Bond Owners, then in every such case the Issuer, the Trustee and the 2011C Bond Owners, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the Issuer, the Trustee and the 2011C Bond Owners shall continue as though no such proceedings had been taken.

Section 7.09. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Owners of the 2011C Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

Section 7.10. No Waiver of Default. No delay or omission of the Trustee or of any Owner of the 2011C Bonds to exercise any right or power arising upon the occurrence of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein; provided, however, that every power and remedy given by this Indenture to the Trustee or to the Owners of the 2011C Bonds may be exercised from time to time and as often as may be deemed expedient.

## ARTICLE VIII

### THE TRUSTEE

Section 8.01. Employment and Duties of the Trustee. The Issuer hereby appoints and employs the Trustee to receive, deposit and disburse the Revenues as provided herein, to prepare, authenticate, deliver, transfer, exchange and cancel the 2011C Bonds as provided herein, to pay the interest and principal and redemption premiums, if any, on the 2011C Bonds to the Owners thereof as provided herein, and to perform the other obligations contained herein; all in the manner provided herein and subject to the conditions and terms hereof. By executing and delivering the Indenture, the Trustee undertakes to perform such obligations (and only such obligations) as are specifically set forth herein, and no implied obligations shall be read herein against the Trustee.

Section 8.02. Removal and Resignation of the Trustee. The Issuer may at any time, as long as an Event of Default, or an event which with notice or passage of time or both would become an Event of Default, has not occurred and is continuing, and shall, after any breach by the Trustee hereunder, remove the Trustee initially a party hereto and any successor thereto by giving written notice of such removal to the Trustee, and by giving notice by mail in accordance with Section 11.06 of such removal to all Owners of 2011C Bonds, and the Trustee initially a party hereto and any successor thereto may at any time resign by giving written notice of such resignation to the Issuer and the Agency and by giving notice by mail in accordance with Section 11.06 of such resignation to all Owners of 2011C Bonds. Upon giving any such notice of removal or upon receiving any such notice of resignation, the Issuer shall promptly appoint a successor Trustee by an

instrument in writing; provided that in the event that the Issuer and the Agency do not appoint a successor Trustee within sixty (60) days following the giving of any such notice of removal or the receipt of any such notice of resignation, the removed or resigning Trustee may petition any appropriate court having jurisdiction to appoint a successor Trustee. No removal, resignation or termination of the Trustee shall take effect until a successor trustee shall be appointed. Any successor Trustee shall be a bank with trust powers or trust company doing business and having a principal corporate trust office in the United States of America, having (or if such bank or trust company is a member of a bank holding company system, its bank holding company has) a combined capital, (exclusive of borrowed capital) and surplus of at least seventy-five million dollars (\$75,000,000), unless the Agency consents to a lesser amount therefor, and shall be subject to supervision or examination by state or national 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 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. Any removal or resignation of a Trustee and appointment of a successor Trustee shall become effective only upon the acceptance of the appointment by the successor Trustee.

Section 8.03. Compensation and Indemnification of the Trustee. The Issuer shall from time to time, subject to any agreement then in effect with the Trustee, pay the Trustee reasonable compensation for its services and reimburse the Trustee for all its reasonable advances and expenditures hereunder, including, but not limited to, advances to and the reasonable fees and expenses of accountants, agents, appraisers, consultants, counsel or other experts employed by it in the observance and performance of its rights and obligations hereunder; provided, except as otherwise provided in Section 7.04 hereof, that the Trustee shall not have any lien for such compensation or reimbursement against any money held by it in any of the funds established hereunder, although the Trustee may take whatever legal actions are available to it directly against the Issuer to recover such compensation or reimbursement. To the extent permitted by law, the Issuer does hereby assume liability for, and agree to defend, indemnify, protect, save and keep harmless, the Trustee and its directors, officers and employees and its successors and assigns from and against any and all liabilities, obligations, losses, damages (including consequential damages incurred by others), taxes and impositions, penalties, fines, claims, actions, suits, costs and expenses and disbursements (including legal fees and expenses) of whatsoever kind and nature imposed in, asserted against or incurred or suffered by the Trustee or its directors, officers or employees or its successors and assigns in any way relating to or arising out of: (i) the condition, management, maintenance or use of or from any work done in connection with the Water System by the Agency including, the use, storage, preserve, disposal or release of any Hazardous Substances in or about the Water System; (ii) any act of negligence of the Agency or of any of its agents, contractors, directors, employees, invitees, licensees or officers in connection with the Water System; (iii) the authorization of the payment to any costs or expenses of the acquisition and construction of the Project; or (iv) the exercise of any rights or obligations of the Trustee hereunder; provided, that no indemnification will be made for willful misconduct or negligence hereunder by the Trustee.

The Trustee's rights to immunities and protection from liability hereunder and its rights to payment of its fees and expenses shall survive its resignation or removal and the final payment or defeasance of the 2011C Bonds.

Section 8.04. Protection of the Trustee. The Trustee shall be protected and indemnified as stated herein by the Issuer 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 hereof, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee may consult with counsel, who may be counsel to the Agency, before being required to take any action under this Indenture with regard to legal questions arising hereunder, and the opinion of such counsel shall be full and complete authorization and protection in respect to any action taken or suffered by it hereunder in good faith in accordance therewith.

