61212-01

FIRST SUPPLEMENTAL INDENTURE OF TRUST

by and between the

SANTA CRUZ COUNTY CAPITAL FINANCING AUTHORITY

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee

Dated as of December 1, 2017

Relating to:

$[8,600,000]
Santa Cruz County Capital Financing Authority
Taxable Lease Revenue Bonds, 2017 Series A
(Direct Pay Subsidy New Clean Renewable Energy Bonds)

(Supplemental to the Indenture of Trust dated as of June 1, 2015)

TABLE OF CONTENTS

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Santa Cruz County Capital Financing Authority
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(Direct Pay Subsidy New Clean Renewable Energy Bonds)

This FIRST SUPPLEMENTAL INDENTURE OF TRUST, made and entered into as of December 1, 2017 (the "First Supplement"), is by and between the SANTA CRUZ COUNTY CAPITAL FINANCING AUTHORITY, a joint exercise of powers authority organized and existing under and by virtue of the laws of the State of California (the "Authority"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized and existing under and by virtue of the laws of the United States of America (the "Trustee");

W I T N E S S E T H:

WHEREAS, this First Supplement is supplemental to the Indenture of Trust, made and entered into as of June 1, 2015, between the Authority and the Trustee (the "Existing Indenture of Trust" and, as supplemented by this First Supplement, the "Indenture");

WHEREAS, pursuant to the Existing Indenture, and the powers granted to the Authority under the Act and the Bond Law (as such terms are defined in the Existing Indenture) that certain Joint Exercise of Powers Agreement dated February 25, 2014 by and between the County of Santa Cruz (the "County") and the Santa Cruz County Flood Control and Water Conservation District, the Authority has heretofore issued its $13,770,000 aggregate principal amount of Santa Cruz County Capital Financing Authority Taxable Lease Revenue Refunding Bonds, 2015 Series A (the "Series A Bonds") and its $9,945,000 aggregate principal amount of Santa Cruz County Capital Financing Authority Lease Revenue Bonds, 2015 Series B (the "Series B Bonds");

WHEREAS, Section 6.06 of the Existing Indenture provides that the Authority may issue Additional Bonds payable from the Revenues (as such term is defined in the Existing Indenture) on a parity with the Bonds then outstanding under the Indenture for the purposes, and in the manner, described in said Section 6.06, including for the purpose of financing additional capital projects of the County, including the Renewable Energy Projects (as defined below);

WHEREAS, the County has received approval from the Internal Revenue Service for the issuance of New Clean Renewable Energy Bonds under Section 54C of the Internal Revenue Code of 1986 in the principal amount of $[8,600,000] with respect to the renewable energy projects described in the allocation letters received from the Internal Revenue Service (as more fully defined herein, the "Renewable Energy Projects");

WHEREAS, the Authority has determined to issue, pursuant to the Bond Law, its $[8,600,000] aggregate principal amount of its Taxable Lease Revenue Bonds, 2017 Series A (Direct Pay Subsidy New Clean Renewable Energy Bonds) (the "2017 Series A Taxable Bonds") in order to finance the Renewable Energy Projects; and

WHEREAS, the Authority hereby determines that it is necessary and advisable for the Authority to issue the 2017 Series A Taxable Bonds in order to finance the Renewable Energy Projects, and that the aggregate principal amount of Bonds Outstanding under the Indenture upon the issuance and delivery of the 2017 Series A Taxable Bonds will not exceed any limitation imposed by the Existing Indenture or by law, and that all of the requirements and conditions of the Indenture relating to the issuance of the 2017 Series A Taxable Bonds have been met;

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE XII

DEFINITIONS

Section 12.01. Definitions. Unless the context otherwise requires, the capitalized terms set forth in this Section shall, for all purposes of this Indenture and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and plural forms of the terms defined herein. Capitalized terms not defined herein shall have the meanings assigned to them in the Existing Indenture. Terms defined both in the Existing Indenture and below shall have the meanings set forth below.

"Available Project Proceeds" means (i) the proceeds from the sale of the issue, (ii) less costs of issuing the new clean renewable energy bonds paid from proceeds of the sale of the issue (not exceeding 2% of the proceeds of the sale of the issue), plus (iii) investment earnings on the difference between (i) - (ii).

"Bond Counsel" means, with respect to the 2017 Series A Taxable Bonds, (a) Jones Hall, A Professional Law Corporation, or (b) any other attorney or firm of attorneys of nationally recognized expertise with respect to legal matters relating to new clean renewable energy bonds issued under Section 54C of the Code.

"Bonds" means, collectively, after the date of execution and delivery of this First Supplement, the Series A Bonds, the Series B Bonds and the 2017 Series A Taxable Bonds, and any Additional Bonds issued in conformity with Section 6.06 of the Indenture.

"Existing Indenture" means the Indenture dated as of June 1, 2015 between the Authority and the Trustee.

