
LOAN AGREEMENT

Dated as of _____

by and between the

COUNTY OF SONOMA, CALIFORNIA,

and the

SONOMA COUNTY PUBLIC FINANCING AUTHORITY

Relating to

Loan of \$ _____
with respect to Series _____ - _____

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LOAN AGREEMENT

THIS LOAN AGREEMENT is made and entered into as of _____, 20____, by and between the COUNTY OF SONOMA, a political subdivision of the State of California (the “County”), and the SONOMA COUNTY PUBLIC FINANCING AUTHORITY, a joint powers authority organized and existing under the laws of the State of California (the “Authority”);

W I T N E S S E T H:

WHEREAS, the Board of Supervisors (“County Board”) of the County by its Resolution No. 09-0184 (the “Resolution of Intention”) declared its intention to establish the Sonoma County Energy Independence Program (the “SCEIP”) to finance the acquisition and construction or installation of distributed generation renewable energy sources and energy efficiency improvements, which include water efficiency improvements (the “Efficiency Improvements”), on or in properties in the County through contractual assessments pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code, commencing with Section 5898.10, (“Chapter 29”) and ordered the preparation and filing of a report (the “Report”) with the County Board and provided that bonds may be issued under the Resolution of Intention pursuant to the provisions of Chapter 29 or, in cooperation with the Authority, pursuant to the provisions of Articles 1 through 4 (commencing with Section 6500) of the Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, as amended (the “JPA Act”), including the provisions of the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of the JPA Act, as it may be amended from time to time; and

WHEREAS, following notice duly given in accordance with law, the County Board held a public hearing regarding the SCEIP as described in the Report; and

WHEREAS, following the public hearing, pursuant to its Resolution No. 09-0271, the County Board established the SCEIP and confirmed contractual assessments to be levied against properties in the County within the parameters of the Report; and

WHEREAS, pursuant to its Resolution No. 09-1025, the County Board approved modifications to the Report, including the draft assessment contract included therein, and confirmed assessments levied and to be levied within the parameters of the modified Report; and

WHEREAS, pursuant to its Resolution No. 19-0311, the County Board authorized financing for acquisition and construction or installation of seismic strengthening improvements and wildfire safety improvements that are permanently fixed to existing residential, commercial, industrial, agricultural, or other real property (together with the Efficiency Improvements, the “Improvements”); and

WHEREAS, pursuant to the SCEIP, the County may enter into contractual assessment agreements with property owners whereby the County will extend financing to such property owners for the construction and/or installation of Improvements on or in the owners’ properties; and

WHEREAS, pursuant to such assessment contracts, the property owners who are parties to such agreements will agree to repay the amounts disbursed to the owners under such contracts, plus Capitalized Interest (defined herein) through the levy of assessments by the County against the property owners' properties pursuant to Section 5898.30 of Chapter 29; and

WHEREAS, the Governing Board of the Authority (the "Authority Board") has determined pursuant to Resolution No. _____ (the "Resolution of Issuance") to issue its Sonoma County Public Financing Authority, Sonoma County Energy Independence Program, Contractual Assessment Revenue Bonds (Taxable) under and pursuant to the JPA Act for the purpose of providing funds to make separate loans (a separate loan with respect to each series of bonds) to the County to make disbursements pursuant to the aforementioned assessment contracts to property owners for the cost of Improvements, pursuant to and secured by the Resolution of Issuance in the manner provided therein; and

WHEREAS, this loan agreement (this "Loan Agreement") represents such loan (the "Loan") by the Authority to the County with respect to such aforementioned bonds of the Authority designated as Series _____ - ____; and

WHEREAS, the County and the Authority have determined that all acts and proceedings required by law necessary to make this Loan Agreement, when executed by the County and the Authority, the valid, binding and legal obligation of the County and to constitute this Loan Agreement a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Loan Agreement have been in all respects duly authorized;

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

ARTICLE I DEFINITIONS

Section 1.1 Definitions

Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in this Loan Agreement shall have the respective meanings which such terms have in the Resolution of Issuance. In addition, the following terms defined in this Section 1.1 shall, for all purposes of this Loan Agreement, have the respective meanings herein specified.