The Trustee shall not be responsible for the sufficiency of the Installment Purchase Agreement or of the assignment made to it herein of all rights to receive the Revenues under the Installment Purchase Agreement, or of the title or value of the Project, and shall not be deemed to have knowledge of any Event of Default unless and until it shall have actual knowledge thereof or have received written notice thereof at its Principal Corporate Trust Office. All recitals, warranties or representations contained therein are statements of the Agency, and the Trustee assumes no responsibility for their correctness, and the Trustee shall not be accountable for the use or application by the Agency, or any other party, of any funds which the Trustee properly releases to the Agency or which the Agency may otherwise receive from time to time. The Trustee makes no representation concerning, and has no responsibility for, the validity, genuineness, sufficiency, or performance by parties other than the Trustee of the Indenture, any 2011C Bond, or of any other paper or document, or for taking any action on them (except as specifically and expressly stated for the Trustee in the Indenture), or with respect to any obligation of the Issuer or the Agency hereunder or for the sufficiency of any insurance on the Water System.

Whenever in the observance or performance of its rights and obligations hereunder or under the 2011C Bonds, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, the Trustee may request a Certificate of the Agency and such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the Agency, and such Certificate of the Agency shall be full warrant to the Trustee for any action taken or suffered under the provisions hereof 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 to it may seem reasonable.

The Trustee may buy, sell, own, hold and deal in any of the 2011C Bonds and may join in any action which any Owner may be entitled to take with like effect as it were not a party hereto. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Issuer or the Agency, and may act as agent, depository or trustee for any committee or body of Owners or of owners of obligations of the Issuer or the Agency as freely as if it were not the Trustee hereunder. The Trustee shall not be answerable for the exercise of any of its rights hereunder or for the performance of any of its obligations hereunder or for anything whatsoever in connection with the funds established hereunder, except only for its own willful misconduct or negligence.

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 its duties hereunder, or in the exercise of

any of its rights or powers, if it shall have reasonable grounds for believing that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

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 specifically set forth in the 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 the 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 his or her own affairs.

The Trustee shall not be responsible for monitoring the compliance of the Agency and the Issuer with the covenants as set forth in Sections 5.03 and 6.02 hereof and Section 6.5 of the Installment Purchase Agreement and may conclusively rely on all written instructions and calculations of the Agency and the Issuer with respect thereto; provided, the Trustee shall promptly comply with all such written instructions as provided in Sections 5.03 and 6.02.

The Issuer shall not be deemed to be an agent of the Trustee and the Trustee shall not be liable for the acts or omissions of the Issuer in connection with the transactions contemplated hereby and by the Installment Purchase Agreement.

The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the 2011C Bonds.

## ARTICLE IX

### AMENDMENT OF OR SUPPLEMENT TO THE INDENTURE

#### Section 9.01. Amendment or Supplement by Consent of Owners.

(a) The Indenture and the rights and obligations of the Issuer, the Agency, Owners and the Trustee hereunder may be amended or supplemented at any time by an amendment hereof or supplement hereto which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the 2011C Bonds then Outstanding, exclusive of 2011C Bonds disqualified as provided in Section 9.02, are filed with the Trustee. No such amendment or supplement shall: (i) reduce the rate of interest on any 2011C Bond or extend the time of payment thereof or reduce the amount of principal or redemption premium, if any, of any 2011C Bond or extend the maturity thereof or otherwise alter or impair the obligation of the Issuer to pay the interest and principal and redemption premium, if any, thereon at the time and place and at the rate and in the currency and from the funds provided therein without the prior written consent of the Owner of the 2011C Bond so affected; or (ii) modify any of the rights or obligations of the Trustee without its prior written consent thereto.

(b) The Indenture and the rights and obligations of the Issuer, the Agency, the Owners and the Trustee hereunder may also be amended or supplemented at any time by an amendment hereof or supplement hereto which shall become binding upon execution without the written consents of any Owners, but only to the extent permitted by law:

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

(ii) to modify, amend or supplement this Indenture in such a manner as to preserve the exemption of the 2011C Bonds from the registration requirements of the Securities Act of 1933 or any similar federal statute hereafter in effect or to permit the qualification of this Indenture under the Trust Indenture Act of 1939 or any similar federal statute hereinafter in effect;

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

(iv) to the extent required to conform the procedures under this Indenture to the procedures of the Depository, as such procedures may be in effect from time to time; and

(v) to make any modifications or changes necessary or appropriate in the opinion of Special Counsel to preserve or protect the exclusion from gross income for federal income tax purposes of interest on the 2011C Bonds.

The Issuer shall give written notice of any amendment to the Indenture and the rights and obligations of the Issuer and the Agency and the Owners and the Trustee hereunder to Moody's, S&P and Fitch not less than fifteen (15) days prior to the execution thereof.

