

MARKED TO SHOW CHANGES.

BOND PURCHASE AND RATE LOCK AGREEMENT

October __, 2014

Plumas Lake Elementary School District
2743 Plumas School Road
Plumas Lake, California 95961

Ladies and Gentlemen:

City National Bank (the "Purchaser") offers to enter into this Bond Purchase and Rate Lock Agreement (this "Purchase Agreement") with the Plumas Lake Elementary School District (the "School District"), which, upon your acceptance of this offer, will be binding upon the Purchaser and the School District. This offer is made subject to the School District's acceptance by its execution of this Purchase Agreement and its delivery to the Purchaser on or before 5:00 P.M. Pacific Time on the date hereof.

Capitalized terms used herein and which are not otherwise defined herein have the meanings given to such terms in the Fiscal Agent Agreement, dated as of December 1, 2014 (the "Fiscal Agent Agreement"), between the School District and U.S. Bank National Association, as fiscal agent (the "Fiscal Agent").

Section 1. Purchase, Sale and Delivery of the Bonds. Subject to the terms and conditions, and in reliance upon the representations, warranties and agreements set forth herein, the Purchaser hereby agrees to purchase from the School District, and the School District hereby agrees to sell to the Purchaser, all (but not less than all) of the \$4,004,331.15 principal amount of the Plumas Lake Elementary School District Community Facilities District No. 1 2014 Special Tax Refunding Bonds (the "Bonds"), dated December 2, 2014, bearing interest at the rate of 3.75% per annum, and maturing on August 1, 2035. The Bonds will be subject to redemption as set forth in the Fiscal Agent Agreement. The purchase price for the Bonds is \$4,004,331.15, being 100% of the principal amount thereof.

Section 2. Use of Funds. The purchase price paid by the Purchaser shall be used by the School District to (a) refund the Prior Bonds, (b) fund a reserve fund for the Bonds, and (c) pay the costs related to the issuance of the Bonds and the refunding of the Prior Bonds

Section 3. Disposition of Proceeds. On the Closing Date, as defined below, the purchase price paid by the Purchaser (\$4,004,331.15) will be remitted by the Purchaser to the Fiscal Agent, to be disposed of by the Fiscal Agent as follows:

(a) The Fiscal Agent shall transfer to the Escrow Bank the amount of \$4,079,265.19 to be deposited in the Escrow Fund and applied, with other moneys, on December 3, 2014, to the redemption of the Prior Bonds.

(b) The Fiscal Agent shall deposit \$120,129.93 in the Reserve Fund.

(c) The Fiscal Agent shall deposit \$116,250.00 in the Costs of Issuance Fund.

Wire information will be provided prior to the Closing Date.

Section 4. Closing. At 8:00 A.M. California Time, on December 2, 2014, or at such other time on such earlier or later date as the Purchaser and the School District mutually agree upon (the "Closing Date"), the School District will deliver (or cause to be delivered) the Bonds executed by the School District, and the Purchaser will pay the purchase price for the Bonds as set forth in Section 1 hereof in federal or other immediately available funds as described in Section 3 hereof.

Section 5. Representations, Warranties and Agreements of the School District. The School District represents, warrants to, covenants and agrees with, the Purchaser that:

(a) The School District is a school district ~~duly established and validly existing as a political subdivision of the State of California, and the School District has, and at the Closing Date will have, full legal right and power (i) to enter into, execute and deliver this Purchase Agreement, the Fiscal Agent Agreement, the Escrow Agreement and the Bonds, and (ii) to carry out, give effect to and consummate the transactions on its part contemplated hereby and thereby.~~

(b) The Resolution ~~has been duly~~was adopted by the Board of Trustees of the School District on October 2, 2014, has not been amended, modified or rescinded since the date of its adoption and remains in full force and effect as of the date hereof; and is in full force and effect; and the Fiscal Agent Agreement, the Escrow Agreement and this Purchase Agreement, when executed and delivered by the School District and the other party or parties thereto, will constitute legal, valid and binding obligations of the School District enforceable against the School District in accordance with their respective terms, except as enforceability thereof may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally. The To the knowledge of the School District, as of the date hereof the School District has complied, ~~and will at the Closing Date be in compliance,~~ in all material respects, with the terms or provisions of the Fiscal Agent Agreement, the Escrow Agreement, the Act, the Refunding Law and this Purchase Agreement required to be complied with on its part.