"Assessment Contracts" means the agreements by and between the County and the property owners identified on the "Assessment Contract Schedule" attached as "Exhibit A" to this Loan Agreement, whereby the County agrees to provide financing to such property owners for the installation and/or construction of Improvements to the owners' property. As used herein, "Exhibit A" includes "Exhibit A-1 – ASSESSMENT CONTRACT SCHEDULE (Direct Disbursement)" and "Exhibit A-2 – ASSESSMENT CONTRACT SCHEDULE (Revolving Fund)."

“Assessment Installments” means the installments of principal, interest and premium, if any, to be paid on the unpaid Assessments by the owners of the real property described in attached “Exhibit A” as provided by the Assessment Contracts. As used herein, “Exhibit A” includes “Exhibit A-1 – ASSESSMENT CONTRACT SCHEDULE (Direct Disbursement)” and “Exhibit A-2 – ASSESSMENT CONTRACT SCHEDULE (Revolving Fund).” The term “Assessment Installments” does not include the “Annual Administrative Assessment” paid by the property owners pursuant to the Assessment Contracts.

“Assessment Revenues” means the revenues received by the County in each Fiscal Year from the collection of the annual Assessment Installments, including any interest and penalties thereon and the proceeds of the exercise of any of the remedies for delinquent payments available hereunder or under Chapter 29; except to the extent and so long as the Assessments are included in the County’s Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (Teeter Plan), pursuant to Sections 4701 through 4717 of the California Revenue and Taxation Code, “Assessment Revenues” shall include only amounts attributable to the principal of the Assessments and the interest thereon received by the County in each Fiscal Year from the collection of the annual Assessment Installments, and shall not include any penalties on the Assessments, nor any statutory interest accruing on the Assessments upon delinquency, nor the proceeds of the exercise of any of the remedies for delinquent payments available hereunder or under Chapter 29.

“Assessments” means the unpaid assessments levied by the County pursuant to Chapter 29 under the proceedings taken pursuant to the Resolution of Intention, constituting a first lien and charge upon the real property described in attached “Exhibit A” as provided by the Assessment Contracts. As used herein, “Exhibit A” includes “Exhibit A-1 – ASSESSMENT CONTRACT SCHEDULE (Direct Disbursement)” and “Exhibit A-2 – ASSESSMENT CONTRACT SCHEDULE (Revolving Fund).”

“Authority” means the Sonoma County Public Financing Authority, California.

“Authority Board” means the Governing Board of the Authority.

“Authority Treasurer” means the Treasurer of the Authority.

“Authorized Representative of the County” means the Chair of the County Board, the County Administrator, the Auditor/Controller-Treasurer-Tax Collector, and the Revenue & Debt Division Manager or any other person designated in writing by such officers and authorized to act on behalf of the County.

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

“Bonds” means the Sonoma County Public Financing Authority, Sonoma County Energy Independence Program, Contractual Assessment Revenue Bonds, Series _____ - ____ (Taxable).

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

“Capitalized Interest” means funded interest on the Bonds through September 1, 2026 payable from proceeds of the Bonds as provided in Section 4.3 of the Resolution of Issuance.

“Chapter 29” means Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code, commencing with Section 5898.10.

“Closing Date” means the date of delivery of the Bonds to or upon the order of the Purchaser.

“County” means the County of Sonoma, California.

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

“County Pool” means the Sonoma County Treasury Pooled Investment Fund.

“Energy Independence Fund” means the fund by that name created and established pursuant to Resolution No. 09-0358 of the County Board, adopted on April 21, 2009.

“Event of Default” means any of the events described in Section 5.1 of this Loan Agreement.

“Federal Securities” means those securities described in Sections 1360 and 1360.1 of the California Financial Code and includes United States Treasury notes, bonds, bills or certificates of indebtedness, or obligations for which the faith and credit of the United States are pledged for the payment of principal and interest, including the guaranteed portions of small business administration loans so long as the loans are obligations for which the faith and credit of the United States are pledged for the payment of principal and interest.

