

**CITY OF LEMOORE, CALIFORNIA
SERIES 2013 WATER REVENUE LOAN
(2013 SOLAR PROJECT)**

PLACEMENT AGENT AGREEMENT

May 7, 2013

City of Lemoore
119 Fox Street
Lemoore, CA 93245

Ladies and Gentlemen:

The undersigned, Southwest Securities, Inc. (the "Placement Agent"), acting on its own behalf and not as a fiduciary or agent of any other party, offers to enter into the following agreement (this "Agreement") with respect to the above-entitled loan (the "Loan") with the City of Lemoore, California (the "City"), which, upon acceptance by the City, will be binding upon the City and the Placement Agent. Capitalized terms that are used in this offer and not otherwise defined herein shall have the respective meanings ascribed to them in a Loan Agreement, dated as of May 1, 2013, by and between Pinnacle Public Finance, Inc. (the "Lender"), and the City (the "Loan Agreement") Loan Agreement.

Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth herein, the Placement Agent and City hereby agree as follows:

1. Appointment of Placement Agent; Placement of the Bonds.

(i) The City hereby appoints the Placement Agent to act, and the Placement Agent hereby agrees to act, as the exclusive placement agent for the City in connection with the private sale of its City of Lemoore, California, Series 2013 Water Revenue Loan (2013 Solar Project), and the Placement Agent hereby accepts such appointment.

The Loan shall be issued in the principal amount and shall bear interest at the rate set forth as provided in the Loan Agreement. As compensation for its services hereunder, the Placement Agent shall charge a fee equal to \$15,000. At the closing of any such sale, the City shall pay or cause to be paid such fee to the Placement Agent by wire transfer or immediately available funds. The above fee does not include any services the Placement Agent may render in the future to the City with respect to any offering or placement of municipal securities other than the Loan.

(ii) The City understands that the Placement Agent will be acting as the agent of the City in the bank placement of the Loan and agrees that, in connection therewith, the Placement Agent will use its “best efforts” to place the Loan, and the City hereby retains the Placement Agent as the exclusive agent of the City to offer and place, on an all or none basis. This Agreement shall not give rise to any expressed or implied commitment by the Placement Agent to purchase or place any of the Loan.

(iii) The Placement Agent has the right to use or to disclose any information, including, but not limited to, the legal documents prepared in connection with the issuance of the Loan: (i) which is, at the time of disclosure, generally known or available to the public (other than as a result of a breach of this Agreement); (ii) which becomes, at a later date, generally known or available to the public through no fault of the Placement Agent and then only after said later date; (iii) which is disclosed to the Placement Agent in good faith by a third party who, to Placement Agent’s knowledge, has an independent right to such information and is under no known obligation not to disclose it to the Placement Agent; (iv) which is possessed by the Placement Agent, as evidenced by such Placement Agent’s written or other tangible evidence; (v) to the extent expressly required by any governmental, judicial, supervisory or regulatory authorities pursuant to federal or state law, subpoena or similar legislative, administrative or judicial process; or (vi) the use of which is consented to by the express prior written consent of an authorized representative of the City.

(iv) The Loan Agreement shall contain provisions limiting transfers of the Loan to (i) “qualified institutional buyers” within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended (the “Securities Act”) and (ii) “accredited investors” as described in Section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act (collectively, the “Approved Buyers”). The Placement Agent shall, on a “best efforts” basis, make offers and placements of the Loan solely to persons whom it reasonably believes to be Approved Buyers (each such purchaser herein referred to as a “Purchaser”) and shall deliver to the Agency (i) a completed and duly executed Investor Letter substantially in the form satisfactory to the City, and (ii) a subscription agreement, bond purchase agreement or commitment letter (each such subscription agreement, bond purchase agreement or commitment letter herein referred to as a “Bond Purchase Agreement”) from Purchasers to purchase Loan in form and substance satisfactory to the City. The Placement Agent hereby acknowledges that the Loan shall initially be sold to no more than 35 Approved Buyers. There is no assurance that the Loan will be sold, and the Placement Agent is under no obligation to purchase the Loan on its own behalf or on behalf of others.

(v) The City shall (i) allow each Purchaser an opportunity to conduct its own independent examination of, and ask questions and receive answers concerning, the Loan, the Loan Agreement, the Loan, and the security therefor, and the transactions and documents related to or contemplated by the foregoing, and (ii) furnish each Purchaser with all documents and information regarding the City, the Loan Agreement, the Loan, and the security therefor, and the transactions and documents related to or contemplated by the foregoing, and all matters related thereto, that such Purchaser requests.

