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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2011

Commission File Number: 001-33480

CLEAN ENERGY FUELS CORP.
(Exact name of registrant as specified in its charter)

Delaware	**33-0968580**
(State or other jurisdiction of incorporation)	(IRS Employer Identification No.)

3020 Old Ranch Parkway, Suite 400, Seal Beach CA 90740
(Address of principal executive offices, including zip code)

(562) 493-2804
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. x

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232,405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer x
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Act). Yes o No x

As of May 4, 2011, there were 70,303,645 shares of the registrant's common stock, par value $0.0001 per share, issued and outstanding.

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CLEAN ENERGY FUELS CORP. AND SUBSIDIARIES

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PART I.—FINANCIAL INFORMATION

Item 1.—Financial Statements (Unaudited)

Clean Energy Fuels Corp. and Subsidiaries

Condensed Consolidated Balance Sheets

December 31, 2010 and March 31, 2011 (Unaudited)

(In thousands, except share data)

	December 31, 2010	March 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	$ 55,194	$ 51,949
Restricted cash	2,500	4,893
Accounts receivable, net of allowance for doubtful accounts of $702 and $783 as of December 31, 2010 and March 31, 2011, respectively	45,645	32,318
Other receivables	27,280	16,194
Inventory, net	20,483	26,994
Prepaid expenses and other current assets	10,959	11,970
Total current assets	162,061	144,318
Land, property and equipment, net	211,643	217,384
Notes receivable and other long-term assets	15,059	40,048
Investments in other entities	10,748	14,161
Goodwill	71,814	71,814
Intangible assets, net	112,174	109,438
Total assets	$ 583,499	$ 597,163
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt and capital lease obligations	$ 22,712	$ 23,166
Accounts payable	28,635	20,614
Accrued liabilities	28,137	29,012
Deferred revenue	17,507	12,466
Total current liabilities	96,991	85,258
Long-term debt and capital lease obligations, less current portion	41,704	64,492
Other long-term liabilities	28,588	28,979
Total liabilities	167,283	178,729
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Preferred stock, $0.0001 par value. Authorized 1,000,000 shares; issued and outstanding no shares	—	—
Common stock, $0.0001 par value. Authorized 149,000,000 shares; issued and outstanding 69,610,098 shares and 70,269,071 shares at December 31, 2010 and March 31, 2011, respectively	7	7
Additional paid-in capital	569,202	580,473
Accumulated deficit	(151,926)	(161,678)
Accumulated other comprehensive loss	(3,996)	(3,991)
Total Clean Energy Fuels Corp. stockholders' equity	413,287	414,811
Noncontrolling interest in subsidiary	2,929	3,623
Total stockholders' equity	416,216	418,434
Total liabilities and stockholders' equity	$ 583,499	$ 597,163

See accompanying notes to condensed consolidated financial statements.

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Clean Energy Fuels Corp. and Subsidiaries

Condensed Consolidated Statements of Operations

For the Three Months Ended March 31, 2010 and 2011

(Unaudited)

(In thousands, except share and per share data)

	Three Months Ended March 31,	
	2010	2011
Revenue:		
Product revenues	$ 34,273	$ 58,532
Service revenues	4,716	6,809
Total revenues	38,989	65,341
Operating expenses:		
Cost of sales:		
Product cost of sales	25,496	43,850
Service cost of sales	2,063	3,154
Derivative (gains) losses:		
Series I warrant valuation	18,605	3,300
Selling, general and administrative	13,649	18,030
Depreciation and amortization	4,991	7,210
Total operating expenses	64,804	75,544
Operating income (loss)	(25,815)	(10,203)
Interest income (expense), net	109	(820)
Other income	43	601
Income from equity method investments	77	211
Loss before income taxes	(25,586)	(10,211)
Income tax (expense) benefit	1,203	735
Net loss	(24,383)	(9,476)
Income (loss) of noncontrolling interest	16	(277)
Net loss attributable to Clean Energy Fuels Corp.	$ (24,367)	$ (9,753)
Loss per share attributable to Clean Energy Fuels Corp.:		
Basic and diluted	$ (0.41)	$ (0.14)
Weighted-average common shares outstanding:		
Basic and diluted	60,156,352	70,096,000

See accompanying notes to condensed consolidated financial statements.

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Clean Energy Fuels Corp.

Condensed Consolidated Statements of Cash Flows

For the Three Months Ended March 31, 2010 and 2011

(Unaudited)

(In thousands)

	Three Months Ended March 31,	
	2010	2011
Cash flows from operating activities:		
Net loss	$ (24,383)	$ (9,476)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	4,991	7,210
Asset impairments	—	45
Provision for doubtful accounts and notes receivables	75	79
Gain on disposal of assets	(43)	—
Derivative loss	18,605	3,300
Stock-based compensation expense	3,040	3,377
Accretion of notes payable	—	720
Loss (gain) on contingent consideration for acquisitions	300	(696)
Changes in operating assets and liabilities, net of assets and liabilities acquired:		
Accounts and other receivables	(2,678)	24,388
Inventory	(1,205)	(6,511)
Margin deposits on futures contracts	(2,560)	1,760
Prepaid expenses and other assets	1,051	(1,379)
Accounts payable	(1,392)	(8,021)
Accrued expenses and other	3,232	(4,899)
Net cash provided by (used in) operating activities	(967)	9,897
Cash flows from investing activities:		
Purchases of property and equipment	(8,798)	(10,816)
Proceeds from sale of property and equipment	73	—
Restricted cash related to DCEMB bond offering	—	(27,061)
Investments in other entities	(77)	(2,700)
Net cash used in investing activities	(8,802)	(40,577)

Cash flows from financing activities:		
Proceeds from issuance of common stock and exercise of stock options	9,240	394
Proceeds from capital lease obligations and debt instruments	—	41,548
Proceeds from revolving line of credit	—	10,240
Proceeds from minority interest DCE equity contribution	—	417
Payments for debt issuance costs	—	(1,767)
Repayment of borrowing under revolving line of credit	—	(7,340)
Repayment of capital lease obligations and debt instruments	(243)	(15,199)
Net cash provided by financing activities	8,997	28,293
Effect of exchange rates on cash and cash equivalents	—	(858)
Net decrease in cash	(772)	(3,245)
Cash, beginning of period	67,087	55,194
Cash, end of period	$ 66,315	$ 51,949
Supplemental disclosure of cash flow information:		
Income taxes paid	$ 157	$ 597
Interest paid, net of approximately $98 and $118 capitalized, respectively	94	131

See accompanying notes to condensed consolidated financial statements.

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Clean Energy Fuels Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

(Unaudited)

(In thousands, except share data)

Note 1—General

Nature of Business: Clean Energy Fuels Corp., together with its majority and wholly owned subsidiaries (hereinafter collectively referred to as the "Company") is engaged in the business of selling natural gas fueling solutions to its customers, primarily in the United States. Beginning September 7, 2010 with its acquisition of I.M.W. Industries, Ltd. ("IMW"), the Company began selling certain equipment and services internationally. The Company has a broad customer base in a variety of markets, including public transit, refuse, airports and regional trucking. The Company operates, maintains or supplies approximately 238 natural gas fueling locations in Arizona, California, Colorado, Florida, Georgia, Idaho, Illinois, Maryland, Massachusetts, Nevada, New Jersey, New Mexico, New York, Ohio, Oklahoma, Rhode Island, Texas, Virginia, Washington and Wyoming within the United States, and in British Columbia and Ontario within Canada. The Company also generates revenue through operation and maintenance ("O&M") agreements with certain customers, through building and selling or leasing natural gas fueling stations to its customers, and through financing its customers' vehicle purchases. In April 2008, the Company opened its first compressed natural gas ("CNG") station in Lima, Peru through the Company's joint venture, Clean Energy del Peru. In August 2008, the Company acquired 70% of the outstanding membership interests of Dallas Clean Energy, LLC ("DCE"). DCE owns a facility that collects, processes and sells renewable biomethane collected from a landfill in Dallas, Texas. On October 1, 2009, the Company acquired 100% of BAF Technologies, Inc. ("BAF"), a company that provides natural gas conversions, alternative fuel systems, application engineering, service and warranty support and research and development for natural gas vehicles. On September 7, 2010, the Company acquired 100% of IMW, a company engaged in the manufacturing and servicing of natural gas fueling compressors and related equipment. On December 15, 2010, the Company acquired 100% of Wyoming Northstar Incorporated, Southstar, LLC, and M&S Rental LLC (collectively "Northstar"), a provider of design, engineering, construction and maintenance services for liquefied natural gas ("LNG") and liquefied to compressed ("LCNG") fueling stations.

Basis of Presentation: The accompanying interim unaudited condensed consolidated financial statements include the accounts of the Company and its subsidiaries, and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to state fairly the Company's financial position, results of operations and cash flows for the three months ended March 31, 2010 and 2011. All intercompany accounts and transactions have been eliminated in consolidation. The three month periods ended March 31, 2010 and 2011 are not necessarily indicative of the results to be expected for the year ending December 31, 2011 or for any other interim period or for any future year.

Certain information and disclosures normally included in the notes to consolidated financial statements have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"), but the resultant disclosures contained herein are in accordance with accounting principles generally accepted in the United States of America ("US GAAP") as they apply to interim reporting. The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements as of and for the year ended December 31, 2010 that are included in the Company's Annual Report on Form 10-K filed with the SEC on March 10, 2011.

Use of Estimates: The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates. Current economic conditions may require the use of additional estimates and these estimates may be subject to a greater degree of uncertainty as a result of the uncertain economy.

Note 2—Acquisitions

Operating and Maintenance Contracts

In May and June 2009, the Company acquired four compressed natural gas operations and maintenance services contracts for $5,645 in cash. The Company recorded $537 to tangible assets and $5,108 of intangible assets related to customer relationships, which are being amortized over their expected lives of eight years. The results of operations of the

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acquired contracts are included in the Company's consolidated financial statements from their acquisition dates forward, which are May 2009 for two of the contracts and June 2009 for the remaining two contracts. In addition, as part of the acquisition, the Company became the custodian of certain customer-owned inventories that it is required to replenish when the contracts expire. The customer-owned inventory was valued by the Company as an asset at $986 with a corresponding balance of $986 recorded as a liability on the acquisition dates of the contracts. During the fourth quarter of 2010, the Company recorded a charge of $1,531 related to the impairment of an intangible asset originally recorded with this acquisition.

Vehicle Conversion

On October 1, 2009, the Company purchased all the outstanding shares of BAF, under a stock purchase agreement. The Company paid an aggregate of $8,467 to acquire BAF. Pursuant to the terms of the agreement, the purchase price was reduced by the amount of BAF's outstanding debt, which was repaid in full at closing. Due to the fact that approximately $3,790 of BAF's outstanding debt, including interest, was held by a subsidiary of the Company, the Company paid a net amount of approximately $4,717 in cash to acquire BAF at the closing. The former BAF shareholders are also eligible to receive additional consideration based on BAF achieving certain gross profit targets in 2010 and 2011. The additional consideration is determined as a percentage of gross profit based on a sliding scale that increases at certain gross profit levels, subject to achieving a minimum gross profit target and capped by a maximum additional payment amount. For 2010, the Company accrued approximately $2,080 in additional consideration payable to the former BAF shareholders as a result of BAF's performance during the year. For 2011, the former shareholders of BAF will receive between one and twenty-one percent of the gross profit of BAF as additional consideration if BAF achieves $8,500 or more in gross profit, up to a maximum of $11,000 in additional consideration (which maximum amount would be payable if BAF achieved approximately $52,400 in gross profit in 2011).

The Company accounted for this acquisition in accordance with Financial Accounting Standards Board ("FASB") authoritative guidance for business combinations, which requires the Company to recognize the assets acquired and the liabilities assumed at the acquisition date at their fair values as of that date of acquisition. The following table summarizes the allocation of the aggregate purchase price to the fair value of the assets acquired and liabilities assumed:

Current assets	$	4,820
Property, plant and equipment		158
Identifiable intangible assets		10,660
Goodwill		774
Total assets acquired		16,412
Current liabilities assumed		(4,845)
Total purchase price	$	11,567

The Company allocated approximately $10,660 of the purchase price to the identifiable intangible assets related to customer relationships, engine certifications and trademarks that were acquired with the acquisition. The fair value of the identifiable intangible assets will be amortized on a straight-line basis over their estimated useful lives of 1.5 to 8 years. In addition, the Company allocated $774 to goodwill as part of the acquisition and recorded a contingent liability of $3,100 related to the possible consideration owed to BAF shareholders if BAF achieves certain gross profit targets in 2010 and 2011. Under the accounting guidance the Company must follow for this acquisition, the Company is required to adjust the value of the contingent consideration for this acquisition in the statement of operations as the value of the obligation changes each reporting period. The Company recorded a gain of $0.1 million during the quarter ended March 31, 2011, compared to a loss of $0.3 million during the quarter ended March 31, 2010. These amounts are recorded in selling, general and administrative expenses in the accompanying condensed consolidated statements of operations. At March 31, 2011, the fair value of the contingent consideration was approximately $3,000.

The results of BAF's operations have been included in the Company's consolidated financial statements since October 1, 2009.

Natural Gas Fueling Compressors

On September 7, 2010, the Company, acting through certain of its subsidiaries, completed its purchase of the advanced natural gas fueling compressor and related equipment manufacturing and servicing business of IMW. IMW manufactures and services advanced, non-lubricated natural gas fueling compressors and related equipment for the global natural gas fueling market. IMW is headquartered near Vancouver, British Columbia, has a second manufacturing facility near Shanghai, China and has other sales and service offices in Bangladesh, Colombia and the United States.

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In connection with the closing of the Company's acquisition of IMW, a subsidiary of the Company (the "Acquisition Subsidiary") paid an upfront cash payment of approximately $15,034 and issued 4,017,408 shares of the Company's common stock at closing to IMW's shareholder. The issued shares were registered and available for immediate resale by the IMW shareholder. An additional $288 was paid by the Acquisition Subsidiary when the Chinese regulatory authorities subsequently approved the transfer of IMW Compressors (Shanghai) Co. Ltd. to the Acquisition Subsidiary. The Acquisition Subsidiary also issued the following promissory notes to the IMW shareholder (collectively, the "IMW Notes"): (i) a promissory note with a principal amount of $12,500 that was paid on January 31, 2011, (ii) a promissory note with a principal amount of $12,500 that is due and payable on January 31, 2012, (iii) a promissory note with a principal amount of $12,500 that is due and payable on January 31, 2013, and (iv) a promissory note with a principal amount of $12,500 that is due and payable on January 31, 2014. Each payment under the IMW Notes will consist of $5,000 in cash and $7,500 in cash and/or shares of the Company's common stock (the exact combination of cash and/or stock to be determined at the Company's option). In addition, pursuant to a security agreement executed at closing, the IMW Notes are secured by a subordinate security interest in IMW. On January 31, 2011, the Company paid $5,000 in cash and issued 601,926 shares to the IMW shareholder to settle the IMW Note due on that date.

IMW's former shareholder may also receive additional contingent consideration based on future gross profits earned by IMW over the next four years. The additional contingent consideration is subject to achieving minimum gross profit targets and will be determined based on a sliding scale that

increases at certain gross profit levels. During the four-year period during which these earn-out payments may be made, the former shareholder of IMW will receive between zero and 23% of the gross profit of IMW as additional consideration, up to a maximum of $40,000 in the aggregate (which maximum would be payable if IMW achieves approximately $174,000 in gross profit over the four-year period during which these earn-out payments may be made).

The Company accounted for this acquisition in accordance with FASB authoritative guidance for business combinations, which requires the Company to recognize the assets acquired and the liabilities assumed, measured at their fair values, as of the date of acquisition. The following table summarizes the allocation of the aggregate purchase price to the fair value of the assets acquired and liabilities assumed:

Current assets	$	27,149
Property, plant and equipment		2,559
Identifiable intangible assets		81,400
Goodwill		45,049
Total assets acquired		156,157
Liabilities assumed		(25,986)
Total purchase price	$	130,171

Management allocated approximately $81,400 of the purchase price to the identifiable intangible assets related to technology, customer relationships, non-compete agreements, and trademarks that were acquired with the acquisition. The fair value of the identifiable intangible assets will be amortized on a straight-line basis over their estimated useful lives ranging from three to twenty years. In addition, management allocated $45,049 to goodwill as part of the acquisition and recorded a contingent liability of $9,300 related to the additional contingent consideration described above. Under FASB authoritative guidance, the Company is required to adjust the value of the contingent consideration for this acquisition in the statement of operations as the value of the obligation changes each reporting period. The Company recorded a gain of approximately $617 during the quarter ended March 31, 2011. This amount is recorded in selling, general and administrative expenses in the accompanying condensed consolidated statement of operations. At March 31, 2011, the fair value of the contingent consideration was $7,483.

As of May 9, 2011, the purchase price allocation is preliminary and could change materially in subsequent periods. Any subsequent changes to the purchase price allocation that result in material changes to the Company's consolidated financial results will be adjusted retroactively. The final purchase price allocation is pending the consideration of income tax related matters.

The results of operations of IMW have been included in the Company's consolidated financial statements since September 7, 2010.

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Liquefied Natural Gas Station Construction

On December 15, 2010, the Company acquired Northstar, a leading provider of design, engineering, construction and maintenance services for LNG and LCNG fueling stations. The purchase price primarily consisted of a closing cash payment in the amount of $7,414. The remaining consideration consists of five annual payments in the amount of $700 each commencing on the first anniversary of the closing date, and up to $4,000 in retention bonuses to certain key employees to be paid in four annual installments commencing on the first anniversary of the closing date.

The Company accounted for this acquisition in accordance with FASB authoritative guidance for business combinations, which requires the Company to recognize the assets acquired and the liabilities assumed, measured at their fair values, as of the date of acquisition. The following table summarizes the estimated fair values of the assets acquired and liabilities assumed as of December 15, 2010:

Current assets	$	4,434
Property, plant and equipment		941
Identifiable intangible assets		3,350
Goodwill		5,228
Total assets acquired		13,953
Liabilities assumed		(3,648)
Total purchase price	$	10,305

Management allocated $3,350 of the purchase price to the identifiable intangible assets, $2,250 of which is related to non-compete agreements, customer relationships, and backlog. The fair value of these identifiable intangibles will be amortized on a straight-line basis over their estimated useful lives ranging from one to ten years. The Company also allocated $1,100 of the purchase price to trademarks, which management believes has an indefinite useful life. In addition, management allocated $5,228 to goodwill as part of the acquisition.

As of May 9, 2011, the purchase price allocation is preliminary and could change materially in subsequent periods. Any subsequent changes to the purchase price allocation that result in material changes to the Company's consolidated financial results will be adjusted retroactively. The final purchase price allocation is pending the consideration of income tax related matters.

The results of Northstar's operations have been included in the Company's consolidated financial statements since December 15, 2010.

Note 3—Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less on the date of acquisition to be cash equivalents.

Note 4—Derivative Transactions

The Company marks to market its open futures positions at the end of each period and records the net unrealized gain or loss during the period in derivative (gains) losses in the condensed consolidated statements of operations or in accumulated other comprehensive income in the condensed consolidated balance sheets in accordance with FASB authoritative guidance. The Company recorded unrealized (gains) losses of $3,865 and $(708), in other

comprehensive income (loss) for the three month periods ended March 31, 2010 and 2011, respectively, related to its futures contracts. Of the $3,363 liability for the Company's future contracts at March 31, 2011, $2,851 is included in accrued liabilities for the short-term amount, and $512 is included in other long-term liabilities for the long-term amount in the Company's consolidated balance sheet as of March 31, 2011. Of the $3,706 liability for the Company's futures contracts at March 31, 2010, $1,913 is included in accrued liabilities for the short-term amount, and $1,793 is included in other long-term liabilities for the long-term amount in the Company's condensed consolidated balance sheet as of March 31, 2010. The Company's ineffectiveness related to its futures contracts during the three month periods ended March 31, 2010 and 2011 were insignificant. For the three months ended March 31, 2010 and 2011, the Company recognized a gain of approximately $213 and a loss of approximately $751, respectively, in cost of sales in the accompanying condensed consolidated statement of operations related to its futures contracts that were settled during the respective periods.

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The following table presents the notional amounts and weighted-average fixed prices per gasoline gallon equivalent of the Company's natural gas futures contracts as of March 31, 2011:

	Gallons	Weighted Average Price Per Gasoline Gallon Equivalent
April to December, 2011	8,800,000	$ 0.82
2012	5,160,000	$ 0.81
January to May, 2013	300,000	$ 0.81

Note 5—Other Receivables

Other receivables at December 31, 2010 and March 31, 2011 consisted of the following:

	December 31, 2010	March 31, 2011
Loans to customers to finance vehicle purchases	$ 1,013	$ 990
Capital lease receivables	273	266
Accrued customer billings	1,976	5,306
Advances to vehicle manufacturers	3,603	3,444
Fuel tax and carbon credits	17,577	3,709
Other	2,838	2,479
	$ 27,280	$ 16,194

Note 6—Inventories

Inventories are stated at the lower of cost or market on a first-in, first-out basis. Management's estimate of market includes a provision for slow-moving or obsolete inventory based upon inventory on hand and forecasted demand.

Inventories consisted of the following as of December 31, 2010 and March 31, 2011:

	December 31, 2010	March 31, 2011
Raw materials and spare parts	$ 17,634	$ 24,079
Work in process	1,196	1,055
Finished goods	1,653	1,860
Total	$ 20,483	$ 26,994

Note 7—Land, Property and Equipment

Land, property and equipment at December 31, 2010 and March 31, 2011 are summarized as follows:

	December 31, 2010	March 31, 2011
Land	$ 1,198	$ 1,198
LNG liquefaction plants	92,856	92,924
Station equipment	91,492	98,278
LNG trailers	12,020	12,020
Other equipment	24,478	26,940
Construction in progress	53,386	54,125
	275,430	285,485
Less: accumulated depreciation	(63,787)	(68,101)
	$ 211,643	$ 217,384

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Note 8—Investments in Other Entities

Through March 31, 2011, the Company has invested approximately $12,003 in The Vehicle Production Group LLC ("VPG"), a company that is developing a natural gas vehicle made in the United States for taxi and paratransit use. The Company accounts for its investment in VPG under the cost method of accounting as the Company does not have the ability to exercise significant influence over VPG's operations.

On February 25, 2011 (the "Closing Date"), the Company paid $1,200 for a 19.9% interest in ServoTech Engineering, Inc. ("ServoTech"), a company that provides design and engineering services for natural gas fueling systems among other services. The Company also has an option to purchase the remaining 81.1% of ServoTech for $2,800 over the 15 month period following the Closing Date. The Company accounts for its interest using the equity method of accounting as the Company has the ability to exercise significant influence over ServoTech's operations.

Note 9—Accrued Liabilities

Accrued liabilities at December 31, 2010 and March 31, 2011 consisted of the following:

	December 31, 2010	March 31, 2011
Salaries and wages	$ 2,218	$ 1,844
Accrued gas and equipment purchases	6,995	9,968
Derivative liability	3,060	2,851
Accrued refund of tax credits	880	309
Contingent consideration obligations	3,493	3,299
Accrued property and other taxes	3,999	2,039
Accrued professional fees	670	620
Accrued employee benefits	1,659	1,497
Accrued warranty liability	2,338	2,483
Other	2,825	4,102
	$ 28,137	$ 29,012

Note 10—Warranty Liability

The Company records warranty liabilities at the time of sale for the estimated costs that may be incurred under its standard warranty. Changes in the warranty liability are presented in the following tables:

	March 31, 2010	March 31, 2011
Warranty liability at beginning of year	$ 1,136	$ 2,338
Assumed liability through acquisitions	—	—
Costs accrued for new warranty contracts and changes in estimates for pre-existing warranties	253	405
Service obligations honored	(58)	(260)
Warranty liability at end of period	$ 1,331	$ 2,483

Note 11—Long-term Debt

In conjunction with the Company's acquisition of its 70% interest in Dallas Clean Energy, LLC ("DCE"), on August 15, 2008, the Company entered into a credit agreement ("Credit Agreement") with PlainsCapital Bank ("PCB"). The Company borrowed $18,000 (the "Facility A Loan") to finance the acquisition of its membership interests in DCE. The Company also obtained a $12,000 line of credit from PCB to finance capital improvements of the DCE processing facility and to pay certain costs and expenses related to the acquisition and the PCB loans (the "Facility B Loan").

On October 7, 2009, the Facility A Loan was repaid in full and converted into a $20,000 line of credit (the "A Line of Credit") pursuant to an amendment to the Credit Agreement. On August 13, 2010, the Credit Agreement was amended to extend the maturity date of the A Line of Credit to August 14, 2011 and add an unused facility fee. The amendment also provides for a 1-year option to extend the maturity date to August 14, 2012, subject to the Company not being in default on the A Line of Credit. The unused facility fees are to be paid quarterly, in an amount equal to one-tenth of one percent (0.10%) of the unused portion. As of March 31, 2011, the Company did not have any amounts outstanding under the A Line of Credit.

The principal amount of the Facility B Loan became due and payable in annual payments commencing on August 1, 2009, and continuing each anniversary date thereafter, with each such payment being in an amount equal to the lesser of twenty percent of the aggregate principal amount of the Facility B Loan then outstanding or $2,800. Pursuant to an amendment to the Facility B loan between the Company and PCB dated November 1, 2010, PCB agreed to forgo the scheduled payment due from the Company on August 1, 2010 in the amount of $2,059 until January 31, 2011, which payment was made on such date. On March 31, 2011, the Company paid in full the remaining principal and interest that was due under the Facility B Loan.

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Interest accrues daily on the amounts outstanding under the Credit Agreement at the greater of the prime rate of interest for the United States plus 0.50% per annum, or 5.50% per annum. The Company paid a facility fee of $300 in August 2008 in connection with the Credit Agreement. As of March 31, 2011, the unamortized balance of the facility fee was $86. Amortization of the facility fee is recorded as additional interest expense in the condensed consolidated statements of operations.

The Credit Agreement requires the Company to comply with certain covenants. The Company may not incur indebtedness or liens except as permitted by the Credit Agreement, or declare or pay dividends. The Company must maintain, on a quarterly basis, minimum liquidity of not less than $6,000, accounts receivable balances, as defined, of not less than $8,000, consolidated net worth, as defined, of not less than $150,000, and a debt to equity ratio, as defined, of not more than 0.3 to 1.0. Beginning in the quarter ended June 30, 2009, the Company must also maintain a minimum debt service ratio, as defined, of 1.5 to 1.0 at each quarter end. In computing these amounts, the Company excludes the financial results and amounts of IMW. Effective in the fourth quarter of 2008, the Company established a lock-box arrangement with PCB subject to the Credit Agreement. Funds from the Company's customers are remitted to the lock-box and then deposited to a PCB bank account. The remitted funds are not used to pay-down the balance of the Credit Agreement.

However, if the Company defaults on the Credit Agreement, all of the obligations under the Credit Agreement will become immediately due and payable and all funds received in the Company's lock-box held by PCB will be applied to the balance due on the A Line of Credit. One of the events of default is the occurrence of a "material adverse change," which is a subjective acceleration clause. Based on the authoritative guidance for balance sheet classification of borrowings outstanding under revolving credit agreements that include both a subjective acceleration clause and a lock-box arrangement, the Company has classified its debt pursuant to the Credit Agreement as short-term or long-term, as appropriate, and believes that the likelihood of an event of default is more than remote, but not more likely than not.

One of the Company's bank covenants is a requirement to maintain accounts receivable balances from certain subsidiaries above $8,000 at each quarter end during the term. Because the Company's revenues are dependent on the price of natural gas and the volume of natural gas the Company delivers, to the extent natural gas prices fall or the Company's volumes decline, the Company could violate this covenant in the future. Beginning with the quarter ended June 30, 2009, the Company is required to maintain a debt service ratio, as defined, of not less than 1.5 to 1.0. To the extent the Company's operating results do not materialize as planned, the Company could violate this covenant in the future. As of March 31, 2011, the Company was in compliance with its covenants. The Credit Agreement is secured by the Company's interest in DCE, certain of the Company's accounts receivable and inventory balances and 45 of the Company's LNG tanker trailers. The net book value of the collateral securing the PCB loans was approximately $45,932 at March 31, 2011. The Company maintains $2,500 in a payment reserve account at PCB. PCB may, in the event of a default, withdraw funds from the account to apply to the principal and interest payments due on the A Line of Credit. Such amount is included as restricted cash in the Company's condensed consolidated balance sheet at March 31, 2011.

In conjunction with the DCE acquisition mentioned above, the Company also entered into a Loan Agreement with DCE (the "DCE Loan") to provide secured financing of up to $14,000 to DCE for future capital expenditures or other uses as agreed to by the Company, in its sole discretion. On March 31, 2011, the entire amount of unpaid principal and interest due under the DCE Loan was paid to the Company. The interest income related to the DCE Loan was eliminated in the accompanying condensed consolidated statements of operations.

On March 25, 2011, the Company's 70% owned subsidiary, Dallas Clean Energy McCommas Bluff, LLC, a Delaware limited liability company ("DCEMB"), arranged for a $40,200 tax-exempt bond issuance (the "Revenue Bonds"). The Revenue Bonds will be repaid from the revenue generated by DCEMB from the sale of renewable natural gas (or biomethane). The Revenue Bonds are secured by the revenue and assets of DCEMB and are non-recourse to DCEMB's direct and indirect parent companies, including the Company. The bond repayments are amortized through December 2024 and the average coupon interest rate on the bonds is 6.60%. The bond issuance closed March 31, 2011.

The bond proceeds will primarily be used to finance further improvements and expansion of the landfill gas processing facility owned by DCEMB at the McCommas Bluff landfill outside of Dallas, Texas. A portion of the proceeds were used to retire the DCE Loan. The Company, in turn, used the proceeds from the payoff of the DCE Loan to repay approximately $8,000 owed by the Company to PCB under the Facility B Loan on March 31, 2011.

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Pursuant to the Loan Agreement, dated as of January 1, 2011 (the "Loan Agreement"), between the Company's 70% owned subsidiary DCEMB and the Mission Economic Development Corporation (the "Issuer"), DCEMB has covenanted with the Issuer to make loan repayments equal to the principal and interest coming due on the Revenue Bonds. Pursuant to the Trust Indenture, dated as of January 1, 2011 (the "Indenture"), the Issuer has pledged and assigned to the Trustee all of the Issuer's right, title and interest in and to the Loan Agreement (with certain specified exceptions) and the Note described below. DCEMB executed a promissory note, dated March 31, 2011 (the "Note"), as evidence of its obligations under the Loan Agreement.

The obligations of DCEMB under the Loan Agreement are secured by a Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, dated as of January 1, 2011 (the "Deed of Trust"), executed by DCEMB in favor of the deed of trust trustee named therein for the benefit of the Trustee. In addition, DCEMB executed a Security Agreement (the "Security Agreement"), as security for its obligations, pursuant to which DCEMB granted to the Trustee a security interest in all right, title and interest of DCEMB to the Collateral (as defined in the Security Agreement), which includes, but is not limited to, DCEMB's rights, title and interest in any gas sale agreements, including the gas sale agreement with Shell Energy North America (US), L.P. (the "Shell Gas Sale Agreement"), and the funds and accounts held under the Indenture.

Pursuant to a Consent and Agreement, by and between Shell Energy, The Bank of New York Mellon Trust Company, N.A., as Depository Bank, DCEMB and the Trustee (the "Depository Bank"), dated as of January 1, 2011 (the "Consent Agreement"), Shell Energy agreed to make all payments due to DCEMB under the Shell Gas Sale Agreement to the Depository Bank. In addition, other revenues generated through the sale of gas produced at the facility will be paid directly to the Depository Bank pursuant to a Depository and Control Agreement, dated as of January 1, 2011 (the "Depository Agreement"), among DCEMB, the Trustee and the Depository Bank.