Section 9.02. Disqualified 2011C Bonds. 2011C Bonds known to the Trustee to be held for the account of the Issuer or the Agency (but excluding 2011C Bonds held in any pension or retirement fund of the Issuer or the Agency) shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding 2011C Bonds provided herein, and shall not be entitled to consent to or take any other action provided herein, and the Trustee may adopt appropriate regulations to require each Owner, before his or her consent provided for herein shall be deemed effective, to reveal if the 2011C Bonds as to which such consent is given are disqualified as provided in this section.

Section 9.03. Endorsement or Replacement of 2011C Bonds After Amendment or Supplement. After the effective date of any action taken as hereinabove provided, the Trustee may determine that the 2011C Bonds may bear a notation by endorsement in form approved by the Trustee as to such action, and in that case, upon demand of the Owner of any Outstanding 2011C Bond and presentation of the 2011C Bond for such purpose at the Principal Corporate Trust Office of the Trustee, a suitable notation as to such action shall be made on such 2011C Bond. If the Trustee shall so determine, new 2011C Bonds so modified as in the opinion of the Trustee shall be necessary to conform to such action shall be prepared, and in that case upon demand of the Owner of any Outstanding 2011C Bonds such new 2011C Bonds shall be exchanged without cost to each Owner for 2011C Bonds then Outstanding at the Principal Corporate Trust Office of the Trustee, upon surrender of such Outstanding 2011C Bonds. All 2011C Bonds surrendered to the Trustee pursuant to the provisions of this section shall be canceled by the Trustee and shall not be redelivered.

Section 9.04. Amendment or Supplement by Mutual Consent. The provisions of this article shall not prevent any Owner from accepting any amendment or supplement as to the particular 2011C Bonds owned by him or her; provided, that due notation thereof is made on such 2011C Bonds.

## ARTICLE X

### DEFEASANCE

#### Section 10.01. Discharge of 2011C Bonds and Indenture.

(a) If the Trustee shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding 2011C Bonds the interest and principal and redemption premiums, if any, evidenced and represented thereby at the times and in the manner provided herein and therein, then all agreements and covenants of the Issuer and the Agency to such Owners hereunder shall thereupon cease, terminate and become void and shall be completely discharged and satisfied.

(b) Any Outstanding 2011C Bonds shall on their maturities or their mandatory redemption dates prior thereto be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if there shall be on deposit with the Trustee money held in trust for the benefit of the Owners of such 2011C Bonds which is sufficient to pay the interest and principal and redemption premiums, if any, on such 2011C Bonds payable on and prior to their maturities or their mandatory redemption dates thereto.

(c) Any Outstanding 2011C Bonds shall prior to their maturities or their mandatory redemption dates prior thereto be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if: (i) in case any of such 2011C Bonds are to be redeemed on any date prior to their maturities, the Issuer shall have given to the Trustee in form satisfactory to it irrevocable instructions to give notice by mail in accordance with Section 11.06 to the Owners of such 2011C Bonds of the redemption of such 2011C Bonds on such mandatory redemption dates; (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Permitted Investments defined in clauses (a) or (b) of the definition thereof, the interest on and principal of which when paid will provide money which, together with money, if any, deposited with the Trustee at the same time, shall be sufficient (as evidenced by a report of an Independent Certified Public Accountant regarding such sufficiency) to pay when due the interest on such 2011C Bonds on and prior to the earlier of their maturities or their mandatory redemption dates, as the case may be, and the principal and redemption premiums, if any, on such 2011C Bonds; and (iii) in the event such 2011C Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Issuer shall have given the Trustee in form satisfactory to it irrevocable instructions to give notice by mail in accordance with Section 11.06 to the Owners of such 2011C Bonds that the deposit required by clause (ii) above has been made with the Trustee and that such 2011C Bonds are deemed to have been paid in accordance with this section and stating their maturities or their mandatory redemption dates prior thereto upon which money is to be available for the payment of the interest and principal and redemption premiums, if any, on such 2011C Bonds.

(d) The Trustee shall, if so directed by the Issuer pursuant to a Request of the Issuer: (i) prior to the Maturity Date of 2011C Bonds deemed to have been paid in accordance with this Section 10.01 which are not to be redeemed prior to their Maturity Date; or (ii) prior to the