“Fiscal Agent” means (i) the Authority Treasurer or (ii) any bank, trust company, national banking association or other financial institution appointed as fiscal agent for the Bonds in the manner provided in the Resolution of Issuance. Pursuant to Section 6.1 of the Resolution of Issuance, the initial Fiscal Agent shall be the Authority Treasurer.

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

“Improvements” means the qualifying distributed generation renewable energy sources and energy efficiency improvements, which include water efficiency improvements, seismic strengthening improvements, and wildfire safety improvements acquired and constructed or installed on or in the real property described in “Exhibit A” attached hereto pursuant to the Assessment Contracts. As used herein, “Exhibit A” includes “Exhibit A-1 – ASSESSMENT CONTRACT SCHEDULE (Direct Disbursement)” and “Exhibit A-2 – ASSESSMENT CONTRACT SCHEDULE (Revolving Fund).”

“Independent Public Accountant” means any certified public accountant or firm of certified public accountants appointed and paid by the Authority, the County, or the County Pool

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

“Interest Rate Period” means a two-year period commencing on September 2 and ending on the second September 1 following such September 2, except that (i) the first Interest Rate Period shall begin on the Closing Date and end on the last subsequently occurring September 1 which is not more than 23 months after the Closing Date, and (ii) the last Interest Rate Period may be a period of duration of two years or less so that such Interest Rate Period terminates on the Loan Maturity Date or on the Redemption Date of any Bond redeemed prior to its Maturity Date as a result of prepayment of the Loan or any portion thereof pursuant to Section 2.3 of this Loan Agreement.

“JPA Act” means Articles 1 through 4 (commencing with Section 6500) of the Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, as amended, including the provisions of the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of the JPA Act.

“Loan” means the loan made by the Authority to the County pursuant to Section 2.1 of this Loan Agreement.

“Loan Agreement” means this Loan Agreement by and between the County and the Authority, as originally entered into or as amended or supplemented pursuant to the provisions hereof.

“Loan Fund” means the fund by that name established and held by the Fiscal Agent pursuant to Section 4.1 of the Resolution of Issuance.

“Loan Maturity Date” shall be the same date as the Maturity Date with respect to the Bonds.

“Permitted Investment” means any obligation in which the County may lawfully invest its funds.

“Program Expense Fund” means the fund by that name and established in the Energy Independence Fund pursuant to Resolution No. 09-0358 of the County Board, adopted on April 21, 2009.

“Resolution of Issuance” means Resolution No. 25-_____ of the Authority Board, adopted on _____, 2025, and includes subsequent amendments thereof and any Supplemental Resolution.

“SCEIP” means the Sonoma County Energy Independence Program, established pursuant to Resolution No. 09-0271 of the County Board, adopted on March 25, 2009 under Chapter 29, as modified from time to time.

“SCEIP Revolving Fund” or “Revolving Fund” means the fund by that name established and held by the County in the Energy Independence Fund pursuant to Resolution No. 11-0579 of the County Board, adopted on October 25, 2011.

“Special Fund” means the Series ____ - ____ Special Fund established and held hereunder by the County within the Energy Independence Fund pursuant to Section 3.2 of this Loan Agreement.

“State” means the State of California.

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

Section 1.2 Rules of Construction.

All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Loan Agreement, and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Loan Agreement as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II THE LOAN; ESTABLISHMENT OF FUNDS

Section 2.1 Authorization.

The Authority hereby agrees to lend to the County from the sale of the Bonds the aggregate principal amount of _____ Dollars and _____ Cents (\$_____) under and subject to the terms of this Loan Agreement, Chapter 29, and the JPA Act. This Loan Agreement constitutes a continuing agreement with the Authority to secure the full and final payment of the Loan, subject to the covenants, agreements, provisions and conditions herein contained.

Section 2.2 Terms of Loan.

The principal of the Loan shall be payable no later than the second (2nd) Business Day prior to the Loan Maturity Date. Interest on the Loan shall be calculated on the basis of a 360-day year of twelve 30-day months. The first semi-annual installment of interest shall accrue from and including the Closing Date to but not including the next succeeding Interest Payment Date. Each succeeding semi-annual installment of interest shall accrue from and including the Interest Payment Date occurring at the beginning of such semi-annual period to but not including the next succeeding Interest Payment Date.