All payments received by the Depository Bank will be placed into various accounts in accordance with the requirements of the Indenture and the Depository Agreement. The funds in these accounts will be used to service required debt payments, finance further improvements and expansion of the landfill gas processing facility owned by DCEMB, finance the operations and maintenance of DCEMB, finance certain expenses associated with setting up and maintaining the accounts, and other uses as prescribed in the Depository Agreement. The Depository Bank will make payments out of these accounts in accordance with the requirements of the Depository Agreement. At the end of each month after all required account fundings have been fulfilled in accordance with the Depository Agreement, all remaining excess funds will be placed into a Surplus Account. The funds in the Surplus Account will be delivered to DCEMB so long as (i) DCEMB's Debt Service Coverage Ratio (as defined) for the most recent four calendar quarters then ended equals or exceeds 1.25:1, (ii) DCEMB's Debt Service Coverage Ratio (as defined) is reasonably projected to equal or exceed 1.25:1 for the next four calendar quarters, (iii) no events of default have occurred as defined by the Indenture and the Loan Agreement, and (iv) after giving effect to the transfer, DCEMB's Minimum Days Cash on Hand (as defined) shall be, or shall at any time be projected to be, more than the lesser of thirty-five Days Cash on Hand (as defined) or $1.3 million. Due to these restrictions on this cash, the Company has classified all of this cash as restricted cash on the balance sheet. The Company records the restricted cash that is expected to be received and used within the next 12 months from the Depository Bank for working capital and operating purposes as current in its balance sheet, and presents the remaining balance as non-current in the line item notes receivable and other long term assets. At March 31, 2011, $24,668 was included in long term assets in the accompanying condensed consolidated balance sheet.

The Indenture and the Loan Agreement have certain non-financial debt covenants with which DCEMB must comply. As of March 31, 2011, DCEMB was in compliance with all its debt covenants.

Pursuant to a collateral assignment and Consent and Agreement with Atmos Pipeline - Texas ("Atmos"), DCEMB has collaterally assigned to the Trustee, subject to certain reserved rights and the consent of Atmos, the transportation agreements of the Company with Atmos.

In connection with the closing of the Company's acquisition of IMW, the Company issued the IMW Notes (see note 2).

Also in connection with the closing of the Company's acquisition of IMW, the Company entered into an Assumption Agreement (the "Assumption Agreement") with HSBC Bank Canada ("HSBC"), which was amended on March 29, 2011, pursuant to which the Company assumed the obligations and liabilities of IMW under the following arrangements, as amended, with HSBC (collectively, the "IMW Lines of Credit"):

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(i) An operating line of credit with a limit of $10,000 in Canadian dollars ("CAD") bearing interest at prime plus 1.25%, to assist in financing the day-to-day working capital needs of IMW.

(ii) A bank guarantee line with a limit of CAD$3,000, which allows IMW to provide guarantees and/or standby letters of credit to overseas suppliers or bid/performance deposits on contracts.

(iii) A forward exchange contract line with a limit of CAD$13,750. The forward exchange contract line allows IMW to enter into foreign exchange forward contracts up to the notional limit of CAD$13,750 (no forward exchange contracts were outstanding at March 31, 2011).

(iv) A MasterCard limit with a maximum amount of CAD$150.

(v) An operating line with a limit of 5,000 Renminbi ("RMB") (CAD$743) bearing interest at the 6 month People's Bank of China rate plus 2.5% and a sub-limit bank guarantee line of 5,000 RMB. The aggregate of the balances in the sub-limit lines cannot exceed 5,000 RMB.

(vi) A 16,750 Bengali Taka (CAD$239) operating line of credit bearing interest at 14%.

(vii) A 170,000 Columbian Peso (CAD$88) operating line of credit bearing interest at the Colombia benchmark rate plus 7 to 9%.

The IMW Lines of Credit are secured by a general security agreement providing a first priority security interest in all present and after acquired personal property of IMW, including specific charges on all serial numbered goods, inventory and other assets and assignment of risk insurance (the "Security"). The IMW Lines of Credit contain no fixed repayment terms or mandatory principal payments and are due on demand. Based on the relevant accounting guidance, we have classified this debt pursuant to the credit agreement as short-term given that it is due on demand.

The Assumption Agreement with HSBC also includes certain financial covenants. Among these financial covenants are that IMW shall not permit: 1) its ratio of debt to tangible net worth to be greater than 3.25 to 1.0 until December 31, 2010 and greater than 4.0 to 1.0 on or after January 1, 2011 and greater than 3.0 to 1.0 on or after July 1, 2011, 2) its tangible net worth to at anytime be below CAD$3,000 and 3) its ratio of current assets to current liabilities to be less than 1.15 to 1.0 until December 31, 2010 and less than 1.25 to 1.0 on or after January 1, 2011. IMW was in compliance with the financial covenants as of March 31, 2011.

In addition, the Company and IMW agreed that should the making of any scheduled payment by IMW to the seller of IMW under the IMW Notes result in IMW being in breach of the Assumption Agreement, the IMW Lines of Credit or the Security, the Company shall furnish IMW with the funds needed to remain in compliance with the Assumption Agreement, the IMW Lines of Credit and the Security. Further, the Company and IMW agreed that should IMW make any future earn-out payments to the seller of IMW in connection with the acquisition of IMW, and should the making of such earn-out payments result in IMW being in breach of the Assumption Agreement, the IMW Lines of Credit or the Security, then the Company shall furnish IMW with the funds needed to make such earn-out payments and remain in compliance with the Assumption Agreement, the IMW Lines of Credit and the Security.

In connection with the closing of the Company's acquisition of Northstar, the Company agreed to make future payments consisting of five annual payments in the amount of $700 each with the first payment due December 15, 2011. The carrying amount of these notes at March 31, 2011 was $2,946. The difference between the carrying amount and the face amount will be accreted to interest expense over the remaining term of the notes.

Long-term debt at December 31, 2010 and March 31, 2011 consisted of the following:

	December 31, 2010	March 31, 2011
Facility B loan	$ 9,909	$ —
IMW future payment notes	44,568	33,366
Northstar future payments	2,900	2,946
DCE notes	435	585
DCEMB notes	—	40,200
IMW assumed debt	4,626	7,669
Capital lease obligations	1,978	2,892
Total debt and capital lease obligations	64,416	87,659
Less amounts due within one year and short-term borrowings	(22,712)	(23,166)
Total long-term debt and capital lease obligations	$ 41,704	$ 64,492

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Note 12—Earnings Per Share

Basic earnings per share is based upon the weighted-average number of shares outstanding during each period. Diluted earnings per share reflects the impact of assumed exercise of dilutive stock options and warrants. The information required to compute basic and diluted earnings per share is as follows:

	Three Months Ended March 31,	
	2010	2011
Basic and diluted:		
Weighted-average number of common shares outstanding	60,156,352	70,096,000

Certain securities were excluded from the diluted earnings per share calculations for the three months ended March 31, 2010 and 2011, respectively, as the inclusion of the securities would be anti-dilutive to the calculation. The amounts outstanding as of March 31, 2010 and 2011 for these instruments are as follows:

	March 31,	
	2010	2011
Options	9,446,610	10,705,519
Warrants	18,314,394	17,130,682

Note 13—Comprehensive Loss

The following table presents the Company's comprehensive loss for the three months ended March 31, 2010 and 2011:

	Three Months Ended March 31,	
	2010	2011
Net loss attributable to Clean Energy Fuels Corp.	$ (24,367)	$ (9,753)
Derivative unrealized gains (losses)	(3,865)	708
Foreign currency translation adjustments	69	(702)
Comprehensive loss	$ (28,163)	$ (9,747)

Note 14—Stock-Based Compensation

The following table summarizes the compensation expense and related income tax benefit related to the stock-based compensation expense recognized during the periods:

	Three Months Ended March 31,	
	2010	2011
Stock options:		
Stock-based compensation expense	$ 3,040	$ 3,377
Income tax benefit	—	—
Stock-based compensation expense, net of tax	$ 3,040	$ 3,377

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Stock Options

The following table summarizes the Company's stock option activity during the three months ended March 31, 2011:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding, December 31, 2010	10,433,551	$ 10.09		
Options granted	571,000	13.97		
Options exercised	(57,047)	6.90		
Options forfeited	(241,985)	16.24		
Outstanding, March 31, 2011	10,705,519	$ 10.17	7.6	$ 66,441
Exercisable, March 31, 2011	7,045,206	$ 9.04	6.1	$ 51,700

As of March 31, 2011, there was $26,223 of total unrecognized compensation cost related to unvested shares. That cost is expected to be recognized over a weighted-average period of 1.56 years. The total fair value of shares vested during the three months ended March 31, 2011 was $1,799.

All of the Company's unvested options issued prior to October 2005 vested in October 2005 when the Company experienced a change in control in accordance with the 2002 Plan. The Company plans to issue new shares to its employees upon the employees' exercise of their options. The intrinsic value of all options exercised during the three months ended March 31, 2010 and 2011 was $11,676 and $541, respectively.

The fair value of each option is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions used for grants in 2011:

	Three Months Ended March 31, 2011
Dividend yield	0.00%
Expected volatility	72.15% to 72.43%
Risk-free interest rate	2.47% to 2.71%
Expected life in years	6.0

The weighted-average grant date fair values of options granted during the three months ended March 31, 2010 and 2011, were $11.91, and $9.11, respectively. The volatility amounts used during the period were estimated based on a certain peer group of the Company's historical volatility for a period commensurate with the expected life of the options granted, the Company's historical volatility, and the Company's implied future volatility. The expected lives used during the periods were based on the weighted-average of the historical exercise behavior of prior options granted and the estimated future exercise date of the options outstanding. The risk free rates used during the year were based on the U.S. Treasury yield curve at the time of grant. The Company recorded $3,040 and $3,377 of stock option expense during the three months ended March 31, 2010 and 2011, respectively. The Company has not recorded any tax benefit related to its stock option expense.

Note 15—Environmental Matters, Litigation, Claims, Commitments and Contingencies

The Company is subject to federal, state, local, and foreign environmental laws and regulations. The Company does not anticipate any expenditures to comply with such laws and regulations that would have a material impact on the Company's consolidated financial position, results of operations, or liquidity. The Company believes that its operations comply, in all material respects, with applicable federal, state, local and foreign environmental laws and regulations.

The Company may become party to various legal actions that arise in the ordinary course of its business. During the course of its operations, the Company is also subject to audit by tax authorities for varying periods in various federal, state, local, and foreign tax jurisdictions. Disputes may arise during the course of such audits as to facts and matters of law. It is impossible at this time to determine the ultimate liabilities that the Company may incur resulting from any lawsuits, claims and proceedings, audits, commitments, contingencies and related matters or the timing of these liabilities, if any. If these matters were to be ultimately resolved unfavorably, an outcome not currently anticipated, it is possible that such outcome could have a material adverse effect upon the Company's consolidated financial position or results of operations. However, the Company believes that the ultimate resolution of such actions will not have a material adverse affect on the Company's consolidated financial position, results of operations, or liquidity.

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Note 16—Income Taxes

The Company is required to recognize the impact of a tax position in its financial statements if the position is more likely than not of being sustained by the taxing authority upon examination, based on the technical merits of the position. The Company accrues interest based on the difference between a tax position recognized in the financial statements and the amount claimed on its returns at statutory interest rates. The net interest incurred was immaterial for the three months ended March 31, 2010 and 2011. Further, the Company accrues penalties if the tax position does not meet the minimum statutory threshold to avoid penalties. No penalties have been accrued by the Company. The Company's unrecognized tax benefits as of March 31, 2011 are unchanged from December 31, 2010.

The Company is subject to taxation in the United States and various states and foreign jurisdictions. The Company's tax years for 2006 through 2010 are subject to examination by various tax authorities. The Company is no longer subject to U.S. examination for years before 2007 or state examinations for years before 2006. On July 15, 2010, the Internal Revenue Service ("IRS") sent the Company a letter disallowing approximately $5,073 related to certain claims the Company made from October 1, 2006 to June 30, 2008 under the Volumetric Excise Tax Credit program. The Company believes its claims were properly made and has appealed the IRS's request for payment.

The Company's tax benefit for the period ended March 31, 2010 includes a refund of approximately $1,300 of alternative minimum taxes previously paid attributable to the Company's election of the extended net operating loss five-year carryback provision under the Worker, Homeownership, and Business Assistance Act of 2009.

Note 17—Fair Value Measurements

The Company follows the FASB authoritative guidance for fair value measurements with respect to assets and liabilities that are measured at fair value on a recurring basis and nonrecurring basis. Under the standard, fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. The standard also establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs market participants would use in valuing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the factors market participants would use in valuing the asset or liability developed based upon the best information available in the circumstances. The hierarchy is broken down into three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs (other than quoted prices) that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

During the three months ended March 31, 2011, the Company's financial instruments consisted of natural gas futures contracts, debt instruments, contingent consideration related to its acquisitions, and its Series I warrants. The Company uses quoted forward price curves, discounted to reflect the time value of money, to value its natural gas futures contracts. The Company uses projected financial results for the respective entities, discounted to reflect the time value of money, to value its contingent consideration obligations. The fair market value of the Company's debt instruments approximated their carrying values at March 31, 2010 and 2011. The Company uses either a Monte Carlo simulation model or the Black-Scholes model, depending on the current terms, to value the Series I warrants. The Company considers a variety of market data with observable inputs when estimating the expected volatility used in the model. For example, the Company considers the historical volatilities of its competitors, the call option value of convertible bonds of certain peer group entities and the implied volatilities of its exchange traded stock options. The Company also uses the implied volatilities of its short-term (i.e. 3 to 9 month) traded options and extrapolates the data over the remaining term of the Series I warrants, which was approximately 5.08 years as of March 31, 2011. Given that the extrapolation beyond the term of the short term exchange traded options is not based on observable market inputs for a significant portion of the remaining term of the warrants, the Series I warrants have been classified as a Level 3 fair value determination in the table below.

The following tables provide information by level for assets and liabilities that are measured at fair value on a recurring basis:

Description	Balance at March 31, 2011	Quoted Prices In Active Markets for Identical Items (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Liabilities:				
Natural gas futures contracts	$ 3,363	$ —	$ 3,363	$ —
Contingent consideration obligations	10,483	—	—	10,483
Series I warrants	17,448	—	—	17,448

The following tables provide a reconciliation of the beginning and ending balances of items measured at fair value on a recurring basis in the table above that used significant unobservable inputs (Level 3).

Liabilities: Contingent Consideration	March 31, 2010	March 31, 2011
Beginning Balance	$ 3,100	$ 11,200
Business combinations	—	—
Total (gain) loss included in earnings	300	(717)
Payments	—	—
Transfers In/Out	—	—
Ending Balance	$ 3,400	$ 10,483

Liabilities: Series I Warrants	March 31, 2010	March 31, 2011
Beginning Balance	$ 29,741	$ 14,148
Total loss included in earnings	18,605	3,300
Issuance of warrants	—	—
Exercise of warrants	—	—
Transfers In/Out	—	—
Ending Balance	$ 48,346	$ 17,448

Note 18—Recently Adopted Accounting Changes and Recently Issued Accounting Standards

On January 1, 2011, the Company adopted changes issued by the FASB to disclosure requirements for fair value measurements. Specifically, the changes require a reporting entity to disclose, in the reconciliation of fair value measurements using significant unobservable inputs (Level 3), separate information about purchases, sales, issuances, and settlements (that is, on a gross basis rather than as one net number). In addition, the changes require a reporting entity to separately disclose the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and describe the reasons for the transfers. These changes were applied to the disclosures in note 17 to the Company's condensed consolidated financial statements contained elsewhere herein.

On January 1, 2011, the Company adopted changes issued by the FASB to the testing of goodwill for impairment. These changes require an entity to perform all steps in the test for a reporting unit whose carrying value is zero or negative if it is more likely than not (more than 50%) that a goodwill impairment exists based on qualitative factors. This will result in the elimination of an entity's ability to assert that such a reporting unit's goodwill is not impaired and additional testing is not necessary despite the existence of qualitative factors that indicate otherwise. Based on the most recent impairment review of the Company's goodwill (2010 fourth quarter), the adoption of this pronouncement did not have any impact on the Company's condensed consolidated financial statements.

On January 1, 2011, the Company adopted changes issued by the FASB to the disclosure of pro forma information for business combinations. These changes clarify that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. Also, the existing requirements for supplemental pro forma disclosures were expanded to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. The adoption of this pronouncement did not have any impact on the Company's condensed consolidated financial statements.

Note 19—Volumetric Excise Tax Credit (VETC)

The Company records its VETC credits as revenue in its condensed consolidated statements of operations as the credits are fully refundable and do not need to offset income tax liabilities to be received. VETC revenues for the three month periods ended March 31, 2010 and 2011, were $0 and $4,217, respectively. The legislation providing for VETC was reinstated in the fourth quarter of 2010, made retroactive to January 1, 2010 and extended to December 31, 2011. During the fourth quarter of 2010, the Company recorded $16,042 of VETC revenue, which included $3,595 related to the three month period ended March 31, 2010.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following Management's Discussion and Analysis of Financial Condition and Results of Operations (this "MD&A") should be read together with the unaudited condensed consolidated financial statements and the related notes included elsewhere in this report. For additional context with which to understand our financial condition and results of operations, refer to the MD&A for the fiscal year ended December 31, 2010 contained in our 2010 Annual Report on Form 10-K filed with the SEC on March 10, 2011, as well as the consolidated financial statements and notes contained therein.

Cautionary Statement Regarding Forward Looking Statements

This MD&A and other sections of this report contain forward looking statements. We make forward-looking statements, as defined by the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, and in some cases, you can identify these statements by forward-looking words such as "if," "shall," "may," "might," "will likely result," "should," "expect," "plan," "anticipate," "believe," "estimate," "project," "intend," "goal," "objective," "predict," "potential" or "continue," or the negative of these terms and other comparable terminology. These forward-looking statements, which are based on various underlying assumptions and expectations and are subject to risks, uncertainties and other unknown factors, may include projections of our future financial performance based on our growth strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events that we believe to be reasonable. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the historical or future results, level of activity, performance or achievements expressed or implied by such forward-looking statements. These factors include, but are not limited to, those discussed under the caption "Risk Factors" in this report and in our 2010 Annual Report on Form 10-K. In preparing this MD&A, we presume that readers have access to and have read the MD&A in our 2010 Annual Report on Form 10-K pursuant to Instruction 2 to paragraph (b) of Item 303 of Regulation S-K. We undertake no duty to update any of these forward-looking statements after the date of filing of this report to conform such forward-looking statements to actual results or revised expectations, except as otherwise required by law.

We provide natural gas solutions for vehicle fleets primarily in the United States. Our primary business activity is selling compressed natural gas ("CNG") and liquefied natural gas ("LNG") vehicle fuel to our customers. We also build, operate and maintain fueling stations, manufacture and service advanced natural gas fueling compressors, and related equipment, process and sell renewable biomethane and provide natural gas vehicle conversions. Our customers include fleet operators in a variety of markets, such as public transit, refuse hauling, airports, taxis and regional trucking. In April 2008, we opened our first CNG station in Lima, Peru, through our joint venture, Clean Energy del Peru. In August 2008, we acquired 70% of the outstanding membership interests of DCE. DCE owns a facility that collects, processes and sells renewable biomethane at the McCommas Bluff landfill in Dallas, Texas. On October 1, 2009, we acquired 100% of BAF Technologies, Inc. ("BAF"), a company that provides natural gas conversions, alternative fuel systems, application engineering, service and warranty support and research and development for natural gas vehicles. On September 7, 2010, we completed the purchase of IMW, a company that manufactures and services advanced, non-lubricated natural gas fueling compressors and related equipment. On December 15, 2010, we acquired Northstar, which provides design, engineering, construction and maintenance services for LNG and liquefied to compressed natural gas ("LCNG") fueling stations.

Overview

This overview discusses matters on which our management primarily focuses in evaluating our financial condition and operating performance.

Sources of revenue. We generate the vast majority of our revenue from selling CNG and LNG and providing operations and maintenance services to our customers. The balance of our revenue is provided by designing and constructing natural gas fueling stations, financing our customers' natural gas vehicle purchases, sales of pipeline quality biomethane produced by DCE, sales of natural gas vehicle conversions through our wholly owned subsidiary BAF, and commencing on September 7, 2010, sales of advanced natural gas fueling compressors and related equipment and maintenance services through IMW. In addition, on December 15, 2010, we began generating revenue from LNG and LCNG fueling station design, engineering, construction and maintenance services through Northstar.

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Key operating data. In evaluating our operating performance, our management focuses primarily on: (1) the amount of CNG and LNG gasoline gallon equivalents delivered (which we define as (i) the volume of gasoline gallon equivalents we sell to our customers, plus (ii) the volume of gasoline gallon equivalents dispensed to our customers at stations where we provide operating and maintenance ("O&M") services, but do not directly sell the CNG or LNG, plus (iii) our proportionate share of the gasoline gallon equivalents sold as CNG by our joint venture in Peru, plus (iv) our proportionate share of the gasoline gallon equivalents of biomethane produced and sold as pipeline quality natural gas by DCE), (2) our gross margin (which we define as revenue minus cost of sales), and (3) net income (loss). The following table, which you should read in conjunction with our condensed consolidated financial statements and notes contained elsewhere in this quarterly report on Form 10-Q and our consolidated financial statements and notes contained in our annual report on Form 10-K for the year ended December 31, 2010, presents our key operating data for the years ended December 31, 2008, 2009, and 2010 and for the three months ended March 31, 2010 and 2011:

Gasoline gallon equivalents delivered (in millions)	Year Ended December 31, 2008	Year Ended December 31, 2009	Year Ended December 31, 2010	Three Months Ended March 31, 2010	Three Months Ended March 31, 2011
CNG	47.6	67.9	81.4	19.2	22.7
Biomethane	2.0	6.4	7.4	1.9	1.5
LNG	23.9	26.7	33.9	7.5	11.3
Total	73.5	101.0	122.7	28.6	35.5
Operating data					
Gross margin	$ 27,099	$ 48,582	$ 69,945	$ 11,430	$ 18,337
Net loss	(44,463)	(33,249)	(2,516)	(24,367)	(9,753)

Key trends in 2008, 2009, 2010 and the first three months of 2011. According to the U.S. Energy Information Administration, demand for natural gas fuels in the United States increased by approximately 26% during the period January 1, 2008 through December 31, 2010. We believe this growth in demand was attributable primarily to the rising prices of gasoline and diesel relative to CNG and LNG during these periods and increasingly stringent environmental regulations affecting vehicle fleets.

The number of fueling stations we served grew from 147 at December 31, 2004 to 238 at March 31, 2011 (a 61.9% increase). Included in this number are all of the CNG and LNG fueling stations we own, maintain or with which we have a fueling supply contract. The amount of CNG and LNG gasoline gallon equivalents we delivered from 2005 to 2010 increased by 116%. The increase in gasoline gallon equivalents delivered was the primary contributor to increased revenues during these periods. Our cost of sales also increased during these periods, which was attributable primarily to increased costs related to delivering more CNG and LNG to our customers.

During the last half of 2009, during 2010, and during the first three months of 2011, we experienced reduced margins related to our fueling business compared to historical margins. The reduction in margins is primarily a result of increased O&M volumes with our transit and refuse customers, that have lower margins, becoming a larger part of our overall fueling business. We believe that our margins on fuel sales will improve in the future to the extent we are successful in increasing our retail CNG and LNG fueling operations as an overall component of our fueling business. Within our overall fueling business, we earn our highest margins in our retail fueling operations.

During the first three months of 2011, prices for oil, gasoline, diesel fuel and natural gas generally increased. Oil increased from a low of $92.19 per barrel in January 2011 to a price of $106.72 per barrel on March 31, 2011. In California, average retail prices for gasoline have increased from a low of $3.36 per gallon in January 2011 to $4.07 per gallon at March 31, 2011, and average retail prices for diesel fuel have increased from a low of $3.51 per diesel gallon in January 2011 to $4.26 per diesel gallon at March 31, 2011. Higher gasoline and diesel prices typically improve our margins on fuel sales to the extent we price fuel at a discount to gasoline or diesel. During this time period, the price for natural gas slightly declined. The NYMEX price for natural gas fluctuated from a high of $4.22 per MMbtu in January 2011 to $3.79 per MMbtu at March 31, 2011. The average retail sales price of our CNG fuel sold in the Los Angeles metropolitan area remained steady at $2.60 for first three months of 2011.

Anticipated future trends. We anticipate that, over the long term, the prices for gasoline and diesel will continue to be higher than the price of natural gas as a vehicle fuel, and more stringent emissions requirements will continue to make natural gas vehicles an attractive alternative to traditional gasoline and diesel powered vehicles. Our belief that natural gas will continue, over the long term, to be a cheaper vehicle fuel than gasoline or diesel is based in part on the growth in U.S. natural gas production and supply. A 2008 Navigant Consulting, Inc. study indicates that as a result of new unconventional

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gas shale discoveries from 22 basins in the U.S., maximum estimates of total recoverable domestic reserves from producers have increased to equal 118 years of U.S. production at 2007 production levels. The study indicated a mean level of reserves equal to 88 years of supply at 2007 production levels. According to the report, shale gas production growth from only the major six shale resources in the U.S., plus the Marcellus shale, could reach 27 billion cubic feet per day and as high as 39 billion cubic feet per day by 2015. Navigant has also indicated that development of the shale resources base has resulted in a substantial surplus of natural gas compared to demand of as much as 11 billion cubic feet per day. These current surplus levels are 18% of annual average historical U.S. consumption levels of approximately 20 Tcf per year; providing sufficient gas supply to meet the requirements of all existing markets and to meet new market requirements. Based on analyst reports, we believe that there is a significant worldwide supply of natural gas relative to crude oil as well. According to the 2010 BP Statistical Review of World Energy, on a global basis, the ratio of proven natural gas reserves to 2009 natural gas production was 37% greater than the ratio of proven crude oil reserves to 2009 crude oil production. This analysis suggests significantly greater long term availability of natural gas than crude oil based on current consumption.

We believe there will be significant growth in the consumption of natural gas as a vehicle fuel among vehicle fleets, and our goal is to capitalize on this trend and enhance our leadership position as this market expands. With our recent acquisitions of IMW and Northstar, we are now a fully integrated provider of advanced compression technology, station-building and fueling. We have built natural gas fueling stations, and plan to build additional natural gas fueling stations, that will provide LNG to fleet vehicles at the Ports of Los Angeles and Long Beach and for other regional corridors throughout the United States. We also anticipate expanding our sales of CNG and LNG in the other markets in which we operate, including regional trucking, refuse hauling, airports and public transits. Consistent with the anticipated growth of our business, we also expect that our operating costs and capital expenditures will increase, primarily from the anticipated expansion of our station network or LNG production capacity, as well as the logistics of delivering more CNG and LNG to our customers. We also anticipate that we will continue to seek to acquire assets and/or businesses that are in the natural gas fueling infrastructure or biomethane production business that may require us to raise additional capital. Additionally, we have and will continue to increase our sales and marketing team and other necessary personnel as we seek to expand our existing markets and enter new markets, which will also result in increased costs.

Continuing high unemployment rates and reduced economic activity may reduce our opportunities to attract new fleet customers. Many governmental entities are experiencing significant budget deficits as a result of the economic recession and have been, and may continue to be, unable to invest in new natural gas vehicles for their transit or refuse fleets or may be compelled to reduce public transportation and services, or the prices they pay for these services, which would negatively affect our business.

Sources of liquidity and anticipated capital expenditures. Liquidity is the ability to meet present and future financial obligations either through operating cash flows, the sale or maturity of existing assets, or by the acquisition of additional funds through capital management. Historically, our principal sources of liquidity have consisted of cash provided by operations and financing activities.

Our business plan calls for approximately $70.7 million in capital expenditures from April 1, 2011 through the end of 2011, primarily related to construction of new fueling stations. This amount excludes the capital expenditures DCEMB will make at its landfill gas processing facility with the proceeds it received on March 31, 2011 when it completed its bond offering. We may also elect to invest additional amounts in expansion of our California LNG plant or for other acquisitions or investments in companies or assets in the natural gas fueling infrastructure, services and production industries, including biomethane production. We will need to raise additional capital as necessary to fund any expansion of our California LNG plant, acquisitions or other capital expenditures or investments that we cannot fund through available cash, our line of credit from PCB, or cash generated by operations. The timing and necessity of any future capital raise will depend on our rate of new station construction, which may be affected by any federal legislation that provides incentives for natural gas vehicle purchases and fuel use, any decision to expand our California LNG plant, and potential merger or acquisition activity. For more information, see “Liquidity and Capital Resources” and “Capital Expenditures” below. We may not be able to raise capital on terms that are favorable to existing stockholders or at all. Any inability to raise capital may impair our ability to invest in new stations, develop natural gas fueling infrastructure and invest in strategic transactions or acquisitions, and reduce our ability to grow our business and generate increased revenues.

Business risks and uncertainties. Our business and prospects are exposed to numerous risks and uncertainties. For more information, see “Risk Factors” in Part II, Item 1A of this report.

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Operations

We generate revenues principally by selling CNG and LNG and providing O&M services to our vehicle fleet customers. For the three months ended March 31, 2011, CNG and biomethane (together) represented 68% and LNG represented 32% of our natural gas sales (on a gasoline gallon equivalent basis). To a lesser extent, we generate revenues by designing and constructing fueling stations and selling or leasing those stations to our customers. We also generate material revenues through sales of biomethane produced by our joint venture subsidiary DCE, sales of natural gas vehicle systems by our wholly owned subsidiary BAF, sales of advanced natural gas fueling compressors and related equipment and maintenance services through IMW, and sales of LNG and LCNG fueling station design, construction and O&M services through Northstar. The significant portion of our operating and maintenance revenues are generated from CNG stations, and substantially all of our station sale and leasing revenues have been generated from CNG stations.

CNG Sales

We sell CNG through fueling stations located on our customers' properties and through our network of public access fueling stations. At these CNG fueling stations, we procure natural gas from local utilities or brokers under standard, floating-rate arrangements and then compress and dispense it into our customers' vehicles. Our CNG sales are made primarily through contracts with our fleet customers. Under these contracts, pricing is determined primarily on an index-plus basis, which is calculated by adding a margin to the local index or utility price for natural gas. CNG sales revenues based on an index-plus methodology increase or decrease as a result of an increase or decrease in the price of natural gas. We also sell a small amount of CNG under fixed-price contracts. We will continue to offer fixed price contracts as appropriate and consistent with our natural gas hedging policy that was revised in May 2008. Our fleet customers typically are billed monthly based on the volume of CNG sold at a station. The remainder of our CNG sales are on a per fill-up basis at prices we set at the pump based on prevailing market conditions. These customers typically pay using a credit card at the station.

LNG Sales

We sell substantially all of our LNG to fleet customers, who typically own and operate their fueling stations. We also sell LNG to customers at our five public LNG stations and for non-vehicle use. During 2011, we procured 43% of our LNG from third-party producers, and we produced the remainder of the LNG at our liquefaction plants in Texas and California. For LNG that we purchase from third parties, we may enter into "take or pay" contracts that require us to purchase minimum volumes of LNG at index-based rates. We deliver LNG via our fleet of 58 tanker trailers to fueling stations, where it is stored and dispensed in liquid form into vehicles. We sell LNG principally through supply contracts that are priced on either a fixed-price or index-plus basis. LNG sales revenues based on an index-plus methodology increase or decrease as a result of an increase or decrease in the price of natural gas. We will continue to offer fixed price contracts as appropriate and consistent with our natural gas hedging policy that was revised in May 2008. Our LNG contracts provide that we charge our customers periodically based on the volume of LNG supplied or sold.

Government Incentives

Since October 1, 2006, we have received a federal fuel tax credit ("VETC") of $0.50 per gasoline gallon equivalent of CNG and $0.50 per liquid gallon of LNG that we sold as vehicle fuel. Based on the service relationship with our customers, either we or our customers were able to claim the credit. We recorded these tax credits as revenues in our consolidated statements of operations as the credits are fully refundable and do not need to offset tax liabilities to be received. As such, the credits are not deemed income tax credits under the accounting guidance applicable to income taxes. In addition, we believe the credits are properly recorded as revenue because we often incorporate the tax credits into our pricing with our customers, thereby lowering the actual price per gallon we charge them. The program providing for the VETC expires on December 31, 2011.