mailing of the notice of redemption referred to in clause (c) above with respect to any 2011C Bonds deemed to have been paid in accordance with this Section 10.01 which are to be redeemed on any date prior to their maturity, apply moneys deposited with the Trustee with respect to such 2011C Bonds and redeem or sell Permitted Investments so deposited with the Trustee and apply the proceeds thereof to the purchase of such 2011C Bonds and the Trustee shall immediately thereafter cancel all such 2011C Bonds so purchased; provided, however, that the moneys and Permitted Investments remaining on deposit with the Trustee after the purchase and cancellation of such 2011C Bonds shall be sufficient to pay when due the interest on those 2011C Bonds on and prior to their maturities or their mandatory redemption dates prior thereto, as the case may be, and the principal and redemption premiums, if any, on such 2011C Bonds, with respect to which such moneys and Permitted Investments are being held by the Trustee on or prior to the Redemption Date or Maturity Date thereof; as the case may be. If, at any time: (I) prior to the Maturity Date of 2011C Bonds deemed to have been paid in accordance with this Section 10.01 which are not to be redeemed prior to their Maturity Date; or (II) prior to the mailing of the notice of redemption referred to in clause (c) with respect to any 2011C Bonds deemed to have been paid in accordance with this Section 10.01 which are to be redeemed on any date prior to their maturity, the Issuer shall purchase or otherwise acquire any such 2011C Bonds and deliver such 2011C Bonds to the Trustee prior to their Maturity Date or Redemption Date, as the case may be, the Trustee shall immediately cancel all such 2011C Bonds so delivered; such delivery of 2011C Bonds to the Trustee shall be accompanied by directions from the Issuer to the Trustee in the form of a Request of the Issuer as to the manner in which such 2011C Bonds are to be applied against the obligation of the Trustee to pay or redeem 2011C Bonds deemed paid in accordance with this Section 10.01. The directions given by the Issuer to the Trustee referred to in the preceding sentences shall also specify the portion, if any, of such 2011C Bonds so purchased or delivered and canceled to be applied against the obligation of the Trustee to pay 2011C Bonds deemed paid in accordance with this Section 10.01 upon their Maturity Date or dates and the portion, if any, of such 2011C Bonds so purchased or delivered and canceled to be applied against the obligation of the Trustee to redeem 2011C Bonds deemed paid in accordance with this Section 10.01 on any date or dates prior to their maturity.

In the event that on any date as a result of any purchases, acquisitions and cancellations of 2011C Bonds as provided in this Section 10.01 the total amount of moneys and Permitted Investments remaining on deposit with the Trustee under this Section 10.01 is in excess of the total amount which would have been required to be deposited with the Trustee on such date with respect to the remaining 2011C Bonds in order to satisfy subclause (ii) of subsection (c) of this Section 10.01, the Trustee shall, if requested by the Agency pursuant to a request of the Agency, pay the amount of such excess to the Agency free and clear of any trust, lien, pledge or assignment securing said 2011C Bonds or otherwise existing under this Indenture; provided, however, that before any such excess is transferred to the Agency, the Agency and the Trustee shall have received a report of an Independent Certified Public Accountant to the effect that the amount of moneys and the principal of and interest when due on the Permitted Investments remaining on deposit with the Trustee after such amount is transferred to the Agency shall be sufficient to pay when due the interest on such 2011C Bonds on and prior to their maturities or their mandatory redemption dates prior thereto, as the case may be, and the principal and redemption premiums, if any, of such 2011C Bonds.

Except as otherwise provided in this subsection (d) of this Section 10.01, neither Permitted Investments nor moneys deposited with the Trustee pursuant to this section nor principal or interest payments on any such Permitted Investments shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or redemption price, if applicable, and interest on said 2011C Bonds; provided that any cash received from such principal or interest

payments on such Permitted Investments deposited with the Trustee: (A) to the extent that such cash will not be required at any time for such purpose, shall be paid over to the Agency as received by the Trustee, free and clear of any trust, lien or pledge securing said 2011C Bonds or otherwise existing under the Indenture; and (B) to the extent that such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Permitted Investments maturing at times and in amounts sufficient to pay when due the interest on the 2011C Bonds on and prior to their maturities or their mandatory redemption dates prior thereto, as the case may be, and the principal and redemption premiums, if any, on the 2011C Bonds and interest earned from such reinvestment shall be paid over to the Agency, as received by the Trustee, free and clear of any trust, lien, pledge or assignment securing said 2011C Bonds or otherwise existing under the Indenture.

(e) After the payment of all interest and principal and redemption premiums, if any, of all Outstanding 2011C Bonds as provided in subsections (a) or (b) of this section, and the payment of all fees and expenses of the Trustee, upon receipt of a Request of the Agency, the Trustee shall cause an accounting for such period or periods as may be requested by the Agency to be prepared and filed with the Issuer and the Agency and shall authenticate and deliver to the Issuer and the Agency all such instruments as may be necessary or desirable to evidence such total discharge and satisfaction of the Indenture, and the Trustee shall pay over or deliver to the Agency all money or investments held by it pursuant hereto which are not required for the payment of the interest and principal and redemption premiums, if any, evidenced and represented by such 2011C Bonds, which money and investments shall be used by the Agency for any lawful purpose.

Section 10.02. Unclaimed Money. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest or principal or redemption premium, if any, on any 2011C Bonds which remains unclaimed for two (2) years after the date when the payments on such 2011C Bonds have become payable, if such money was held by the Trustee on such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when the interest and principal and redemption premiums, if any, on such 2011C Bonds have become payable, shall be repaid by the Trustee to the Issuer as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the Issuer for the payment of the interest and principal and redemption premiums, if any, on such 2011C Bonds; provided, that before being required to make any such payment to the Issuer, the Trustee shall, at the expense of the Issuer, give notice by mail in accordance with Section 11.06 to Owners of 2011C Bonds with respect to which moneys remain unclaimed that such money remains unclaimed and that after a date named in such notice, which date shall not be less than sixty (60) days after the date of giving such notice, the balance of such money then unclaimed will be returned to the Issuer.