"Expenditure Period" means the "expenditure period" defined in Section 54A(d)(2)(B)(ii) of the Code and consists of the period beginning on the date of issue and ending on the later of the date 3 years after the date of issue or such later date, if any, as permitted by the Internal Revenue Service in response to a request to extend the Expenditure Period.

"Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the Authority, the County and related parties do not own more than a 10% beneficial interest therein if the return paid by the fund is without regard to the source of the investment. To the extent required by the Regulations, the term "investment" will include a hedge.

"First Amendment to Lease Agreement" means that certain First Amendment to Lease Agreement dated as of December 1, 2017, between the Authority, as lessor, and the County, as lessee.

"First Supplement" means the First Supplemental Indenture of Trust dated as of December 1, 2017, between the Authority and the Trustee.

"Indenture" means the Indenture of Trust dated as of June 1, 2015, by and between the Authority and the Trustee, as supplemented and amended by the First Supplement, and as it may be further supplemented and amended.

"Lease Agreement" means that certain Lease Agreement dated as of June 1, 2015, between the Authority, as lessor, and the County, as lessee, as supplemented and amended by the First Amendment to Lease Agreement, and as it may be further amended.

"Loss of Refundable Credit Payments" means (a) the enactment of legislation by the Congress of the United States of America, (b) the promulgation of a non-appealable ruling, notice or determination by the Internal Revenue Service or (c) a rendering of a non-appealable ruling or holding by a court of competent jurisdiction, the effect of any of which either (i) causes the 2017 Series A Taxable Bonds to lose their status or otherwise fail to qualify as "New Clean Renewable Energy Bonds" under Section 54C of the Tax Code or (ii) reduces, defers or eliminates the Refundable Credit Payments by an amount which equals or exceeds 25% of the amount which would otherwise be payable in respect of the 2017 Series A Taxable Bonds under Section 6431 of the Tax Code.

"Project Costs" means, with respect to the Renewable Energy Projects, all costs of the acquisition, construction and installation thereof that are paid from moneys on deposit in the Project Fund, including but not limited to:

(a) all costs required to be paid to any person under the terms of any agreement for or relating to the acquisition, construction and installation of the Renewable Energy Projects;

(b) obligations incurred for labor and materials in connection with the acquisition, construction and installation of the Renewable Energy Projects;

(c) the cost of performance or other bonds and any and all types of insurance that may be necessary or appropriate to have in effect in connection with the acquisition, construction and installation of the Renewable Energy Projects;

(d) all costs of engineering, architectural services and other preliminary investigation expenses, including the actual out-of-pocket costs for site investigations, surveys, hazardous materials investigations, test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, development fees, sales commissions, and for supervising construction, as well as for the performance of all other duties required by or consequent to the proper acquisition, construction and installation of the Renewable Energy Projects; and

(e) any sums required to reimburse the Authority or the County for advances made for any of the above items or for any other costs incurred and for work done, including but not limited to administrative costs of the County, which are properly chargeable to the acquisition, construction and installation of the Renewable Energy Projects.

"<u>Refundable Credit Payments</u>" means, with respect to the 2017 Series A Taxable Bonds, the amounts which are payable by the Federal government under Section 6431 of the Code, which the Authority and the County have irrevocably elected to receive under Section 6431(f)(3) of the Code. The Refundable Credit Payments shall not constitute "Revenues", as such term defined in the Existing Indenture.

"<u>Renewable Energy Projects</u>" means the cost of acquiring and installing the facilities which have been approved for financing pursuant to the notifications to the County from the Internal Revenue Service, dated July 26, 2017, as such notifications may be amended or supplemented from time to time with the approval of the Internal Revenue Service.

"<u>Site and Facility Lease</u>" means that certain Site and Facility Lease dated as of June 1, 2015, between the Authority, as lessor, and the County, as lessee, as supplemented and amended by the First Amendment to Site and Facility Lease dated as of December 1, 2017, between the County and the Authority, and as it may be further amended.

"<u>2017 Tax Certificate</u>" means, collectively, the Certificate as to Arbitrage and Other Tax Matters and the Certificate Regarding the Use of Proceeds, each dated as of the date of issuance and delivery of the 2017 Series A Taxable Bonds, respectively, executed by the Authority and the County.

"<u>2017 Series A Taxable Bonds</u>" means the $[8,600,000] initial principal amount of Taxable Lease Revenue Bonds, 2017 Series A (Direct Pay Subsidy New Clean Renewable Energy Bonds).

"<u>2017 Costs of Issuance Account</u>" means the account by that name within the Costs of Issuance Fund, such account being established pursuant to Section 14.05 hereof.

"<u>2017 Improvement Account</u>" means the account by that name within the Improvement Fund, such account being established pursuant to Section 14.06 hereof.

"<u>2017 Term Bonds</u>" means the 2017 Series A Taxable Bonds maturing on June 1, 20__.