Interest on the Loan shall be payable on the second (2nd) Business Day prior to each Interest Payment Date except for the interest due on September 2, 2026 which shall be paid from Capitalized Interest. Interest on the Loan shall be payable at the following rates: (i) for the first Interest Rate Period, at an initial rate of 3.99; and (ii) for any succeeding Interest Rate Period, at a rate equal to 0.50% plus the net interest rate earned by the County Pool as of the most recent quarter ending immediately prior to commencement of such Interest Rate Period, or equal to such other interest rate as determined by the Authority, the County, and the Owner(s) of the Bonds prior to the commencement of such Interest Rate Period. In no event shall the interest rate on the Loan exceed 12% per annum. Any installment of interest which is not paid when due shall continue to accrue interest from and including the Interest Payment Date with respect to which such principal or interest is payable to but not including the date of actual payment.

Principal of and interest on the Loan shall be payable by the County to the Authority from moneys deposited in the Special Fund pursuant to Section 3.2 hereof, in immediately available funds which constitute lawful money of the United States of America. Payment of such principal and interest shall be secured, and amounts for the payment thereof shall be deposited by the Authority with the Fiscal Agent at the times, as set forth in Article III.

Section 2.3 Prepayment.

(a) Mandatory Prepayment. The principal of the Loan shall be prepaid prior to maturity, in whole or in part, on the second (2nd) Business Day prior to any Interest Payment Date from amounts received by the County from, or on behalf of, property owners as prepayments of the Assessments in accordance the Assessment Contracts, together with a prepayment premium, expressed as a percentage of the principal amount of the Loan to be redeemed, of 3.00%, and together with accrued interest to the next Redemption Date determined in accordance with the applicable provisions of Section 3 of the Resolution of Issuance, giving effect to the time required for any notice of redemption required to be provided thereunder; provided, to the extent the redemption premium for the Bonds to be redeemed from such prepayment is waived by the Purchaser in accordance with the Resolution of Issuance, the prepayment premium on the principal amount of the Loan to be redeemed shall be equal to the redemption premium (if any) specified by the Purchaser, not to exceed 3.00%.

(b) Optional Prepayment.

(i) The principal of the Loan shall be subject to optional prepayment in whole, or in part on the thirteenth (13th) calendar day of any month from any available source of funds, other than those referred to in the foregoing paragraph (a), at a prepayment price equal to the principal amount of portion of the Loan to be redeemed, together with a prepayment premium, expressed as a percentage of the principal amount of the Loan to be redeemed, of 3.00%, and together with accrued interest to the next Redemption Date determined in accordance with the applicable provisions of Section 3 of the Resolution of Issuance, giving effect to the time required for any notice of redemption required to be provided thereunder; provided, to the extent the redemption premium for the Bonds to be redeemed from such prepayment is waived by the Purchaser in accordance with the Resolution of Issuance, the prepayment premium on the

principal amount of the Loan to be redeemed shall be equal to the redemption premium (if any) specified by the Purchaser, not to exceed 3.00%.

(ii) The principal of the Loan shall be subject to optional prepayment, in whole, on any date from monies on deposit and available for such purpose in an account of the Escrow Fund, in accordance with Section 4.8 of the Resolution of Issuance, from the sale and issuance of Refunding Bonds thereunder or additional refunding bonds designated as “Sonoma County Public Financing Authority, Sonoma County Energy Independence Program, Contractual Assessment Revenue Refunding Bonds” pursuant to a subsequent resolution of the Authority Board, without a premium, together with accrued interest to the prepayment date; provided, the prepayment date pursuant to this Section 2.3(b)(ii) shall be the Closing Date of the Refunding Bonds providing the proceeds being used to effect such prepayment. The County, the Authority, and the Fiscal Agent represent and agree that, concurrently with the initial deposit of the moneys in the applicable account of the Escrow Fund pursuant to Section 4.8(d) of the Resolution of Issuance, (i) the Bonds will no longer be deemed to be Outstanding and unpaid within the meaning and with the effect expressed in Section 7 of the Resolution of Issuance, and (ii) the Loan will no longer be deemed to be outstanding and unpaid within the meaning and with the effect expressed in this Loan Agreement.