## ARTICLE XI

### MISCELLANEOUS

Section 11.01. Benefits of the Indenture Limited to Parties. Nothing contained herein, expressed or implied, is intended to confer upon, or to give or grant to, any person or entity other than the Issuer, the Agency, the Trustee and the Owners any claim, remedy or right under or pursuant hereto, and any agreement, condition, covenant or term contained herein required to be observed or performed by or on behalf of the Issuer or the Agency shall be for the sole, exclusive benefit of the Trustee and the Owners.

Section 11.02. Successor Deemed Included in All References to Predecessor. Whenever either the Issuer, the Agency or the Trustee or any officer, director or employee thereof is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Issuer, the Agency or the Trustee or such officer, director or employee, and all agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the Issuer, the Agency or the Trustee or any officer, director or employee thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 11.03. Execution of Documents by Owners. Any declaration, request or other instrument which is permitted or required herein to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or such Owner's attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which he or she purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him or her the execution thereof; or by an affidavit of a witness to such execution duly sworn to before such notary public or other officer, or by such other proof as the Trustee may accept which it may deem sufficient.

Any declaration, acceptance, request or other instrument in writing of the Owner of any 2011C Bond shall bind all future Owners of such 2011C Bond with respect to anything done or suffered to be done by the Issuer or the Agency or the Trustee in good faith and in accordance therewith.

Section 11.04. Waiver of Personal Liability. No officer, director or employee of the Agency, the Issuer or the Trustee shall be individually or personally liable for the payment of the interest or principal or redemption premiums, if any, on the 2011C Bonds, but nothing contained herein shall relieve any officer, director or employee of the Issuer, the Agency or the Trustee from the performance of any official duty provided by any applicable provisions of law or by the Installment Purchase Agreement or hereby.

Section 11.05. Content of Certificates. Every certificate with respect to compliance with any agreement, condition, covenant or term contained herein shall include: (a) a statement that the person or persons executing such certificate have read such agreement, condition, covenant or term and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements contained in such certificate are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such agreement, condition, covenant or term has been complied with; and (d) a statement as to whether, in the opinion of the signers, such agreement, condition, covenant or term has been complied with.

Any certificate may be based, insofar as it relates to legal matters, upon a Favorable Opinion of Special Counsel unless the person or persons executing such certificate know that the Favorable Opinion of Special Counsel with respect to the matters upon which his, her or their certificate may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous. Any Favorable Opinion of Special Counsel may be based, insofar as it relates

to factual matters or information with respect to which is in the possession of the Agency, upon a representation by an officer or officers of the Agency unless the counsel executing such Favorable Opinion of Special Counsel knows that the representation with respect to the matters upon which his or her opinion may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous.

Section 11.06. Notice by Mail. Any notice required to be given hereunder by mail to any Owners of 2011C Bonds shall be given by mailing a copy of such notice, first class postage redeemed, to the Owners of such 2011C Bonds at their addresses appearing in the books required to be kept by the Trustee pursuant to the provisions of Section 2.08 not less than fifteen (15) days nor more than thirty (30) days following the action or prior to the event concerning which notice thereof is required to be given; provided that receipt of any such notice shall not be a condition precedent to the effect of such notice and neither failure to receive any such notice nor any immaterial defect contained therein shall affect the validity of the proceedings taken in connection with the action or the event concerning which such notice was given.

Section 11.07. Funds. Any fund required to be established and maintained herein by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or a fund, and may, for the purpose of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such funds shall at all times be maintained in accordance with sound accounting practice and with due regard for the protection of the security of the 2011C Bonds and the rights of the Owners. In addition to the funds and accounts required to be established hereunder, the Trustee may establish such other funds and accounts as it deems necessary or appropriate to perform its obligations.

Section 11.08. Deposits and Investments.

(a) Any money held by the Trustee in any of the funds provided herein shall be deposited pursuant to clause (g) of the definition of Permitted Investments; provided, that any such money shall be invested by the Trustee as directed by the Issuer pursuant to a Request of the Issuer in Permitted Investments which will, as nearly as practicable, mature on or before the dates on which such money is anticipated to be needed for disbursement hereunder.

(b) The Trustee may act as principal or agent in the acquisition or disposition of any such deposit or investment and may, for the purpose of any such deposit or investment, commingle any of the money held by them hereunder, and the Trustee shall not be liable or responsible for any loss suffered in connection with any such deposit or investment made by them under the terms of and in accordance with this section. The Trustee may present for redemption or sell any such deposit or investment whenever it shall be necessary in order to provide money to meet any payment of the money so deposited or invested, and the Trustee shall not be liable or responsible for any losses resulting from any such deposit or investment presented for redemption or sold. Any Permitted Investments that are registrable securities shall be registered in the name of the Trustee. The Trustee is hereby authorized, in making or disposing of any investment permitted by this section, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as principal for its own account.

The Issuer acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Issuer the right to receive brokerage confirmations of security transactions as they occur, the Issuer specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish periodic cash transaction statements to the Issuer which include detail for all investment transactions made by the Trustee hereunder.