ARTICLE XIII

AUTHORIZATION OF 2017 SERIES A TAXABLE BONDS

Section 13.01. Authorization and Terms of 2017 Series A Taxable Bonds.

(a) The Authority hereby authorizes the issuance of the 2017 Series A Taxable Bonds in the aggregate principal amount of $[8,600,000] in accordance with the Bond Law and pursuant to and in compliance with the Indenture for the purpose of financing the Renewable Energy Projects. The 2017 Series A Taxable Bonds are being issued as Additional Bonds pursuant to, and in accordance with, Section 6.06 of the Existing Indenture.

(b) Such Series of Bonds to be issued under the Indenture are hereby created, and are designated as "Taxable Lease Revenue Bonds, 2017 Series A (Direct Pay Subsidy New Clean Renewable Energy Bonds)."

In accordance with the provisions set forth in Section 2.04 of the Existing Indenture, the 2017 Series A Taxable Bonds shall be issued in book-entry form. Each 2017 Series A Taxable Bond shall be assigned by the Trustee a distinctive number or letter or letter and number, and a record of the same shall be maintained by the Trustee. Registered ownership of the 2017 Series A Taxable Bonds, or any portion thereof, may not thereafter be transferred except as set forth in Section 2.03 of the Indenture.

ARTICLE XIV

TERMS OF 2017 SERIES A TAXABLE BONDS; APPLICATION OF PROCEEDS OF 2017 SERIES A TAXABLE BONDS AND ESTABLISHMENT OF FUNDS AND ACCOUNTS

Section 14.01. Terms of 2017 Series A Taxable Bonds.

(a) The 2017 Series A Taxable Bonds shall be issued in fully registered form without coupons. Each Bond shall be dated the date of original delivery and shall be issued and delivered in fully registered form numbered as the Trustee shall determine. The Bonds shall be issued and delivered in the denominations of [$5,000] and any integral multiples thereof, provided that one 2017 Series A Taxable Bond may be in an amount that is not [$5,000] or any integral multiple thereof. The 2017 Series A Taxable Bonds shall mature on the dates, in the principal amounts, and interest with respect thereto shall be computed at the rates, as shown below:

Maturity Date (June 1)	Principal Amount	Interest Rate

(b) The interest on the 2017 Series A Taxable Bonds shall be calculated and be payable as provided in Section 2.02 of the Existing Indenture, provided that the first Interest Payment Date with respect to the 2017 Series A Taxable Bonds shall be June 1, 2018.

(c) The principal of the 2017 Series A Taxable Bonds shall be payable as provided in Section 2.02 of the Existing Indenture.

(d) The 2017 Series A Taxable Bonds shall be in substantially the form set forth as Exhibit A to this First Supplement. The execution and authentication of the 2017 Series A Taxable Bonds shall comply with the provisions of Section 2.06 of the Existing Indenture. The 2017 Series A Taxable Bond numbers, maturity dates and interest rates shall be inserted therein in conformity with Section 14.01(a).

(e) At any time after the execution and delivery of this First Supplement, the Authority may execute and the Trustee shall authenticate and deliver the 2017 Series A Taxable Bonds in an aggregate principal amount not to exceed $[8,600,000] upon the Written Request of the Authority.

Section 14.02. Redemption of 2017 Series A Taxable Bonds.

(a) Optional Redemption. The 2017 Series A Taxable Bonds maturing on or prior to June 1, 20__ are not subject to optional redemption prior to their maturity. The 2017 Series A Taxable Bonds maturing on or after June 1, 20__ are subject to redemption at the option of the Authority (which option may be exercised by the County) as a whole or in part on any date on or after June 1, 20__, from such maturities as may be selected by the Authority in the case of a redemption in part, at a redemption price equal to the principal amount of the 2017 Series A Taxable Bonds subject to redemption, plus accrued interest to the date fixed for redemption, without premium. **[Make-Whole Redemption]**

(b) Special Mandatory Redemption From Insurance or Condemnation Proceeds. In accordance with Section 4.01(B) of the Existing Indenture, the 2017 Series A Taxable Bonds shall be subject to redemption as a whole, or in part on any date pro rata in integral multiples of [$5,000] to the extent the Trustee has received hazard insurance proceeds or condemnation proceeds not used to repair, reconstruct or replace any portion of the Property damaged or destroyed or elected by the Authority, at the direction of the County, to be used for such purpose as provided in Section 5.07 of the Indenture, at a redemption price equal to 100% of the principal amount thereof plus interest accrued thereon to the date fixed for redemption without premium. Such 2017 Series A Taxable Bonds shall be subject to redemption on a pro rata basis with other outstanding Bonds, as provided in said Section 4.02(B).