The County shall be required to give the Fiscal Agent written notice of its intention to prepay the Loan under this Section, and shall transfer to the Fiscal Agent all amounts required for such prepayment.

Section 2.4 Application of Loan Proceeds.

. In furtherance of Section 4.1 of the Resolution of Issuance, the County shall provide to the Fiscal Agent one or more Written Requests of the County requesting disbursement of the proceeds of the Loan as follows: (i) to or on behalf of any property owner pursuant to the applicable Assessment Contract with each property owner listed on Exhibit A-1 hereof and (ii) to the Revolving Fund for disbursements made prior to the Closing Date to or on behalf of any property owner pursuant to the applicable Assessment Contract with each property owner listed on Exhibit A-2 hereof. The Fiscal Agent shall make such disbursements from amounts on deposit in the Loan Fund (or an account therein, if any) established under the Resolution of Issuance, on the Closing Date or such other date or dates specified in such Written Request(s) of the County. The aggregate amount disbursed from the Loan Fund to or on behalf of any property owner pursuant to this Loan Agreement shall not exceed the respective amount set forth on Exhibit A.-1, and the aggregate amount disbursed from the Loan Fund to the Revolving Fund for disbursements made prior to the Closing Date to or on behalf of any property owner pursuant to this Loan Agreement shall not exceed the aggregate amount set forth on Exhibit A-2.

After all amounts required to be disbursed under and pursuant to an Assessment Contract listed on Exhibit A hereof have been disbursed, moneys on deposit in the Loan Fund (or the applicable account therein, if any) in an amount equal to the sum of (a) the difference between (i) the total set forth in the column titled “Funded Original Principal Amount” on Exhibit A for the applicable Assessment Contract, and (ii) all amounts disbursed to or on behalf of the property owner(s) listed on Exhibit A for that Assessment Contract, and (b) the amount held in the

Progress Payment Escrow Account established for the applicable Assessment Contract, less the interest earned on the amount in such account, shall be used by the County to prepay the Loan pursuant to Section 2.3(b)(i) of this Loan Agreement.

ARTICLE III

PLEDGE OF ASSESSMENT REVENUES; APPLICATION OF FUNDS

Section 3.1 Pledge of Assessment Revenues.

The Loan shall be secured by a first pledge of, security interest in and lien on all of the Assessment Revenues and the amounts in the Special Fund created hereunder. The Assessment Revenues are hereby allocated in their entirety to the payment of the principal of and interest on the Loan.

Section 3.2 Special Fund; Deposit of Assessment Revenues.

There is hereby established a special trust fund within the Energy Independence Fund to be known as the “Series ____ - ____ Special Fund” (the “Special Fund”) which is held by the County Treasurer. The County shall deposit all of the Assessment Revenues in the Special Fund promptly upon receipt thereof. Any amounts remaining in the Special Fund after payment in full of the Loan and the interest thereon shall be used by the County for the benefit of the SCEIP.

Section 3.3 Transfers of Assessment Revenues to Authority.

(a) No later than the second (2nd) Business Day preceding each Interest Payment Date commencing March 2, 2027, the County shall withdraw from the Special Fund and transfer to the Authority (or to the Fiscal Agent on behalf of the Authority), for deposit in the applicable account of the Debt Service Fund, amounts sufficient to pay the interest then due on the Loan pursuant to Section 2.2 of this Loan Agreement.

(b) No later than the second (2nd) Business Day preceding the Loan Maturity Date, the County shall withdraw from the Special Fund and transfer to the Authority (or to the Fiscal Agent on behalf of the Authority), for deposit in the applicable account of the Debt Service Fund, an amount sufficient to pay in full the outstanding principal of the Loan.

Section 3.4 Program Expense Fund.