(c) Subject to Section 5.03 and subsection (d) of this section, any interest or profits on such deposits and investments received by the Trustee shall be retained in the fund or account to which they relate and on or before February 1 and August 1 of each year shall be transferred first, if the Issuer so directs, to the Rebate Fund, and second, to the Interest Account of the Bond Payment Fund. [Reserve Fund]

(d) Trustee shall deposit earnings on investments in the Bond Payment Fund to the Interest Account, Principal Account or Redemption Account of the Bond Payment Fund, to the extent that money is needed therein to make the interest or principal payment or redemption premiums, if any, as the case may be, on such Interest Payment Date, Maturity Date, or Redemption Date.

Section 11.09. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to “Articles,” “Sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words “hereby,” “hereof” “hereto,” “herewith,” “hereunder” and other words of similar import refer to the Indenture as a whole and not to any particular article, section, subdivision or clause thereof.

Section 11.10. Partial Invalidity. If any one or more of the agreements, conditions, covenants or terms contained herein required to be observed or performed by or on the part of the Issuer or the Trustee shall be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms shall be null and void and shall be deemed separable from the remaining agreements, conditions, covenants and terms hereof and shall in no way affect the validity hereof or of the 2011C Bonds, and the Owners shall retain all the benefit, protection and security afforded to them hereunder and under all provisions of applicable law. The Trustee and the Issuer hereby declare that they would have executed and entered into the Indenture and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the execution and delivery of the 2011C Bonds pursuant hereto irrespective of the fact that any one or more of the articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 11.11. California Law. THE INDENTURE SHALL BE CONSTRUED AND GOVERNED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

Section 11.12. Notices. All written notices to be given hereunder shall be given by first class mail, postage redeemed, to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the Trustee:

U.S. Bank National Association  
633 West Fifth Street, 24th Floor  
Los Angeles, California 90071  
Attention: Corporate Trust Services  
Reference: Castaic Lake Water Agency, Series 2011C

If to the Issuer:

Upper Santa Clara Valley Joint Powers Authority  
27234 Bouquet Canyon Road  
Santa Clarita, California 91350  
Attention: Executive Director

If to the Agency:

Castaic Lake Water Agency  
27234 Bouquet Canyon Road  
Santa Clarita, California 91350  
Attention: General Manager

The Trustee shall give notices to S&P, Moody's and Fitch upon: (a) redemption of all Outstanding 2011C Bonds; (b) acceleration of amounts due with respect to the 2011C Bonds; (c) amendments to the Indenture; or (d) any defeasance of the 2011C Bonds.

Section 11.13. Execution in Counterparts. The Indenture may be executed and entered into in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 11.14. Effective Date. The Indenture shall become effective upon its execution and delivery.

[Remainder of Page Intentionally Left Blank]

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

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: \_\_\_\_\_  
Title: Authorized Officer

UPPER SANTA CLARA VALLEY JOINT  
POWERS AUTHORITY

By: \_\_\_\_\_  
Title: President

**EXHIBIT A**

**[FORM OF BOND]**

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

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

**UNITED STATES OF AMERICA  
STATE OF CALIFORNIA**

**UPPER SANTA CLARA VALLEY JOINT POWERS AUTHORITY  
REVENUE BONDS, SERIES 2011C**

| <b>Interest Rate</b> | <b>Maturity Date</b> | <b>Dated Date</b> | <b>CUSIP</b> |
|----------------------|----------------------|-------------------|--------------|
| _____ %              | _____ 1, _____       | _____, 20__       | _____        |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

The UPPER SANTA CLARA VALLEY JOINT POWERS AUTHORITY, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority"), for value received, hereby promises to pay to the Registered Owner specified above or registered assigns (the "Registered Owner"), on the Maturity Date specified above (subject to any right of prior redemption hereinafter provided for), the Principal Amount specified above, in lawful money of the United States of America, and to pay interest thereon in like lawful money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this 2011C Bond (unless: (i) this 2011C Bond is authenticated after the fifteenth day of the calendar month preceding an Interest Payment Date (the "Record Date") and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (ii) this 2011C Bond is authenticated on or before [\_\_\_\_ 15, 20\_\_], in which event it shall bear interest from the Dated Date identified above; provided, however, that if as of the date of authentication of this 2011C Bond, interest is in default on this 2011C Bond, this 2011C Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on this 2011C Bond), at the interest rate per annum specified above, payable on each Interest Payment Date as determined in the Indenture of Trust, dated as of November 1, 2011 (the "Indenture"), by and between the Authority and the Trustee relating to the 2011C Bonds. Interest with respect to this 2011C Bond shall be paid on each Interest Payment Date at the interest rate set forth above and shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Principal hereof and premium, if any, upon early redemption hereof are payable in lawful money of the United States of America upon presentation and surrender at the corporate trust office of U.S. Bank National Association, as trustee (the "Trustee"), in St. Paul, Minnesota, or at such other or additional offices as may be specified in writing by the Trustee to the Authority and the registered owners (the "Principal Corporate Trust Office"). Interest hereon is payable by check of the Trustee sent by first class mail to the Registered Owner hereof at the Registered Owner's address as it appears on the registration books of the Trustee as of the close of business on the Record Date

immediately preceding each Interest Payment Date (except that in the case of a registered owner of one million dollars (\$1,000,000) or more in principal amount, such payment may, at such registered owner's option, be made by wire transfer of immediately available funds to an account within the United States of America in accordance with written instructions provided to the Trustee by such registered owner prior to the Record Date).