(c) Sinking Account Redemption. The 2017 Term Bonds are also subject to redemption in part by lot on June 1 in each of the years as set forth in the following table at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date without premium or in lieu thereof shall be purchased as described below in the aggregate respective principal amounts and on the respective dates as set forth in the following table, provided, however, that if some but not all of the 2017 Term Bonds have been redeemed pursuant to the special mandatory redemption provisions described in paragraph (b) above, the total amount of all future payments with respect to such 2017 Term Bonds shall be reduced by the aggregate principal amount of such 2017 Term Bonds so redeemed to be allocated among such payments on a pro rata basis in integral multiples of $5,000 as determined by the Authority written notice of which determination shall be given by the Authority to the Trustee.

Sinking Account Redemption Date (June 1)	Principal Amount To Be Redeemed

*Maturity

(d) Purchase of 2017 Term Bonds. In lieu of redemption of the 2017 Term Bonds under the preceding paragraph amounts on deposit in the Revenue Fund to the extent not required to be deposited by the Trustee in the Interest Account or the Principal Account during the current Bond Year may also be used and withdrawn by the Authority at any time for the purchase of such 2017 Term Bonds at public or private sale as and when and at such prices including brokerage and other charges and including accrued interest as the Authority may in its discretion determine. The par amount of any of such 2017 Term Bonds so purchased by the Authority in any twelve-month period ending on April 15 in any year shall be credited towards and shall reduce the par amount of such 2017 Term Bonds required to be redeemed on the next succeeding June 1.

(e) Extraordinary Redemption from Unexpended Bond Proceeds. In the event and to the extent that the County fails to expend all of the proceeds of the 2017 Series A Taxable Bonds within the Expenditure Period, the 2017 Series A Taxable Bonds shall be subject to extraordinary mandatory redemption on any date which is not more than 90 days following the Expenditure Period, at a redemption price equal to 100% of the principal amount of the Outstanding Bonds together with accrued interest thereon to the redemption date, without premium. Such redemption shall occur pro rata among maturities.

(f) Special Optional Redemption Following Loss of Refundable Credit Payments. The 2017 Series A Taxable Bonds are subject to redemption prior to their maturity, as a whole or in part, on any date following a Loss of Refundable Credit Payments, from the proceeds received from the optional prepayment of the Lease Payments with respect to the 2017 Series A Taxable Bonds made by the County under Section 3 of the First Amendment to Lease Agreement, at a redemption price equal to 100% of the principal amount of the 2017 Series A Taxable Bonds to be redeemed together with accrued interest thereon to the redemption date, without premium.

(g) Purchase of 2017 Series A Taxable Bonds at Public Sale or Private Sale. The 2017 Series A Taxable Bonds may also be purchased at public or private sale as provided in Section 4.06 of the Existing Indenture.

(h) Applicability of Existing Indenture. Sections 4.02 through 4.05 of the Existing Indenture shall apply to the redemption of 2017 Series A Taxable Bonds.

Section 14.03. Application of Proceeds of 2017 Series A Taxable Bonds. The proceeds of the sale of the 2017 Series A Taxable Bonds, being $__________ (constituting the par amount of 2017 Series A Taxable Bonds, less an underwriter's discount of $_______), shall be deposited with the Trustee and shall be held in trust and set aside by the Trustee as follows:

> (a) The Trustee shall deposit in the 2017 Costs of Issuance Account established pursuant to Section 14.05 the sum of $________.
>
> (b) The Trustee shall deposit in the 2017 Improvement Account established pursuant to Section 14.06 the remainder of the proceeds of the 2017 Series A Taxable Bonds (being $__________).

The Trustee may, at its option, establish and maintain a temporary account or accounts in connection with the deposit and transfer of the proceeds of the 2017 Series A Taxable Bonds.

Section 14.04. No Reserve Fund. No proceeds of the 2017 Series A Taxable Bonds shall be deposited in the Reserve Fund, and no amounts currently on deposit in the Reserve Fund established for the benefit of the Owners of the Series A Bonds and the Series B Bonds shall be available for the payment of debt service on the 2017 Series A Taxable Bonds.

Section 14.05. Establishment and Application of 2017 Costs of Issuance Account. The Trustee shall establish and maintain within the Costs of Issuance Fund established pursuant to Section 3.02 of the Existing Indenture a separate account to be designated the "2017 Costs of Issuance Account."

The Trustee shall deposit a portion of the proceeds of the sale of the 2017 Series A Taxable Bonds in the 2017 Costs of Issuance Account pursuant to Section 14.03(a). Moneys in the 2017 Costs of Issuance Account shall be withdrawn and applied by the Authority to pay Costs of Issuance relating to the 2017 Series A Taxable Bonds upon receipt of the Trustee of a Written Requisition of the Authority filed with the Trustee. Each such Written Requisition shall be sequentially numbered, shall state the person to whom payment shall be made, the amount to be paid, the purpose for which such obligation was incurred, and that such payment is a proper charge against said fund. All moneys remaining on deposit in the 2017 Costs of Issuance Account on June _, 2018 (or such earlier date as the Authority may direct the Trustee in writing) shall be transferred by the Trustee to the Improvement Fund; provided that the

Trustee shall notify the Authority in writing of its intent to make such transfer on or prior to June _, 2018. Thereafter, the 2017 Costs of Issuance Account shall be closed.