(a) There has been heretofore established a special fund within the Energy Independence Fund called the Program Expense Fund, held by the County. Moneys shall be deposited into the Program Expense Fund pursuant to Section 2.4 of the Resolution of Issuance. In addition, moneys shall be deposited into the Program Expense Fund pursuant to paragraph (b) below. Amounts on deposit in the Program Expense Fund shall be used by the County to pay for costs and expenses incurred by the County in connection with administration of the SCEIP and costs and expenses incurred by the County, the Authority, and the Fiscal Agent in connection with the Bonds.

(b) Prior to or on the second (2nd) Business Day preceding each September 2, commencing September 2, 2027, the County shall determine the sum of (x) the amount necessary to make the payments of interest on the Loan then due or overdue and payable on such date and (y) such portion of the outstanding principal amount on the Loan determined by multiplying (A) the then outstanding principal amount by (B) the number of years elapsed since the second (2nd) Business Day preceding the first September 2 following the Closing Date, and by dividing (C) such product by (D) the total number of years of the term of the Loan.

On each September 2, commencing September 2, 2027, all moneys in the Special Fund in excess of the foregoing amount shall, to the extent permitted by law, be applied as follows:

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

(ii) second, the moneys shall be retained in the Special Fund, or, at the option of the County, the moneys shall be applied to prepay the Loan pursuant to Section 2.3(b)(i).

Section 3.5 Investment of Moneys; Valuation of Investments.

All moneys in the Special Fund shall be invested by the County solely in Permitted Investments, maturing not later than the respective dates on which such moneys are estimated by the County to be required to be deposited with the Authority pursuant to Section 3.3, as applicable. All interest, profits and other income received from the investment of moneys in any fund or account held under this Loan Agreement shall be deposited in such fund or account. Notwithstanding anything to the contrary contained in this paragraph, an amount of interest received with respect to any investment equal to the amount of accrued interest, if any, paid as part of the purchase price of such investment shall be credited to the fund from which such accrued interest was paid. Permitted Investments acquired as an investment of moneys in any fund or account held under this Loan Agreement shall be credited to such fund.

For the purpose of determining the amount in any fund or account hereunder, the value of Permitted Investments credited to such fund shall be calculated at the lesser of (a) the original cost thereof (excluding brokerage commissions and accrued interest, if any), or (b) the par amount thereof.

ARTICLE IV
OTHER COVENANTS OF THE COUNTY

Section 4.1 Punctual Payment.

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

Section 4.2 Limited Obligation.

The Loan is a limited obligation and is payable solely from and secured solely by Assessment Revenues and the amounts in the Special Fund created hereunder.

Section 4.3 General.

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

Section 4.4 Protection of Security and Rights of Authority.

The County will preserve and protect the security of the Loan and the rights of the Authority thereto, and will warrant and defend their rights to such security against all claims and demands of all persons. From and after the delivery of the Loan Agreement by the County, the Loan shall be incontestable by the County.

Section 4.5 Against Encumbrances.

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

Section 4.6 Collection of Assessments.

The County shall comply with all requirements of Chapter 29 and applicable State law so as to assure the timely collection of the unpaid Assessments.

Section 4.7 Teeter Plan.

Until the principal and interest on the Loan are paid in full, the County shall ensure that the Assessments are included in its Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”), pursuant to Sections 4701 through 4717 of the California Revenue and Taxation Code.

Section 4.8 Accounting Records and Statements.

The County will keep or cause to be kept proper accounting records in which complete and correct entries shall be made of all transactions relating to the receipt, deposit and disbursement of the Assessment Revenues, and such accounting records shall be available for inspection upon five (5) Business Days’ written notice by the Authority or the Fiscal Agent or their respective agent duly authorized in writing at reasonable hours and under reasonable conditions.

Section 4.9 Further Assurances.

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

Section 4.10 Payment of Expenses; Indemnification.