This 2011C Bond is not a debt of the members of the Authority, the State of California, or any of its political subdivisions, and neither the members of the Authority or said State, nor any of its political subdivisions, is liable hereon, nor in any event shall this 2011C Bond be payable out of any funds or properties of the Authority other than the Revenues (as such term is defined in the Indenture) and other amounts pledged therefor under the Indenture. The 2011C Bonds (as hereinafter defined) do not constitute an indebtedness in contravention of any constitutional or statutory debt limitation or restriction.

The 2011C Bonds are authorized to be issued in the form of fully registered 2011C Bonds in Authorized Denominations; provided that no 2011C Bond shall have principal represented thereby maturing in more than one year. Subject to the limitations and conditions and upon payment of the taxes and governmental charges provided in the Indenture, 2011C Bonds may be exchanged or transferred as provided in the Indenture at the Principal Corporate Trust Office of the Trustee.

Capitalized terms used herein and not defined herein have the meaning assigned thereto in the Indenture.

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this 2011C Bond do exist, have happened or have been performed in due and regular time, form and manner as required by the Joint Exercise of Powers Agreement, dated as of June 1, 2011 (the "Joint Exercise of Powers Agreement"), by and among the members of the Authority and the laws of the State of California and that the amount of this 2011C Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by Resolution No. \_\_\_\_, adopted by the Board of Directors of the Authority on September 28, 2011, (the "Resolution") or any laws of the State of California, and is not in excess of the amount of 2011C Bonds permitted to be issued under the Indenture.

This 2011C Bond shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been signed by the Trustee.

This 2011C Bond is one of a duly authorized issue of bonds of the Authority designated as the "Upper Santa Clara Valley Joint Powers Authority Revenue Bonds, Series 2011C" (the "2011C Bonds"), of an aggregate principal amount of \$\_\_\_\_\_, all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities, or interest rates) and all issued pursuant to the provisions of the Joint Exercise of Powers Agreement and the laws of the State of California and pursuant to the Indenture and the Resolution authorizing the issuance of the 2011C Bonds. Reference is hereby made to the Indenture (copies of which are on file at the office of the Authority) and all supplements thereto for a description of the terms on which the 2011C Bonds are issued, the provisions with regard to the nature and extent of the Revenues, and the rights thereunder of the owners of the 2011C Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Authority hereunder, to all of the provisions of which the Registered Owner of this 2011C Bond, by acceptance hereof, assents and agrees.

The 2011C Bonds have been issued by the Authority to refinance the acquisition and construction of certain facilities.

This 2011C Bond and the interest and premium, if any, hereon and all other 2011C Bonds and the interest and premium, if any, thereon (to the extent set forth in the Indenture) are special obligations of the Authority, and are payable from, and are secured by a pledge and a first and exclusive lien on the Revenues. As and to the extent set forth in the Indenture, all of the Revenues and any other amounts (including proceeds of the sale of the 2011C Bonds) held in any fund or account established pursuant to the Indenture (except the Rebate Fund) are exclusively and irrevocably pledged in accordance with the terms hereof and the provisions of the Indenture, to secure the payment of the principal of and interest and premium (if any) on the 2011C Bonds.

The 2011C Bonds shall be subject to redemption prior to maturity as follows:

The 2011C Bonds are subject to redemption as a whole or in part on any date in the order of maturity as directed by the Agency in a written request provided to the Trustee and by lot within each maturity in Authorized Denominations from prepaid Series 2011C Installment Payments made by the Agency from Net Proceeds (as defined in the Installment Purchase Agreement), upon the terms and conditions of, and as provided for in the Indenture and the Installment Purchase Agreement, at a Redemption Price equal to the principal amount thereof and accrued interest thereon to the redemption date, without premium.

The 2011C Bonds maturing on and before \_\_\_\_ 1, 20\_\_ are not subject to optional redemption prior to their stated maturities. The 2011C Bonds maturing on and after \_\_\_\_ 1, 20\_\_ shall be subject to optional redemption at any time on and after \_\_\_\_ 1, 20\_\_, in whole or in part, in such order as the Agency in a written request provided to the Trustee, in Authorized Denominations, from any source of available funds provided to the Authority by or at the discretion of the Agency, at the Redemption Price equal to the principal amount thereof to be redeemed, together with accrued interest to the date of redemption, without premium.