Section 14.06. Establishment and Application of the 2017 Improvement Account. The Trustee shall establish and maintain within the Improvement Fund established pursuant to Section 3.03 of the Existing Indenture a separate account to be designated the "2017 Improvement Account."

Except as otherwise provided herein the Trustee shall disburse moneys in the 2017 Improvement Account solely for the payment of the costs of the Renewable Energy Project upon receipt of a Written Requisition of the County. Each such Written Requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. The Trustee shall disburse moneys in the 2017 Improvement Account from time to time upon the receipt of Written Requisitions of the County to pay or reimburse the payment of costs of the Project. The Trustee must maintain accurate records showing all disbursements from the 2017 Improvement Account including records which show the name and address of each firm or corporation to whom payment is made and the amount and purpose of each payment.

Upon the determination by the County that the acquisition, construction, installation and improvement of the Renewable Energy Project have been substantially completed the County shall file a written notice to that effect with the Authority and the Trustee whereupon the Trustee shall withdraw from the 2017 Improvement Account and deposit in the Revenue Fund all amounts remaining on deposit in the 2017 Improvement Account and shall use such amounts to pay debt service on the 2017 Series A Taxable Bonds.

ARTICLE XV

MISCELLANEOUS

Section 15.01. Terms of 2017 Series A Taxable Bonds Subject to the Existing Indenture. Except as expressly provided in this First Supplement, every term and condition contained in the Existing Indenture (other than Section 6.11) shall apply to this First Supplement and to the 2017 Series A Taxable Bonds with the same force and effect as if the same were herein set forth at length, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to this First Supplement.

This First Supplement and all the terms and provisions herein contained shall form part of the Indenture as fully and with the same effect as if all such terms and provisions had been set forth in the Existing Indenture. The Existing Indenture is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as supplemented and amended hereby.

Section 15.02. Continuing Disclosure. Pursuant to the First Amendment to Lease Agreement, the County has undertaken all responsibility for compliance with continuing disclosure requirements with respect to the 2017 Series A Taxable Bonds, and neither the Authority nor the Trustee shall have any liability to the Owners of the 2017 Series A Taxable Bonds or any other person with respect to such disclosure matters. Notwithstanding any other provision of this First Supplement, failure of the County to comply with the requirements of any continuing disclosure certificates shall not be considered an Event of Default under the

Indenture, however, any Participating Underwriter (as defined in the First Amendment to Lease Agreement) or any Owner or beneficial owner of the 2017 Series A Taxable Bonds may take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order. The Trustee shall have no duties or liabilities with respect to any such continuing disclosure certificates, other than as specifically provided therein.

Section 15.03. Amendment of Section 4.02 of the Existing Indenture. Section 4.02 of the Existing Indenture is hereby revised to read as follows:

> Whenever provision is made in this Indenture for the redemption of less than all of the Bonds of a particular maturity, the Trustee shall select the Bonds to be redeemed from all Bonds of such maturity or such given portion thereof not previously called for redemption, by lot in any manner which the Trustee in its sole discretion shall deem appropriate. For purposes of such selection, the Trustee shall treat each Bond as consisting of separate $5000 portions and each such portion shall be subject to redemption as if such portion were a separate Bond. If less than all the Outstanding Bonds are called for redemption from proceeds of eminent domain or insurance at any one time, the Authority shall specify to the Trustee a principal amount in each maturity to be redeemed which to the extent practicable, results in approximately equal annual debt service on the Bonds Outstanding following such redemption. If less than all Outstanding Bonds are called for redemption from proceeds of eminent domain or insurance at any one time, the Authority shall specify to the Trustee a principal amount in each maturity to be redeemed as nearly as practicable on a pro rata basis among the Bonds.

Section 15.04. Tax Covenants Relating to the 2017 A Taxable Bonds.

At all times that any of the 2017 Series A Taxable Bonds remain outstanding, the Authority and the County shall comply with the following covenants as required to ensure that the obligations of the Authority under the Indenture and of the County under the Lease Agreement, constitute a "new clean renewable energy bond" under and as defined in Section 54C of the Code:

(a) Clean Renewable Energy Project. The Authority and the County shall assure that all of the Available Project Proceeds will be used for a Qualified Purpose or Purposes in accordance with Section 54C(a)(1) of the Code.

(b) Qualified Issuer. The Authority and the County shall maintain their status as a governmental body which constitutes a "Qualified Issuer" under and as required by Section 54C(a)(2) and as defined in Section 54C(d)(6) of the Code.