At the request or direction of the Authority, the County shall pay from the Program Expense Fund (but only to the extent moneys are on deposit therein) the costs and expenses incurred by the Authority in connection with the issuance of the Bonds, including all compensation to the Fiscal Agent from time to time for all services rendered under this Loan Agreement and the Resolution of Issuance, including but not limited to all reasonable expenses, charges, legal and consulting fees and other disbursements and those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties hereunder and thereunder. Upon the occurrence of an Event of Default, the Fiscal Agent (if other than the Authority Treasurer) shall have a first lien on the Assessment Revenues and the Special Fund to secure the payment to the Fiscal Agent of all fees, costs and expenses, including reasonable compensation to its experts, attorneys and counsel incurred in declaring such Event of Default and in exercising the rights and remedies set forth in Article V hereof.

The County further covenants and agrees to indemnify and save the Fiscal Agent (if other than the Authority Treasurer) and its officers, directors, agents and employees, harmless against any losses, expenses and liabilities which it may incur arising out of or in the exercise and performance of its powers and duties hereunder, including the costs and expenses of defending against any claim of liability, but excluding any and all losses, expenses and liabilities which are due to the negligence or intentional misconduct of the Fiscal Agent, its officers, directors, agents or employees. The obligations of the County under this paragraph shall survive the resignation

or removal of the Fiscal Agent under the Resolution of Issuance, this Loan Agreement and payment of the Loan and the discharge of this Loan Agreement.

ARTICLE V EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Events of Default.

The following events shall constitute Events of Default hereunder:

(a) Default in the due and punctual payment of interest on the Loan, whether at the stated payment date thereof, or upon proceedings for redemption thereof;

(b) Default in the due and punctual payment of the principal of or premium, if any, on the Loan, whether at the stated Maturity Date thereof, or upon proceedings for redemption thereof; or

(c) Failure by the County to observe and perform any material covenant, condition or agreement required by this Loan Agreement to be performed by it (other than a default described in clause (a) or (b) above) for a period of 60 days following written notice to the County from the Authority or the Fiscal Agent of such failure; provided, however, if the County is in good faith attempting to remedy said failure and is unable to do so within the 60-day time period, an additional 60 days shall be allowed.

Section 5.2 Remedies Not Exclusive; Non-waiver.

(a) No remedy conferred hereby upon the Authority is intended to be exclusive of any other remedy, but each such remedy is cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred by the JPA Act, Chapter 29, or any other law of the State. No waiver of any default or breach of duty or contract by the Authority shall affect any subsequent default or breach of duty or contract or shall impair any rights or remedies on said subsequent default or breach. No delay or omission of the Authority to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed as a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the Authority may be enforced and exercised as often as may be deemed expedient. In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and the Authority shall prevail, the Authority shall be entitled to receive reimbursement for reasonable costs, expenses, outlays and attorney's fees and should said suit, action or proceeding be abandoned, or be determined adversely to the Authority then, and in every such case, the County and the Authority shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Section 5.3 Limited Liability of the County to the Authority.

Except for the collection of the Assessment Revenues and the observance and performance of the other conditions, covenants and terms contained herein, in Chapter 29, or in

the JPA Act required to be observed or performed by it, the County shall not have any obligation or liability to the Authority with respect to this Loan Agreement or the preparation, authentication, delivery, transfer, exchange or cancellation of the Bonds.

Section 5.4 Action by Authority Upon Default.

In the event the County fails to take any action to eliminate an Event of Default under Section 5.1 hereof, the Authority may institute any suit, action, mandamus or other proceeding in equity or at law for the protection or enforcement of any right under this Loan Agreement, but only if the Authority has first made written request of the County, after the right to exercise such powers or right of action shall have occurred, and shall have afforded the County a reasonable opportunity either to proceed to exercise the powers granted herein or granted under law or to institute such action, suit or proceeding in its name and unless also, the County shall have been offered reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the County shall have refused or neglected to comply with such request within a reasonable time. Any moneys recovered in such suit, action, mandamus or other proceedings shall be applied first to the payment of the reasonable costs and expenses of the Authority in bringing such suit, action, mandamus or other proceeding, including reasonable compensation to its agents and attorney.

**ARTICLE VI
MISCELLANEOUS**

Section 6.1 Benefits Limited to Parties.