On July 15, 2010, the IRS sent us a letter (i) disallowing approximately $5.1 million related to certain claims we made from October 1, 2006 to June 30, 2008 under the Volumetric Excise Tax Credit program, and (ii) seeking repayment of such amount. We have appealed the IRS's determination, and on April 19, 2011, we participated in an examination appeal meeting with the IRS. We believe our claims were properly made and expect to continue to contest the IRS's determination.

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Operation and Maintenance

We generate a significant portion of our revenue from operation and maintenance agreements for CNG fueling stations where we do not supply the fuel. We refer to this portion of our business as "O&M." At these fueling stations, the customer contracts directly with a local broker or utility to purchase natural gas. For O&M services, we do not sell the fuel itself, but generally charge a per-gallon fee based on the volume of fuel dispensed at the station. We include the volume of fuel dispensed at the stations at which we provide O&M services in our calculation of aggregate gasoline gallon equivalents sold. Through Northstar, we also generate O&M revenues for LNG fueling stations. In these instances, we may or may not also supply LNG to the station.

Station Construction

We generate a small portion of our revenue from designing and constructing fueling stations and selling or leasing the stations to our customers. For these projects, we act as general contractor or supervise qualified third-party contractors. We charge construction fees or lease rates based on the size and complexity of the project.

On December 15, 2010, we completed the purchase of Northstar, an entity that provides design, engineering, construction and maintenance services for LNG and LCNG fueling stations. For the three months ended March 31, 2011, Northstar contributed approximately $3.6 million to our revenue.

Vehicle Acquisition and Finance

In 2006, we commenced offering vehicle finance services for some of our customers' purchases of natural gas vehicles or the conversion of their existing gasoline or diesel powered vehicles to operate on natural gas. We loan to certain qualifying customers a portion of, and on occasion up to 100% of, the purchase price of their natural gas vehicles. We may also lease vehicles in the future. Where appropriate, we apply for and receive state and federal incentives associated with natural gas vehicle purchases and pass these benefits through to our customers. We may also secure vehicles to place with customers or pay deposits with respect to such vehicles prior to receiving a firm order from our customers, which we may be required to purchase directly if our customer fails to purchase the vehicle as anticipated. Through March 31, 2011, we have not generated significant revenue from vehicle finance activities.

Landfill Gas

In August 2008, we acquired 70% of the outstanding membership interests of DCE for a purchase price of $19.6 million including transaction costs. DCE owns a facility that collects, processes and sells biomethane from the McCommas Bluff landfill located in Dallas, Texas. For the three months ended March 31, 2010 and 2011, DCE generated approximately $1.0 million and $2.8 million, respectively, in revenue from sales of biomethane, all of which is included in our condensed consolidated statements of operations.

On April 3, 2009, DCE entered into a fifteen year gas sale agreement with Shell Energy North America (US), L.P. ("Shell") for the sale by DCE to Shell of biomethane produced by DCE's landfill gas processing facility (the "Shell Gas Sale Agreement").

DCE retains the right to reserve from the Shell Gas Sale Agreement up to 500 MMBtus per day of biomethane for sale as a vehicle fuel. To the extent that DCE produces volumes of biomethane in excess of the volumes sold under the agreement, DCE will either attempt to sell such volumes at then-prevailing market prices or seek to enter into another gas sale agreement in the future. There is no guarantee that DCE will produce or be able to sell up to the maximum volumes called for under the agreement, and DCE's ability to produce such volumes of biomethane is dependent on a number of factors beyond DCE's control including, but not limited to, the availability and composition of the landfill gas that is collected, the impact on DCE's operations of the operation of the landfill by the City of Dallas and the reliability of the processing plant's critical equipment. The processing equipment is currently being expanded and upgraded, which may result in significant down time to complete the work, which consequently may reduce DCE's sales of biomethane during the period of expansion and upgrade work. The expansion and upgrade work is anticipated to continue into the first half of 2012.

The sale price for the gas under the Shell Gas Sale Agreement is fixed. The sale price for the gas represents a substantial premium to the current prevailing prices for natural gas at March 31, 2011.

The Shell Gas Sale Agreement is terminable by either party on thirty days' written notice if the California Energy Commission makes a written determination or adopts a ruling or regulation after the date of the agreement that the biomethane sold under the agreement will, from the date of such ruling or regulation, no longer qualify as a California Renewable Portfolio Standard eligible fuel. In addition, Shell has the right to terminate the agreement upon thirty days' written notice if the volumes of biomethane produced and delivered, calculated monthly on a rolling two-year average, are less than an annual average of 630,720 MMBtu per year (or 2,083 MMBtu per day).

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On March 25, 2011, our 70% owned subsidiary, Dallas Clean Energy McCommas Bluff, LLC, a Delaware limited liability company ("DCEMB"), arranged for a $40.2 million tax-exempt bond issuance (the "Revenue Bonds"). The Revenue Bonds will be repaid from the revenue generated by DCEMB from the sale of renewable natural gas (or biomethane). The Revenue Bonds are secured by the revenue and assets of DCEMB and are non-recourse to DCEMB's direct and indirect parent companies, including us. The bond repayments are amortized through December 2024 and the average coupon interest rate on the bonds is 6.60%. The bond issuance closed March 31, 2011.

The bond proceeds will primarily be used to finance further improvements and expansion of the landfill gas processing facility owned by DCEMB at the McCommas Bluff landfill outside of Dallas, Texas. A portion of the proceeds were used to retire the DCE Loan. We, in turn, used the proceeds from the payoff of the DCE Loan to repay approximately $8,000 we owed to PCB under the Facility B Loan on March 31, 2011.

Pursuant to the Loan Agreement, dated as of January 1, 2011 (the "Loan Agreement"), between our 70% owned subsidiary, DCEMB, and the Mission Economic Development Corporation (the "Issuer"), DCEMB has covenanted with the Issuer to make loan repayments equal to the principal and interest coming due on the Revenue Bonds. Pursuant to the Trust Indenture, dated as of January 1, 2011 (the "Indenture"), the Issuer has pledged and assigned to the Trustee all of the Issuer's right, title and interest in and to the Loan Agreement (with certain specified exceptions) and the Note described below. DCEMB executed a promissory note, dated March 31, 2011 (the "Note"), as evidence of its obligations under the Loan Agreement.

The obligations of DCEMB under the Loan Agreement are secured by a Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, dated as of January 1, 2011 (the "Deed of Trust"), executed by DCEMB in favor of the deed of trust trustee named therein for the benefit of the Trustee. In addition, DCEMB executed a Security Agreement (the "Security Agreement"), as security for its obligations, pursuant to which DCEMB granted to the Trustee a security interest in all right, title and interest of DCEMB to the Collateral (as defined in the Security Agreement), which includes, but is not limited to, DCEMB's rights, title and interest in any gas sale agreements, including the Shell Gas Sale Agreement, and the funds and accounts held under the Indenture.

Pursuant to a Consent and Agreement, by and between Shell Energy, The Bank of New York Mellon Trust Company, N.A., as Depository Bank, DCEMB and the Trustee (the "Depository Bank"), dated as of January 1, 2011 (the "Consent Agreement"), Shell Energy agreed to make all payments due to DCEMB under the Shell Gas Sale Agreement to the Depository Bank. In addition, other revenues generated through the sale of gas produced at the facility will be paid directly to the Depository Bank pursuant to a Depository and Control Agreement, dated as of January 1, 2011 (the "Depository Agreement"), among DCEMB, the Trustee and the Depository Bank.

All payments received by the Depository Bank will be placed into various accounts in accordance with the requirements of the Indenture and the Depository Agreement. The funds in these accounts will be used to service required debt payments, finance further improvements and expansion of the landfill gas processing facility owned by DCEMB, finance the operations and maintenance of DCEMB, finance certain expenses associated with setting up and maintaining the accounts, and other uses as prescribed in the Depository Agreement. The Depository Bank will make payments out of these accounts in accordance with the requirements of the Depository Agreement. At the end of each month after all required account fundings have been fulfilled in accordance with the Depository Agreement, all remaining excess funds will be placed into a Surplus Account. The funds in the Surplus Account will be delivered to DCEMB so long as (i) DCEMB's Debt Service Coverage Ratio (as defined) for the most recent four calendar quarters then ended equals or exceeds 1.25:1, (ii) DCEMB's Debt Service Coverage Ratio (as defined) is reasonably projected to equal or exceed 1.25:1 for the next four calendar quarters, (iii) no events of default have occurred as defined by the Indenture and the Loan Agreement, and (iv) after giving effect to the transfer, DCEMB's Minimum Days Cash on Hand (as defined) shall be, or shall at any time be projected to be, more than the lesser of thirty-five Days Cash on Hand (as defined) or $1.3 million. Due to these restrictions on this cash, we have classified all of this cash as restricted cash on the balance sheet. We record the restricted cash that is expected to be received and used within the next 12 months from the Depository Bank for working capital and operating purposes as current in our balance

sheet, and present the remaining balance as non-current in the line item notes receivable and other long term assets. At March 31, 2011, $24,668 was included as long term assets in the accompanying condensed consolidated balance sheet.

The Indenture and the Loan Agreement have certain non-financial debt covenants with which DCEMB must comply. As of March 31, 2011, DCEMB was in compliance with all such debt covenants.

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Pursuant to a collateral assignment and Consent and Agreement with Atmos Pipeline - Texas ("Atmos"), DCEMB has collaterally assigned to the Trustee, subject to certain reserved rights and the consent of Atmos, the transportation agreements of the Company with Atmos.

Vehicle Conversions

On October 1, 2009, we purchased all of the outstanding shares of BAF. Founded in 1992, BAF provides natural gas vehicle ("NGV") conversions, alternative fuel systems, application engineering, service and warranty support and research and development services. BAF's vehicle conversions include taxis, vans, pick-up trucks and shuttle buses. BAF utilizes advanced natural gas system integration technology and has certified NGVs under both EPA and CARB standards achieving Super Ultra Low Emission Vehicle emissions. We generate revenues through the sale of natural gas vehicle conversion systems that allow gasoline and diesel vehicles to run on natural gas. The majority of BAF's revenue during 2010 was derived from sales of converted natural gas service vans to AT&T and Verizon. During the first quarter of 2010 and 2011, BAF contributed approximately $9.0 million and $3.6 million, respectively, to our revenue.

Natural Gas Fueling Compressors

On September 7, 2010, we completed our purchase of IMW. IMW manufactures and services advanced, non-lubricated natural gas fueling compressors and related equipment for the global natural gas fueling market. IMW is headquartered near Vancouver, British Columbia, has a second manufacturing facility near Shanghai, China and has sales and service offices in Bangladesh, Columbia and the United States. For the three months ended March 31, 2011, IMW contributed approximately $16.7 million to our revenue.

Volatility of Earnings and Cash Flows

Our earnings and cash flows historically have fluctuated significantly from period to period based on our futures activities, as all of our futures contracts entered into prior to June 30, 2008 have not qualified for hedge accounting under the relevant derivative accounting guidance. We have therefore recorded any changes in the fair market value of these contracts that did not qualify for hedge accounting directly in our statements of operations in the line item derivative (gains) losses along with any realized gains or losses generated during the period. We experienced a derivative loss of $0.3 million in the year ended December 31, 2008. Subsequent to June 30, 2008, our futures contracts did qualify for hedge accounting, so we had no derivative gains or losses in the years ended December 31, 2009 and 2010 and during the three month period ended March 31, 2011 related to our futures contracts. In accordance with our natural gas hedging policy, we plan to structure all subsequent futures contracts as cash flow hedges under the applicable derivative accounting guidance, but we cannot be certain that they will qualify. See "Risk Management Activities" below. If the futures contracts do not qualify for hedge accounting, we could incur significant increases or decreases in our earnings based on fluctuations in the market value of the contracts from period to period.

Additionally, we are required to maintain a margin account to cover losses related to our natural gas futures contracts. Futures contracts are valued daily, and if our contracts are in loss positions at the end of a trading day, our broker will transfer the amount of the losses from our margin account to a clearinghouse. If at any time the funds in our margin account drop below a specified maintenance level, our broker will issue a margin call that requires us to restore the balance. Consequently, these payments could significantly impact our cash balances. At March 31, 2011, we had $4.8 million on deposit in margin accounts, which are included in prepaid expenses and other current assets and notes receivable and other long-term assets in our balance sheet.

The decrease in the value of our futures positions and any required margin deposits on our futures contracts that are in a loss position could significantly impact our financial condition in the future.

Volatility of Earnings Related to Series I Warrants

Beginning January 1, 2009, under Financial Accounting Standards Board ("FASB") authoritative guidance, we are required to record the change in the fair market value of our Series I warrants in our consolidated financial statements. We recognized a loss (gain) of $18.6 million and $3.3 million related to recording the fair market value changes of our Series I warrants in the three months ended March 31, 2010 and 2011, respectively. See note 17 to our condensed consolidated financial statements contained elsewhere herein. Our earnings or loss per share may be materially impacted by future gains or losses we are required to take as a result of valuing our Series I warrants. On November 10, 2010, 1,183,712 of the Series I warrants were exercised and are no longer outstanding. As of March 31, 2011, 2,130,682 of the Series I warrants remained outstanding.

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Volatility of Earnings Related to Contingent Consideration

Under recent business combination accounting guidance, we are required to record the change in the value of the contingent consideration related to our acquisitions of both BAF and IMW in our financial statements through the contingency period, which expires December 31, 2011 for BAF and March 31, 2014 for IMW.

If the anticipated results of BAF or IMW increase or decrease during future periods, we may be required to recognize material losses or gains based on the valuation of the increased or decreased consideration due to the former BAF and IMW shareholders. To record the change in value of the BAF contingent consideration, we recognized a loss of $0.3 million during the three months ended March 31, 2010 and we recognized a gain of $0.1 million during

the months ended March 31, 2011. To record the change in the value of the IMW contingent consideration, we recognized a gain of $0.6 million during the three months ended March 31, 2011.

Debt Compliance

Our credit agreement with PCB ("Credit Agreement") requires us to comply with certain covenants. We may not incur indebtedness or liens except as permitted by the Credit Agreement, or declare or pay dividends. We must maintain, on a quarterly basis, minimum liquidity of not less than $6.0 million, accounts receivable balances, as defined, of not less than $8.0 million, consolidated net worth, as defined, of not less than $150.0 million, and a debt to equity ratio, as defined, of not more than 0.3 to 1.0. Beginning in the quarter ended June 30, 2009, we must also maintain a debt service ratio, as defined, of not less than 1.5 to 1.0 at each quarter end. In computing these amounts, we exclude the financial results and amounts of IMW. Effective in the fourth quarter of 2008, we established a lock-box arrangement with PCB subject to the Credit Agreement. Funds received from our customers are remitted to the lock-box and then deposited to a PCB bank account. The remitted funds are not used to pay-down the balance of the Credit Agreement unless there is an event of default on the Credit Agreement. One of the events of default is the occurrence of a "material adverse change," which is a subjective acceleration clause. Based on the relevant accounting guidance, we have classified our debt pursuant to the Credit Agreement as short-term or long-term, as appropriate, and we believe the likelihood of an event of default is more than remote, but not more likely than not. If we default on the Credit Agreement, all of the obligations under the Credit Agreement will become immediately due and payable and all funds received in our lockbox held by PCB, plus $2.5 million we have deposited with PCB in a payment reserve account, will be applied to the balance due on the Credit Agreement. To the extent natural gas prices continue to fall, our volumes decline or our operating results do not materialize as planned, we could violate our covenants in the future. In the event we violate our covenants, we would seek a waiver from the bank, which the bank is not obligated to grant. We were in compliance with all of our covenants as of March 31, 2011.

Pursuant to our acquisition of IMW, our credit agreement with HSBC also requires that IMW complies with certain financial covenants as detailed in note 11 of our condensed consolidated financial statements contained elsewhere herein. Among those financial covenants are that IMW shall not permit 1) its ratio of debt to tangible net worth to be greater than 3.25 to 1.0 until December 31, 2010 and greater than 4.0 to 1.0 on or after March 31, 2011 and greater than 3.0 to 1.0 on or after July 1, 2011, 2) its tangible net worth to at anytime be below CAD$3,000 and 3) its ratio of current assets to current liabilities to be less than 1.15 to 1.0 until December 31, 2010 and less than 1.25 to 1.0 on or after January 1, 2011. Should IMW's operating results not materialize as planned, we could violate these covenants. If we were to violate a covenant, we would seek a waiver from the bank, which the bank is not obligated to grant. If the bank were to decline to grant a waiver, all of the obligations under the credit agreement would be due and payable. IMW was in compliance with these covenants as of March 31, 2011.

The Indenture and the Loan Agreement DCEMB entered into as part of issuing its Revenue Bonds have certain non-financial debt covenants that DCEMB must comply with. As of March 31, 2011, DCEMB was in compliance with its debt covenants.

Risk Management Activities

Our risk management activities, including the revised natural gas hedging policy adopted by our board of directors in February 2007 and revised by our board of directors on May 29, 2008, are discussed in Part II, Item 7 (Management's Discussion and Analysis of Financial Condition and Results of Operation) of our 2010 Annual Report on Form 10-K. For the quarter ended March 31, 2011, there were no material changes to our risk management activities.

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Critical Accounting Policies

For the three months ended March 31, 2011, there were no material changes to the "Critical Accounting Policies" discussed in Part II, Item 7 (Management's Discussion and Analysis of Financial Condition and Results of Operations) of our 2010 Annual Report on Form 10-K.

Recently Issued Accounting Pronouncements

For a description of recently issued accounting pronouncements, see note 18 to our condensed consolidated financial statements contained elsewhere herein.

Results of Operations

The following is a more detailed discussion of our financial condition and results of operations for the periods presented:

	Three Months Ended March 31,	
	2010	2011
Statement of Operations Data:		
Revenue:		
Product revenues	87.9%	89.6%
Service revenues	12.1	10.4
Total operating revenues	100.0	100.0
Operating expenses:		
Cost of sales:		
Product cost of sales	65.4	67.1
Service cost of sales	5.3	4.8
Selling, general and administrative	35.0	27.6
Depreciation and amortization	12.8	11.0
Derivative loss on Series I warrant valuation	47.7	5.1
Total operating expenses	166.2	115.6
Operating loss	(66.2)	(15.6)
Interest income (expense), net	0.3	(1.2)

Other income	0.1	0.9
Income from equity method investment	0.2	0.3
Loss before income taxes	(65.6)	(15.6)
Income tax benefit (expense)	3.1	1.1
Net loss	(62.5)	(14.5)
Income (loss) of noncontrolling interest	0.0	(0.4)
Net loss attributable to Clean Energy Fuels Corp.	(62.5)	(14.9)

Three Months Ended March 31, 2011 Compared to Three Months Ended March 31, 2010

Revenue. Revenue increased by $26.3 million to $65.3 million in the three months ended March 31, 2011, from $39.0 million in the three months ended March 31, 2010. A portion of this increase was the result of an increase in the number of gallons delivered from 28.6 million gasoline gallon equivalents to 35.5 million gasoline gallon equivalents. Our increase in CNG volume was primarily from six new refuse customers (one of which consists of four new stations), four new stations from an existing transit customer, one new airport customer, and one new regional trucking customer, which together accounted for 5.4 million gallons of the CNG volume increase. The volume growth from our existing airport and public fueling network, combined with the volume growth from our share of our joint venture in Peru, contributed 1.4 million gallons of the CNG volume increase. These CNG volume increases were offset by a 3.3 million gallon decrease related to the loss of two transit customers. We also experienced an increase of 3.8 million gallons in LNG volume between periods, which was primarily due to 3.1 million gallons from Northstar O&M services. The volume growth from two new refuse customers, combined with the increase from our port trucking customers, contributed to the remaining LNG volume increase. We experienced a $6.2

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million increase, excluding Northstar, in station construction revenues between periods primarily due to the completion of four new CNG stations for a refuse customer and the sale of an existing station to one of our other refuse customers. Our acquisitions of IMW on September 7, 2010 and Northstar on December 15, 2010 contributed $16.7 million and $3.6 million, respectively, to our increased revenue between periods. Revenue attributable to VETC also increased between periods as we recorded $4.2 million of revenue related to fuel tax credits. We did not record any revenue related to fuel tax credits in the first quarter of 2010 as the fuel tax credits expired on December 31, 2009 and were not reinstated until the fourth quarter of 2010. During the fourth quarter of 2010, we recorded $16.0 million of VETC revenue, of which $3.6 million was related to the three months ended March 31, 2010. These increases were offset by the decrease in our effective price per gallon that we charged to our customers between periods. Our effective price per gallon was $0.86 in the three months ended March 31, 2011, which represents a $0.18 per gallon decrease from $1.04 in the three months ended March 31, 2010. The decrease was primarily due to a higher percentage of O&M contracts in the first quarter of 2011, which generate less revenue per gallon than contracts where we supply the natural gas commodity. Revenue also decreased by $5.4 million between periods due to decreased sales of natural gas vehicle equipment by BAF.

Cost of sales. Cost of sales increased by $19.4 million to $47.0 million in the three months ended March 31, 2011, from $27.6 million in the three months ended March 31, 2010. Our cost of sales primarily increased between periods as a result of delivering more volume to our customers. Our acquisition of IMW on September 7, 2010 and Northstar on December 15, 2010 contributed $15.0 million and $2.6 million, respectively, to our increased cost of sales between periods. We also experienced a $5.1 million increase in station construction costs between periods. These increases were offset by the decrease in our effective cost per gallon of $0.12 per gallon, to $0.62 per gallon, in the three months ended March 31, 2011. This decrease was primarily the result of a higher percentage of O&M contracts in the first quarter of 2011 that are included in our volume totals but do not increase our cost of sales amount significantly as we do not pay for the natural gas consumed at the properties. We also experienced a $4.0 million decrease in costs related to BAF's vehicle equipment sales between periods, as BAF's sales of natural gas vehicle equipment decreased.

Selling, general and administrative. Selling, general and administrative expenses increased by $4.4 million to $18.0 million in the three months ended March 31, 2011, from $13.6 million in the three months ended March 31, 2010. A significant portion of this increase was the result of our salaries and benefits expense increasing by $2.7 million between periods as we increased our employee headcount from 267 at March 31, 2010 to 747 (including the addition of 447 and 21 IMW and Northstar employees, respectively) at March 31, 2011. We also experienced a $1.4 million increase in occupancy costs, business insurance, contract labor, information technology maintenance, training and seminars and office supplies expenses related to our continued business growth and our acquisitions of IMW and Northstar during the third and fourth quarters of 2010. In addition, our professional fees increased $0.6 million between periods, primarily for legal, audit and consulting services related to our continued business growth. Our travel and entertainment expenses increased $0.3 million between periods, primarily due to the increased travel of our sales team. Stock option expense between periods increased $0.3 million due to the stock options issued in 2010 to new employees. We also experienced a $0.1 million increase in research and development costs between periods related to our BAF operation. Offsetting these increases was a decrease of $1.0 million during the first quarter of 2011 related to a decrease in the IMW and BAF contingent consideration liabilities.

Depreciation and amortization. Depreciation and amortization increased by $2.2 million to $7.2 million in the three months ended March 31, 2011, from $5.0 million in the three months ended March 31, 2010. This increase was primarily due to additional depreciation expense in the three months ended March 31, 2011 related to increased property and equipment balances between periods, primarily related to our expanded station network. Our March 31, 2011 amortization expense also includes increased amortization of the intangible assets we obtained in connection with our acquisition of IMW in the third quarter of 2010, and Northstar in the fourth quarter of 2010.

Derivative (gain) loss on Series I warrant valuation. Derivative loss decreased by $15.3 million to $3.3 million in the three months ended March 31, 2011, from $18.6 million in the three months ended March 31, 2010. The amounts represent the non-cash impact with respect to valuing our outstanding Series I warrants based on our mark-to-market accounting for the warrants (see note 17 to our condensed consolidated financial statements contained elsewhere herein) during the three month period ended March 31, 2011.

Interest income (expense), net. Interest income (expense), net, increased by $0.9 million to $0.8 million of expense for the three months ended March 31, 2011. This increase was primarily the result of an increase in interest expense in the three months ended March 31, 2011 related to debt we incurred in connection with the acquisition of IMW.

Other income (expense), net. Other income (expense), net, increased by $0.6 million to $0.6 million of income for the three months ended March 31, 2011, from $0.0 million for the three months ended March 31, 2010. This increase was primarily due to the impact of foreign currency exchange gains on the notes we issued as part of the IMW acquisition.

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Income from equity method investment. During the first quarter of 2011, we recorded equity income of $0.2 million related to our 49% interest in our Peruvian joint venture, and for the three months ended March 31, 2010, we recorded income of $0.1 million related to our interest.

Income (loss) of noncontrolling interest. During the three months ended March 31, 2011, we recorded $0.3 million for the noncontrolling interest in the net income compared to $0.0 million for the noncontrolling interest in the net loss of DCE for the three months ended March 31, 2010. The noncontrolling interest represents the 30% interest in DCE held by our joint venture partner.

Seasonality and Inflation

To some extent, we experience seasonality in our results of operations. Natural gas vehicle fuel amounts consumed by some of our customers tends to be higher in summer months when buses and other fleet vehicles use more fuel to power their air conditioning systems. Natural gas commodity prices tend to be higher in the fall and winter months due to increased overall demand for natural gas for heating during these periods.

Since our inception, inflation has not significantly affected our operating results. However, costs for construction, repairs, maintenance, electricity and insurance are all subject to inflationary pressures and could affect our ability to maintain our stations adequately, build new stations, build new LNG plants and expand our existing facilities or materially increase our operating costs.

Liquidity and Capital Resources

Historically, our principal sources of liquidity have consisted of cash provided by operations and financing activities. From and including our initial public offering in May 2007, we have raised a cumulative net amount of equity financing of approximately $273.6 million. In addition, T. Boone Pickens, our largest shareholder, holds a warrant to purchase 15,000,000 shares of our common stock at $10 per share that expires on December 28, 2011. We have included a proposal in our 2011 proxy statement to amend the warrant to incentivize Mr. Pickens to exercise all or a portion of the warrant prior to December 28, 2011; however, this proposal is subject to the approval of our shareholders. Also, we had 2,130,682 Series I warrants outstanding as of March 31, 2011, with a current exercise price of $12.68 per share.

We currently have a $20 million line of credit ("LOC") from PCB that expires August 14, 2011, but we have a one year renewal option we can exercise as long as we are not in default on the covenants contained in the Credit Agreement. As of March 31, 2011, we did not have any balance outstanding under the LOC. As of March 31, 2011, IMW had an outstanding balance of $7.8 million due under the IMW Lines of Credit and we owed a balance of $33.1 million under the IMW Notes due to IMW's former owner. DCEMB has approximately $27.1 million available to expand and operate the landfill gas processing facility it owns at the McCommas Bluff Landfill outside Dallas, Texas after competing its bond offering on March 31, 2011.

Our credit agreement with PCB requires that we comply with certain covenants, as detailed in footnote 11 of our condensed consolidated financial statements contained elsewhere herein. One of the covenants requires that we maintain accounts receivable balances from certain subsidiaries above $8.0 million at each quarter-end during the term. To the extent natural gas prices fall, which would result in decreased revenues, or our volumes sold decline, we could violate this covenant. Also, beginning with the quarter ending June 30, 2009, we are required to maintain a debt service ratio, as defined, of 1.5 to 1. Should our operating results not materialize as planned, we could violate this covenant. If we were to violate a covenant, we would seek a waiver from the bank, which the bank is not obligated to grant. If the bank does not grant a waiver, all of the obligations under the credit agreement will become immediately due and payable and $2.5 million of our funds held by PCB would be applied to the balance due on the PCB loans. We also would be unable to use the $20 million PCB line of credit if this were to occur. We were in compliance with all of the covenants as of March 31, 2011.

In addition to funding operations, our principal uses of cash have been, and are expected to be, the construction of new fueling stations, construction of LNG production facilities, the purchase of new LNG tanker trailers, investment in biomethane production, mergers and acquisitions, the financing of natural gas vehicles for our customers and general corporate purposes, including making deposits to support our derivative activities, geographic expansion (domestically and internationally), expanding our sales and marketing activities, support of legislative initiatives and for working capital for our expansion. We have also acquired and may continue to seek to acquire and invest in companies or assets in the natural gas and biomethane fueling infrastructure, services and production industries. We financed our operations in the first three months of 2011 primarily through cash on hand, cash provided by operating activities and cash provided by financing activities.

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At March 31, 2011, we had total cash and cash equivalents of $51.9 million, compared to $55.2 million at December 31, 2010.

Cash provided by operating activities was $9.9 million for the three months ended March 31, 2011, compared to cash used in operating activities of $1.0 million for the three months ended March 31, 2010. The increase in operating cash flow resulted primarily from the cash received during the first quarter of 2011 related to the volumetric excise tax credit of approximately $16.0 million, which was offset by changes in working capital balances due to timing differences related to various cash flows between periods.

Cash used in investing activities was $40.6 million for the three months ended March 31, 2011, compared to $8.8 million for the three months ended March 31, 2010. Our purchases of property and equipment were $10.8 million during the first three months of 2011, and $8.8 million during the first three months of 2010. We made additional investments during the first three months of 2011 totaling $1.5 million in the Vehicle Production Group, LLC ("VPG"), a company developing a CNG taxi and a paratransit vehicle, and we did not make any additional investments in VPG during the first three months of 2010. We invested $1.2 million for a 19.9% interest in ServoTech Engineering, Inc. ("ServoTech"), a company who provides design and engineering services for natural gas fueling systems, among other services, during the three months ended March 31, 2011. Also during the first quarter of 2011, as part of the DCEMB bond offering, we placed $27.1 million of cash into restricted accounts to be used for the capital and operating expenses of DCEMB.

Cash provided by financing activities for the three months ended March 31, 2010 was $28.3 million, compared to $9.0 million for the three months ended March 31, 2010. This increase is primarily due to the DCEMB bond offering of $40.2 million for the use in the expansion of the landfill gas processing facility owned by DCEMB that closed on March 31, 2011. Additionally, we received net proceeds from borrowings under our HSBC line of credit of $2.9 million to finance the working capital needs at IMW. These proceeds were offset by cash paid of $9.9 million on March 31, 2011 to pay off our Facility B Loan, and the cash payment of $5.0 million as part of the first IMW Note payment owed as part of the acquisition of IMW. Additionally we received net proceeds of $0.4 million from the exercise of employee stock options in the three months ended March 31, 2011 compared to $9.2 million for the three months ended March 31, 2010.

Our financial position and liquidity are, and will be, influenced by a variety of factors, including our ability to generate cash flows from operations, deposits and margin calls on our futures positions, the level of any outstanding indebtedness and the interest we are obligated to pay on this indebtedness, our capital expenditure requirements (which consist primarily of station construction, LNG plant construction costs, biomethane plant construction costs and the purchase of LNG tanker trailers and equipment) and any merger or acquisition activity.

Capital Expenditures

Our business plan calls for approximately $70.7 million in capital expenditures from April 1, 2011 through the end of 2011, primarily related to construction of new fueling stations. This amount excludes the capital expenditures DCEMB will make at its landfill gas processing facility with the proceeds it received on March 31, 2011 when it completed its bond offering. We may also elect to invest additional amounts in expansion of our California LNG plant or for other acquisitions or investments in companies or assets in the natural gas fueling infrastructure, services and production industries, including biomethane production. We will need to raise additional capital as necessary to fund any of the aforementioned activities or other capital expenditures or investments that we cannot fund through available cash, our line of credit from PCB, the potential exercise of a warrant for 15,000,000 shares of our common stock at an exercise price of $10 per share held by Boone Pickens, or cash generated by operations. The timing and necessity of any future capital raise will depend primarily on our rate of new station construction, which may be affected by any federal legislation that provides incentives for natural gas vehicle purchases and fuel use, any decision to expand our California LNG plant and potential merger or acquisition activity. We may not be able to raise capital on terms that are favorable to existing stockholders or at all. Any inability to raise capital may impair our ability to invest in new stations, expand our California LNG plant, develop natural gas fueling infrastructure and invest in strategic transactions or acquisitions, and reduce the ability of our business to grow and generate increased revenues.