(c) Designation of 2017 Series A Taxable Bonds as New Clean Renewable Energy Bond. The Authority and the County hereby designate the 2017 Series A Taxable Bonds as "new clean renewable energy bonds" for purposes of Section 54C(a)(3) of the Code. The Authority and the County also hereby irrevocably elect to apply the provisions of Section 6431(f) of the Code to the 2017 Series A Taxable Bonds and intend that the 2017 Series A Taxable Bonds be treated as specified tax credit bonds within the meaning of Section 6431(f)(2) of the Code. It is the intent of the Authority and the County that the 2017 Series A Taxable Bonds be eligible for direct payment from the United States Department of Treasury of an amount equal to 70% of the tax credit rate applicable to the 2017 Series A Taxable Bonds.

(d) Three Year Expenditure of Proceeds on Project. The Authority and the County reasonably expect the County to expend all of the Available Project Proceeds for a Qualified Purpose with respect to the Renewable Energy Projects within the Expenditure Period. To the extent that less than 100% of the Available Project Proceeds are expended for a Qualified Purpose by the end of the Expenditure Period, all nonqualified bonds (as determined under Section 142 of the Code) shall be redeemed within 90 days of the end of the Expenditure Period all in accordance with Section 14.02(e) hereof and the requirements of Section 54A(d)(2)(B) of the Code in the time and manner prescribed by the Code.

(e) Binding Commitment to Spend Available Project Proceeds. The County reasonably expects that, within 6 months of the date of issue of the 2017 Series A Taxable Bonds, it will enter into a binding commitment with a third party to spend at least 10% of the Available Project Proceeds for a Qualified Purpose with respect to the Renewable Energy Project.

(f) Financing Capital Expenditures, No Working Capital. All Available Project Proceeds will be spent on eligible capital expenditures with a reasonably expected economic life of one year or more.

(g) Limitation on Issuance Costs. No proceeds of the 2017 Series A Taxable Bonds and investment earnings thereon, in an amount in excess of 2% of the proceeds of the sale of 2017 Series A Taxable Bonds, will be used to pay costs of delivery of 2017 Series A Taxable Bonds.

(h) Allocation of New Clean Renewable Energy Bond Limitation. The County has received an allocation of a portion of the national new clean renewable energy bond limitation in the aggregate amount not to exceed $8,600,000, as set forth in letters dated July 26, 2017, each included in the transcript for the 2017 Series A Taxable Bonds.

(i) Arbitrage and Rebate Compliance. The Authority and the County shall not take, or permit or suffer to be taken any action with respect to the proceeds of the 2017 Series A Taxable Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of delivery of the 2017 Series A Taxable Bonds would have caused the 2017 Series A Taxable Bonds to be "arbitrage bonds" within the meaning of Section 54A(d)(4) of the Tax Code, including the Treasury Regulations with respect thereto. The Authority and the County shall take any and all actions necessary to assure compliance with Section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the 2017 Series A Taxable Bonds. For purposes of this paragraph, investments of Available Project Proceeds during the Expenditure Period are deemed to comply with the requirements and limitations of Section 148 of the Code.

(j) Limitation on Reserve Funds. No fund the proceeds of which are pledged to, or are reasonably expected to be used directly or indirectly to pay, principal or interest on the 2017 Series A Taxable Bonds or are reserved or otherwise set aside such that there is a reasonable assurance that such amounts will be available to pay principal or interest on the 2017 Series A Taxable Bonds will be funded with respect to the 2017 Series A Taxable Bonds except as follows: (i) the fund is funded at a rate not more rapid than equal annual installments, (ii) such fund is funded in a manner reasonably expected to result in an amount not greater than an amount necessary to repay the 2017 Series A Taxable Bonds, and (iii) the yield on the fund is not greater than the rate determined under 54A(d)(5)(B) of the Code.

(k) Acquisition, Disposition and Valuation of Investments. Except as otherwise provided in the following sentence, the Authority and the County covenant that all investments of amounts deposited in any fund or account created by or pursuant to the Indenture relating to the 2017 Series A Taxable Bonds or otherwise containing proceeds of the 2017 Series A Taxable Bonds shall be acquired, disposed of, and valued (as of the date that valuation is required by this Indenture or the Code) at Fair Market Value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code and (unless valuation is undertaken at least annually) and investments in a reserve fund shall be valued at their present value (within the meaning of section 148 of the Code).

(l) Prohibition on Financial Conflicts of Interest. The Authority and the County hereby covenant and agree to comply with all State and local law requirements governing conflicts of interest as such requirements may relate, directly or indirectly, to the 2017 Series A Taxable Bonds. The Authority and the County hereby covenant and agree to comply with any conflict of interest rules prescribed by the Internal Revenue Service or the United States Department of Treasury governing the appropriate Member of Congress, Federal, State, and local officials, and their spouses as such rules may apply to the 2017 Series A Taxable Bonds.