Nothing in this Loan Agreement, expressed or implied, is intended to give to any person other than the County and the Authority, any right, remedy or claim under or by reason of this Loan Agreement. All covenants, stipulations, promises or agreements in this Loan Agreement contained by and on behalf of the County shall be for the sole and exclusive benefit of the Authority and of any Fiscal Agent (if not the Authority Treasurer) acting under the Resolution of Issuance for the benefit of the Owners of the Bonds.

Section 6.2 Successor is Deemed Included in All References to Predecessor.

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

Section 6.3 Discharge of Loan Agreement.

If the County shall pay and discharge the entire indebtedness on the Loan in any one or more of the following ways and shall concurrently therewith discharge the indebtedness of the Bonds in full:

(a) by well and truly paying or causing to be paid the principal of and interest and prepayment premiums (if any) on the Loan, as and when the same become due and payable;

(b) by irrevocably depositing with the Fiscal Agent, in trust, at or before maturity, cash in an amount which, together with the available amounts then on deposit in any of the funds and accounts established pursuant to the Resolution of Issuance or this Loan Agreement, is fully sufficient to pay all principal of and interest and prepayment premiums (if any) on the Loan; or

(c) by irrevocably depositing with the Fiscal Agent or any other fiduciary, in trust, Federal Securities as set forth in Section 7.1(c) of the Resolution of Issuance in such amount as an Independent Public Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to the Resolution of Issuance or pursuant to this Loan Agreement, be fully sufficient to pay and discharge the indebtedness on the Loan (including all principal, interest and prepayment premiums) at or before maturity;

then, at the election of the County but only if all other amounts then due and payable hereunder shall have been paid or provision for their payment made, the pledge of and lien upon the Assessment Revenues and other funds provided for in this Loan Agreement and all other obligations of the Authority and the County under this Loan Agreement with respect to the Loan shall cease and terminate, except only the obligation of the County to pay or cause to be paid to the Authority, from the amounts so deposited with the Authority, the Fiscal Agent, or such other fiduciary, all sums due with respect to the Loan and all expenses and costs of the Fiscal Agent. Notice of such election shall be filed with the Authority, and the Fiscal Agent.

Any funds thereafter held by the County hereunder, which are not required for said purpose, shall be transferred to the County for the benefit of the SCEIP.

Section 6.4 Amendment.

This Loan Agreement may be amended by the parties hereto but only to the extent such amendment shall not be inconsistent with the terms and provisions hereof and only for the following purposes:

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

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

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

The Authority covenants that the Resolution of Issuance shall not be amended without the prior written consent of the County.

Section 6.5 Payment on Business Day.

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

Section 6.6 Waiver of Personal Liability.

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

Section 6.7 Partial Invalidity.

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

Section 6.8 Governing Law.

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

Section 6.9 Execution in Counterparts.

This Loan Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the County and the Authority shall preserve undestroyed, shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the COUNTY OF SONOMA and the SONOMA COUNTY PUBLIC FINANCING AUTHORITY, have caused this Loan Agreement to be signed by their respective officers, all as of the day and year first above written.

COUNTY OF SONOMA

By: *[form of agreement – no signature required]*
Auditor-Controller-Treasurer-Tax Collector

**SONOMA COUNTY PUBLIC FINANCING
AUTHORITY**

By: *[form of agreement – no signature required]*
Chair

Attest:

By: _____
Secretary

EXHIBIT A-1
ASSESSMENT CONTRACT SCHEDULE
(Direct Disbursement)

Repayment Term of Assessment Contracts (*check one*): ___ 5-year ___ 10-year ___ 20-year

	Name of Property Owners and Description of Property Subject to Assessment	Date of Assessment Contract	Funded Original Principal Amount
		TOTAL	\$

EXHIBIT A-2
ASSESSMENT CONTRACT SCHEDULE
(Revolving Fund)

Repayment Term of Assessment Contracts (*check one*): ___ 5-year ___ 10-year ___ 20-year

	Name of Property Owners and Description of Property Subject to Assessment	Date of Assessment Contract	Funded Original Principal Amount
		TOTAL	0