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Off-Balance Sheet Arrangements

At March 31, 2011, we had the following off-balance sheet arrangements that had, or are reasonably likely to have, a material effect on our financial condition:

- outstanding surety bonds for construction contracts and general corporate purposes totaling $37.3 million,
- two take-or-pay contracts for the purchase of LNG,
- operating leases where we are the lessee,
- operating leases where we are the lessor and owner of the equipment, and
- firm commitments to sell CNG and LNG at fixed prices.

We provide surety bonds primarily for construction contracts in the ordinary course of business as a form of guarantee. No liability has been recorded in connection with our surety bonds as we do not believe, based on historical experience and information currently available, that it is probable that any amounts will be required to be paid under these arrangements for which we will not be reimbursed.

We have entered into two contracts that require us to purchase minimum volumes of LNG. One contract expires in June 2011 and the other contract expires in October 2017.

We have entered into operating lease arrangements for certain equipment and for our office and field operating locations in the ordinary course of business. The terms of our leases expire at various dates through 2016. Additionally, in November 2006, we entered into a ground lease for 36 acres in California on which we built our California LNG liquefaction plant. The lease is for an initial term of thirty years and requires payments of $0.2 million per year, plus up to $0.1 million per year for each 30 million gallons of production capacity utilized, subject to future adjustment based on consumer price index changes. We must also pay a royalty to the landlord for each gallon of LNG produced at the facility, as well as a fee for certain other services that the landlord will provide.

We are also the lessor in various leases with our customers, whereby our customers lease certain stations and equipment that we own.

Item 3.—Quantitative and Qualitative Disclosures about Market Risk

In the ordinary course of business, we are exposed to various market risk factors, including changes in general economic conditions, domestic and foreign competition, commodity price risk and foreign currency exchange rates.

Commodity Risk. We are subject to market risk with respect to our sales of natural gas, which has historically been subject to volatile market conditions. Our exposure to market risk is heightened when we have a fixed price or price cap sales contract with a customer that is not covered by a futures contract, or when we are otherwise unable to pass natural gas price increases through to customers. Natural gas prices and availability are affected by many factors, including weather conditions, overall economic conditions and foreign and domestic governmental regulation and relations.

Natural gas costs represented 30% (or 33% excluding BAF, IMW and Northstar) of our cost of sales for 2010 and 24% (or 44% excluding BAF, IMW and Northstar) of our cost of sales for three months ended March 31, 2011. Prices for natural gas over the eleven-year and three month period

from December 31, 1999 through March 31, 2011, based on the NYMEX daily futures data, have ranged from a low of $1.65 per Mcf to a high of $19.38 per Mcf. At March 31, 2011, the NYMEX index price of natural gas was $3.79 per Mcf.

To reduce price risk caused by market fluctuations in natural gas, we may enter into exchange traded natural gas futures contracts. These arrangements also expose us to the risk of financial loss in situations where the other party to the contract defaults on its contract or there is a change in the expected differential between the underlying price in the contract and the actual price of natural gas we pay at the delivery point.

We account for these futures contracts in accordance with FASB authoritative guidance on derivatives. The accounting under this guidance for changes in the fair value of a derivative depends upon whether it has been specified in a hedging relationship and, further, on the type of hedging relationship. To qualify for designation in a hedging relationship, specific criteria must be met and appropriate documentation maintained.

The fair value of the futures contracts we use is based on quoted prices in active exchange traded or over the counter markets which are then discounted to reflect the time value of money for contracts applicable to future periods. The fair value of these futures contracts is continually subject to change due to market conditions. In an effort to mitigate the volatility in our earnings related to futures activities, our board of directors adopted a revised natural gas hedging policy which restricts

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our ability to purchase natural gas futures contracts and offer fixed price sales contracts to our customers. We plan to structure prospective futures contracts so that they will be accounted for as cash flow hedges under this guidance, but we cannot be certain they will qualify. For more information, please read “Risk Management Activities” above.

We have prepared a sensitivity analysis to estimate our exposure to market risk with respect to the futures contracts we hold as of March 31, 2011 to hedge the fixed price component of certain supply contracts. If the price of natural gas were to fluctuate (increase or decrease) by 10% from the price quoted on NYMEX on March 31, 2011 ($3.79 per Mcf), we could expect a corresponding fluctuation in the value of the contracts of approximately $0.7 million.

Foreign exchange rate risk. Because we have foreign operations, we are exposed to foreign currency exchange gains and losses. Since the functional currency of our foreign operations is in their local currency, the currency effects of translating the financial statements of those foreign subsidiaries, which operate in local currency environments, are included in the accumulated other comprehensive income (loss) component of consolidated equity and do not impact earnings. However, foreign currency transaction gains and losses not in our subsidiaries’ functional currency do impact earnings and resulted in approximately $0.6 million of gains in the three months ended March 31, 2011. During the three months ended March 31, 2011, our primary exposure to foreign currency rates related to our Canadian operations that had certain outstanding notes payable denominated in the U.S. dollar that were not hedged.

We have prepared a sensitivity analysis to estimate our exposure to market risk with respect to our monetary transactions denominated in a foreign currency. If the exchange rate on these assets and liabilities were to fluctuate by 10% from the rate as of March 31, 2011, we would expect a corresponding fluctuation in the value of the assets and liabilities of approximately $1.6 million.

Item 4.—Controls and Procedures

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. We carried out an evaluation, under the supervision of and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

Changes in Internal Control over Financial Reporting

We regularly review our system of internal control over financial reporting and make changes to our processes and systems to improve controls and increase efficiency, while ensuring that we maintain an effective internal control environment. Changes may include such activities as implementing new, more efficient systems, consolidating activities, and migrating processes.

There were no changes in our internal control over financial reporting that occurred during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II.—OTHER INFORMATION

Item 1.—Legal Proceedings

We are party to various legal actions that have arisen in the ordinary course of our business. During the course of our operations, we are also subject to audit by tax authorities for varying periods in various federal, state, local, and foreign tax jurisdictions. Disputes have and may continue to arise during the course of such audits as to facts and matters of law. It is impossible at this time to determine the ultimate liabilities that we may incur resulting from any lawsuits, claims and proceedings, audits, commitments, contingencies and related matters or the timing of these liabilities, if any. If these matters were to be ultimately resolved unfavorably, an outcome not currently anticipated, it is possible that such outcome could have a material adverse effect upon our consolidated financial position or results of operations. However, we believe that the ultimate resolution of such actions will not have a material adverse effect on our consolidated financial position, results of operations, or liquidity.

On July 15, 2010, the IRS sent us a letter (i) disallowing approximately $5.1 million related to certain claims we made from October 1, 2006 to June 30, 2008 under the Volumetric Excise Tax Credit program, and (ii) seeking repayment of such amount. We have appealed the IRS's determination, and on April 19, 2011, we participated in an examination appeal meeting with the IRS. We believe our claims were properly made and expect to continue to contest the IRS's determination.

Item 1A.—Risk Factors

An investment in our Company involves a high degree of risk of loss. You should carefully consider the risk factors discussed below and all of the other information included in this report before you decide to purchase shares of our common stock. We believe the risks and uncertainties described below are the most significant we face. The occurrence of any of the following risks could harm our business. In that case, the trading price of our common stock could decline. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our operations.

We have a history of losses and may incur additional losses in the future.

For the three month period ended March 31, 2011, we incurred pre-tax losses of $10.2 million, which included derivative losses of $3.3 million related to marking to market the value of our Series I warrants. During the three months period ended March 31, 2011, our loss was decreased by our receipt of approximately $4.2 million of revenue from federal fuel tax credits. In 2008, 2009 and 2010, we incurred pre-tax losses of $44.3 million, $33.4 million, and $4.2 million, respectively. Our loss for 2008 includes $18.6 million in expenses associated with our support for Proposition 10, the California Alternative Fuel Vehicles and Renewable Energy ballot initiative; our loss for 2009 includes $17.4 million of derivative losses related to marking to market the value of our Series I warrants; and our loss for 2010 was decreased by a derivative gain of $10.3 million on our Series I warrants. During 2008, 2009 and 2010, our losses were substantially decreased by our receipt of approximately $17.2 million, $15.5 million and $16.0 million of revenue from federal fuel tax credits, respectively. In order to execute our strategy and improve our financial performance, we must continue to invest in developing the natural gas vehicle fuel market and offer our customers compelling natural gas fuel prices. If we do not achieve or maintain profitability that can be sustained in the absence of federal fuel tax credits, our business will suffer and the price of our common stock may drop. In addition, if the price of our common stock increases during future periods when our Series I warrants are outstanding, we may be required to recognize material losses based on the valuation of the outstanding Series I warrants.

A material portion of our historical revenues are associated with a federal fuel excise tax credit that expires on December 31, 2011.

The federal excise tax credit of $0.50 per gasoline gallon equivalent of CNG and liquid gallon of LNG sold for vehicle fuel use, which began on October 1, 2006, expires December 31, 2011. Based on the service relationship we have with our customers, either we or our customers are able to claim the credit. For the three month period ended March 31, 2011, we recorded approximately $4.2 million related to fuel tax credits, representing approximately 6.5% of our total revenue. In 2008, 2009 and 2010, we recorded approximately $17.2 million, $15.5 million and $16.0 million of revenue, respectively, related to fuel tax credits, representing approximately 13.7%, 11.8% and 7.6%, respectively, of our total revenue during the periods. On July 15, 2010, the IRS sent us a letter disallowing approximately $5.1 million related to certain excise tax credit claims that we made from October 1, 2006 to June 30, 2008. If we are unsuccessful in appealing the IRS disallowance of these claims, we may be required to refund some or all of the $5.1 million in contested claims and potentially revise or restate historical financial results based on the reduction in revenue.

We will need to raise debt or equity capital to continue to fund the growth of our business.

We will be required to raise debt or equity capital to fund the growth of our business. Our business plan calls for approximately $70.7 million in capital expenditures from April 1, 2011 through the end of 2011. This amount excludes the capital expenditures DCEMB will make at its landfill gas processing facility with the proceeds it received on March 31, 2011 when it completed its bond offering. We may also require capital for unanticipated expenses, mergers and acquisitions and strategic investments. In addition, we have committed to significant future payments that we will be required to make in connection with our acquisition of IMW and Northstar. At May 9, 2011, our future payments for IMW and Northstar totaled $37.5 million and $7.5 million, respectively. Also, at March 31, 2011, we were obligated to pay up to $40.0 million as additional consideration related to our IMW acquisition if certain performance measurements of IMW are met and up to $11.0 million as additional consideration related to our BAF acquisition if certain performance measurements of BAF are met.

Equity or debt financing options may not be available on terms favorable to us or at all, particularly if there are no effective federal incentives supporting the growth of the natural gas fueling business. Additional sales of our common stock or securities convertible into our common stock will dilute existing stockholders and may result in a decline in our stock price. We may also pursue debt financing options including, but not limited to, equipment financing, the sale of convertible promissory notes or commercial bank financing. Recent economic turmoil and severe lack of liquidity in the debt capital markets and volatility in the equity capital markets have adversely affected capital raising opportunities. If we are unable to obtain debt or equity financing in amounts sufficient to fund any unanticipated expenses, capital expenditures, mergers, acquisitions or strategic investments, we will be forced to suspend or curtail these capital expenditures or postpone or delay potential acquisitions or other strategic transactions, which could harm our business, results of operations, and future prospects.

T. Boone Pickens, our largest shareholder, holds a warrant to purchase 15,000,000 shares of our common stock at $10 per share that expires on December 28, 2011. We have included a proposal in our 2011 proxy statement to amend the warrant to incentivize Mr. Pickens to exercise a portion of the warrant prior to December 28, 2011; however this proposal is subject to the approval of the Company's shareholders. To the extent this warrant is exercised as a whole or in part, we would receive cash proceeds. However, our shareholders may not approve the warrant amendment and there can be no assurances that the warrant will be exercised in any part.

Our growth is influenced by tax and related government incentives for clean burning fuels and alternative fuel vehicles. A reduction in these incentives or the failure to pass new legislation with new incentive programs will increase the cost of natural gas fuel and vehicles for our customers and may reduce our revenue.

Our business is influenced by tax credits, rebates and similar federal, state and local government incentives that promote the use of natural gas as a vehicle fuel in the United States. The federal income tax credit that was available to offset 50% to 80% of the incremental cost of purchasing new or converted natural gas vehicles expired on December 31, 2010. The absence of these vehicle tax credits could have a detrimental effect on the natural gas vehicle and fueling industry, including sales at our wholly owned subsidiary, BAF, and adversely affect our results of operations and financial performance. Our business plan and the ability of our business to successfully grow depends in part on the extension of the federal fuel excise tax credit for natural gas vehicle fuel, the reinstatement and extension of the federal income tax credit for the purchase of natural gas vehicles and the passage of legislation providing for additional incentives for the sale and use of natural gas vehicles. If existing federal incentives are not reinstated or extended and if new incentives are not passed, fewer natural gas vehicles will be sold and used and our revenue and financial performance will be adversely affected. Furthermore, the failure of certain federal, state or local government incentives which promote the use of natural gas as a vehicle fuel to pass into law could result in a negative perception by the market generally and a decline in the market price of our common stock. In addition, if grant funds are no longer available under existing government programs for the purchase and construction of natural gas vehicles and stations, the purchase of natural gas vehicles and station construction could slow and our business and results of operations will be adversely affected. Continued reduction in tax revenues associated with high unemployment rates, economic recession or slow-down could result in a significant reduction in funds available for government grants that support vehicle conversion and station construction, which could impair our ability to grow our business.

Challenges we may encounter managing our growth may divert resources and limit our ability to successfully expand our operations.

We have been and continue to be engaged in a period of rapid and substantial growth, which places a strain on our operational infrastructure and imposes significant added responsibilities on members of our management. Our ability to manage our operations and growth effectively requires us to continue to hire, train and integrate necessary personnel to further develop our operational, financial and management controls, expand and improve our financial reporting and legal compliance systems and manage our natural gas station construction, maintenance and operations projects. If we are not able to effectively manage our business growth in a cost-effective manner, our operating results, sales and revenues may be negatively impacted.

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Automobile and engine manufacturers produce very few originally manufactured natural gas vehicles and engines for the United States and Canadian markets, which may restrict our sales.

Limited availability of natural gas vehicles and engine sizes for heavy duty vehicles restricts their wide scale introduction and narrows our potential customer base. Original equipment manufacturers produce a small number of natural gas engines and vehicles, and they may not make adequate investments to expand their natural gas engine and vehicle product lines. For the North American market, there is only one major automobile manufacturer that makes natural gas powered passenger vehicles, and major manufacturers of medium and heavy duty vehicles produce only a narrow range and number of natural gas vehicles. The technology utilized in some of the heavy duty vehicles that run on LNG is also relatively new and has not been previously deployed or used in large numbers of vehicles. As a result, these vehicles may require servicing and further technology refinements to address performance issues that may occur as vehicles are deployed in large numbers and are operated under strenuous conditions. If potential heavy duty LNG truck purchasers are not satisfied with truck performance, or additional heavy-duty truck engine manufacturers do not enter the market for LNG engines, it may delay, impair, or eliminate the growth of our LNG fueling business, which would impair our financial performance. Further, North American car and truck manufacturers are facing significant economic challenges that may make it difficult or impossible for them to introduce new natural gas vehicles in the North American market or continue to manufacture and support the limited number of available natural gas vehicles. Due to the limited supply of natural gas vehicles, our ability to promote natural gas vehicles and our natural gas fuel sales may be restricted, even if there is demand.

Decreases in the price of oil, gasoline and diesel fuel may slow the growth of our business and negatively impact our financial results.

Recent increases in prices for oil, gasoline and diesel fuel have resulted in increased interest in alternative fuels such as CNG and LNG. However, any decline in the price of oil, diesel fuel and gasoline may result in reduced interest in CNG and LNG. Decreased interest in alternative fuels would slow the growth of our business. In addition, to the extent that we price our CNG and LNG fuel at a discount to these reduced diesel or gasoline prices in an effort to attract new and retain existing customers, our profit margin on fuel sales may be harmed and our financial results negatively impacted. Further, lower fuel prices for CNG and LNG as a result of lower natural gas commodity prices also will reduce our revenues.

If the prices of CNG and LNG do not remain sufficiently below the prices of gasoline and diesel, potential fleet customers will have less incentive to purchase natural gas vehicles, which would decrease demand for CNG and LNG and limit our growth.

Natural gas vehicles cost more than comparable gasoline or diesel powered vehicles because converting a vehicle to use natural gas adds to its base cost. If the prices of CNG and LNG do not remain sufficiently below the prices of gasoline or diesel, fleet operators may be unable to recover the additional costs of acquiring or converting to natural gas vehicles in a timely manner, and they may choose not to use natural gas vehicles. Our ability to offer CNG and LNG fuel to our customers at lower prices than gasoline and diesel depends in part on natural gas prices remaining lower, on an energy equivalent basis, than oil prices. If the price of oil declines and the price of natural gas increases, it will make it more difficult for us to offer our customers discounted prices for CNG and LNG as compared to gasoline and diesel prices and maintain an acceptable margin on our sales. Recent and significant volatility in oil and gasoline prices demonstrate that it is difficult to predict future transportation fuel costs. In addition, any new regulations imposed on natural gas extraction in the United States, particularly on extraction of natural gas from shale formations, could increase the costs of domestic gas production or make it more costly to produce natural gas in the United States, which could lead to substantial increases in the price of natural gas. Reduced prices for gasoline and diesel fuel, combined with higher costs for natural gas and natural gas vehicles, may cause potential customers to delay or reject converting their fleets to run on natural gas. In that event, our sales of natural gas fuel and vehicles would be slowed and our business would suffer.

The volatility of natural gas prices could adversely impact the adoption of CNG and LNG vehicle fuel and our business.

In the recent past, the price of natural gas has been volatile, and this volatility may continue. From the end of 1999 through December 31, 2010, the price for natural gas, based on the NYMEX daily futures data, ranged from a low of $1.65 per Mcf to a high of $19.38 per Mcf. At March 31, 2011, the NYMEX index price for natural gas was $3.79 per Mcf. Increased natural gas prices affect the cost to us of natural gas and will adversely impact our operating margins in cases where we have committed to sell natural gas at a fixed price without an effective futures contract in place that fully mitigates the price risk or where we otherwise cannot pass the increased costs on to our customers. In addition, higher natural gas prices may cause CNG and LNG to cost as much as or more than gasoline and diesel generally, which would adversely impact the adoption of CNG and LNG as a vehicle fuel and our business. Conversely, lower natural gas prices reduce our revenues due to the fact that in a significant amount of our customer agreements, the commodity cost is

passed through to the customer. Among the factors that can cause price fluctuations in natural gas prices are changes in domestic and foreign supplies of natural gas, domestic storage levels, crude oil prices, the price difference between crude oil and natural gas, price and availability of alternative fuels, weather conditions, negative publicity surrounding drilling techniques, level of consumer demand, economic conditions, price of foreign natural gas imports, and domestic and foreign governmental regulations and political conditions. In particular, there have been recent legislative efforts to place new regulatory requirements on the

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production of natural gas by hydraulic fracturing of shale gas reservoirs. Hydraulic fracturing of shale gas reservoirs has resulted in a substantial increase in the proven natural gas reserves in the United States, and any changes in regulations that make it more expensive or unprofitable to produce natural gas through hydraulic fracturing could lead to increased natural gas prices. The recent economic recession and increased domestic natural gas supplies have contributed to significant declines in the price of natural gas since the summer of 2008.

Our growth depends in part on environmental regulations and programs mandating the use of cleaner burning fuels, and modification or repeal of these regulations may adversely impact our business.

Our business depends in part on environmental regulations and programs in the United States that promote or mandate the use of cleaner burning fuels, including natural gas for vehicles. Industry participants with a vested interest in gasoline and diesel, many of which have substantially greater resources than we do, invest significant time and money in an effort to influence environmental regulations in ways that delay or repeal requirements for cleaner vehicle emissions. Further, economic difficulties may result in the delay, amendment or waiver of environmental regulations due to the perception that they impose increased costs on the transportation industry that cannot be absorbed in a contracting economy. For example, the Clean Trucks Program at the Ports of Los Angeles and Long Beach formerly called for the replacement of a set number of drayage trucks with “clean” trucks, but due to economic conditions and other factors, the Clean Trucks Program no longer calls for any specific number of “clean” truck replacements. In addition, many of the clean trucks that have been deployed have been clean diesel trucks which are generally less expensive than LNG trucks. There have also been recent ballot initiatives commenced in the State of California and lawsuits aimed at postponing or delaying California’s implementation of AB 32, also known as the Global Warming Solutions Act of 2006, which is intended to reduce greenhouse gas emissions. CNG, LNG and biomethane vehicle fuel all produce fewer greenhouse gases than gasoline or diesel fuel and the delay or repeal of AB 32, and in particular California’s low-carbon fuel standard, could reduce the appeal of natural gas fuel for our customers and reduce our revenue. The delay, repeal or modification of federal or state regulations or programs that encourage the use of cleaner vehicles could also have a detrimental effect on the United States natural gas vehicle industry, which, in turn, could slow our growth and adversely affect our business.

The use of natural gas as a vehicle fuel may not become sufficiently accepted for us to expand our business.

To expand our business, we must develop new fleet customers and obtain and fulfill CNG and LNG fueling contracts from these customers. We cannot guarantee that we will be able to develop these customers or obtain these fueling contracts. Whether we will be able to expand our customer base will depend on a number of factors, including the level of acceptance and availability of natural gas vehicles, the growth in our target markets of fueling station infrastructure that supports CNG and LNG sales, our ability to supply CNG and LNG at competitive prices and acceptance of our technology, fuel systems or services. A decline in oil, diesel fuel and gasoline prices may result in decreased interest in alternative fuels like CNG and LNG. In addition, there is reduced availability of debt financing as compared to prior years to support the purchase of CNG and LNG vehicles and investment in CNG and LNG infrastructure. If our potential customers are unable to access credit to purchase natural gas vehicles, it may make it difficult or impossible for them to invest in natural gas vehicle fleets, which would impair the ability of our business to grow. Further, potential customers may not find our technology, fuel systems or services acceptable.

Our global operations expose us to additional risk and uncertainties.

We have operations in a number of countries, including the United States, Canada, China, Colombia, Bangladesh and Peru. In addition to the other risks described herein, our global operations may be subject to risks and uncertainties that may limit our ability to operate our business. Our natural gas compression equipment is primarily manufactured in Canada and sold globally, which exposes us to a number of risks that can arise from international trade transactions, local business practices and cultural considerations, including:

- political unrest, terrorism and economic or financial instability;
- unexpected changes in regulatory requirements and uncertainty related to developing legal and regulatory systems governing economic and business activities, real property ownership and application of contract rights;
- import-export regulations;
- difficulties in enforcing agreements and collecting receivables;
- difficulties in ensuring compliance with the laws and regulations of multiple jurisdictions;

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- difficulties in ensuring that health, safety, environmental and other working conditions are properly implemented and/or maintained by the local office;
- changes in labor practices, including wage inflation, labor unrest and unionization policies;
- limited intellectual property protection;
- local competitors misappropriating our product designs;

- longer payment cycles by international customers;
- currency exchange fluctuations;
- inadequate local infrastructure and disruptions of service from utilities or telecommunications providers, including electricity shortages;
- potentially adverse tax consequences; and
- differing employment practices and labor issues.

We also face risks associated with currency exchange and convertibility, inflation and repatriation of earnings as a result of our foreign operations. In some countries, economic, monetary and regulatory factors could affect our ability to convert funds to U.S. dollars or move funds from accounts in these countries. We are also vulnerable to appreciation or depreciation of foreign currencies against the U.S. dollar. We do not currently engage in currency hedging activities to limit the risks of currency fluctuations.

We may not be successful in managing or integrating IMW into our business, which could prevent us from realizing the expected benefits of the acquisition and could adversely affect our future results.

The integration of IMW into our business presents significant challenges and risks to our business, including (i) the distraction of management from other business concerns, (ii) the retention of customers of IMW, (iii) expansion into foreign markets, (iv) the introduction of IMW's compressor and related equipment manufacturing and servicing business, which is a new product line for us, (v) achievement of appropriate internal controls over financial reporting and (vi) the monitoring of compliance with all laws and regulations. The vast majority of IMW's revenue is derived from sales in emerging markets, and IMW has not previously been required to comply with the U.S. Foreign Corruption Practices Act or any of the requirements of Sarbanes-Oxley. If we do not successfully integrate IMW into our business and maintain regulatory compliance, we may not realize the benefits expected from the acquisition and our results of operations could be materially adversely affected. If the revenue of IMW declines or grows more slowly than we anticipate, or if its operating expenses are higher than we expect, we may not be able to achieve, sustain or increase the growth of our business, in which case our financial condition will suffer and our stock price could decline. In addition, the operations of IMW do not have the disclosure controls and procedures or internal controls over financial reporting that are as thorough or effective as those required for a public company. Although we intend to implement appropriate controls and procedures as we integrate the operations of IMW, we cannot provide assurance as to the effectiveness of the disclosure controls and procedures or internal controls over financial reporting of IMW until we have fully integrated them.

A significant portion of the purchase price of IMW was allocated to goodwill and a write-off of all or part of this goodwill could adversely affect our operating results.

Under business combination accounting standards, we allocated the total purchase price of IMW to its net tangible assets and liabilities and intangible assets based on their fair values as of the date of the acquisition and recorded the excess of the purchase price over those values as goodwill. Our estimates of the fair value of the assets and liabilities of IMW were based upon certain assumptions, including assumptions about and anticipated attainment of new business, believed to be reasonable, but which are inherently uncertain. Pursuant to the applicable accounting standards, we allocated $45.0 million of the purchase price for IMW to goodwill. Our goodwill could be impaired if developments affecting the acquired compressor manufacturing operations or the markets in which IMW produces and/or sells compressors lead us to conclude that the cash flows we expect to derive from its manufacturing operations will be substantially reduced. An impairment of all or part of our goodwill could adversely affect our results of operations and financial condition.

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We may not be successful in managing or integrating our recently acquired subsidiary, Northstar, with our existing operations.

On December 15, 2010 we acquired Northstar, a leading provider of design, engineering, construction and maintenance services for LNG and LCNG fueling stations. Our ability to realize benefits from the acquisition depends on the growth of the LNG fueling market and our ability to successfully integrate Northstar's business with our existing operations. We cannot provide any assurances that the LNG fueling market, or Northstar's business, will grow or that we will successfully manage the integration of Northstar's business with our existing operations. In addition, the Northstar operations do not have the disclosure controls and procedures or internal controls over financial reporting that are as thorough or effective as those required for public companies. Although we intend to implement appropriate controls and procedures as we integrate the Northstar operations, we cannot provide assurance as to the effectiveness of Northstar's disclosure controls and procedures or internal controls over financial reporting until we have fully integrated them.

DCEMB's failure to comply with the terms of its bond financing agreements would impair our rights in DCEMB.

In connection with the Issuance of the Revenue Bonds, DCEMB entered into, among other documents, the Loan Agreement, the Note, the Deed of Trust and the Security Agreement (collectively the "Bond Agreements"). Pursuant to the Bond Agreements, DCEMB is subject to certain covenants, including a requirement to make loan repayments on the Revenue Bonds. This repayment obligation is secured by a security interest in all of the Collateral (as defined in the Security Agreement), which includes, but is not limited to, DCEMB's rights, title and interest in any gas sale agreements and the funds and accounts held under an indenture. If DCEMB defaults on its obligation to make loan repayments on the Revenue Bonds, the Issuer or the Trustee may, among other things, take whatever action at law or in equity as may be necessary or desirable to ensure loan repayments are made on the Revenue Bonds. If the Issuer or the Trustee take any such actions, or if DCEMB otherwise fails to comply with its covenants and other obligations under the Bond Agreements, our rights in DCEMB would be impaired, and our business and results of operations may be adversely affected.

The infrastructure to support gasoline and diesel consumption is vastly more developed than the infrastructure for natural gas vehicle fuels.

Gasoline and diesel fueling stations and service infrastructure are widely available in the United States. For natural gas vehicle fuels to achieve more widespread use in the United States and Canada, they will require a promotional and educational effort and the development and supply of more natural gas vehicles and fueling stations. This will require significant continued effort by us, as well as government and clean air groups, and we may face resistance from oil companies and other vehicle fuel companies. A prolonged economic recession or disruption in the capital markets may make it difficult or

impossible to obtain financing to expand the natural gas vehicle fueling infrastructure and impair our ability to grow our business. There is no assurance natural gas will ever achieve the level of acceptance as a vehicle fuel necessary for us to expand our business significantly.

We have significant contracts with federal, state and local government entities that are subject to unique risks.

We have existing, and will continue to seek, long-term CNG and LNG station construction, maintenance and fuel sales contracts with various federal, state and local governmental bodies, which accounted for approximately 68% of our annual revenues in 2006 and approximately 41% of our annual revenues in 2010. In May and June 2009, we spent $5.6 million to acquire four new CNG operation and maintenance contracts with government agencies. In addition to our normal business risks, our contracts with these government entities are often subject to unique risks, some of which are beyond our control. Long-term government contracts and related orders are subject to cancellation if appropriations for subsequent performance periods are not made. The termination of funding for a government program supporting any of our CNG or LNG operations could result in a loss of anticipated future revenues attributable to that program, which could have a negative impact on our operations. In addition, government entities with whom we contract are often able to modify, curtail or terminate contracts with us without prior notice at their convenience, and are only liable for payment for work done and commitments made at the time of termination. Modification, curtailment or termination of significant contracts could have a material adverse effect on our results of operations and financial condition. In particular, if any of the contracts we recently acquired are terminated, we may be unable to recover our investment in acquiring the contracts. During the fourth quarter of 2010, we lost one of the acquired contracts in a competitive procurement, which resulted in a charge of $1.5 million related to the impairment of an intangible asset originally recorded with the acquisition.

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Further, government contracts are frequently awarded only after competitive bidding processes, which have been and may continue to be protracted. For example, the Metropolitan Transit System of San Diego, which represented approximately 6.0 million of the gallons of CNG we sold in 2009, conducted a competitive bidding procurement and awarded the contract to a competitor on July 27, 2010. The Washington Metropolitan Area Transit Authority, which represented approximately 6.3 million of the gallons of CNG we sold in 2010, also conducted a competitive bidding procurement which resulted in the award of that contract to a competitor on December 31, 2010. In many cases, unsuccessful bidders for government agency contracts are provided the opportunity to formally protest certain contract awards through various agencies, administrative and judicial channels. The protest process may substantially delay a successful bidder's contract performance, result in cancellation of the contract award entirely and distract management. We may not be awarded contracts for which we bid, and substantial delays or cancellation of purchases may even follow our successful bids as a result of such protests.

The budget deficits being experienced by many governmental entities may reduce the available funding for certain natural gas programs and services and the purchase of CNG or LNG fuel, which could reduce our revenue and impair our financial performance.

Many governmental entities are experiencing significant budget deficits as a result of the economic recession, which has and may continue to reduce or curtail their ability to fund natural gas fuel programs, purchase natural gas vehicles or provide public transportation and services, which would harm our business. Furthermore, in response to budget deficits, such governmental entities have and may continue to request or demand that we lower our price for CNG or LNG fuel.

Conversion of vehicles to run on natural gas is time-consuming and expensive and may limit the growth of our sales.