(m) Davis-Bacon Act Requirements. The Authority and the County hereby covenant and agree to comply with the wage rate requirements of Title 40, Subtitle II, Part A, Chapter 31, Subchapter IV of the United States Code as such requirements relate to the proceeds of the 2017 Series A Taxable Bonds.

(n) Filing of Forms To Receive Refundable Credit Payments. The County will, not more than 90 days nor less than 45 days prior to each Interest Payment Date with respect to the 2017 Series A Taxable Bonds, file or cause to be filed Form 8038-CP or any successor form designated by the federal government, requesting payment of the Refundable Credit Payments with respect to the next interest payment with respect to the 2017 Series A Taxable Bonds. [The Refundable Credit Payments shall be deposited in the Revenue Fund upon receipt thereof].

(o) Maintenance of Qualification for Lease Refundable Credit Payments. The Authority and the County shall take all actions necessary to assure that the 2017 Series A Taxable Bonds remain New Clean Renewable Energy Bonds under Section 54C(a) of the Code and specified tax credit bonds eligible for the Refundable Credit Payments under Section 6431 of the Code. Notwithstanding any provisions of this Section, if the County shall provide to the Authority and the Trustee an opinion of Bond Counsel to the effect that any specified action required under this Section is no longer required or that some further or different action is required in order for the 2017 Series A Taxable Bonds to be treated as specified tax credit bonds under Section 6431(f)(3) of the Code and New Clean Renewable Energy Bonds under Section 54C of the Code, the Authority and the Trustee may conclusively rely on such opinion in complying with the requirements of this Section, and the covenants hereunder shall be deemed to be modified to that extent

(p) Authorization to Authority. The County hereby authorizes the Authority to issue the 2017 Series A Taxable Bonds as new clean renewable energy bonds on behalf of the County.

Section 15.05. Effective Date of First Supplement. This First Supplement shall take effect upon its execution and delivery.

Section 15.06. Execution in Counterparts. This First Supplement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this First Supplement by their officers thereunto duly authorized as of the day and year first written above.

SANTA CRUZ COUNTY CAPITAL FINANCING AUTHORITY

By:__________________________________

____

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as trustee

By:__________________________________
Authorized Officer

EXHIBIT A

FORM OF 2017 SERIES A TAXABLE BOND

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
SANTA CRUZ COUNTY

SANTA CRUZ COUNTY CAPITAL FINANCING AUTHORITY
TAXABLE LEASE REVENUE BOND, 2017 SERIES A
(DIRECT PAY SUBSIDY NEW CLEAN RENEWABLE ENERGY BONDS)

INTEREST RATE:	**MATURITY DATE:**	**ORIGINAL ISSUE DATE:**	**CUSIP**
%	June 1, ____	December __, 2017	

REGISTERED OWNER: CEDE CO.

PRINCIPAL AMOUNT: ____________________________________ THOUSAND DOLLARS

The SANTA CRUZ COUNTY CAPITAL FINANCING AUTHORITY, a joint exercise of powers authority 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 2017 Series A Taxable Bond unless (i) this 2017 Series A Taxable Bond is authenticated on or before an Interest Payment Date and after the close of business on the fifteenth day of the month preceding such interest payment date, in which event it shall bear interest from such Interest Payment Date, or (ii) this 2017 Series A Taxable Bond is authenticated on or before May 15, 2018, in which event it shall bear interest from the Original Issue Date specified above; provided, however, that if at the time of authentication of this 2017 Series A Taxable Bond, interest is in default on this 2017 Series A Taxable Bond, this 2017 Series A Taxable Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on this 2017 Series A Taxable Bond, at the Interest Rate specified above, payable semiannually on June 1 and December 1 in each year, commencing June 1, 2018 (collectively, the "Interest Payment Dates"), calculated on the basis of twelve 30-day months. Principal hereof and premium, if any, upon early redemption hereof are payable upon presentation and surrender hereof at the corporate trust office (the "Office") of The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee") or such other place as designated by the Trustee. Interest hereon is payable by check on the Interest Payment Date of the Trustee mailed on the applicable Interest Payment Date (a "Record Date") 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 fifteenth day of the month preceding each Interest Payment Date (a "Record Date"), or, upon written request filed with the Trustee at least five days prior to such Record Date by a Registered Owner of at least $1,000,000 in aggregate principal amount of 2017 Series A Taxable Bonds (hereinafter defined), by wire transfer in immediately available funds to an account in the United States designated by such Registered Owner in such written request.

This 2017 Series A Taxable Bond is not a debt of the County of Santa Cruz (the "County"), Santa Cruz County, the State of California, or any of its political subdivisions and neither the County, said County, said State, nor any of its political subdivisions, is liable hereon nor in any event shall this 2017 Series A Taxable Bond be payable out of any funds or properties of the Authority other than the Revenues (as defined in the Indenture hereinafter defined.)