(c) To the knowledge of the School District, tThe Board of Trustees of the School District has ~~duly and validly~~: (i) made all the necessary findings and determinations required under the Act in connection with the formation of the CFD, the levy of the Special Taxes and the issuance of the Bonds, (ii) approved and authorized the execution and delivery by the School District of the Fiscal Agent Agreement, the Escrow Agreement, the Bonds and this Purchase Agreement, and (iii) authorized and approved the performance by the School District of its obligations contained in, and the taking of any and all action as may be necessary to carry out, give effect to and consummate the transactions on its part contemplated by, each of such documents. To the knowledge of the School District, aAll consents or approvals necessary to be obtained by the School District in connection with the foregoing have been received, and the consents or approvals so received are still in full force and effect.

(d) To the knowledge of the School District, tThe School District is not, in any respect material to the transactions referred to herein or contemplated hereby, in breach of or in default under, any law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the School District is a party or is otherwise subject or bound, and the performance by the School District of its obligations under the Fiscal Agent Agreement, the Bonds, the Escrow Agreement and this Purchase Agreement and any other instruments contemplated by any of such documents, and compliance with the provisions of each thereof, will not conflict with or constitute a breach of or default

under any applicable law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the School District is a party or is otherwise subject or bound, in any manner which would materially and adversely affect the performance by the School District of its obligations under the Fiscal Agent Agreement, the Bonds, the Escrow Agreement or this Purchase Agreement.

(e) To the knowledge of the School District, ~~a~~All approvals, consents, authorizations, elections and orders of, or filings or registrations with, any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect the performance by the School District of its obligations hereunder or under the Fiscal Agent Agreement, the Bonds or the Escrow Agreement have been or will be obtained at the Closing Date and are or will be at the Closing Date in full force and effect.

~~(f) When delivered to the Purchaser, the Bonds will have been duly authorized by the Board of Trustees of the School District and duly executed, issued and delivered by the School District and will constitute legal, valid and binding obligations of the School District enforceable against the School District in accordance with their respective terms, except as enforceability thereof may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally. The Fiscal Agent Agreement creates a valid pledge of, first lien upon and security interest in, the Special Tax Revenues and the amounts in the Bond Fund and the Reserve Fund established pursuant to the Fiscal Agent Agreement, on the terms and conditions set forth in the Fiscal Agent Agreement.~~

~~(g)~~ No action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency or public board or body to which the School District is a party and has been served with a summons or other notice thereof, is pending, or to the knowledge of the School District is threatened, in any way affecting the existence of the CFD, the existence of the School District or the titles of its officers to their respective offices or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Fiscal Agent Agreement and the Escrow Agreement, the collection or application of the Special Taxes pledged or to be pledged to pay the principal of, and interest on, the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Fiscal Agent Agreement, the Bonds, the Escrow Agreement or this Purchase Agreement, any action of the School District contemplated by any of such documents, or in any way contesting the powers of the School District with respect to the Fiscal Agent Agreement, the Bonds, the Escrow Agreement or this Purchase Agreement or any action of the School District contemplated by any of such documents, or which contests the exclusion from gross income for federal income tax purposes of interest paid on the Bonds or the exemption of interest paid on the Bonds from State of California personal income taxation.

~~(g)~~ Any certificate signed by any officer or employee of the School District authorized to do so and delivered to the Purchaser in connection with the transactions contemplated by this Purchase Agreement shall be deemed a representation and warranty by the School District as to the statements made therein.

~~(h)~~ The School District has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon.

(~~j~~) The Board of Trustees of the School District has (~~i~~) ~~duly~~ adopted Resolution No. 2003-11 forming the CFD and an ordinance authorizing the levy of a special tax on the taxable property within the CFD, and (~~ii~~) caused to be recorded in the real property records of the County of Yuba on October 30, 2003, a Notice of Special Tax Lien;

~~(k) The Board of Trustees of the School District has duly and validly: (i) taken or caused to be taken, all proceedings necessary under the Constitution and laws of the State of California in order to form the CFD, to authorize the levy of the Special Taxes on the real property in the CFD pursuant to the Rate and Method of Apportionment of Special Tax approved pursuant to Resolution No. 2003-11, and to cause the Special Tax to be secured by a continuing lien on the real property in the CFD;~~

~~(l) The Fiscal Agent Agreement creates a valid pledge of the Special Taxes and the moneys in Bond Fund, the Reserve Fund and the Special Tax Fund established pursuant to the Fiscal Agent Agreement, subject in all cases to the provisions of the Fiscal Agent Agreement permitting the application thereof for the purposes and on the terms and conditions set forth therein;~~

~~(m) The Special Taxes may lawfully be levied on real property in the CFD, and, when levied, the Special Taxes so levied will be secured by a lien on the property on which they are levied.~~

~~(n) The School District agrees to pay, from the proceeds of the Bonds, any fees due from the Purchaser or otherwise to the California Debt and Investment Advisory Commission in connection with the issuance of the Bonds.~~

(~~e~~) The School District has had no financial advisory relationship with the Purchaser.