Conversion of vehicle engines from gasoline or diesel to natural gas is performed by only a small number of vehicle conversion suppliers (including our wholly owned subsidiary, BAF) that must meet stringent safety and engine emissions certification standards. The engine certification process is time consuming and expensive and raises vehicle costs. In addition, conversion of vehicle engines from gasoline or diesel to natural gas may result in vehicle performance issues or increased maintenance costs that could discourage our potential customers from purchasing converted vehicles that run on natural gas and impair the financial performance of BAF. Without an increase in vehicle conversion options, reduced vehicle conversion costs and improved vehicle conversion performance, our sales of natural gas vehicle fuel and converted natural gas vehicles, through BAF, may be restricted and our revenue will be reduced both by less demand for natural gas vehicle fuel and less demand for converted natural gas vehicles.

A majority of BAF's sales of CNG vehicles are to one customer. If this customer does not continue to purchase CNG vehicles, then revenue at our wholly owned subsidiary, BAF, will decline and our financial results will be impaired.

During 2009 and 2010, BAF derived approximately 63% and 66%, respectively, of its revenue from AT&T. AT&T is not required to purchase any CNG vehicle conversion kits under its agreement with BAF and the agreement and all purchase orders submitted by AT&T under the agreement may be cancelled by AT&T at any time for any reason. If AT&T does not continue to order and pay for CNG vehicle conversion kits produced by BAF, then BAF's sales revenue will substantially decline and our financial performance may suffer. AT&T has indicated that they may reduce or delay conversion of additional vehicles during 2011 in order to allow for a build-out of infrastructure to support fueling the vehicles. In the absence of continued sales to AT&T, BAF will experience materially reduced revenues and may require additional cash to continue its operations, which could drain our capital resources.

If there are advances in other alternative vehicle fuels or technologies, or if there are improvements in gasoline, diesel or hybrid engines, demand for natural gas vehicles may decline and our business may suffer.

Technological advances in the production, delivery and use of alternative fuels that are, or are perceived to be, cleaner, more cost-effective or more readily available than CNG or LNG have the potential to slow adoption of natural gas vehicles. Advances in gasoline and diesel engine technology, especially hybrids, may offer a cleaner, more cost-effective option and make fleet customers less likely to convert their fleets to natural gas. Technological advances related to ethanol or biodiesel, which are increasingly used as an additive to, or substitute for, gasoline and diesel fuel, may slow the need to diversify fuels and affect the growth of the natural gas vehicle market. In addition, a prototype heavy duty electric truck model was recently introduced at the ports of Los Angeles and Long Beach. Use of electric heavy duty trucks or the perception that electric heavy duty trucks may soon be widely available and provide satisfactory performance in heavy duty applications may reduce demand for heavy duty LNG trucks. In addition, hydrogen and other alternative fuels in experimental or developmental stages may eventually offer a cleaner, more cost-effective alternative to gasoline and diesel than natural gas. Advances in technology that slow the growth of or conversion to natural gas vehicles, or which otherwise reduce demand for natural gas as a vehicle fuel, will have an adverse effect on our business. Failure of natural gas vehicle technology to advance at a sufficient pace may also limit its adoption and our ability to compete with other alternative fuels and alternative fuel vehicles.

Our ability to supply LNG to new and existing customers is restricted by limited production of LNG and by our ability to acquire LNG without interruption and near our target markets.

Production of LNG in the United States is fragmented. LNG is produced at a variety of smaller natural gas plants around the United States, as well as at larger plants. It may become difficult for us to obtain additional LNG without interruption and near our current or target markets at competitive prices. If our LNG liquefaction plants, or any of those from which we purchase LNG, are damaged by severe weather, earthquake or other natural disaster, or otherwise experience prolonged downtime, our LNG supply will be restricted. Currently, one of the suppliers from whom we obtain LNG has experienced unscheduled plant shut downs and has been unable to maintain minimum production levels on a consistent basis, which has caused us to incur additional costs to obtain LNG from other sources. If we are unable to supply enough of our own LNG or purchase it from third parties to meet existing customer demand, we may be liable to our customers for penalties. Our growth plans, if successful, will require substantial growth in the available LNG supply across the United States, and if this supply is unavailable, it will constrain our ability to increase the market for LNG fuel including supplying LNG fuel to heavy duty truck customers. An LNG supply interruption or LNG demand that exceeds available supply will also limit our ability to expand LNG sales to new customers and could disrupt our relationship with existing customers, which would hinder our growth. Furthermore, because transportation of LNG is relatively expensive, if we are required to supply LNG to our customers from distant locations and cannot pass these costs through to our customers, our operating margins will decrease on those sales due to our increased transportation costs.

LNG supply purchase commitments may exceed demand causing our costs to increase and impacting our LNG sales margins.

Two of our LNG supply agreements have a take-or-pay commitment and our California LNG liquefaction plant has a land lease and other fixed operating costs regardless of production and sales levels. The take-or-pay commitments require us to pay for the LNG that we have agreed to purchase irrespective of whether we can sell the LNG to our own customers. For example, the LNG Sales Agreement that we entered into with Desert Gas Services (“DGS”) on October 17, 2007 has a ten year term and, provided that Plant Capacity (as defined in the LNG Sales Agreement) is available to be taken by us, the plant is not shut down by DGS and no event beyond our reasonable control prevents us from taking delivery of LNG, we are committed to purchasing at least 45,000 gallons of LNG per day. Should the market demand for LNG decline, or if we lose significant LNG customers or if demand under any existing or any future LNG supply contract does not maintain its volume levels or grow, overall operating and supply costs may increase as a percentage of revenue and negatively impact our margins.

One of our third-party LNG suppliers may cancel its supply contract with us on short notice or increase its LNG prices, which would hinder our ability to meet customer demand and increase our costs.

Under certain circumstances, Williams Gas Processing Company (“Williams”) may terminate our LNG supply contract with them on short notice. Williams may also significantly increase the price of LNG we purchase upon 24 hours’ notice if their costs to produce LNG increases, and we may be required to reimburse them for certain other expenses. Our contract with Williams, which supplied 29% of the LNG we sold for the year ended December 31, 2008, 14% for the year ended December 31, 2009, 13.2% for the year ended December 31, 2010, and 13.6% for the first three months of 2011, expires on June 30, 2011. Furthermore, there are a limited number of LNG suppliers in or near the areas where our LNG customers are located. It may be difficult to replace an LNG supplier, and we may be unable to obtain alternate suppliers at acceptable prices, in a timely manner, or at all. If significant supply interruptions occur, our ability to meet customer demand will be impaired, customers may cancel orders and we may be subject to supply interruption penalties. If we are subject to LNG price increases, our operating margins may be impaired and we may be forced to sell LNG at a loss under our LNG supply contracts.

If we are unable to obtain natural gas in the amounts needed on a timely basis or at reasonable prices, we could experience an interruption of CNG or LNG deliveries or increases in CNG or LNG costs, either of which could have an adverse effect on our business.

Some regions of the United States and Canada depend heavily on natural gas supplies coming from particular fields or pipelines. Interruptions in field production or in pipeline capacity could reduce the availability of natural gas or possibly create a supply imbalance that increases natural gas prices. We have in the past experienced LNG supply disruptions due to severe weather in the Gulf of Mexico and plant outages. If there are interruptions in field production, insufficient pipeline capacity, equipment failure on liquefaction production or delivery delays, we may experience supply stoppages which could result in our inability to fulfill delivery commitments. This could result in our being liable for contractual damages and daily penalties or otherwise adversely affect our business.

Oil companies, station owners, industrial gas companies, and natural gas utilities, which have far greater resources and brand awareness than we have, may expand into the natural gas fuel market, which could harm our business and prospects.

There are numerous potential competitors who could enter the market for CNG and LNG vehicle fuels. Many of these potential entrants, such as integrated oil companies, industrial gas companies, and natural gas utilities, have far greater resources and brand awareness than we have. Natural gas utilities, particularly in California, continue to own and operate natural gas fueling stations that compete with our stations. Utilities in Michigan and Georgia have also recently made efforts to invest in the natural gas vehicle fuel space. If the use of natural gas vehicles and demand for natural gas vehicle fuel increases, these companies may find it more attractive to enter or expand their operations in the market for natural gas vehicle fuels and we may experience increased pricing pressure, reduced operating margins and fewer expansion opportunities.

If we do not have effective futures contracts in place, increases in natural gas prices may cause us to lose money.

From 2005 to 2008, we sold and delivered approximately 30% of our total gasoline gallon equivalents of CNG and LNG under contracts that provided a fixed price or a price cap to our customers over terms typically ranging from one to three years, and in some cases up to five years. Effective January 1, 2007, we no longer offer contracts with a price cap to our customers, though, from time to time we still enter into contracts with various customers to sell CNG or LNG at fixed prices. At any given time, the market price of natural gas may rise and our obligations to sell fuel under fixed price contracts may be at prices lower than our fuel purchase price if we do not have effective futures contracts in place. This circumstance has in the past and may again in

the future compel us to sell fuel at a loss, which would adversely affect our results of operations and financial condition. Commencing with the adoption of our revised natural gas hedging policy in February 2007, our policy has been to purchase futures contracts to hedge our exposure to natural gas price variability related to our fixed price contracts. Such contracts, however, may not be available or we may not have sufficient financial resources to secure such contracts. In addition, under our hedging policy, we may reduce or remove futures contracts we have in place related to these contracts if such disposition is approved in advance by our board of directors and derivative committee. If we are not effectively economically hedged with respect to our fixed price contracts, we will lose money in connection with those contracts during periods in which natural gas prices increase above the prices of natural gas included in our customers' contracts. As of March 31, 2011, we were economically hedged with respect to our fixed price contracts with our customers.

Our futures contracts may not be as effective as we intend.

Our purchase of futures contracts can result in substantial losses under various circumstances, including if we do not accurately estimate the volume requirements under our fixed price customer contracts when determining the volumes included in the futures contracts we purchase, or we elect to purchase a futures contract in connection with a bid proposal and ultimately we are not awarded the entire contract or our customer does not fully perform its obligations under the awarded contract. We also could incur significant losses if a counterparty does not perform its obligations under the applicable futures arrangement, the futures arrangement is economically imperfect or ineffective, or our futures policies and procedures are not properly followed or do not work as planned. Furthermore, we cannot be assured that the steps we take to monitor our futures activities will detect and prevent violations of our risk management policies and procedures.

A decline in the value of our futures contracts may result in margin calls that would adversely impact our liquidity.

We are required to maintain a margin account to cover losses related to our natural gas futures contracts. Futures contracts are valued daily, and if our contracts are in loss positions at the end of a trading day, our broker will transfer the amount of the losses from our margin account to a clearinghouse. If at any time the funds in our margin account drop below a specified maintenance level, our broker will issue a margin call that requires us to restore the balance. Payments we make to satisfy margin calls will reduce our cash reserves, adversely impact our liquidity and may also adversely impact our ability to expand our business. Moreover, if we are unable to satisfy the margin calls related to our futures contracts, our broker may sell these contracts to restore the margin requirement at a substantial loss to us. As of March 31, 2011, we had $4.8 million on deposit related to our futures contracts.

If our futures contracts do not qualify for hedge accounting, our net income (loss) and stockholders' equity will fluctuate more significantly from quarter to quarter based on fluctuations in the market value of our futures contracts.

We account for our futures activities under the relevant derivative accounting guidance, which requires us to value our futures contracts at fair market value in our financial statements. Prior to June 2008, our futures contracts did not qualify for hedge accounting, and therefore we have recorded any changes in the fair market value of these contracts directly in our consolidated statements of operations in the line item "derivative (gains) losses" along with any realized gains or losses

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during the period. Currently, we attempt to qualify all of our futures contracts for hedge accounting under the relevant derivative accounting guidance, but there can be no assurances that we will be successful in doing so. At March 31, 2011, all of our futures contracts qualified for hedge accounting. To the extent that all or some of our futures contracts do not qualify for hedge accounting, we could incur significant increases and decreases in our net income (loss) and stockholders' equity in the future based on fluctuations in the market value of our futures contracts from quarter to quarter. We had no derivative gains or losses related to our natural gas futures contracts for the year ended December 31, 2010 and for the three months ended March 31, 2011. Any negative fluctuations may cause our stock price to decline due to our failure to meet or exceed the expectations of securities analysts or investors.

Compliance with potential greenhouse gas regulations affecting our LNG plants or fueling stations may prove costly and negatively affect our financial performance.

California has adopted legislation, AB 32, which calls for a cap on greenhouse gas emissions throughout California and a statewide reduction to 1990 levels by 2020, and an additional 80% reduction below 1990 levels by 2050. Seven western U.S. states (Arizona, California, Montana, New Mexico, Oregon, Utah and Washington) and four Canadian provinces (British Columbia, Manitoba, Ontario and Quebec) formed the Western Climate Initiative to help combat climate change. Other states and the federal government are considering passing measures to regulate and reduce greenhouse gas emissions. Any of these regulations, when and if implemented, may regulate the greenhouse gas emissions produced by our LNG production plants in California and Texas or our CNG and LNG fueling stations and require that we obtain emissions credits or invest in costly emissions prevention technology. We cannot currently estimate the potential costs associated with federal or state regulation of greenhouse gas emissions from our LNG plants or CNG and LNG stations, and these unknown costs are not contemplated in the financial terms of our customer agreements. These unanticipated costs may have a negative impact on our financial performance and may impair our ability to fulfill customer contracts at an operating profit.

Natural gas fueling operations and vehicle conversions entail inherent safety and environmental risks that may result in substantial liability to us.

Natural gas fueling operations and vehicle conversions entail inherent risks, including equipment defects, malfunctions and failures and natural disasters, which could result in uncontrollable flows of natural gas, fires, explosions and other damages. For example, operation of LNG pumps requires special training and protective equipment because of the extreme low temperatures of LNG. LNG tanker trailers have also in the past been, and may in the future be, involved in accidents that result in explosions, fires and other damage. Improper refueling of LNG vehicles can result in venting of methane gas, which is a potent greenhouse gas, and LNG related methane emissions may in the future be regulated by the EPA or by state regulations. Additionally, CNG fuel tanks, if damaged or improperly maintained, may rupture and the contents of the tank may rapidly decompress and result in death or injury. In 2007, a driver of a CNG van in Los Angeles was killed when the previously damaged tank he was fueling ruptured. These risks may expose us to liability for personal injury, wrongful death, property damage, pollution and other environmental damage. We may incur substantial liability and cost if damages are not covered by insurance or are in excess of policy limits. If CNG or LNG vehicles are perceived to be unsafe, it will harm our growth and negatively affect BAF's ability to sell converted CNG vehicles, which would impair our financial performance.

Our business is heavily concentrated in the western United States, particularly in California and Arizona. Continuing economic downturns in these regions could adversely affect our business.

Our operations to date have been concentrated in California and Arizona. For the years ended December 31, 2008, 2009 and 2010, sales in California accounted for 44%, 49% and 49% respectively, and sales in Arizona accounted for 14%, 10% and 9%, respectively, of the total amount of gallons we delivered. For the three month period ended March 31, 2011, sales in California and Arizona accounted for 56% and 15%, respectively, of the total amount of gallons we delivered. A decline in the economy in these areas could slow the rate of adoption of natural gas vehicles, reduce fuel consumption or reduce the availability of government grants, any of which could negatively affect our growth.

We provide financing to fleet customers for natural gas vehicles, which exposes our business to credit risks.

We loan to certain qualifying customers a portion of, and occasionally up to 100%, of the purchase price of natural gas vehicles. We may also lease vehicles to customers in the future. There are risks associated with providing financing or leasing that could cause us to lose money. Some of these risks include: most of the equipment financed consists of vehicles, which are mobile and easily damaged, lost or stolen, there is a risk the borrower may default on payments, we may not be able to bill properly or track payments in adequate fashion to sustain growth of this service, and the amount of capital available to us is limited and may not allow us to make loans required by customers. Some of our customers, such as taxi

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owners, may depend on the CNG vehicles that we finance or lease to them as their sole source of income, which may make it difficult for us to recover the collateral in a bankruptcy proceeding. Any disruption in the credit markets may further reduce the amount of capital available to us and an economic recession or continued high unemployment rates may increase the rate of default by borrowers, leading to an increase in losses on our loan portfolio. As of March 31, 2011, we had $3.7 million outstanding in loans provided to customers to finance natural gas vehicle purchases.

Our business is subject to a variety of governmental regulations that may restrict our business and may result in costs and penalties.

We are subject to a variety of federal, state and local laws and regulations relating to the environment, health and safety, labor and employment and taxation, among others. These laws and regulations are complex, change frequently and have tended to become more stringent over time. Failure to comply with these laws and regulations may result in a variety of administrative, civil and criminal enforcement measures, including assessment of monetary penalties and the imposition of remedial requirements. From time to time, as part of the regular overall evaluation of our operations, including newly acquired operations, we may be subject to compliance audits by regulatory authorities. In addition, any failure to comply with regulations related to the government procurement process at the federal, state or local level or restrictions on political activities and lobbying may result in administrative or financial penalties including being barred from providing services to governmental entities.

In connection with our LNG liquefaction activities and the landfill gas processing facility operated by DCEMB, we need or may need to apply for additional facility permits or licenses to address storm water or wastewater discharges, waste handling, and air emissions related to production activities or equipment operations. This may subject us to permitting conditions that may be onerous or costly. Compliance with laws and regulations and enforcement policies by regulatory agencies could require us to make material expenditures and may distract our officers, directors and employees from the operation of our business.

We may not be successful in developing or expanding our biomethane, or renewable natural gas, business.

In November 2010, we announced that we have entered into an agreement to develop a pipeline quality biomethane project at a Republic Services owned landfill outside of Detroit, Michigan. We are also in the process of expanding our operations at our biomethane production facility at the McCommas Bluff landfill outside of Dallas, Texas. Biomethane production represents a new area of investment and operations for us, and we may not be successful in developing these projects and generating a financial return from our investment. Historically, projects that produce pipeline quality biomethane, or renewable natural gas, have often failed due to the volatile prices of conventional natural gas, unpredictable biomethane production levels and technological difficulties and costs associated with operating the production facilities. Our ability to succeed in expanding our McCommas Bluff project and developing our project in Michigan depends on our ability to successfully manage the construction and operation of biomethane production facilities and our ability to sell and market the biomethane at substantial premiums to recent conventional natural gas prices. If we are unsuccessful in managing the construction and operation of our biomethane production facilities, our business and financial results may be materially and adversely affected. In the absence of state and federal programs that support premium prices for renewable natural gas, we will be unable to generate profit and financial return from these investments, and our financial results could be materially and adversely affected.

Operational issues, permitting and other factors at DCEMB's landfill gas processing facility may adversely affect both DCEMB's ability to supply biomethane and our operating results.

In August 2008, we acquired our 70% interest in DCE, which owns 100% of DCEMB. DCEMB is a party to a 15-year gas sale agreement with Shell Energy North America (US) L.P. ("Shell") for the sale to Shell of specified levels of biomethane produced by DCEMB's landfill gas processing facility. There is, however, no guarantee that DCEMB will be able to produce or sell up to the maximum volumes called for under the agreement or produce biomethane that meets the relevant pipeline specification. DCEMB's ability to produce such volumes of biomethane depends on a number of factors beyond DCEMB's control, including, but not limited to, the availability and composition of the landfill gas that is collected, successful permitting, the operation of the landfill by the City of Dallas and the reliability of the processing facility's critical equipment. The DCEMB facility is subject to periods of reduced production or non-production due to upgrades, maintenance, repairs and other factors. For example, as part of an operational upgrade in March 2009, the facility was shut down for approximately one month. Also, on June 12, 2009, the facility was taken offline for repairs that were completed on July 2, 2009 and the facility was taken offline for upgrades from September 20, 2010 until September 25, 2010. Severe winter weather in Texas resulted in power outages and broken equipment in February 2011, resulting in a week of down time and an extended period during which the plant operated at half capacity. Future operational upgrades, including planned expansion of the plant, or complications in the operations of the facility could require additional shutdowns during 2011, and accordingly, DCEMB's revenues may fluctuate from quarter to quarter.

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Our quarterly results of operations have not been predictable in the past and have fluctuated significantly and may not be predictable and may fluctuate in the future.

Our quarterly results of operations have historically experienced significant fluctuations. Our net losses (income) were approximately $5.4 million, $3.2 million, $12.1 million, $23.7 million, $6.5 million, $6.4 million, $18.5 million, $1.9 million, $24.4 million, $(9.9) million, $1.8 million, $(13.8) million, and $9.8 million for the three months ended March 31, 2008, June 30, 2008, September 30, 2008, December 31, 2008, March 31, 2009, June 30, 2009, September 30, 2009, December 31, 2009, March 31, 2010, June 30, 2010, September 30, 2010, December 31, 2010, and March 31, 2011, respectively. Our quarterly results may fluctuate significantly as a result of a variety of factors, many of which are beyond our control. In particular, if our stock price increases or decreases in future periods during which our Series I warrants are outstanding, we will be required to recognize corresponding losses or gains related to the valuation of the Series I warrants that could materially impact our results of operations. If our quarterly results of operations fall below the expectations of securities analysts or investors, the price of our common stock could decline substantially. Fluctuations in our quarterly results of operations may be due to a number of factors, including, but not limited to, our ability to increase sales to existing customers and attract new customers, the addition or loss of large customers, construction cost overruns, downtime at our facilities (including any shutdowns of DCEMB's landfill gas processing facility), the amount and timing of operating costs, unanticipated expenses, capital expenditures related to the maintenance and expansion of our business, operations and infrastructure, changes in the price of natural gas, changes in the prices of CNG and LNG relative to gasoline and diesel, changes in our pricing policies or those of our competitors, fluctuation in the value of our natural gas futures contracts, the costs related to the acquisition of assets or businesses, regulatory changes, and geopolitical events such as war, threat of war or terrorist actions. Investors in our stock should not rely on the results of one quarter as an indication of future performance as our quarterly revenues and results of operations may vary significantly in the future. Therefore, period-to-period comparisons of our operating results may not be meaningful.

The future price of our common stock or the offering price of our common stock in future offerings could result in a reduction of the exercise price of our Series I warrants and result in dilution of our common stock.

We issued Series I warrants to purchase up to 3,314,394 shares of our common stock in connection with our registered direct offering completed in November 2008. 2,130,682 of the Series I warrants remain outstanding as of March 31, 2011. These warrants contain provisions that require an adjustment in the exercise price of the Series I warrants in the event that we price any offering of common stock at a price below the current exercise price, $12.68 per share, which, if we do, could result in a dilution of our common stock.

Sales of outstanding shares of our stock into the market in the future could cause the market price of our stock to drop significantly, even if our business is doing well.

If our stockholders sell, or indicate an intention to sell, substantial amounts of our common stock in the public market, the trading price of our common stock could decline. As of March 31, 2011, 70,269,071 shares of our common stock were outstanding. The 11,500,000 shares sold in our initial public offering, the 4,419,192 shares of common stock and the 2,130,682 shares of common stock subject to outstanding Series I warrants sold in our registered direct offering that closed on November 3, 2008, the 9,430,000 shares of our common stock sold in our common stock offering that closed on July 1, 2009 and the 3,450,000 shares of our common stock sold in our common stock offering that closed on November 11, 2010, are freely tradable without restriction or further registration under federal securities laws unless purchased by our affiliates.

In addition, upon the closing of our acquisition of IMW, we issued 4,017,408 shares of our common stock which are also registered for immediate resale. We issued an additional 601,926 shares to the IMW shareholder in January 2011. IMW's shareholder had sold 3,256,166 shares of our common stock as of March 31, 2011.

Shares held by non-affiliates for more than six months may generally be sold without restriction, other than a current public information requirement, and may be sold freely without any restrictions after one year. All other outstanding shares of common stock may be sold under Rule 144 under the Securities Act, subject to applicable restrictions.

In addition, as of March 31, 2011, there were 10,705,519 shares underlying outstanding options and 17,130,682 shares underlying outstanding warrants (including the 2,130,682 Series I warrant shares sold in our registered direct offering which closed on November 3, 2008). All shares subject to outstanding options and warrants are eligible for sale in the public market to the extent permitted by the provisions of various option and warrant agreements and Rule 144, or have been registered under the Securities Act of 1933, as amended. If these additional shares are sold, or if it is perceived that they will be sold in the public market, the trading price of our stock could decline.

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Further, as of March 31, 2011, 16,539,720 shares of our stock held by our co-founder and board member T. Boone Pickens are subject to pledge agreements with banks. Should one or more of the banks be forced to sell the shares subject to the pledge, the trading price of our stock could also decline. In addition, a number of our directors and executive officers have entered into Rule 10b5-1 Sales Plans with a broker to sell shares of our common stock that they hold or that may be acquired upon the exercise of stock options. Sales under these plans will occur automatically without further action by the director or officer once the price and/or date parameters of the particular selling plan are achieved. As of March 31, 2011, 820,404 shares in the aggregate were subject to future sales by our named executive officers and directors under these selling plans. All sales of common stock under the plans will be reported through appropriate filings with the SEC.

A significant portion of our stock is beneficially owned by a single stockholder whose interests may differ from yours and who will be able to exert significant influence over our corporate decisions, including a change of control.

As of March 31, 2011, T. Boone Pickens and affiliates (including Madeleine Pickens, his wife) owned in the aggregate 28% of our outstanding shares of common stock and beneficially owned in the aggregate approximately 41% of the outstanding shares of our common stock, inclusive of the 15,000,000 shares underlying a warrant held by Mr. Pickens. As a result, Mr. Pickens will be able to influence or control matters requiring approval by our stockholders, including the election of directors and the approval of mergers, acquisitions or other extraordinary transactions. Mr. Pickens may have interests that differ from yours and may vote in a way with which you disagree and which may be adverse to your interests. This concentration of ownership may have the effect of delaying, preventing or deterring a change of control of our company, could deprive our stockholders of an opportunity to receive a premium for their stock as part of a sale of our company, and might ultimately affect the market price of our stock. Conversely, this concentration may facilitate a change in control at a time when you and other investors may prefer not to sell.

Item 2.—Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3.—Defaults upon Senior Securities

None.

Item 4.—(Removed and Reserved)

Item 5.—Other Information

None.

Item 6.—Exhibits

(a) Exhibits

3.2	Amended and Restated Bylaws. (Filed as Exhibit 3.2 to Form 8-K, as filed with the Securities and Exchange Commission on February 23, 2011, and incorporated herein by reference.)
10.50*	Loan Agreement dated January 1, 2011, between Mission Economic Development Corporation and Dallas Clean Energy McCommas Bluff, LLC.
10.51*	Depository and Control Agreement dated January 1, 2011, among Dallas Clean Energy McCommas Bluff, LLC, The Bank of New York Mellon Trust Company, N.A. and The Bank of New York Mellon Trust Company, N.A.
10.52*	Trust Indenture dated January 1, 2011, between Mission Economic Development Corporation and The Bank of New York Mellon Trust Company, N.A.
10.53*	Bond Purchase Contract dated March 24, 2011, among Mission Economic Development Corporation, First Southwest Company, Westhoff, Cone & Holmstedt, and Dallas Clean Energy McCommas Bluff, LLC.

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10.54*	Amendment to HSBC Bank Canada Facility Letter dated March 29, 2011.
10.55*	Security Agreement dated March 31, 2011, between Dallas Clean Energy McCommas Bluff, LLC, and The Bank of New York Mellon Trust Company, N.A.
10.56*	Leasehold Deed of Trust, Security Agreement and Assignment of Rents and Leases dated March 31, 2011 by Dallas Clean Energy McCommas Bluff, LLC to Peter S. Graf.
31.1*	Certification of Andrew J. Littlefair, President and Chief Executive Officer, pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities and Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Richard R. Wheeler, Chief Financial Officer, pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities and Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, executed by Andrew J. Littlefair, President and Chief Executive Officer, and Richard R. Wheeler, Chief Financial Officer.

* Filed herewith.

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SIGNATURE

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CLEAN ENERGY FUELS CORP.

Date: May 9, 2011

By: /s/ RICHARD R. WHEELER
Richard R. Wheeler
Chief Financial Officer

(Principal financial officer and duly authorized to sign on behalf of the registrant)

Exhibit 10.50

Execution Version

LOAN AGREEMENT

between

MISSION ECONOMIC DEVELOPMENT CORPORATION

and

DALLAS CLEAN ENERGY MCCOMMAS BLUFF, LLC

Dated as of January 1, 2011

relating to

$40,200,000
Mission Economic Development Corporation
Solid Waste Disposal Revenue Bonds
(Dallas Clean Energy McCommas Bluff, LLC Project)
Series 2011

NOTE: PURSUANT TO SECTIONS 2.2(B) AND 2.3(B) OF THE INDENTURE, THE SOLE AND EXCLUSIVE INTEREST RATE PERIOD FOR THE BONDS SHALL BE A TERM INTEREST RATE PERIOD. PLEASE SEE THE INDENTURE AND SECTION 5.15 HEREIN FOR OTHER RELATED PROVISIONS.

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LOAN AGREEMENT

This **LOAN AGREEMENT** (this "Agreement") dated as of January 1, 2011, by and between the Mission Economic Development Corporation (the "Issuer"), a constituted authority and non-profit industrial development corporation created and existing under the Development Corporation Act, as amended, Chapter 501, Texas Local Government Code (the "Act"), and Dallas Clean Energy McCommas Bluff, LLC, a limited liability company duly organized and existing under the laws of the State of Delaware (the "Borrower").

W I T N E S S E T H:

WHEREAS, the Act authorizes and empowers the Issuer to issue bonds on behalf of Mission, Texas (the "Unit") to finance expenditures found by the Board of Directors of the Issuer to be required or suitable for infrastructure necessary to promote or develop new or expanded business enterprises, including solid waste disposal facilities; and

WHEREAS, in furtherance of the purposes of the Act, the Issuer proposes to finance the cost of the acquisition, construction, installation, improving, and/or equipping of certain solid waste disposal facilities more particularly described in Exhibit A hereto (collectively, the "Project"); and

WHEREAS, the Issuer was created by a city wholly or partly located in a county that is bordered by the Rio Grande, has a population of at least 500,000 and has wholly or partly within its boundaries at least four cities that each have a population of at least 25,000; and

WHEREAS, the Issuer does not support the Project with sales and use tax revenue; and

WHEREAS, the governing body of the City of Dallas, Texas has requested the Issuer to exercise its powers to finance the portion of the Project located in such city; and

WHEREAS, in order to finance the cost of the Project, the Issuer is authorized by the Act to issue bonds payable from the revenue derived from the repayment of loans made to users of the Project; and

WHEREAS, the Issuer has determined to issue its its Solid Waste Disposal Revenue Bonds (Dallas Clean Energy McCommas Bluff, LLC Project) Series 2011 in the aggregate principal amount of $40,200,000 (the "Bonds"), pursuant to a Trust Indenture of even date herewith (the "Indenture") between the Issuer and The Bank of New York Mellon Trust Company, N.A., a national banking association, as trustee (the "Trustee"), in order to provide funds to finance the cost of acquiring, constructing, improving and/or equipping the Project and to finance all or a portion of the cost of issuing the Bonds; and

WHEREAS, the Issuer has undertaken to finance the cost of the Project by loaning the proceeds derived from the sale of the Bonds to the Borrower pursuant to this Agreement, under which the Borrower is required to make loan payments sufficient to pay when due the principal of, premium, if any, and interest on the Bonds and related expenses; and

WHEREAS, the Division has approved the contents of this Agreement in accordance with the Act; and

WHEREAS, pursuant to the Indenture, the Bonds will be issued and the Issuer will assign to the Trustee its right to receive payments (excluding Unassigned Issuer Rights), and certain other rights (excluding Unassigned Issuer Rights), under this Agreement:

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto hereby formally covenant, agree and bind themselves as follows:

ARTICLE I
DEFINITIONS

Section 1.1. Definition of Terms. Unless the context otherwise requires, the terms used in this Agreement shall have the meanings specified in Section 1.1 of the Indenture, as originally executed or as it may from time to time be supplemented or amended as provided therein.

Section 1.2. Number and Gender. The singular form of any word used herein, including the terms defined in Section 1.1 of the Indenture, shall include the plural, and vice versa. The use herein of a word of any gender shall include all genders.