This 2017 Series A Taxable Bond is one of a duly authorized issue of 2017 Series A Taxable Bonds of the Authority designated as the "Santa Cruz County Capital Financing Authority Taxable Lease Revenue Bonds, 2017 Series A (Direct Pay Subsidy New Clean Renewable Energy Bonds) (the "2017 Series A Taxable Bonds"), in an aggregate principal amount of [Eight Million Six Hundred Seventy Seven Thousand Six Hundred Forty Five] Dollars $[8,600,000]), all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions) and all issued pursuant to the provisions of Article 4 (commencing with section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "Law"), an Indenture of Trust, dated as of June 1, 2015, by and between the Authority and the Trustee, as supplemented by a First Supplemental Indenture of Trust dated as of December 1, 2017, by and between the Authority and the Trustee (collectively, the "Indenture"), and a resolution of the Authority adopted on November 7, 2017, authorizing the issuance of the 2017 Series A Taxable 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 2017 Series A Taxable Bonds are issued, the provisions with regard to the nature and extent of the Revenues, and the rights thereunder of the owners of the 2017 Series A Taxable Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Authority thereunder, to all of the provisions of which the Registered Owner of this 2017 Series A Taxable Bond, by acceptance hereof, assents and agrees.

The 2017 Series A Taxable Bonds are being issued to (a) finance Renewable Energy Projects (as such term is defined in the Indenture) and (b) pay costs of issuance.

This 2017 Series A Taxable Bond and the interest hereon and all other Additional 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 charge and lien on the Revenues as defined in the Indenture, consisting primarily of payments under the Lease Agreement. As and to the extent set forth in the Indenture, all of the Revenues are exclusively and irrevocably pledged in accordance with the terms hereof and the provisions of the Indenture to the payment of the principal of and interest and premium (if any) on the 2017 Series A Taxable Bonds and any Additional Bonds.

The rights and obligations of the Authority and the owners of the 2017 Series A Taxable Bonds may be modified or amended at any time in the manner to the extent and upon the terms provided in the Indenture, but no such modification or amendment shall extend the fixed maturity of any 2017 Series A Taxable Bonds, or reduce the amount of principal thereof or premium (if any) thereon, or extend the time of payment, or change the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the owner of each 2017 Series A Taxable Bond so affected.

The 2017 Series A Taxable Bonds are subject to optional, extraordinary and mandatory redemption prior to their respective stated maturities as provided in the Indenture. Notice of redemption shall be given as provided in the Indenture.

If this 2017 Series A Taxable Bond is called for redemption and payment is duly provided therefor as specified in the Indenture interest shall cease to accrue hereon from and after the date fixed for redemption.

This 2017 Series A Taxable Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Office of the Trustee, or such other place as designated by the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this 2017 Series A Taxable Bond. Upon registration of such transfer, a new 2017 Series A Taxable Bond or 2017 Series A Taxable Bonds, of authorized denomination, or denominations for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor. This 2017 Series A Taxable Bond may be exchanged at the Office of the Trustee, or such other place as designated by the Trustee, for 2017 Series A Taxable Bonds of the same tenor, aggregate principal amount, interest rate and maturity, of other authorized denominations.

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.

Unless this 2017 Series A Taxable Bond is presented by an authorized representative of The Depository Trust Company a New York-corporation ("DTC"), to the Authority or the Trustee for registration of transfer, exchange, or payment, and any 2017 Series A Taxable Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

It is hereby certified that all of the things, conditions and acts requited to exist to have happened or to have been performed precedent to and in the issuance of this 2017 Series A Taxable Bond do exist, have happened or have been performed in due and regular time, form and manner as required by the Bond Law and the laws of the State of California and that the amount of this 2017 Series A Taxable Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Bond Law or any laws of the State of California, and is not in excess of the amount of 2017 Series A Taxable Bonds permitted to be issued under the Indenture.

This 2017 Series A Taxable 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 manually signed by the Trustee.

IN WITNESS WHEREOF the Santa Cruz County Capital Financing Authority has caused this 2017 Series A Taxable Bond to be executed in its name and on its behalf with the manual signature of its ______________________ and attested to by the manual signature of its Secretary all as of the Original Issue Date specified above.

SANTA CRUZ COUNTY CAPITAL
FINANCE AUTHORITY

By:________________________________

____

Attest:

____
Secretary

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

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

THE BANK OF NEW YORK MELLON
TRUST COMPANY N.A.
as Trustee

By:________________________________

DATED: ________________

FORM OF ASSIGNMENT

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

____

____

____

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

the within Bond and do(es) hereby irrevocably constitute and appoint ____________________ ______, attorney, to transfer the same on the registration books of the Bond Registrar, with full power of substitution in the premises.

Dated: ______________

Signature Guaranteed:

______________________________	______________________________
Note: Signature(s) must be guaranteed by a an eligible guarantor institution.	Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.