(~~p~~~~k~~) Inasmuch as this purchase and sale represents a negotiated transaction, the School District understands, and hereby confirms, that the Purchaser is not acting as a fiduciary of the School District, but rather is acting solely in its capacity as Purchaser, for its own account.

Section 6. Conditions Precedent to the Closing. Other conditions precedent to the Closing are:

(a) The delivery by the School District of a certified copy of the Resolution, together with a certificate of the Secretary to the Board of Trustees of the School District, dated as of the Closing Date, to the effect that attached thereto is a true, correct and complete copy of the Resolution, which has not been amended, supplemented or repealed and is in full force and effect;

(b) The delivery ~~by the School District~~ of the Fiscal Agent Agreement ~~duly~~ executed and delivered by the School District and the Fiscal Agent and the Escrow Agreement duly executed by the School District and the Escrow Bank;

(c) The delivery ~~by the School District~~ of an opinion, dated the Closing Date and addressed to the School District, of Bond Counsel, to the effect that the Bonds are the valid, legal and binding obligations of the School District and that the interest thereon is excluded from gross income for federal income tax purposes and exempt from personal income taxes of the State of California, together with a letter of Bond Counsel, dated the Closing Date and addressed to the Purchaser, to the effect that such opinion addressed to the School District may be relied upon by the Purchaser to the same extent as if such opinion was addressed to the Purchaser;

(d) The delivery ~~by the School District~~ of a supplemental opinion, dated the Closing Date and addressed to the Purchaser, of Bond Counsel to the effect that (i) this Purchase Agreement and the Escrow Agreement have been duly authorized, executed and delivered by the School District and, assuming due authorization, execution and delivery by the Purchaser and the Escrow Bank, respectively, constitute legal, valid and binding agreements of the School District, each enforceable against the School District in accordance with their respective terms, except to the extent that enforceability may be limited by moratorium, bankruptcy, reorganization insolvency or other similar laws affecting creditors' rights generally or by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases; and (ii) the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Fiscal Agent Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended;

(e) The delivery by the School District of a certificate of the School District, dated the Closing Date and signed by the Superintendent of the School District, or another Authorized Officer, to the effect that (i) the representations and warranties of the School District contained herein are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; and (ii) the School District has complied with all the agreements and satisfied all the conditions on its part to be satisfied under this Purchase Agreement, the Fiscal Agent Agreement and the Escrow Agreement at or prior to the Closing Date;

(f) The delivery ~~by the School District~~ of an opinion, dated the Closing Date and addressed to the Purchaser, of ~~General Counsel to the~~ Lozano Smith, LLP, as School District Counsel, to the effect that:

(i) the School District is a school district and political subdivision, duly organized and existing under and by virtue of the Constitution and laws of the State;

(ii) the Resolution approving and authorizing the execution and delivery of the Bonds, the Fiscal Agent Agreement and the Escrow Agreement was duly adopted at a special meeting of the Board of Trustees of the School District which was called and held on October 2, 2014, pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the Resolution of Issuance is in full force and effect and has not been modified, amended or rescinded;

(iii) there is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, governmental agency or body, pending notice of which has been served on and received by the School District or, to the best of knowledge of such counsel, threatened against the School District, challenging the creation, organization or existence of the School District or the CFD, or the validity of the Bonds, the Fiscal Agent Agreement or the Escrow Agreement or contesting the authority of the School District to enter into or perform its obligations under any of such documents, or which, in any manner, questions the right of the School District to issue the Bonds, or to levy and collect the Special Taxes as contemplated by the Fiscal Agent Agreement; and

(iv) to the best of such counsel's knowledge, the authorization, execution and delivery of the Bonds, the Fiscal Agent Agreement and the Escrow Agreement by the School District, the compliance with the provisions thereof by the School District, and the performance by the School District of its obligations thereunder, will not conflict with, or constitute a breach or default under, in any

material respect, any law, administrative regulation, court decree, resolution, ordinance or other agreement to which the School District is subject or by which the School District is bound;