Section 1.3. Articles, Sections, Etc. Unless otherwise specified, references to Articles, Sections and other subdivisions of this Agreement are to the designated Articles, Sections and other subdivisions of this Agreement as amended from time to time. The words "hereof," "herein," "hereunder" and words of similar import refer to this Agreement as a whole. The headings or titles of the several articles and sections, and the table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of the provisions hereof.

ARTICLE II
REPRESENTATIONS AND WARRANTIES OF THE ISSUER AND THE BORROWER

Section 2.1. Representations of the Issuer. The Issuer makes the following representations to the Borrower as the basis for its undertakings herein contained:

(a) The Issuer is a constituted authority and non-profit industrial development corporation created and existing under the Act, having those powers enumerated under the Act. Based upon representations of the Borrower, the Project constitutes a "project" within the meaning of the Act. Under the provisions of the Act, the Issuer has the power to enter into the transactions contemplated by this Agreement and the Indenture and to carry out its obligations

hereunder and under the Indenture. By proper action, the Issuer has duly authorized the execution, delivery and performance of its obligations under this Agreement and the Indenture.

(b) The Bonds will be issued under and secured by the Indenture, pursuant to which the Revenues derived by the Issuer hereunder and the Issuer's rights under this Agreement (except certain Unassigned Issuer Rights) will be pledged to the Trustee as security for payment of the principal of, premium, if any, and interest on the Bonds and as security for the payment of the obligations of the Borrower under the Reimbursement Agreement, if any. The Issuer, immediately following execution and delivery hereof, shall assign the Note, this Agreement and all amounts payable hereunder, except certain Unassigned Issuer Rights, to the Trustee, in trust as security for the payment of the Bonds, to be held and applied pursuant to the provisions of the Indenture.

(c) The Issuer has not pledged and will not pledge any interest in this Agreement or the Note for any purpose other than to secure the Bonds under the Indenture and the obligations of the Borrower under a Reimbursement Agreement, if any. The Bonds constitute the only bonds or other obligations of the Issuer in any manner payable from the Revenues to be derived from this Agreement, and except for the Bonds, no bonds or other obligations have been or will be issued on the basis of this Agreement.

(d) All public hearings by, authorizations, consents, and approvals of, and registrations or filings with, governmental bodies or agencies (other than approvals which might be required under the securities laws of any jurisdiction) required for the delivery, issuance and sale by the Issuer of the Bonds and the execution and delivery by the Issuer of this Agreement and the Indenture, or in connection with the carrying out by the Issuer of the obligations hereunder and thereunder, have been obtained or made and are in full force and effect. No representation is made herein as to compliance with the securities or "blue sky" laws of any jurisdiction.

(e) The Issuer has found and determined and hereby finds and determines that all requirements of the Act with respect to the issuance of the Bonds and the execution of this Agreement have been complied with and that issuing the Bonds and entering into this Agreement will be in furtherance of the purposes of the Act.

(f) No director, member, officer or other official of the Issuer is employed by the Borrower or has any interest in the transactions contemplated by this Agreement.

(g) The Issuer makes no representation or warranty concerning the suitability of the Project for the purpose for which it is being undertaken by the Borrower. The Issuer has not made any independent investigation as to the feasibility or creditworthiness of the Borrower. Any bond purchaser, assignee of this Agreement or any other party with any interest in this transaction, should make its own independent investigation as to the creditworthiness and feasibility of the Project, independent of any representation or warranties of the Issuer.

(h) The execution and delivery of, and the performance of the obligations and agreements of the Issuer set forth in this Agreement, the Indenture and the Bonds are within the power and authority of the Issuer and have been duly authorized by the Issuer and will not contravene any provision of any judgment, order or decree to which the Issuer is subject or contravene or constitute a default under any contract, agreement or other instrument to which the Issuer is a party.

(i) The Issuer is not in violation of the Act or, to its knowledge, any existing law, rule or regulation applicable to it which would affect its existence or the matters referred to in the preceding subsections (a) through (h).

(j) All actions of the Issuer with respect to the issuance of the Bonds occurred at meetings held after notice given in accordance with the Issuer's procedures and applicable law, which were open to the public and at which quorums were present and acting throughout, and said actions appear of public record in the minute books of the Issuer.

(k) There is no default of the Issuer in the payment of the principal of or interest on any of its indebtedness for borrowed money or under any instrument or instruments or agreements under and subject to which any indebtedness for borrowed money has been incurred which does or could reasonably be expected to affect the validity and enforceability of the Indenture, the Bonds or this Agreement or the ability of the Issuer to perform its obligations thereunder or hereunder, and no event has occurred and is continuing under the provisions of any such instrument or agreement which constitutes or, with the lapse of time or the giving of notice, or both, would constitute such a default.

(l) With respect to the Bonds, there are no other obligations of the Issuer that have been, are being or will be (i) sold at substantially the same time (i.e., less than 15 days apart), (ii) sold pursuant to the same plan of financing, and (iii) reasonably expected to be paid from substantially the same source of funds.

(m) To the best of its knowledge, no litigation, inquiry or investigation of any kind in or by any judicial or administrative court or agency is pending or threatened against the Issuer with respect to (i) the organization and existence of the Issuer, (ii) its authority to execute or deliver the Indenture, the Bonds or this Agreement or to perform its obligations thereunder or to assign the Note, (iii) the validity or enforceability of any of such instruments or the transactions contemplated thereby, (iv) the title of any officer of the Issuer who executed such instruments, or (v) any authority or proceedings related to the execution and delivery of such instruments on behalf of the Issuer. No such authority or proceedings have been repealed, revoked, rescinded or amended and all are in full force and effect.

(n) The Issuer will, upon the written direction of the Borrower, take all steps specified in such directions as are required to be taken by the Issuer in connection with the computation and payment of rebatable arbitrage in accordance with Section 148(f) of the Code and Section 1.148-3 of the Regulations, including, but not limited to, the execution by the Issuer for filing by the Borrower of Internal Revenue Service Form 8038-T or any successor form required by such sections. The Issuer may conclusively rely on the directions of the Borrower with regard to any actions to be taken by it pursuant to this Section and shall have no liability for any consequences of any failure of the Borrower to supply accurate or sufficient directions or for the Bonds becoming "arbitrage bonds" as a result of compliance with such directions.

Section 2.2. Representations and Warranties of the Borrower. The Borrower represents and warrants to the Issuer that, as of the date of execution of this Agreement and as of the date of delivery of the Bonds to the initial purchasers thereof (such representations and warranties to remain operative and in full force and effect regardless of the issuance of the Bonds or any investigations by or on behalf of the Issuer or the results thereof):

(a) That it has full legal right, power and authority (i) to enter into this Agreement, the Note, the Deed of Trust, the Collateral Assignment, the Depository Agreement, the Security Agreement, the Tax Certificate and the Consent Agreement (collectively, the "Borrower Loan Documents"), (ii) to agree to be bound by the terms of the Indenture, (iii) to perform its obligations under the Borrower Loan Documents, and (iv) to consummate the transactions contemplated by the Borrower Loan Documents.

(b) That it is a limited liability company duly organized, validly existing and in good standing under the laws of its state of incorporation and is qualified to conduct business in the State of Texas. The Borrower has, by proper corporate action, duly authorized the execution and delivery of the Borrower Loan Documents and the performance of its obligations thereunder.

(c) That this Agreement has been duly executed and delivered by it and constitutes a legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws or judicial decisions affecting the rights of creditors generally and by judicial discretion in the exercise of equitable remedies. Upon the execution and delivery hereof and thereof, each of the Borrower Loan Documents will constitute a valid and binding obligation of the Borrower, enforceable in accordance with their terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws or judicial decisions affecting creditors' rights generally and by judicial discretion in the exercise of equitable remedies.

(d) The execution and delivery of the Borrower Loan Documents and the performance by it of its obligations thereunder and the consummation of the transactions contemplated thereby do not and will not conflict with, or constitute a breach or result in a violation of, the organizational documents of the Borrower, will not violate any law, regulation, rule or ordinance or any material order, judgment or decree of any federal, state or local court and (with due notice or the passage of time, or both), do not conflict with, or constitute a breach of, or a default under, or result in the creation or imposition of any prohibited lien, charge or encumbrance whatsoever upon any of the property or assets of the Borrower under the terms of any material document, instrument or commitment to which it is a party or by which it or any of its property is bound.

(e) The Borrower has leasehold title to the Project Site and title to the Project sufficient to carry out the purposes of this Agreement

(f) That neither it nor any of its business or properties, nor any relationship between it or any other person, nor any circumstances in connection with the execution, delivery and performance by it of the Borrower Loan Documents or the offer, issue, sale or delivery by the Issuer of the Bonds, is such as to require the consent, approval or authorization of, or the filing, registration or qualification with, any governmental authority on the part of the Borrower other than those already obtained.

(g) That it has not been served with and, to its knowledge there is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency or public board or body pending or threatened against the Borrower which (i) affects or seeks to prohibit, restrain or enjoin the issuance, sale or delivery of the Bonds or the lending of the proceeds of the Bonds to the Borrower or the execution and delivery of the Borrower Loan Documents, (ii) affects or questions the validity or enforceability of the Borrower Loan Documents, (iii) questions the power or authority of the Borrower to carry out the transactions contemplated by, or to perform its obligations under the Borrower Loan Documents or the powers of the Borrower to own, acquire, equip or operate the Project, or (iv) which, if adversely determined, would materially impair its right to carry on business substantially as now conducted or as now contemplated to be conducted, or would materially adversely affect its financial condition.

(h) That it is not in default under any document, instrument or commitment to which it is a party or to which it or any of its property is subject which default would or could affect its ability to carry out its obligations under the Borrower Loan Documents.

(i) That any certificate signed by the Authorized Representative of the Borrower and delivered pursuant to the Borrower Loan Documents or the Indenture shall be deemed a representation and warranty by it to the Issuer and the Trustee of the statements made therein.

(j) The information contained in the Official Statement relating to the Bonds (other than the information contained under the headings "The Issuer," "The Bonds—Book Entry Only System," and "Litigation" (to the extent such information does not relate to the Borrower) and the information about DTC or its book-entry only procedures, as to all of which no representation is made) is true and correct in all material respects as of the date of the Official Statement and as of the Issuance Date of the Bonds, and such information as of such dates did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(k) That the Costs of the Project are as set forth in the Tax Certificate and have been determined in accordance with sound engineering/construction and accounting principles. All the information provided and representations made by the Borrower in the Tax Certificate are true and correct as of the date thereof.

(l) That the Project consists and will consist of those facilities described in Exhibit A hereto and it shall not make any changes to the Project or to the operation thereof that would adversely affect the qualification of the Project under the Act or adversely affect the Tax-exempt status of the interest on the Bonds. In particular, it shall comply with all requirements set forth in the Tax Certificate.

(m) That to its knowledge, no director, member, officer or other official of the Issuer has any material financial interest in the Borrower or the Project.

(n) That all certificates, approvals, permits and authorizations with respect to the construction of the Project of applicable local governmental agencies, the State and the federal government have been obtained, or if not yet obtained, are expected to be obtained in due course.

(o) That no event has occurred and no condition exists which would constitute an Event of Default or Loan Default Event which, with the passing of time or with the giving of notice or both, would become such an Event of Default or Loan Default Event.

(p) That it has no present intention of disposing of or abandoning the Project nor of directing the Project to a use other than the purposes represented to the Division.

(q) That, by virtue of the Project being financed under the Act, it has not and will not maintain that it is entitled to an exemption from State sales or use taxes on personal property acquired in connection with the Project.

(r) That the Project is not in violation of any federal, state or local environmental laws.

ARTICLE III
ISSUANCE OF THE BONDS; APPLICATION OF PROCEEDS

Section 3.1. Agreement to Issue Bonds; Application of Bond Proceeds.

(a) To provide funds to finance Costs of the Project and Costs of Issuance, the Issuer agrees that it will issue under the Indenture, sell and cause to be delivered to the purchasers thereof, the Bonds. The Issuer will thereupon apply the proceeds received from the sale of the Bonds as provided herein and in the Indenture.

(b) The Borrower agrees that it will acquire, construct, improve, install and equip, or complete the acquisition, construction, improvement, installation and equipping of, the Project, substantially in accordance with the description of the Project prepared by the Borrower and submitted to the Issuer, including any and all supplements, amendments and additions or deletions thereto or therefrom, it being understood that the approval of the Issuer shall not be required for changes in such description which do not substantially alter the purpose and description of the Project as set forth in Exhibit A hereto. The Borrower further agrees to proceed with due diligence to complete the Project within three years from the Issuance Date of the Bonds. The Borrower shall not make any changes to the Project or to the operation thereof which would affect the qualification of the Project as a "project" under the Act or adversely effect the Tax-exempt status of the interest on the Bonds. In particular, the Borrower agrees to comply with all requirements set forth in the Tax Certificate.

(c) In the event that the Borrower desires to alter or change the Project, and such alteration or change substantially alters the purpose and description of the Project as described in Exhibit A hereto, the Borrower shall be required to deliver to the Issuer and the Trustee:

(i) a certificate of an Authorized Representative of the Borrower describing in detail the proposed changes and stating that they will not adversely affect the Project qualifying as facilities that may be financed pursuant to the Act or Section 142(a)(6) of the Code;

(ii) a copy of the proposed form of amended or supplemented Exhibit A hereto; and

(iii) an Approving Opinion addressed to the Trustee with a copy to be delivered to the Issuer relating to such proposed changes.

Section 3.2. Disbursements from the Project Fund.

(a) The Borrower will authorize and direct the Trustee, upon compliance with Section 3.3 of the Indenture, to disburse the moneys in the Project Fund only for the following purposes (and not for Costs of Issuance), subject to the provisions of Section 3.3 hereof:

(i) Payment to the Borrower of such amounts, if any, as shall be necessary to reimburse the Borrower in full for all advances and payments made by it no earlier than December 19, 2008 (which is 60 days prior to February 19, 2009), in connection with the acquisition, construction, improvement, equipping and installation of the Project.

(ii) Payment to any vendors, suppliers or contractors to construct and install the Project, as provided in the plans, specifications and work orders therefor; and payment of the miscellaneous expenses incidental thereto.

(iii) Payment of the fees, if any, of architects, engineers, legal counsel and supervisors expended in connection with the construction and installation of the Project.

(iv) Payment of taxes including property taxes, assessments and other charges, if any, that may become payable during the construction period with respect to the Project, or reimbursement thereof, if paid by the Borrower.

(v) Payment of any other Costs of the Project permitted by the Tax Certificate (but not including any Costs of Issuance).

Each of the payments referred to in this Section 3.2(a) shall be made upon receipt by the Trustee of a written requisition in the form prescribed by Section 3.3 of the Indenture, signed by an Authorized Representative of the Borrower.

(b) All disbursements from the Project Fund must comply with the requirements of the Tax Certificate.

Section 3.3. Establishment of Completion Date; Obligation of Borrower to Complete. As soon as practicable after the construction, acquisition, installation, equipping and improvement of the Project is completed, an Authorized Representative of the Borrower, on behalf of the Borrower, shall evidence the Completion Date by providing a certificate to the Trustee upon which the Trustee may conclusively rely and to the Issuer stating that the construction of the Project has been completed substantially in accordance with the plans, specifications and work orders therefor, and all labor, services, materials and supplies used in the construction have been paid or provided for. Notwithstanding the foregoing, such certificate may state that it is given

without prejudice to any rights of the Borrower against third parties for any claims or for the payment of any amount not then due and payable which exists at the date of such certificate or which may subsequently exist.

All moneys remaining in the Project Fund after the Completion Date (other than moneys relating to provisional payments) and after payment or provision for payment of all other Costs of the Project have been provided for shall be transferred to the Surplus Account in accordance with Section 3.3 of the Indenture and applied as provided therein.

In the event the moneys in the Project Fund available for payment of the Costs of the Project are or will be insufficient to pay the costs of construction, installation and equipping of the Project in full, the Borrower agrees to pay directly, or to deposit in the Project Fund moneys sufficient to pay, any costs of completing the construction, installation and equipping of the Project in excess of the moneys available for such purpose in the Project Fund. The Issuer makes no express or implied warranty that the moneys deposited in the Project Fund and available for payment of the Costs of the Project, under the provisions of this Agreement, will be sufficient to pay all the amounts which may be incurred for such costs. The Borrower agrees that if, after exhaustion of the moneys in the Project Fund, the Borrower should pay, or deposit moneys in the Project Fund for the payment of, any portion of the Costs of the Project pursuant to the provisions of this Section, they shall not be entitled to any reimbursement therefor from the Issuer, from the Trustee or from the holders of any of the Bonds, nor shall they be entitled to any diminution of the amounts payable under Section 4.2 hereof.

Section 3.4. Investment of Moneys in Funds. Any moneys in any fund or account held by the Trustee shall, at the specific written request of an Authorized Representative of the Borrower, be invested or reinvested by the Trustee as provided in the Indenture. Such investments shall be held by the Trustee and shall be deemed at all times a part of the fund or account from which such investments were made, and the interest accruing thereon, and any profit or loss realized therefrom, shall be credited or charged to such fund or account. The Borrower acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Borrower the right to receive brokerage confirmations of security transactions from the Trustee as they occur, the Borrower specifically waives receipt of such confirmations to the extent permitted by law.

Section 3.5. Issuance of Additional Bonds. If the Borrower is not in default hereunder, the Issuer may by the adoption of an appropriate resolution or resolutions, at the request of the Borrower, authorize the issuance of Additional Bonds upon the terms and conditions provided herein and in Section 2.13 of the Indenture, but in no event shall the Issuer be liable for not issuing such Additional Bonds. Additional Bonds may only be issued to provide funds to pay any one or more of the following: (i) the costs of completing the Project; (ii) the costs of making at any time or from time to time such substitutions, additions, modifications and improvements to the Project or any portion thereof, as authorized by the Act, as the Borrower may deem necessary or desirable; (iii) the costs of refunding, to the extent permitted, any Bonds then Outstanding; and (iv) the costs of the issuance and sale of the Additional Bonds, interest expenses during the construction period and other costs reasonably related to the financing as shall be agreed upon by the Borrower and the Issuer. Prior to the issuance of such Additional Bonds, the terms thereof, the purchase price to be paid therefor and the manner in which the proceeds therefrom are to be disbursed shall have been approved in writing by the Borrower, the Borrower and the Issuer shall have entered into an amendment to this Agreement to provide that, for all purposes of this Agreement, the Project shall include any facilities being financed by the Additional Bonds, which facilities shall be described in amendments to Exhibit A hereto, and to

provide for an increase in the amount payable under Section 4.2 hereof as shall be necessary to pay the principal of, premium, if any, and interest on the Additional Bonds as provided in the supplemental indenture to be paid with respect to Additional Bonds required by Section 2.13 of the Indenture, and to extend the term of this Agreement if the maturity of any of the Additional Bonds would otherwise occur after the expiration of the term of this Agreement; and the Issuer shall have otherwise complied with the provisions of Section 2.13 of the Indenture with respect to the issuance of such Additional Bonds

Section 3.6. Limitation of Issuer's Liability. Anything contained in this Agreement to the contrary notwithstanding, any obligation the Issuer may incur in connection with the undertaking of the Project for the payment of money shall not be deemed to constitute a debt or general obligation of the Issuer, the State or any political subdivision thereof, but shall be payable solely from the revenues and receipts received by it under this Agreement and the other Borrower Loan Documents and from payments made pursuant to the Letter of Credit, if any. No provision in this Agreement or any obligation herein imposed upon the Issuer, or the breach thereof, shall constitute or give rise to or impose upon the Issuer, the State or any political subdivision thereof a pecuniary liability or a charge upon its general credit or taxing powers. The Issuer has no taxing power. No officer, director, employee, council member or agent of the Issuer or shall be personally liable on this Agreement.

ARTICLE IV
LOAN OF PROCEEDS; REPAYMENT PROVISION

Section 4.1. Loan of Bond Proceeds; Issuance of Bonds. The Issuer covenants and agrees, upon the terms and conditions in this Agreement, to make a loan to the Borrower, evidenced by the Note, from the proceeds of the Bonds for the purpose of financing the Costs of the Project and Costs of Issuance and funding the Debt Service Reserve Fund. The Issuer further covenants and agrees that it shall take all actions within its authority to keep this Agreement in effect in accordance with its terms. Pursuant to said covenants and agreements, the Issuer will issue the Bonds upon the terms and conditions contained in this Agreement and the Indenture and will cause the Bond proceeds to be applied as provided in Article III of the Indenture.

Section 4.2. Loan Payments and Payment of Other Amounts.

(a) The Borrower covenants and agrees to pay to the Trustee as a repayment on the loan made to the Borrower from Bond proceeds pursuant to Section 4.1 hereof, and on any loan to the Borrower in connection with the issuance of Additional Bonds, a sum equal to the amount payable on such Bond Payment Date as principal of, and premium, if any, and interest on, the Bonds as provided in the Indenture. Such Loan Payments shall be made in federal funds or other funds immediately available at the Corporate Trust Office of the Trustee. The term "Bond Payment Date" as used in this Section shall mean any date upon which any such amounts payable with respect to the Bonds shall become due, whether upon redemption, acceleration, maturity or otherwise. Without limiting the foregoing, the Borrower further covenants and agrees as follows:

(1) Subject to subsection (3) below, the Borrower, on or before the 15th day of each month, until the principal of, premium, if any, and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, will deposit in immediately available funds in the Bond Fund established and maintained pursuant to the Indenture (and, if applicable, shall cause the Trustee to transfer to the Depository Bank for deposit in accordance with the Depository Agreement), the amount necessary to make the amount on deposit therein equal to the amount of accrued an unpaid interest on the Bonds as of the first day (or Interest Payment Date in the case of Bonds then bearing interest at a Weekly Interest Rate) of the immediately succeeding month (in the case of Bonds then bearing interest at a Weekly Interest Rate, calculated on the basis of the actual interest rates borne by the Bonds through the date of such payment and assuming the Bonds bear interest during any period after the date of such payment of the moneys to the Bond Fund (for which period the interest rate borne of the Bonds shall not have been established) at an annual rate equal to the interest rate borne on the Bonds on the date of such payment); provided, however, that for the initial Interest Period ending June 1, 2011, the Borrower shall deposit no less than $192,500 and $233,574 for each of the payments due in April and May, respectively.

(2) Subject to subsection (3) below, the Borrower, on or before the 15th day of each month, until the principal of, premium, if any, and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, will deposit in immediately available funds in the Bond Fund established and maintained pursuant to the Indenture (and, if applicable, shall cause the Trustee to transfer to the Depository Bank for deposit in accordance with the Depository Agreement), a sum equal to one-sixth (1/6th) of the amount of principal payable (whether at maturity or upon a sinking fund redemption date) on the next Principal Payment Date; provided, however, that for the initial Interest Period ending June 1, 2011, the Borrower shall deposit no less than $0 and $0 for each of the payments due in April and May, respectively.

(3) Notwithstanding subsections (1) and (2) above, during the last Bond Year ending December 1, 2024, the Borrower shall have credit against its payments due on and after June 1, 2024 under this Section 4.2(a) from moneys available in the Debt Service Reserve Fund, in such amounts as are designated by the Borrower.

Each payment made pursuant to this Section 4.2(a) shall at all times be sufficient to pay the total amount of interest and principal (whether at maturity or upon redemption or acceleration) and premium, if any, becoming due and payable on the Bonds on each Bond Payment Date; provided that any amount held by the Trustee in the Bond Fund on any due date for a Loan Payment hereunder shall be credited against the Loan Payment due on such date, to the extent available for such purpose; and provided further that, subject to the provisions of this paragraph, if at any time the amounts held by the Trustee in the Bond Fund (other than the Letter of Credit Account, if any) are sufficient to pay all of the principal of and interest and premium, if any, on the Bonds as such payments become due, the Borrower shall be relieved of any obligation to make any further payments under the provisions of this Section. Notwithstanding the foregoing, if on any date the amount held by the Trustee in the Bond Fund is insufficient to make any required payments of principal of (whether at maturity or upon redemption or acceleration) and interest and premium, if any, on, the Bonds as such payments become due, the Borrower shall forthwith pay such deficiency as a Loan Payment hereunder.

(b) The Borrower also agrees to pay on or before the 15th day of each month one-sixth (1/6th) of the amount of payments required to make up any deficiency in the Debt Service Reserve Fund caused by any use of moneys in the Debt Service Reserve Fund to pay debt service on the Bonds, until such deficiency has been fully paid or provision for the payment thereof shall have been made. The Borrower also agrees to make payments on or before the 15th day of each month sufficient to restore the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement in two consecutive equal monthly installments beginning in the month following any calculation of the value of the Debt Service Reserve Fund at an amount less than the Debt Service Reserve Fund Requirement.

(c) The obligation of the Borrower to make any payment required by Subsection 4.2(a) shall be deemed to have been satisfied to the extent of (i) any corresponding payment made to the Trustee by the Credit Provider pursuant to a Letter of Credit then in effect with respect to the Bonds. The obligation of the Borrower to make any payment required by Subsections 4.2(a) and (b) shall be deemed to have been satisfied to the extent of (i) any corresponding transfer by the Trustee from the Revenue Fund pursuant to Section 5.2 of the Indenture.

(d) The Borrower further covenants that it will make any payments required to be made pursuant to Sections 2.4, 4.6 and 4.8 of the Indenture at the applicable Purchase Price thereof by 2:00 p.m. New York City time on the Purchase Date in federal or other immediately available funds; provided, however the obligation to make such payments shall have been deemed satisfied to the extent that such Purchase Price shall have been paid from remarketing proceeds, or from a draw under the Letter of Credit pursuant to Section 4.7(D) of the Indenture.

(e) The Borrower also agrees to pay (i) the annual fee of the Trustee and the Tender Agent, if any, for their ordinary services rendered as trustee or tender agent, respectively, and their ordinary expenses incurred under the Indenture, as and when the same become due, (ii) the reasonable fees, charges and expenses (including reasonable legal fees and expenses) of the Trustee, as bond registrar and paying agent, the reasonable fees of any other Paying Agent as provided in the Indenture, and (iii) the reasonable fees, charges and expenses of the Trustee for the necessary extraordinary services rendered by it and extraordinary expenses incurred by it under the Indenture, as and when the same become due. The Trustee's compensation shall not be limited by any provision of law regarding the compensation of a Trustee of an express trust.

(f) The Borrower covenants and agrees to pay to or on behalf of the Issuer (i) the reasonable fees and expenses of the Issuer and its counsel in connection with this Agreement, the Note, the Project, the Bonds or the Indenture, including, without limitation, any and all fees and expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds and the administration of the Bonds, and (ii) all other amounts which the Borrower agrees to pay under the terms of this Agreement; provided, that the aggregate of all such amounts paid to the Issuer shall not equal or exceed an amount which would cause the "yield" on this Agreement or any other "acquired purpose obligation" to be "materially higher" than the "yield" on the Bonds, as such terms are used in the Code. Such fees and expenses shall be paid directly to the Issuer for its own account as and when such fees and expenses become due and payable. When the Issuer incurs expenses or renders services after the occurrence of a Loan Default Event specified in Section 7.1(d), the expenses and the compensation for the services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

(g) The Borrower also agrees to pay the reasonable fees, charges and expenses of the Remarketing Agent set forth in the Remarketing Agreement, if any. Such payments shall be made directly to the Remarketing Agent. The Issuer shall have no obligation whatsoever with respect to the payment of fees, charges and expenses of the Remarketing Agent.

(h) The Borrower also agrees to pay fees and expenses of independent certified public accountants necessary for the preparation of annual or other audits, reports or summaries thereof required by this Agreement, the Indenture or by the Issuer, including a report of an independent certified public accountant with respect to any fund established under the Indenture;

(i) The Borrower agree to pay any amounts required to be deposited in the Rebate Fund to comply with the provisions of the Tax Certificate and Section 6.1 hereof and to pay the fees, charges and expenses of any rebate analyst.

(j) In the event that the Borrower should fail to make any of the payments required by Subsections (a)-(g) of this Section, such payments shall continue as obligations of the Borrower until such amounts shall have been fully paid. The Borrower agrees to pay such amounts, together with interest thereon until paid, to the extent permitted by law. Interest on overdue payments required under subsection (a) above shall be paid to Bondholders as provided in the Indenture

Section 4.3. Application of Revenues. While any Bonds are Outstanding, Revenues received by the Borrower shall be tendered immediately to the Depository Bank and deposited by the Depository Bank in the Revenue Account established under the Depository Agreement.

Section 4.4. Unconditional Obligation. The obligations of the Borrower to make the Loan Payments, Purchase Price Payments, and the other payments required by Section 4.2 hereof and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional, irrespective of any defense or any rights of set-off, recoupment or counterclaim it might otherwise have against the Issuer, and during the term of this Agreement, the Borrower shall pay all payments required to be made on account of this Agreement as prescribed in Section 4.2, the Note and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off. Until such time as the principal of, premium, if any, and interest on, the Bonds shall have been fully paid, or provision for the payment thereof shall have been made as required by the Indenture, the Borrower (a) will not suspend or discontinue any payments provided for in Section 4.2; (b) will perform and observe all of its other covenants contained in this Agreement; and (c) except as provided in Article VIII hereof, will not terminate this Agreement for any cause, including, without limitation, the occurrence of any act or circumstances that may constitute failure of consideration, destruction of or damage to all or a portion of those facilities or equipment comprising the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either of these, or any failure of the Issuer or the Trustee to perform and observe any covenant, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement or the Indenture, except to the extent permitted by this Agreement.

Section 4.5. Assignment of Issuer's Rights. As security for the payment of the Bonds, the Issuer will assign to the Trustee the Issuer's rights under this Agreement and the Note, including the right to receive Loan Payments and Purchase Price Payments hereunder (except the Unassigned Issuer Rights). The Issuer hereby directs the Borrower to make the Loan Payments required hereunder directly to the Trustee for deposit as contemplated by the Indenture. The Issuer hereby directs the Borrower to make the Purchase Price Payments required hereunder directly to the Trustee or the Tender Agent as contemplated by the Indenture. The Borrower hereby consents to such assignment and agrees to make payments directly to the Trustee or the Tender Agent, as the case may be, without defense or set-off by reason of any dispute between the Borrower and the Issuer or the Trustee.

Section 4.6. Amounts Remaining in Funds. It is agreed by the parties hereto that after payment in full of (a) the Bonds, or after provision for such payment shall have been made as provided in the Indenture, (b) the fees, charges and expenses of the Issuer, the Trustee, the Tender Agent and any Paying Agents in accordance with the Indenture, (c) all other amounts required to be paid under this Agreement, the Note and the Indenture, and (d) if applicable, payment to any Credit Provider of any amounts owed to the Credit Provider under the Reimbursement Agreement with respect to a Letter of Credit, any amounts remaining in any fund held by the Trustee under the Indenture (excepting the Rebate Fund) shall be paid as provided in Section 10.1 of the Indenture. Notwithstanding any other provision of this Agreement or the Indenture, under no circumstances shall proceeds of a draw on a Letter of Credit or remarketing proceeds be paid to the Issuer, the Borrower, or an affiliate of the Borrower.

ARTICLE V
SPECIAL COVENANTS AND AGREEMENTS

Section 5.1. Right of Access to the Project. The Borrower agrees that during the term of this Agreement, the Issuer, the Trustee, and the duly authorized agents of either of them shall have the right at all reasonable times during normal business hours to enter upon each site where any part of the Project is located and to examine and inspect the Project; provided that reasonable notice shall be given to the Borrower at least five (5) Business Days prior to such examination or inspection, and such inspection shall not disturb the Borrower's normal business operations.