The Indenture and the rights and obligations of the Issuer and the Agency and Owners and the Trustee thereunder may be amended or supplemented at any time by an amendment or supplement which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the 2011C Bonds then Outstanding, exclusive of 2011C Bonds disqualified as provided in the Indenture, are filed with the Trustee. No such amendment or supplement shall: (1) reduce the rate of interest on any 2011C Bond or extend the time of payment thereof or reduce the amount of principal or redemption premium, if any, of any 2011C Bond or extend the maturity thereof or otherwise alter or impair the obligation of the Issuer to pay the interest and principal and redemption premium, if any, thereon at the time and place and at the rate and in the currency and from the funds provided therein without the prior written consent of the Owner of the 2011C Bond so affected; or (2) modify any of the rights or obligations of the Trustee without its prior written consent thereto.

The Indenture and the rights and obligations of the Issuer and the Agency and the Owners and the Trustee thereunder may also be amended or supplemented at any time by an amendment or supplement which shall become binding upon execution without the written consents of any Owners, but only to the extent permitted by law:

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

(b) to modify, amend or supplement the Indenture in such a manner as to preserve the exemption of the 2011C Bonds from the registration requirements of the Securities Act of 1933 or any similar federal statute hereafter in effect or to permit the qualification of the Indenture under the Trust Indenture Act of 1939 or any similar federal statute hereinafter in effect;

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

(d) to the extent required to conform the procedures under the Indenture to the procedures of the Depository, as such procedures may be in effect from time to time; and

(e) to make any modifications or changes necessary or appropriate in the opinion of Special Counsel to preserve or protect the exclusion from gross income for federal income tax purposes of interest on the 2011C Bonds.

The Trustee has no obligation or liability to the registered owners of the 2011C Bonds for the payment of interest, principal or redemption premium, if any, with respect to the 2011C Bonds out of the Trustee's own funds; the Trustee's sole obligations are those described in the Indenture.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all 2011C Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture, but such declaration and its consequences may be rescinded and annulled as further provided in the Indenture.

This 2011C Bond is transferable by the Registered Owner hereof, in person or by his or her duly authorized attorney, at the Office of the Trustee but only in the manner subject to the limitations and upon payment of the taxes and charges provided in the Indenture and upon surrender and cancellation of this 2011C Bond. Upon registration of such transfer, a new 2011C Bond or 2011C Bonds, of authorized denomination or denominations, for a like aggregate principal amount and of like maturity will be issued to the transferee in exchange therefor.

2011C Bonds may be exchanged at said office of the Trustee for a like aggregate principal amount of 2011C Bonds of other authorized denominations and of like maturity, but only in the manner, subject to the limitations and upon payment of the taxes and charges provided in the Indenture.

The Trustee shall not be required to register the transfer of or exchange of any 2011C Bond during the period in which the Trustee is selecting 2011C Bonds for redemption and any 2011C Bond that has been selected for redemption.

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

IN WITNESS WHEREOF, the UPPER SANTA CLARA VALLEY JOINT POWERS AUTHORITY has caused this 2011C Bond to be executed in its name and on its behalf with the facsimile signature of its President and attested to by the facsimile signature of its Secretary, all as of this \_\_th day of \_\_\_\_, 20\_\_.

UPPER SANTA CLARA VALLEY JOINT  
POWERS AUTHORITY

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

ATTEST:

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

**[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]**

This is one of the 2011C Bonds described in the within-mentioned Indenture.

Dated: \_\_\_\_\_, 20\_\_

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

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

**[FORM OF ASSIGNMENT]**

**ASSIGNMENT**

For value received the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_

---

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

the within-registered 2011C Bond and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_, attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: \_\_\_\_\_, 20\_\_

---

Note: The signature(s) on this assignment must correspond with the name(s) as written on the face of the within 2011C Bond in every particular without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

---

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

**EXHIBIT B**

**CERTIFICATE OF GENERAL MANAGER**

I, Dan Masnada, am the duly authorized General Manager of the Castaic Lake Water Agency (the "Agency") and, in accordance with Sections 2.03(a) and 4.01(a) of the Indenture of Trust, dated as of November 1, 2011 (the "Indenture"), by and between the Upper Santa Clara Valley Joint Powers Authority (the "Authority") and U.S. Bank National Association, as Trustee, set forth the following:

1. In accordance with Section 2.03(a) of the Indenture, the 2011C Bonds in the aggregate principal amount of \$\_\_\_\_\_ shall become payable on February 1 in the years and bear interest at the rate set forth below:

| <i>(February 1)</i> | <i>Principal</i> | <i>Interest Rate</i> |
|---------------------|------------------|----------------------|
|                     | \$               | %                    |

2. In accordance with Section 4.01(a) of the Indenture, the 2011C Bonds maturing on or after February 1, 20\_\_ are subject to optional redemption, in whole or in part, at any time on and after February 1, 20\_\_ in the order directed by the Agency in a written request to the Trustee at least 45 days (or such lesser number of days acceptable to the Trustee in its sole discretion) prior to such date and by lot within each maturity, in integral multiples of \$5,000 from any source of available funds provided to the Authority by or at the discretion of the Agency at a Redemption Price equal to the principal amount of the 2011C Bonds to be redeemed, together with accrued interest to the date of redemption, without premium.

Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Indenture.

Dated: \_\_\_\_\_, 20\_\_

CASTAIC LAKE WATER AGENCY

By: \_\_\_\_\_  
General Manager

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