(g) The delivery ~~by the School District~~ of a certificate of U.S. Bank National Association to the effect that (i) it is authorized to carry out corporate trust powers, and has full power and to perform its duties under the Fiscal Agent Agreement; (ii) it is duly authorized to execute and deliver the Fiscal Agent Agreement, to accept the obligations created by the Fiscal Agent Agreement, and to authenticate the Bonds pursuant to the terms of the Fiscal Agent Agreement; (iii) no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over it that has not been obtained is or will be required for the authentication of the Bonds, of the consummation by it of the other transactions contemplated to be performed by it in connection with the authentication of the Bonds and the acceptance and performance of the obligations created by the Fiscal Agent Agreement; and (iv) to the best of its knowledge, compliance with the terms of the Fiscal Agent Agreement will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, fiscal agent agreement, bond, note, resolution or any other agreement or instrument to which it is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over it or any of its activities or properties;

(h) The delivery ~~by the School District~~ of a certificate of Wells Fargo Bank, National Association to the effect that (i) it is authorized to carry out corporate trust powers, and has full power and to perform its duties under the Escrow Agreement; (ii) it is duly authorized to execute and deliver the Escrow Agreement, and to accept the obligations created by the Escrow Agreement; (iii) no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over it that has not been obtained is or will be required for the consummation by it of the transactions contemplated to be performed by it under the Escrow Agreement; and (iv) to the best of its knowledge, compliance with the terms of the Escrow Agreement will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, fiscal agent agreement, bond, note, resolution or any other agreement or instrument to which it is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over it or any of its activities or properties;

(i) The delivery by the School District of a certificate as to arbitrage of the School District in form and substance acceptable to Bond Counsel;

(j) The delivery ~~by the School District~~ of an opinion of counsel to the Fiscal Agent dated the Closing Date and addressed to the School District and the Purchaser to the effect that U.S. Bank National Association has duly authorized the execution and delivery of the Fiscal Agent Agreement and that the Fiscal Agent Agreement is a valid and binding obligation of U.S. Bank National Association enforceable in accordance with its terms;

(k) The delivery ~~by the School District~~ of an opinion of Bond Counsel addressed to the School District and the Purchaser to the effect that, assuming amounts held by the Escrow Bank under the Escrow Agreement are sufficient to pay the full redemption price of the 2005 Bonds on December 3, 2014, upon the execution and delivery of the Escrow Agreement by the parties thereto and the funding of the Refunding Fund thereunder, the 2005 Bonds will have been legally defeased and will no longer be outstanding under the fiscal agent agreement pursuant to which they were issued;

(l) The delivery by the Purchaser of a letter substantially in the form of Exhibit B to the Fiscal Agent Agreement;

(m) The delivery by the School District of evidence of the recordation in the records of Yuba County, California of the Notice of Special Tax Lien required to be recorded for the levy of the Special Taxes on property in the CFD; and

(n) The delivery by the School District of such additional legal opinions, certificates, instruments and other documents as the Purchaser may reasonably request.

Section 7. Events Permitting the Purchaser to Terminate. The Purchaser may terminate its obligation to purchase the Bonds if any of the following occurs before the Closing Date:

(a) any legislative, executive or regulatory action (including the introduction of legislation) or any court decision that, in the reasonable judgment of the Purchaser, casts sufficient doubt on the legality of, or the tax-exempt status of the interest on, obligations such as the Bonds so as to materially impair the marketability or to materially reduce the market price of the Bonds, ~~in the reasonable opinion of the Purchaser;~~

(b) any action by the Securities and Exchange Commission or a court that would require registration of the Fiscal Agent Agreement under the Securities Act of 1933, as amended; or

(c) any event occurs or becomes known to the Purchaser that has a material adverse effect on (i) the financial condition of the School District or ~~on~~ (ii) the ability of the School District to perform under the Fiscal Agent Agreement or the Escrow Agreement.

Section 8. Rate Lock Fee Payments. The School District hereby agrees to reimburse the Purchaser for any reasonable rate lock breakage fees, in an amount not to exceed \$ _____, incurred by the Purchaser as a result of terminating its cost of funding arrangements if the Bonds are not delivered to the Purchaser on the Closing Date other than due to a default by the Purchaser hereunder. The School District acknowledges that it understands that the amount of such rate lock breakage fees will vary depending, in large part, on prevailing interest rates at the time such breakage fees are calculated and under certain market conditions that amount of such rate lock breakage fees owed by the School District could be substantial.

Section 9. Execution in Counterparts. This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 10. Governing Law. This Purchase Agreement shall be governed by and construed in accordance with the laws of the State of California, applicable to contracts made and performed within the State of California.

Section 11. Effective Date. This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the School District and shall be valid and enforceable as of the time of such acceptance.

Very truly yours,

CITY NATIONAL BANK

By: _____

Its: _____

The foregoing is hereby accepted and agreed to as of the date first written above:

PLUMAS LAKE ELEMENTARY SCHOOL
DISTRICT

By: _____

[President,
Board of Trustees / Designated Officer]

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