Section 5.2. The Borrower's Maintenance of its Existence. The Borrower covenants and agrees that during the term of this Agreement it will maintain its existence as a limited liability company in good standing, as the case may be, in its state of incorporation, shall be qualified to conduct business in the State of Texas, will not dissolve, sell or otherwise dispose of all or substantially all of its assets and will not combine or consolidate with or merge into another entity so that it is not the resulting or surviving entity (any such sale, disposition, combination or merger shall be referred to hereafter as a "transaction"); provided that it may enter into such transaction, if (a) the surviving or resulting transferee, person or entity, as the case may be, assumes and agrees in writing to pay and perform all of its obligations hereunder and under the Tax Certificate, (b) the surviving or resulting transferee, person or entity, as the case may be, qualifies to do business in the State, and (c) it shall deliver to the Trustee prior to the consummation of the transaction an Approving Opinion addressed to the Trustee, and (d) no Event of Default has occurred or is continuing hereunder.

If a merger, consolidation, sale or other transfer is effected, as provided in this Section, all provisions of this Section shall continue in full force and effect and no further merger, consolidation, sale or transfer shall be effected except in accordance with the provisions of this Section.

Section 5.3. Records and Financial Statements of Borrower.

(a) The Borrower covenants and agrees at all times to keep, or cause to be kept, proper books of record and account, prepared in accordance with generally accepted accounting principles, in which complete and accurate entries shall be made of all transactions of or in relation to the business, properties and operations of the Borrower relating to the Project. Such books of record and account shall be available for inspection by the Issuer or the Trustee during normal business hours and under reasonable circumstances.

(b) The Borrower agrees to furnish to the Issuer and the Trustee as soon as available, and in any event within 120 days after the end of each fiscal year, copies of the balance sheet of the Borrower as at the end of such fiscal year, and of the statements of income, retained earnings and changes in financial condition of the Borrower for such fiscal year. Such balance sheet and statements shall be prepared in reasonable detail, in accordance with generally accepted accounting principles, and shall be accompanied by the report thereon of an independent public accountant. In the event that the Borrower is required to file Form 10-K under the Securities Exchange Act of 1934, as amended, the Borrower may, in lieu of furnishing the financial statements hereinabove described, furnish such Form 10-K to the Issuer and the Trustee promptly after such report is available

Section 5.4. Insurance. The Borrower agrees to insure the Project during the term of this Agreement for such amounts and for such occurrences as are required by Section 1.03 of the Deed of Trust and Section 13.01 of the Lease Agreement.

The Borrower shall deliver to the Trustee within 120 days of the end of each Fiscal Year during the term of this Agreement a certificate stating that all insurance required by this Section is in full force and effect. The Trustee may conclusively rely on such certificate.

Section 5.5. Maintenance and Repairs; Taxes; Utility and Other Charges. The Borrower agrees to maintain the Project during the term of this Agreement (a) in as reasonably safe condition as its operations shall permit and is customary in the industry and (b) in good repair and in good operating condition, ordinary wear and tear excepted, making from time to time all necessary repairs thereto and renewals and replacements thereof. Any replacement, repair, rebuilding or restoration of the Project shall be done in accordance with any permits or governmental agreements applicable to the facilities being improved as part of the Project.

The Borrower agrees to pay or cause to be paid during the term of this Agreement all taxes, governmental charges of any kind lawfully assessed or levied upon the Project or any part thereof, including any taxes levied against any portion of the Project which, if not paid, will

become a charge on the receipts from the Project prior to or on a parity with the charge thereon and the pledge or assignment thereof to be created therefrom or under this Agreement, all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of any portion of the Project and all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Project, provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Borrower shall be obligated to pay only such installments as are required to be paid during the term of this Agreement. The Borrower may, at the Borrower's expense and in the Borrower's name, in good faith, contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during that period of such contest and any appeal therefrom unless by such nonpayment the Project or any part thereof will be subject to loss or forfeiture. Notwithstanding such contest or appeals, the Borrower shall pay not less than the amount of tax or assessment which the Borrower admits in good faith to be owing.

Section 5.6. Qualification in the State. To the extent either of the Borrower, or any successor or assignee as permitted by Section 5.2, is not organized under the laws of the State, it agrees that throughout the term of this Agreement it will be in good standing in the State.

Section 5.7. Tax Covenant. The Borrower covenants and agrees that it shall at all times do and perform all acts and things permitted by law and this Agreement and the Indenture which are necessary in order to assure that interest paid on the Bonds (or any of them) will be Tax-exempt and shall take no action that would result in such interest not being Tax-exempt. Without limiting the generality of the foregoing, the Borrower agrees to comply with the provisions of Section 6.1 hereof and of the Tax Certificate, which are hereby incorporated herein. This covenant shall survive payment in full or defeasance of the Bonds.

Section 5.8. Notices and Certificates to Trustee. Borrower hereby agrees to provide the Trustee with the following:

(a) Within one hundred twenty (120) days of the end of the fiscal year of the Borrower, a certificate of the Borrower to the effect that all payments have been made under this Agreement and that, to the best of his or her knowledge, there exists no Event of Default or unmatured default;

(b) Upon knowledge of an Event of Default under this Agreement, the Indenture or any other Borrower Loans Document, the Gas Sale Agreement or the Lease Agreement, notice of such Event of Default, such notice to include a description of the nature of such event and what steps are being taken to remedy such Event of Default;

(c) On or before December 15 of each year, commencing December 15, 2011, during which any of the Bonds are outstanding, a written disclosure of any significant change known to the Borrower that occurs which would adversely impact the Trustee's ability to perform its duties under the Indenture, or of any conflicts which may result because of other business dealings between the Trustee and the Borrower.

Section 5.9. Continuing Disclosure. Pursuant to the federal Securities and Exchange Commission (the "S.E.C.") Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, the Borrower hereby covenants and agrees to comply, or to cause compliance with, when and if applicable, the continuing disclosure requirements promulgated thereunder, as such rule may from time to time hereafter be amended or supplemented. Notwithstanding any other provision of this Agreement, failure of the Borrower to comply, or to cause compliance with, the requirements of S.E.C. Rule 15c2-12, as it may from time to time hereafter be amended or supplemented, shall not be considered a Loan Default Event; however, the Trustee, at the written request of any Holder of Outstanding Bonds, shall, but only to the extent indemnified to its satisfaction from and against any cost, liability or expense related thereto, including, without limitation, fees and expenses of its attorneys and advisors and additional fees and expenses of the Trustee or any

Bondholder or beneficial owner of the Bonds, take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Borrower to comply with its obligations pursuant to this Section 5.9.

Section 5.10. Cooperation in Filings and Other Matters. The Issuer and the Borrower agree to cooperate, upon the request of either party, at the expense of the Borrower in the filing and renewal of UCC-1 Financing Statements.

Section 5.11. Letter of Credit.

(a) At any time that the Bonds bear interest at a Weekly Interest Rate, the Borrower shall provide for the delivery to the Trustee of a Letter of Credit or Alternate Letter of Credit (collectively referred to as a "Credit Instrument"). The Borrower shall cause to be delivered an Alternate Letter of Credit at least 20 days before the expiration date of any existing Letter of Credit, unless otherwise permitted by the Indenture. A Credit Instrument shall be an irrevocable letter of credit or other irrevocable credit facility (including, if applicable, a confirming letter of credit), issued by a Credit Provider, the terms of which shall be acceptable to the Trustee and shall otherwise comply with the requirements of the Indenture; provided, that the expiration date of such Credit Instrument shall be a date not earlier than one year from its date of issuance, subject to earlier termination upon payment of the Bonds in full or provision for such payment in accordance with Article X of the Indenture. On or prior to the date of the delivery of a Credit Instrument to the Trustee, the Borrower shall cause to be furnished to the Trustee (i) an opinion of Bond Counsel addressed to the Trustee stating to the effect that the delivery of such Credit Instrument to the Trustee is authorized under the Indenture and complies with the terms hereof and will not in and of itself adversely affect the Tax-exempt status of interest on the Bonds, (ii) an opinion of counsel to the Credit Provider issuing such Credit Instrument stating to the effect that such Credit Instrument is enforceable in accordance with its terms (except to the extent that the enforceability thereof may be limited by bankruptcy, reorganization or similar laws limiting the enforceability of creditors' rights generally and except that no opinion need be expressed as to the availability of any discretionary equitable remedies), (iii) written evidence from the Rating Agency that the Bonds shall have a long-term rating of "A" (or equivalent) or higher or, if the Bonds only have a short-term rating, such short-term rating shall be in the highest short-term rating category (without regard to "+"s or "-"s) and (iv) if required by any Rating Agency then rating the Bonds or in the event the Bonds are not rated by any Rating Agency, an opinion of Bond Counsel addressed to the Trustee or an opinion of counsel to the Credit Provider addressed to the Trustee to the effect that payments under such Credit Instrument will not constitute a voidable preference under Section 547 of the United States Bankruptcy Code as then in effect if a petition in bankruptcy is filed by or against the Borrower or the Issuer or an affiliate or a subsidiary of either of them.

(b) The Borrower shall provide to the Trustee (with a copy to the Issuer) a notice at least 15 days prior to the effective date of any Alternate Letter of Credit (and in no event later than 35 days prior to the expiration of any existing Letter of Credit) identifying the Alternate Letter of Credit, if any, and the rating which will apply to the Bonds after the effective date.

Section 5.12. Compliance with Indenture. The Borrower recognizes that the Indenture contains provisions that, among other things, relate to matters affecting the payment of Costs of the Project and the administration and investment of certain funds. The Borrower has reviewed the Indenture and hereby assents to all provisions of the Indenture. The Borrower shall take such action as may be reasonably necessary in order to enable the Issuer and the Trustee to comply with all requirements and to fulfill all covenants of the Indenture to the extent that compliance with such requirements and fulfillment of such covenants are dependent upon any observance or performance required of the Borrower by the Indenture, the Note or this Agreement.

Section 5.13. Other Agreements. The Borrower hereby covenants and agrees to maintain in effect during the term of this Agreement the Borrower Loan Documents, the Lease Agreement, the Shell Gas Sale Agreement, other Gas Sale Agreements, Project Revenue Generating Agreements and any collateral assignments and security documents entered into for purposes of securing the Bonds, and to comply with the terms and conditions thereunder.

Section 5.14. Damage; Destruction and Eminent Domain. If, during the term of this Agreement, the Project or any portion thereof is destroyed or damaged in whole or in part by fire or other casualty, or title to, or the temporary use of, the Project or any portion thereof shall have been taken by the exercise of the power of eminent domain, and the Issuer, the Borrower or the Trustee receives Net Proceeds of Insurance or any condemnation award in connection therewith, the Borrower, to the extent it is not required to prepay the indebtedness hereunder in accordance with Section 8.3 hereof and as otherwise permitted by the Deed of Trust (and unless it shall have exercised its option to prepay the indebtedness hereunder pursuant to the provisions of Section 8.3 hereof), shall cause such Net Proceeds of Insurance or an amount equal thereto (i) to be used for the repair, construction or improvement of such facilities, or such portion thereof, as "exempt facilities" within the meaning of Section 142 of the code, or (ii) to be deposited into the Bond Fund (but only for application, as instructed by the Authorized Representative of the Borrower, to the purchase of Bonds for the purposes of cancellation in the manner provided in the Indenture), or (iv) to be used for any combination of the purposes permitted by (and subject to the conditions described in) clauses (i) and (ii) above.

Section 5.15. Term Interest Rate Period Only. Notwithstanding anything herein to the contrary, the Borrower and the Issuer understand and agree that the Borrower has elected that the Bonds shall bear interest solely at a Term Interest Rate during a Term Interest Rate Period commencing on the date hereof through the final Principal Payment Date, subject to Section 2.2(b) of the Indenture, therefore affecting, and in some cases limiting or eliminating, certain rights, powers, duties and obligations of the Bondholders, the Borrower, the Trustee, the Depository Bank and the Issuer under the Indenture, the Depository Agreement and hereunder, including, but not limited to, the right to adjust the Interest Rate Period on the Bonds, the right to the appointment of a Remarketing Agent or the obligation to make Purchase Price Payments under Section 4.2(d) hereof.

ARTICLE VI
SPECIAL TAX COVENANTS

Section 6.1. Special Tax Covenants.

(a) Qualifying Costs. The Borrower shall not cause any Proceeds of the Bonds to be expended, except pursuant to the Indenture and this Agreement. The Issuer agrees to act in accordance with its duties under the Indenture. The Borrower shall not (i) requisition or otherwise allow payment out of Proceeds of the Bonds (A) if such payment is to be used for the acquisition (including reimbursement therefor in compliance with the Code) of any property (or an interest therein) unless the first use of such property is pursuant to such acquisition, provided that this clause (A) shall not apply (1) to any building (and the equipment purchased as a part thereof, if any) if the "rehabilitation expenditures", as defined in Section 147(d) of the Code, with respect to

the building equal or exceed 15% of the portion of the cost of acquiring the building (including such equipment) financed with the Proceeds of the Bonds, or (2) to any other property if the rehabilitation expenditures with respect thereto equal 100% of the cost of acquiring such property financed with the Proceeds of the Bonds; (B) if as a result of such payment, 25% or more of the Proceeds of the Bonds would be considered as having been used directly or indirectly for the acquisition of land (or an interest therein); (C) if, as a result of such payment, less than 95% of the Net Proceeds of the Bonds, expended at the time of such acquisition would be considered as having been used for (1) costs that constitute capital expenditures as defined in Section 1.150-1(b) of the Regulations; or (2) costs associated with facilities that will be used solely for the collection, storage, treatment, utilization, processing or final disposal of solid waste or (3) costs for land, buildings or other property that is functionally related or subordinate to such property ("Qualifying Costs"); (D) if paid prior to the Issuance Date and fails to satisfy the reimbursement rules under Section 1.150-2 of the Regulations; or (E) if such payment is used to pay Costs of Issuance of the Bonds in excess of an amount equal to 2% of the Sale Proceeds of the Bonds; (ii) take or omit, or permit to be taken or omitted, any other action with respect to the use of such Proceeds the taking or omission of which has or would result in the loss of Tax-exempt status of the interest on the Bonds; or (iii) take or omit, or permit to be taken or omitted, any other action the taking or omission of which has or would cause the loss of such Tax-exempt status of the interest on the Bonds.

(b) Prohibited Uses. Without limiting the generality of the foregoing, the Borrower will not use the Proceeds of the Bonds, or permit such Proceeds to be used directly or indirectly, for the acquisition of land (or an interest therein) to be used for farming purposes, or to provide any airplane, skybox or other private luxury box, any health club facility, any facility primarily used for gambling, any store the principal business of which is the sale of alcoholic beverages for consumption off premises.

(c) Land. No portion of the Proceeds of the Bonds will be used directly or indirectly for the acquisition of land or any interest therein to be used for the purpose of farming and less than 25% of the Proceeds of the Bonds are or will be used directly or indirectly for the acquisition of land to be used for purposes other than farming.

(d) Commencement of Construction; First Users. The Borrower hereby represents that the Borrower will not requisition any amounts from the Proceeds of the Bonds to pay costs incurred before the Issuance Date of the Bonds and paid more than 60 days prior to the date of "official action" of the Issuer within the meaning of Section 142 of the Code, which took place on February 17, 2009. No person, firm or corporation who was a "substantial user" of the Project (as defined in the Code) before the Issuance Date of the Bonds and who was or will be a "substantial user" of the Project following its being placed in service, has received or will receive, directly or indirectly, any Proceeds from the issuance and sale of the Bonds.

(e) Economic Life of Project. The Borrower hereby represents that the weighted average maturity of the Bonds does not exceed 120% of the "average reasonably expected economic life" of the components comprising the Project, determined pursuant to Section 147(b) of the Code. For purposes of the preceding sentence, the reasonably expected economic life of each property constituting the Project shall be determined as of the later of (i) the Issuance Date of the Bonds or (ii) the date on which such property is placed in service (or expected to be placed in service). In addition, land shall not be taken into account in determining the reasonably expected economic life of property. The Borrower agrees that it will not make any changes in the Project which would, at the time made, cause 120% of the "average reasonably expected economic life" of the components of the Project, determined pursuant to Section 147(b) of the Code, to be less than the "weighted average maturity" of the Bonds.

(f) Certificate of Information; Internal Revenue Service Form 8038. The Borrower hereby represents that the information contained herein and in the Tax Certificate) delivered in connection with the issuance of the Bonds with respect to the compliance with the requirements of Section 103 and Sections 141 through 150 of the Code, including the information in Internal Revenue Service Form 8038 (excluding the issue number and the employer identification number of the Issuer) filed by the Issuer with respect to the Bonds and the Project, is true and correct in all material respects.

(g) Use by United States of America or Its Agencies. The Borrower has not permitted and shall not permit the Project to be used or occupied other than as a member of the general public in any manner for compensation by the United States of America or an agency or instrumentality thereof, including any entity with statutory authority to borrow from the United States of America (in any case within the meaning of Section 149(b) of the Code) unless, with respect to any future use of the Project, the Borrower shall deliver to the Trustee an Approving Opinion addressed to the Trustee.

(h) Other Bonds. The Borrower agrees that during the period commencing on the date of the issuance of the Bonds and ending 15 days thereafter, there shall be issued no "private activity bonds," as defined in Section 141 of the Code, which are guaranteed or otherwise secured by payments to be made by the Borrower or any "related person" (or group of "related persons") unless the Borrower shall deliver to the Trustee an Approving Opinion addressed to the Trustee in connection with the issuance of such "private activity bonds".

(i) Solid Waste Disposal Facilities. Not less than 95% of the Net Proceeds of the Bonds shall be used to provide (i) facilities that will be used solely for the collection, storage, treatment, utilization, processing or final disposal of solid waste, or (ii) land, buildings or other property that is functionally related or subordinate to such a property.

(j) Change in Use. The Borrower shall not cause any change in use of the Project that would not satisfy the requirements of Section 1.150-4 of the Regulations (or a successor Regulation or similar) without an Approving Opinion.

(k) Bonds Are Not Hedge Bonds. The Borrower covenants and agrees that not more than 50% of the Proceeds of the Bonds will be invested in nonpurpose investments (as described in Section 1.148-1(b) of the Regulations) having a substantially guaranteed Yield for four years or more within the meaning of Section 149(g)(3)(A)(ii) of the Code, and the Borrower reasonably expects that at least 85% of the spendable proceeds of such Bonds will be used to carry out the governmental purposes of the Bonds within the three-year period beginning on the Issuance Date.

(l) Yield on Investment of Gross Proceeds. The Borrower will restrict the cumulative, blended Yield on the investment of the Gross Proceeds of the Bonds to the Yield of the Bonds, other than amounts (i) not subject to yield restriction because of (A) the availability of any applicable temporary period under Section 148(c) of the Code and Section 1.148-2(e) of the Regulations, (B) deposit in a reasonably required reserve or replacement fund described in Section 148(d) of the Code and Section 1.148-2(f)(2) of the Regulations or a bona fide debt service fund described in Section 1.148-1(b) of the Regulations (including the Bond Fund) or (C) the minor portion exception described in Section 1.148-2(g) of the Regulations, or (ii) invested at a restricted

yield by virtue of being invested in obligations described in Section 103(a) of the Code that are not "specified private activity bonds" within the meaning of Section 57(a)(5)(C) of the Code to the extent required by the Code or the Regulations.

(m) No Arbitrage. The Borrower will not use or invest the Proceeds of the Bonds such that such Bonds become "arbitrage bonds" within the meaning of Section 148 of the Code.

(n) Rebate. The Borrower agrees to take all steps necessary to compute and pay any rebatable arbitrage in accordance with Section 148(f) of the Code and Section 1.148-3 of the Regulations, including:

(i) Delivery of Documents and Money on Computation Dates. Except in the case where Borrower has (1) satisfied the spending requirements set forth in the Tax Certificate so as to exempt the Borrower from any rebate liability with respect to the Bonds and (2) delivered a certificate, signed by an Authorized Representative of the Borrower, certifying that the Borrower has satisfied such spending requirements and is exempt from any rebate liability with respect to the Bonds, the Borrower shall deliver to the Trustee, within 45 days after each Computation Date for the Bonds,

(A) a statement, signed by an Authorized Representative of the Borrower, stating the Rebate Amount for the Bonds as of such Computation Date; and

(B) (1) if such Computation Date is not the Final Computation Date, an amount which, together with any amount then held for the credit of the Rebate Fund, is equal to at least 90% of the Rebate Amount in respect of the Bonds as of such Computation Date, less the future value as of such date, of any prior payments made to the United States pursuant to Section 148(f) of the Code in respect of the Bonds, and (2) if such Computation Date is the Final Computation Date, an amount which, together with any amount then held for the credit of the Rebate Fund in respect of the Bonds, is equal to the Rebate Amount as of such Final Computation Date, less the future value as of such date, of any prior payments made to the United States pursuant to Section 148(f) of the Code in respect of such Bonds; and

(C) to the extent any Rebate Amount is due, an Internal Revenue Service Form 8038-T completed as of such Computation Date.

(ii) Correction of Underpayments. If the Trustee or the Borrower shall discover or be notified as of any date that any payment paid to the United States Treasury pursuant to Section 5.6 of the Indenture of an amount described in Section 6.1(n)(i) above shall have failed to satisfy any requirement of Section 1.148-3(f) of the Regulations (whether or not such failure shall be due to any default by the Borrower, the Issuer, or the Trustee), the Borrower shall (A) deliver to the Trustee a brief written explanation of such failure and any basis for concluding that such failure was innocent and (B) pay to the Trustee (for deposit to the Rebate Fund) and cause the Trustee to pay to the United States Treasury from the Rebate Fund the penalty in respect thereof and as specified in Section 1.148-3(h) of the Regulations, within 45 days after any discovery or notice.

(iii) Records. The Borrower shall retain all of its accounting records relating to the Bond Fund, the Project Fund and the Rebate Fund and all calculations made in preparing the statements described in this Section 6.1(n) for at least six years after the date on which no Bonds are Outstanding.

(iv) Borrower Authorized to Act on Behalf of Issuer. The Issuer hereby authorizes the Borrower to exercise, on behalf of the Issuer, any election pursuant to Section 1.148-3 of the Regulations and the Issuer will cooperate with the Borrower and execute any form or statement required by such Regulations to perfect any such election.

(v) Fees and Expenses. The Borrower agrees to pay all of the reasonable fees and expenses of Bond Counsel, a certified public accountant and any other necessary consultant employed by the Borrower, the Trustee or the Issuer in connection with computing the Rebate Amount, so long as the Borrower have consented in writing in advance to such employment.

(vi) No Diversion of Rebatable Arbitrage. The Borrower will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the Gross Proceeds of the Bonds which is not purchased at fair market value or includes terms that the Borrower would not have included if Bonds were not subject to Section 148(f) of the Code.

(vii) Investment of Rebate Fund. In the event funds are deposited to the Rebate Fund, the Borrower shall give the Trustee instructions as the investment of such funds upon deposit of such funds in accordance with Section 5.5 and Section 5.6 of the Indenture.

(o) Covenant to Maintain Tax Exemption. The Borrower hereby covenants and agrees that it shall not take any action, cause any action to be taken, omit to taken any action or cause any omission to occur which would cause the interest on the Bonds to lose their Tax-exempt status. To the extent that published rulings of the Internal Revenue Service, or amendments to the Code or the Regulations modify the covenants of the Borrower which are set forth in this Section 6.1 or which are necessary to preserve the Tax-exempt status of the interest on the Bonds, the Borrower will comply with such modifications.

ARTICLE VII
LOAN DEFAULT EVENTS AND REMEDIES

Section 7.1. Loan Default Events. Any one of the following which occurs and continues shall constitute a "Loan Default Event:"

(a) Failure of the Borrower to make any Loan Payment required by Section 4.2(a) hereof when due; or

(b) Failure of the Borrower to make any Purchase Price Payment required by Section 4.2(d) hereof when due; or

(c) Failure of the Borrower to observe and perform any covenant, condition or agreement on its part required to be observed or performed by this Agreement (other than as provided in clause (a) or (b) above), which continues for a period of 30 days after written notice by the Issuer or the Trustee delivered to the Borrower and the Credit Provider, if any, which notice shall specify such failure and request that it be remedied, unless the Issuer and the Trustee shall agree in writing to an extension of such time; provided, however, that if the failure stated in the notice cannot be corrected within such period, the Issuer and the Trustee will not unreasonably withhold their consent to an extension of such time if corrective action is instituted within such period and diligently pursued in good faith until the default is corrected; or

(d) The dissolution or liquidation of the Borrower or the filing by the Borrower of a voluntary petition in bankruptcy, or failure by the Borrower promptly to cause to be lifted any execution, garnishment or attachment of such consequence as will impair the Borrower's ability to carry on its obligations hereunder, or the entry of any order or decree granting relief in any involuntary case commenced against the Borrower under any present or future federal bankruptcy act or any similar federal or state law, or a petition for such an order or decree shall be filed in any court and such petition or answer shall not be discharged or denied within ninety days after the filing thereof, or if the Borrower shall admit in writing its inability to pay its debts generally as they become due, or a receiver, trustee or liquidator of the Borrower shall be appointed in any proceeding brought against the Borrower and shall not be discharged within

ninety days after such appointment or if the Borrower shall consent to or acquiesce in such appointment, or assignment by the Borrower for the benefit of its creditors, or the entry by the Borrower into an agreement of composition with its creditors, or a bankruptcy, insolvency or similar proceeding shall be otherwise initiated by or against the Borrower under any applicable bankruptcy, reorganization or analogous law as now or hereafter in effect and if initiated against the Borrower shall remain undismissed (subject to no further appeal) for a period of ninety days; provided, the term "dissolution or liquidation of the Borrower," as used in this subsection, shall not be construed to include the cessation of the existence of the Borrower resulting either from a merger or consolidation of the Borrower into or with another entity or a dissolution or liquidation of the Borrower following a transfer of all or substantially all of its assets as an entirety or under the conditions permitting such actions contained in Section 5.2 hereof; or

(e) The existence of an "Event of Default" (as defined therein) under the Indenture.

Section 7.2. Remedies on Default. Subject to Section 7.1 hereof, whenever any Loan Default Event shall have occurred and shall be continuing,

(a) The Trustee, by written notice to the Issuer, the Borrower and the Credit Provider, if any, shall declare the unpaid balance of the loan payable under Section 4.2(a) of this Agreement to be due and payable immediately, provided that concurrently with or prior to such notice the unpaid principal amount of the Bonds shall have been declared to be due and payable under the Indenture. Upon any such declaration such amount shall become and shall be immediately due and payable as determined in accordance with Section 7.1 of the Indenture.

(b) The Trustee may have access to and may inspect, examine and make copies of the books and records and any and all accounts, data and federal income tax and other tax returns of the Borrower.

(c) The Issuer or the Trustee may take whatever action at law or in equity as may be necessary or desirable to collect the payments and other amounts then due and thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Agreement, and payment and performance of the Borrower's obligations may also be enforced by mandamus or by the appointment of a receiver in equity with power to charge any payments due from the Borrower hereunder and to apply the same.

(d) If applicable, the Trustee shall immediately draw upon any Letter of Credit, if permitted by its terms and required by the terms of the Indenture, and apply the amount so drawn in accordance with the Indenture and may exercise any remedy available to it thereunder.

In case the Trustee, the Credit Provider, if any, or the Issuer shall have proceeded to enforce its rights under this Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, the Credit Provider, if any, or the Issuer, then, and in every such case, the Borrower, the Trustee, the Credit Provider, if any, and the Issuer shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Borrower, the Trustee, the Credit Provider, if any, and the Issuer shall continue as though no such action had been taken.

The Borrower covenants that, in case a Loan Default Event shall occur with respect to the payment of any Loan Payment payable under Section 4.2(a) hereof, then, upon demand of the Trustee, the Borrower will pay to the Trustee the whole amount that then shall have become due and payable under said Section, with interest on the amount then overdue at the rate then borne by the Bonds on the day prior to the occurrence of such default.

In the case the Borrower shall fail forthwith to pay such amounts upon such demand, the Trustee shall be entitled and empowered to institute any action or proceeding at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceeding to judgment or final decree, and may enforce any such judgment or final decree against the Borrower and collect in the manner provided by law the moneys adjudged or decreed to be payable.

In case proceedings shall be pending for the bankruptcy or for the reorganization of the Borrower under the federal bankruptcy laws or any other applicable law, or in case a receiver or trustee shall have been appointed for the property of the Borrower or in the case of any other similar judicial proceedings relative to the Borrower, or the creditors or property of the Borrower, then the Trustee shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid pursuant to this Agreement and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee allowed in such judicial proceedings relative to the Borrower, its creditors or its property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute such amounts as provided in the Indenture after the deduction of its reasonable charges and expenses to the extent permitted by the Indenture. Any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized to make such payments to the Trustee, and

to pay to the Trustee and the Issuer any amount due each of them for their respective reasonable compensation and expenses, including reasonable expenses and fees of counsel incurred by each of them up to the date of such distribution.

In the event the Trustee incurs expenses or renders services in any proceedings which result from a Loan Default Event under Section 7.1(d) hereof, or from any default which, with the passage of time, would become such Loan Default Event, the expenses so incurred and compensation for services so rendered are intended to constitute expenses of administration under the United States Bankruptcy Code or equivalent law.

Section 7.3. Agreement to Pay Attorneys' Fees and Expenses. In the event the Borrower should default under any of the provisions of this Agreement and the Issuer or the Trustee should employ attorneys or incur other expenses for the collection of the payments due under this Agreement or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower herein contained, the Borrower agrees to pay promptly to the Issuer and the Trustee the reasonable fees and expenses of such attorneys and such other reasonable out-of-pocket expenses so incurred by the Issuer and the Trustee, whether incurred at trial, on appeal, in bankruptcy proceedings, or otherwise.

Section 7.4. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Issuer, the Credit Provider, or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be expressly required herein or by applicable law. Such rights and remedies as are given the Issuer hereunder shall also extend to the Trustee as the assignee of the Issuer.

Section 7.5. No Additional Waiver Implied by One Waiver. In the event any agreement or covenant contained in this Agreement should be breached by the Borrower and thereafter waived by the Issuer, the Credit Provider, if any, or the Trustee, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE VIII
PREPAYMENT

Section 8.1. Redemption of Bonds with Prepayment Moneys. By virtue of the assignment of the rights of the Issuer under this Agreement to the Trustee as is provided in Section 4.5 hereof, the Borrower agrees to and shall pay directly to the Trustee any amount permitted or required to be paid by it under this Article VIII. The Indenture provides that the Trustee shall use the moneys so paid to it by the Borrower to redeem the Bonds on the date set for such redemption pursuant to Section 8.5 hereof or to reimburse any Credit Provider for any draw under the Letter of Credit therefor. The Issuer shall call Bonds for redemption as required by Article IV of the Indenture or as requested by the Borrower pursuant to the Indenture or this Agreement.

Section 8.2. Options to Prepay Installments. The Borrower shall have the option to prepay the Loan Payments payable under Section 4.2(a) hereof by paying to the Trustee, for deposit in the Bond Fund, the amount set forth in Section 8.4 hereof and to cause all or any part of the Bonds to be redeemed at the times and at the prices set forth in Section 4.1(b) of the Indenture if the conditions under said Section 4.1(b) are met and at the times and at the prices set forth in Sections 4.1(c) or 4.1(d) of the Indenture, as the case may be.

Section 8.3. Mandatory Prepayment.

(a) If a mandatory redemption of the Bonds is required by Section 4.1(a) of the Indenture, the Borrower shall have and hereby accepts the obligation to prepay the Loan Payments by paying to the Trustee, for deposit in the Bond Fund, the amount set forth in Section 8.4 hereof, to be used to redeem all or a part of the Outstanding Bonds.

(b) The Borrower shall have and hereby accepts the obligation to prepay Loan Payments with respect to the Bonds in the amounts required to make sinking fund payments pursuant to Section 4.1(e) of the Indenture.