(vi) The City acknowledges and agrees that (i) arranging for Approved Buyers to purchase the Loan pursuant to this Agreement is an arm's-length commercial transaction between the City and the Placement Agent, (ii) in connection with such transaction, the Placement Agent is acting solely as a principal and not as an agent or a fiduciary of the City, (iii) the Placement Agent has not assumed (individually or collectively) a fiduciary responsibility in favor of the City with respect to (x) the placement of the Loan or the process leading thereto (whether or not the Placement Agent has advised or is currently advising the Loan on other matters), or (y) any other obligation to the Loan except the obligations expressly set forth in this Agreement, and (iv) the City has consulted with its own legal and other professional advisors to the extent it deemed appropriate in connection with the placement of the Loan. The City agrees that it will not claim that the Placement Agent has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the City in connection with such transaction or the process leading thereto. The Placement Agent is not acting as a municipal advisor as defined in Section 15B of the Securities Exchange Act of 1934, as amended, in connection with the matters contemplated by this Agreement.

(vii) The City tentatively expects that the Loan will be placed with Pinnacle Public Finance, Inc..

2. Covenants, Representations and Warranties of the Agency. The City represents, warrants and agrees as follows:

(i) the City is, and will be at the Closing Date, a duly organized, validly existing and operating charter city pursuant to the laws of the State of California (the "State") with full power and authority to observe and perform the covenants and agreements set forth in this Agreement;

(ii) by official action of the City, prior to or concurrently with the acceptance hereof, the City (a) has duly adopted a resolution authorizing and approving the execution and delivery of this Agreement, and the performance of its obligations contained herein, and (b) such resolution is in full force and effect and has not been amended or supplemented as of the date hereof;

(iii) any certificate signed by an authorized officer of the City and delivered to the Placement Agent shall be deemed a representation and warranty by the City in connection with this Agreement to the Placement Agent as to the statements made therein for the purposes for which such statements are made; and

(iv) The City agrees promptly from time to time to take such action as the Placement Agent may reasonably request to qualify, if such qualification is necessary, the Loan for offering and sale as a private placement under the securities laws of such States as the Placement Agent may reasonably request, and the City further agrees to comply with such laws so as to permit such offers and sales. Any applicable filings will be prepared by the City's counsel, whose fees and disbursements in connection therewith shall be for the account of the City.

3. Reliance. The City recognizes that, in providing services under this Agreement, the Placement Agent will rely upon and assume the accuracy and completeness of the financial, accounting, tax and other information discussed with or reviewed by the Placement Agent for such purpose, and the Placement Agent does not assume responsibility for the accuracy and completeness thereof. The Placement Agent will have no obligation to conduct any independent evaluation or appraisal of the assets or the liabilities of the City or any other party or to advise or opine on related solvency issues. Nothing in this Agreement is intended to confer upon any other person (including creditors, employees or other constituencies of the City) any rights or remedies hereunder or by reason hereof.

4. Termination. The Placement Agent's authorization to carry out its duties hereunder may be terminated by the City or the Placement Agent at any time with or without cause, effective upon receipt of written notice to that effect by the other party.

5. Notices. Any notice or other communication to be given to any of the parties to this Agreement may be given by delivering the same in writing as follows: to the City at the address set forth above; and to the Placement Agent at Southwest Securities, Inc., 2533 South Coast Hwy 101, Suite 250, Cardiff by the Sea, CA 92007, Attention: Mr. Todd Smith.

6. Survival of Representations, Warranties and Agreements. This Agreement is made solely for the benefit of the City and the Placement Agent, and no other person shall acquire or have any right hereunder or by virtue hereof. All of the representations, warranties and agreements of the City contained in this Agreement shall remain operative and in full force and effect regardless of delivery of any payment for the Loan.

7. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

8. Effectiveness. This Agreement shall become effective upon the execution of the acceptance hereof by a duly authorized signatory of the City, which acceptance hereof shall be indicated on the signature page hereof, and shall be valid and enforceable as of the time of such acceptance. This Agreement may be executed by facsimile transmission and in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

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

10. No Prior Agreements. This Agreement supersedes and replaces all prior negotiations, agreements and understandings between the parties hereto in relation to the sale of the Loan.

Very truly yours,

SOUTHWEST SECURITIES, INC.

By:

Authorized Representative

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

CITY OF LEMOORE, CALIFORNIA

By: _____

Title: _____