Section 8.4. Amount of Prepayment. In the case of a redemption of the Outstanding Bonds in full, the amount to be paid shall be a sum sufficient, together with other funds and the yield on any securities deposited with the Trustee and available for such purpose, to pay (a) the principal of all Bonds Outstanding on the redemption date specified in the notice of redemption, plus interest accrued and to accrue to the payment or redemption date of the Bonds, plus premium, if any, pursuant to the Indenture, (b) all reasonable and necessary fees and expenses (including without limitation reasonable legal fees and expenses) of the Issuer, the Trustee and any Paying Agent accrued and to accrue through final payment of the Bonds and (c) all other liabilities of the Borrower accrued and to accrue under this Agreement. In the case of redemption of the Outstanding Bonds in part, the amount payable shall be a sum sufficient, together with other funds deposited with the Trustee and available for such purpose, to pay the principal amount of and premium, if any, and accrued interest on the Bonds to be redeemed, as provided in the Indenture, and to pay expenses of redemption of such Bonds.

Section 8.5. Notice of Prepayment. To exercise an option granted in or to perform an obligation required by this Article VIII, the Borrower shall give written notice at least fifteen (15) days prior to the last day by which the Trustee is permitted to give notice of redemption pursuant to Section 4.3 of the Indenture, to the Issuer, the Credit Provider, if any, and the Trustee specifying the amount to be prepaid and the date upon which any prepayment will be made. If the Borrower fails to give such notice of a prepayment in connection with a mandatory redemption under this Agreement, such notice may be given by the Issuer, by the Trustee or by any Holder or Holders of 10% or more in aggregate principal amount of the Bonds Outstanding. The Issuer and the Trustee, at the written request of the Borrower or any such Holder, shall forthwith take all steps necessary under the applicable provisions of the Indenture (except that the Issuer shall not be required to make payment of any money required for such redemption) to effect redemption of all or part of the Bonds then Outstanding, as the case may be, on the earliest practicable date thereafter on which such redemption may be made under applicable provisions of the Indenture. The Issuer hereby appoints the Borrower to give all notices and make all requests to the Trustee with respect to the application of funds paid by the Borrower as prepayments, including notices of optional redemption of the Bonds in conformity with Article IV of the Indenture.

ARTICLE IX
NON-LIABILITY OF ISSUER; EXPENSES; INDEMNIFICATION

Section 9.1. Non-liability of Issuer. The Issuer shall not be obligated to pay the principal of, or premium, if any, or interest on, or Purchase Price of, the Bonds, except from Revenues. The Borrower hereby acknowledges that the Issuer's sole source of moneys to repay the Bonds will be provided by the payments made by the Borrower pursuant to this Agreement and the Note, together with other Revenues with respect to the Bonds, including amounts received by the Trustee under the Letter of Credit and investment income on certain funds and accounts held by the Trustee under the Indenture, and hereby agree that if the payments to be made hereunder shall ever prove insufficient to pay all principal and Purchase Price of and premium, if any, and interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Trustee, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal, Purchase Price, premium or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Borrower, the Issuer, the Credit Provider, if any, or any third party.

Section 9.2. Expenses. The Borrower covenants and agrees to indemnify the Issuer and the Trustee against, and to reimburse them promptly for, all reasonable costs and charges, including, without limitation, the Trustee's compensation provided for in the Indenture and including fees and disbursements of attorneys, accountants, consultants and other experts, incurred in good faith in connection with this Agreement, the Note, the Bonds or the Indenture.

Section 9.3. Indemnification. The Borrower releases the Issuer, the Unit, the Trustee, the Division, the Tender Agent, the Paying Agent, and the counties, municipalities and other local governmental entities which provide the required approvals under Section 501.159 of the Act with respect to the Project, and their officers, directors, employees and agents (collectively, the "Indemnified Parties") from, and covenants and agrees that none of the Indemnified Parties shall be liable for, and covenants and agrees, to the extent permitted by law, to indemnify and hold harmless the Indemnified Parties from and against, any and all losses, costs, claims, damages, liabilities and expenses, of every conceivable kind, character and nature whatsoever directly or indirectly arising out of, resulting from or in any way connected with (a) the Project, or the conditions, occupancy, operation, maintenance, ownership, use, possession, conduct or management of, or work done in or about, or from the planning, design, acquisition, installation, construction or equipping of the Project or any part thereof; (b) the issuance, offering, sale, delivery or payment of the Bonds and interest thereon, or any certifications, covenants or representations made by the Borrower in connection therewith and the carrying out of any of the transactions contemplated by the Bonds and this Agreement; (c) the Trustee's acceptance or administration of the trusts under the Indenture, or the exercise or performance of any of its powers or duties under the Indenture or this Agreement; (d) any violation of any environmental law, rule or regulation or the release of any hazardous or toxic substance on or near the Project; or (e) any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading, in any official statement or other offering circular utilized by the Issuer or any underwriter or placement agent in connection with the sale of the Bonds, provided that the Borrower shall have no liability under this clause (e) in any such case to the extent that any such loss, claim, damage, liability or expense arises out of or is based solely upon any untrue statement or omission pertaining only to the Issuer made in any official statement or offering circular with respect to the Bonds under the headings "The Issuer" or "Litigation"; provided further that the foregoing release and indemnity in this Section shall not be required for damages that result from or arise out of negligence or willful misconduct on the part of the party seeking such release or indemnity, except that with respect to the Issuer, the Unit and the Division, the indemnity shall not be required for damages that result from bad faith, fraud or willful misconduct. The indemnity required by the Section shall be only to the extent that any loss sustained by the Issuer or the Trustee exceeds the net proceeds the Issuer or the Trustee receives from any insurance carried with respect to the loss sustained. The Borrower further covenants and agrees, to the extent permitted by law, to pay or to reimburse the Indemnified Parties for any and all costs, reasonable attorneys fees and expenses, liabilities or expenses incurred in connection with investigating, defending against or otherwise in connection with any such losses, claims (whether asserted by the Issuer, the Borrower, a Holder, or any other person), damages, liabilities, expenses or actions, except, with respect to the Trustee, to the

extent that the same are determined by a court of competent jurisdiction to have been caused by the negligence or willful misconduct of the party claiming such payment or reimbursement or relate to provisions of this indemnity that by their terms the Borrower shall have no liability therefor. The provisions of this Section and Section 4.2(e) shall survive the resignation or removal of the Trustee, discharge of the Indenture and the retirement of the Bonds. The definition of "Indemnified Parties" herein shall not be amended for the purposes of deleting or removing an Indemnified Party without the written consent of such Indemnified Party.

ARTICLE X
MISCELLANEOUS

Section 10.1. Notices. All notices, certificates or other communications shall be deemed sufficiently given if sent by facsimile (receipt confirmed) or if mailed by first-class mail, postage prepaid, addressed to the Issuer, the Borrower, or the Trustee, as the case may be, as follows:

To the Issuer:
Mission Economic Development Corporation
c/o City of Mission
1201 East 8th Street
Mission, Texas 78572
Attention: President
Telephone: (956) 585.0040
Facsimile: (956) 581.0470

To the Borrower:
Dallas Clean Energy McCommas Bluff, LLC
c/o Cambrian Energy Management, LLC
624 S. Grand Avenue, Suite 2420
Los Angeles, California 90017-3325
Attention: Evan Williams

Telephone: (213) 628-8312
Facsimile: (213) 488-9890

To the Trustee: The Bank of New York Mellon Trust Company, N.A.
700 South Flower Street, Suite 500
Los Angeles, California 90017-4104
Attention: Corporate Trust Administration — Matthew Moon
Telephone: (213) 630-6257
Facsimile: (213) 630-6215

To the Rating Agency(ies): Fitch Ratings
One State Street Plaza, 28th Floor
New York, New York 10004
Attention: Timothy Ononiwu
Telephone: (212) 908-0879

A duplicate copy of each notice, certificate or other communication given hereunder by either the Issuer or the Borrower to the other shall also be given to the Trustee and any Credit Provider, if applicable. Notices to the Trustee are effective only when actually received by the Trustee. The Issuer, the Borrower, the Trustee and any Credit Provider, if applicable, may, by notice given hereunder, designate any different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 10.2. Severability. If any provision of this Agreement shall be held or deemed to be, or shall in fact be, illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative, or unenforceable to any extent whatever.

Section 10.3. Execution of Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.4. Amendments, Changes and Modifications. Except as otherwise provided in this Agreement or the Indenture, this Agreement may not be effectively amended, changed, modified, altered or terminated except by the written agreement of the Issuer and the Borrower and with the written consent of the Credit Provider, if applicable, and of the Trustee, if required, in accordance with Section 9.5 of the Indenture.

Section 10.5. Governing Law. This Agreement shall be construed in accordance with and governed by the Constitution and laws of the State applicable to contracts made and performed in the State; provided however that the rights, duties and indemnities of the Trustee shall be governed by the laws of the State of New York.

Section 10.6. Authorized Representative. Whenever under the provisions of this Agreement the approval of the Borrower is required or the Borrower is required to take some action at the request of the Issuer, such approval or such request shall be given on behalf of the Borrower by its Authorized Representative, and the Issuer and the Trustee shall be authorized to act on any such approval or request and neither party hereto shall have any complaint against the other or against the Trustee as a result of any such action taken.

Section 10.7. Term of the Agreement. This Agreement shall be in full force and effect from the date hereof and shall continue in effect as long as any of the Bonds are Outstanding or the Trustee holds any moneys under the Indenture, whichever is later.

Section 10.8. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Borrower and their respective successors and assigns; subject, however, to the limitations contained in Sections 5.2 and 5.9 hereof.

Section 10.9. Complete Agreement. The parties agree that the terms and conditions of this Agreement supersede those of all previous agreements between the parties, and that this Agreement, together with the documents referred to in this Agreement, contains the entire agreement between the parties hereto.

Section 10.10. Business Days. If any payment is to be made hereunder or any action is to be taken hereunder on any date that is not a Business Day, such payment or action otherwise required to be made or taken on such date shall be made or taken on the immediately succeeding Business Day with the same force and effect as if made or taken on such scheduled date.

Section 10.11. Waiver of Personal Liability. No director, member, officer, agent or employee of the Issuer or any director, officer, agent or employee of the Borrower or any subsidiary thereof shall be individually or personally liable for the payment of any principal of and interest on the Bonds or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Agreement.

Section 10.12. Notice to the Division. The Borrower will provide written notification to the Division in the event of a default in the timely payment of monies due in payment of the Bonds or upon notification of the Trustee by the Internal Revenue Service that the interest on the Bonds is, or may be, subject to federal income taxation.

Section 10.13. Third Party Beneficiary. The Trustee shall be deemed a third party beneficiary of this Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Issuer has caused this Agreement to be executed in its name, and the Borrower has caused this Agreement to be executed in its name, each by its duly authorized officer, all as of the date first above written.

MISSION ECONOMIC DEVELOPMENT CORPORATION

By: /S/ Polo de Leon
Vice President

DALLAS CLEAN ENERGY
MCCOMMAS BLUFF, LLC

By: /S/ Harrison S. Clay
Name: Harrison S. Clay
Title: Manager

EXHIBIT A

DESCRIPTION OF PROJECT

The proceeds of the Bonds will be loaned to Dallas Clean Energy McCommas Bluff, LLC to finance or refinance the cost of acquiring, constructing, rehabilitating, developing, improving and equipping certain capital improvements, infrastructure and equipment relating to certain landfill and landfill gas processing facilities, including but not limited to (i) systems to process and treat the raw landfill gas, including sulfur and contaminate removal systems, located on an approximate 2-acre parcel of land that is currently leased from the City of Dallas (the "Processing Plant") and (ii) wells, pipelines and related equipment and facilities for the collection and transport of the landfill gas to the Processing Plant (collectively, the "Project"). The components of the Project will be located at each of the following proximate locations between Interstate 45 and Route 310 (South Central Expressway): (i) 5100 Youngblood Road, City of Dallas, Texas 75421; and (ii) 5500 Youngblood Road, City of Dallas, Texas 75241, which collectively is known as the City of Dallas McCommas Bluff Landfill.

EXHIBIT B

FORM OF NOTE

$40,200,000 March 31, 2011

FOR VALUE RECEIVED, DALLAS CLEAN ENERGY MCCOMMAS BLUFF, LLC, a limited liability company organized and existing under the laws of the State of Delaware (the "Borrower"), does hereby promise to pay to the order of MISSION ECONOMIC DEVELOPMENT CORPORATION (the "Issuer") at the corporate trust office of THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A. (the "Trustee"), located in Los Angeles, California, or any successor trustee acting as such under that certain Trust Indenture, dated as of January 1, 2011, between the Issuer and the Trustee (the "Indenture"), in lawful money of the United States of America, the principal sum of FORTY MILLION TWO HUNDRED THOUSAND DOLLARS ($40,200,000), and to pay interest on the unpaid principal amount hereof, in like money, at such office on the dates, in the amounts and at the rates determined in accordance with Sections 4.1 and 4.2 of the Loan Agreement hereinafter referenced.

ALL SUMS paid hereon shall be applied first to the satisfaction of accrued interest and the balance to the unpaid principal.

THE PRINCIPAL AMOUNT of this Note is due and payable on the dates and in the amounts determined in accordance with Sections 4.1 and 4.2 of the Loan Agreement.

THIS NOTE is the Note referred to in that certain Loan Agreement, dated as of January 1, 2011, between the Borrower and the Issuer (the "Loan Agreement"), and is subject to, and is executed in accordance with, all of the terms, conditions and provisions thereof, including those respecting prepayment and is further subject to all of the terms, conditions and provisions of the Indenture, all as provided in the Loan Agreement.

THIS NOTE is a contract made under and shall be construed in accordance with and governed by the laws of the United States of America and the State of Texas.

DALLAS CLEAN ENERGY
MCCOMMAS BLUFF, LLC

By: _____

Name:
Title:

FORM OF ENDORSEMENT

(To be set forth on back of Note)

Pay to the order of The Bank of New York Mellon Trust Company, N.A., Trustee, without recourse or warranty, except warranty of good title, warranty that the Issuer has not assigned this Note to a Person other than the Trustee and warranty that the original principal amount hereof remains unpaid.

MISSION ECONOMIC DEVELOPMENT CORPORATION

By: _____
President

Exhibit 10.51

Execution Version

DEPOSITORY AND CONTROL AGREEMENT

Among

DALLAS CLEAN ENERGY MCCOMMAS BLUFF, LLC

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

and as Securities Intermediary

And

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

Dated as of January 1, 2011

NOTE: PURSUANT TO SECTION 5.15 OF THE LOAN AGREEMENT AND SECTIONS 2.2(B) AND 2.3(B) OF THE INDENTURE, CERTAIN PROVISIONS IN THIS DEPOSITORY AGREEMENT RELATED SOLELY AND EXCLUSIVELY TO THE WEEKLY INTEREST RATE PERIOD SHALL HAVE NO FORCE AND EFFECT.

DEPOSITORY AND CONTROL AGREEMENT

THIS DEPOSITORY AND CONTROL AGREEMENT, dated as of January 1, 2011, among Dallas Clean Energy McCommas Bluff, LLC, a Delaware limited liability company (the "Borrower"), The Bank of New York Mellon Trust Company, N.A., a national banking association, as Trustee under that certain Trust Indenture dated as of January 1, 2011 between said Trustee and Mission Economic Development Corporation (in such capacity, the "Trustee"), and The Bank of New York Mellon Trust Company, N.A., a national banking association, in its capacity as depository bank and as securities intermediary (the "Depository Bank"),

W I T N E S S E T H :

WHEREAS, the Borrower has undertaken the acquisition, construction, installation, improving, and/or equipping of certain solid waste disposal facilities located in Dallas, Texas;

WHEREAS, Mission Economic Development Corporation (the "Issuer") will issue its Solid Waste Disposal Revenue Bonds (Dallas Clean Energy McCommas Bluff, LLC Project) Series 2011 in the aggregate principal amount of $40,200,000 (the "Bonds") for the purpose of making a loan to the Borrower pursuant to a Loan Agreement, dated as of January 1, 2011 (the "Loan Agreement"), and which funds will be used by Borrower for the purpose of providing funds to acquire, construct, install, improve and/or equip the Project;

WHEREAS, to secure its loan and other obligations under the Loan Agreement, the Borrower will mortgage, pledge and collaterally assign, among other things, the Project Revenues (as defined in the Indenture) as security therefor;

WHEREAS, the Authority will enter into a Trust Indenture, dated as of January 1, 2011 (the "Indenture"), with the Trustee, pursuant to which the Bonds will be issued;

WHEREAS, the parties hereto have determined to enter into this Agreement to provide for the deposit and disbursement of the funds received from the Gas Sale Agreements (as defined in the Indenture) and Project Revenue Generating Agreements;

WHEREAS, pursuant to that certain Consent and Agreement, dated as of January 1, 2011 (the "Consent Agreement"), among Shell Energy North America (US), L.P. ("Shell"), the Borrower, the Trustee and the Depository Bank, Shell has agreed to make payments under the Shell Gas Sale Agreement (as defined in the Indenture) directly to the Depository Bank;

WHEREAS, the parties hereto intend that the Trustee have control of the Deposit Accounts (as defined below) within the meaning of Texas Business & Commerce Code Section 9.104 so that the Trustee has a perfected security interest in the Deposit Accounts; and

WHEREAS, the parties hereto intend that the Trustee have control of the Surplus Account (as defined below) within the meaning of Texas Business & Commerce Code Section 9.106 so that the Trustee has a perfected security interest in the Surplus Account;

NOW, THEREFORE, in consideration of the premises and the respective representations and covenants herein contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. DEFINITION OF TERMS. Unless the context otherwise requires, the terms used in this Agreement shall have the meanings specified in Section 1.1 of the Indenture, as originally executed or as it may from time to time be supplemented or amended as provided therein. In addition, the following terms shall have the following meanings:

The term "Deposit Account" means each of the Revenue Fund, the Operation and Maintenance Expense Account, the Debt Service Account, the Debt Service Reserve Account, the Rebate Account, the Administrative Expenses Account and the Capital Repair and Replacement Reserve Account, as such terms are defined in Section 3.1(a).

The term "Deposit Account Notice of Exclusive Control" has the meaning set forth in Section 3.7(a).

The term "Surplus Account Notice of Exclusive Control" has the meaning set forth in Section 3.7(b).

Section 1.2. NUMBER AND GENDER. The singular form of any word used herein, including the terms defined in Section 1.01 of the Indenture, shall include the plural, and vice versa. The use herein of a word of any gender shall include all genders.

Section 1.3. ARTICLES, SECTIONS, ETC. Unless otherwise specified, references to Articles, Sections and other subdivisions of this Agreement are to the designated Articles, Sections and other subdivisions of this Agreement. The words "hereof," "herein," "hereunder" and words of similar import refer to this Agreement as a whole. The headings or titles of the several articles and sections, and the table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of the provisions hereof.

ARTICLE II

PAYMENT OF PROJECT REVENUES

Section 2.1. PAYMENT OF PROJECT REVENUES TO DEPOSITORY BANK. The Borrower has directed Shell, pursuant to the Consent Agreement, to pay the Project Revenues, payable monthly pursuant to the Shell Gas Sale Agreement, directly to the Depository Bank. The Depository Bank hereby agrees to receive the Project Revenues and distribute them as provided herein. The Depository Bank shall have no responsibility or liability to collect the Project Revenues.

ARTICLE III

FUNDS AND ACCOUNTS

Section 3.1. ESTABLISHMENT OF FUNDS AND ACCOUNTS.

(a) The Depository Bank has established and shall maintain with itself the following Funds and Accounts:

(1) a deposit account in the name of the Trustee currently numbered 546178 and titled "Revenue Fund" (as such deposit account may be renumbered or retitled, the "Revenue Fund");

(2) a deposit account in the name of the Trustee currently numbered 546193 and titled "Operation and Maintenance Expense Account" (as such deposit account may be renumbered or retitled, the "Operation and Maintenance Expense Account");

(3) a deposit account in the name of the Trustee currently numbered 546182 and titled "Debt Service Account" (as such deposit account may be renumbered or retitled, the "Debt Service Account");

(4) a deposit account in the name of the Trustee currently numbered 546183 and titled "Debt Service Reserve Account" (as such deposit account may be renumbered or retitled, the "Debt Service Reserve Account");

(5) a deposit account in the name of the Trustee currently numbered 546192 and titled "Rebate Account" (as such deposit account may be renumbered or retitled, the "Rebate Account");

(6) a deposit account in the name of the Trustee currently numbered 546195 and titled "Administrative Expenses Account" (as such deposit account may be renumbered or retitled, the "Administrative Expenses Account");

(7) a deposit account in the name of the Trustee currently numbered 546196 and titled "Capital Repair and Replacement Reserve Account" (as such deposit account may be renumbered or retitled, the "Capital Repair and Replacement Reserve Account"); and

(8) a securities account in the name of the Trustee currently numbered 546197 and titled "Surplus Account" (as such securities account may be renumbered or retitled, the "Surplus Account").

(b) All the parties hereto agree that each Deposit Account is a "deposit account" within the meaning of Chapter 9 of the Texas Business & Commerce Code. The Depository and the Borrower each represent, warrant and covenant that each Deposit Account is not now, and will not at any time be, evidenced by a certificate of deposit, passbook or

instrument. The tax identification number for the Revenue Fund and the Operation and Maintenance Expense Account is the tax identification number of the Borrower- 27-4298013.

(c) All of the parties hereto agree that the Surplus Account is a "securities account" within the meaning of Chapters 8 and 9 of the Texas Business & Commerce Code. The tax identification number for the Surplus Account is the tax identification number of the Borrower- 27-4298013.

Section 3.2. DEPOSITS TO FUNDS AND ACCOUNTS.

(a) Upon receipt thereof, the Depository Bank shall deposit all of the Project Revenues and all moneys transferred pursuant to Section 3.6(a) into the Revenue Fund, which funds shall, subject to Section 3.7, be disbursed and applied only as hereinafter authorized. On or before December 15 of each year, the Borrower shall file with the Depository Bank its Annual Budget for the next succeeding annual period (Exhibit A attached hereto and labeled as "Schedule 3.2(a)"). The Depository Bank shall use the Annual Budget to make the applicable transfers in this Section 3.2.

(b) Subject to Section 3.7, the Depository Bank shall make the following transfers from the Revenue Fund in the following order and priority. Any transfer from the Revenue Fund must be made in the priority listed below. Any transfer to an account may occur only if all transfers required to be made before the transfer in question (in the order shown below), have been made in full and there are funds left in the Revenue Fund to make the next transfer (in whole or in part). Each transfer set forth in this subsection (b) or in Sections 3.3, 3.4 and 3.5 shall take place as soon as funds are received and available to the Depository Bank.

First: The Depository Bank shall transfer to the Operation and Maintenance Expense Account an amount equal to the Budgeted Operating Expenses of the Borrower for the next succeeding month (as such amount is determined by the Borrower and presented in the Annual Budget of the Borrower filed with the Depository Bank pursuant to Section 3.2(a) hereof unless the Borrower shall provide to the Depository Bank the form of Exhibit B attached hereto (labeled as "Schedule 3.2(b)")).

Second: The Depository Bank shall transfer to the Debt Service Account an amount equal to the amount, if any, necessary to make the amount on deposit therein equal to the sum of (i)(a) not less than the product of one-sixth (1/6) of the amount of any interest of the Bonds Outstanding becoming due and payable on the succeeding June 1 or December 1, as applicable, multiplied by the number of months (starting at one) since the immediately preceding Interest Payment Date, except for the Interest Period ending June 1, 2011 for which the amount therein shall not be less than $192,500 and $233,574 for each of the payments for April and May 2011, respectively, (b) in the case of Bonds then bearing interest at a Weekly Interest Rate Period, the amount of accrued and unpaid interest on the Bonds as of the first day of the immediately succeeding month (calculated on the basis of the actual interest rates borne by the Bonds through the date of such transfer and assuming the Bonds bear interest during any period after the date of such transfer of the moneys to the Bond Fund (for which period the interest rate borne of the Bonds shall not have been established) at an annual rate equal to the interest rate borne on the Bonds on the date of such transfer) and (ii) not less than the product of one-sixth

(1/6) of the amount of any principal or sinking fund payment of the Bonds Outstanding becoming due and payable on the succeeding June 1 or December 1, as applicable, commencing December 1, 2011, multiplied by the number of months (starting at one) since the immediately preceding Principal Payment Date, except for the Interest Period ending June 1, 2011, for which the amount therein shall not be less than $0 and $0 for each of the payments for April and May 2011, respectively.

Third: The Depository Bank shall transfer to the Debt Service Reserve Account the amount, if any, necessary to cause the amount therein to equal to the Debt Service Reserve Fund Requirement.

Fourth: The Depository Bank shall transfer to the Rebate Account, the amount, if any, as directed in writing by the Borrower in accordance with the terms hereof and the Tax Certificate and the Loan Agreement.

Fifth: The Depository Bank shall transfer to the Administrative Expenses Account the amount, if any, necessary to pay the reasonable and necessary fees and expenses of the Trustee, the Issuer and any professionals retained by the Trustee, the Issuer and the Borrower related to the Bonds as directed in writing by an Authorized Representative of the Borrower for the purpose of paying such fees and expenses.

Sixth: The Depository Bank shall transfer to the Capital Repair and Replacement Reserve Account, the amount, if any, necessary to cause the amount therein to equal the Capital Repair and Replacement Reserve Requirement.

Seventh: The Depository Bank shall transfer to the Surplus Account any amount remaining in the Revenue Fund after the transfers listed in clauses First through Sixth above have been made in full.

Section 3.3. DISBURSEMENTS FROM THE OPERATION AND MAINTENANCE EXPENSE ACCOUNT AND CAPITAL REPAIR AND REPLACEMENT RESERVE ACCOUNT.

(a) Subject to Section 3.7, any amount deposited in the Operation and Maintenance Expense Account shall be immediately transferred by the Depository Bank to the Borrower, as directed by the Borrower in writing.

(b) Subject to Section 3.7, any amount deposited in the Capital Repair and Replacement Reserve Account shall be transferred by the Depository Bank to the Borrower (1) for the purpose of constructing or acquiring replacements of real or personal property that have become worn out, unusable or otherwise obsolete, (2) for the purpose of making capital improvements to the Project, (3) for the purpose of making renewals, betterments or other expenditures required to maintain the Project or (4) for the purpose of reimbursing the Borrower for amounts theretofore expended by the Borrower for the foregoing purposes, in each case on presentation to the Depository Bank of a disbursement request from an Authorized Representative of the Borrower accompanied by copies of bills, invoices or statements for the costs of capital repairs and replacements to be paid or reimbursed.

Section 3.4. DISBURSEMENTS FROM THE DEBT SERVICE ACCOUNT.

(a) Subject to Section 3.7, no later than the 25th calendar day of each month, the Depository Bank shall transfer to the Trustee for deposit in the Bond Fund established under the Indenture (i) not less than the product of one-sixth (1/6) of the amount of any interest of the Bonds Outstanding becoming due and payable on the succeeding June 1 or December 1, as applicable, multiplied by the number of months (starting at one) since the immediately preceding Interest Payment Date and (ii) in the case of Bonds then bearing interest at a Weekly Interest Rate Period, the amount of accrued and unpaid interest on the Bonds as of the first day of the immediately succeeding month (calculated on the basis of the actual interest rates borne by the Bonds through the date of such transfer and assuming the Bonds bear interest during any period after the date of such transfer of the moneys to the Bond Fund (for which period the interest rate borne of the Bonds shall not have been established) at an annual rate equal to the interest rate borne on the Bonds on the date of such transfer), except for the Interest Period ending June 1, 2011 for which the amount therein shall not be less than $192,500 and $233,574 for each of the payments for April and May 2011, respectively.

(b) Subject to Section 3.7, no later than the 25th calendar day of each month, the Depository Bank shall transfer to the Trustee for deposit in the Bond Fund established under the Indenture, an amount equal to not less than the product of one-sixth (1/6) of the amount of any principal or sinking fund payment of the Bonds Outstanding becoming due and payable on the succeeding June 1 or December 1, as applicable, commencing June 1, 2011, multiplied by the number of months (starting at one) since the immediately preceding Principal Payment Date, except for the Interest Period ending December 1, 2011, for which the amount therein shall not be less than $0 and $0 for each of the payments for April and May 2011, respectively.

(c) Subject to Section 3.7, after the transfers in subsections (a) and (b) have been made, the Depository Bank shall immediately transfer the balance in the Debt Service Account to an account of the Borrower as directed in writing by the Borrower.

Section 3.5. DISBURSEMENTS FROM THE DEBT SERVICE RESERVE ACCOUNT, REBATE ACCOUNT AND ADMINISTRATIVE EXPENSES ACCOUNT.

(a) Subject to Section 3.7, the Depository Bank shall transfer any amount in the Debt Service Reserve Account to the Trustee for deposit in the Debt Service Reserve Fund established under the Indenture.

(b) Subject to Section 3.7, the Depository Bank shall transfer any amount in the Rebate Account to the Trustee for deposit in the Rebate Fund established under the Indenture.

(c) Subject to Section 3.7, the Depository Bank shall transfer any amount in the Administrative Expenses Account necessary to pay the reasonable and necessary fees and expenses of the Trustee, the Issuer and any professionals retained by the Trustee, the Issuer and the Borrower related to the Bonds as directed in writing by an Authorized Representative of the Borrower for the purpose of paying such fees and expenses which request shall be supported by copies of bills, invoices or statements for the costs such fees and expenses to be paid.

Section 3.6. DISBURSEMENTS FROM THE SURPLUS ACCOUNT.

(a) Subject to Section 3.7, if on the 15th calendar day of any month there are insufficient moneys already on deposit in the Revenue Fund to make in full all of the transfers described in clauses First through Seventh of Section 3.2(b), then the Depository Bank shall liquidate investments credited to the Surplus Account in an amount sufficient to produce cash proceeds equal to such insufficiency and transfer such cash proceeds to the Revenue Fund.

(b) Subject to Section 3.7, after the transfer to be made pursuant to subsection (a) (if any such transfer has been required) has been made, on the 30th calendar day following receipt by the Depository Bank from the Borrower of its Covenant Compliance Certificate (as defined in this Section 3.6(b)), the Depository Bank shall transfer to the Borrower any property remaining to the credit of the Surplus Account but only as provided herein. No such transfer shall be made unless (i) the Debt Service Reserve Fund is funded in the full amount of the Debt Service Reserve Fund Requirement, (ii) the Borrower's Debt Service Coverage Ratio for the most recent four calendar quarters then ended equals or exceeds 1.25:1 and (iii) the Borrower's Debt Service Coverage Ratio for the next four calendar quarters is reasonably projected to equal or exceed 1.25:1. Notwithstanding the foregoing clauses (i), (ii) and (iii), no such transfer of property from the Surplus Fund to the Borrower shall be made if (x) the Borrower has committed an Event of Default or Loan Default Event under either the Indenture or the Loan Agreement, respectively, and (y) if after giving effect to the transfer, the Borrower's Minimum Days Cash on Hand (which shall be defined in accordance with GAAP) shall be, or shall at any time be projected to be, less than the lesser of thirty-five (35) Days Cash on Hand or one million three-hundred thousand dollars ($1,300,000). "Covenant Compliance Certificate" shall mean that written certification in the form of Exhibit C attached hereto (labeled as "Schedule 3.6(b)") to be signed by an Authorized Representative of the Borrower and delivered to the Trustee and the Depository Bank no more frequently than monthly that shall contain (a) on a quarterly basis, for the most recently completed calendar quarter beginning with the calendar quarter ending on December 31, 2011 and for each calendar quarter ending on each succeeding March 31, June 30, September 30 and December 31, the Borrower's financial statements for the most recent calendar quarter, and (b) on a monthly basis, statements as to compliance with clauses (i), (ii), (iii), (x) and (y) of this Section 3.6(b); provided, however, that with respect to clause (b)(i), no statement shall be required until the first month immediately succeeding the month in which the Debt Service Reserve Fund Requirement has been satisfied.

Section 3.7. CONTROL.

Notwithstanding any other provision of this Agreement:

(a) It is the intent of each of the parties hereto that the Trustee is the customer of the Depository Bank with respect to each Deposit Account. The Depository Bank will comply with the Trustee's instructions directing disposition of funds in each Deposit Account without further consent by the Borrower or any other person or entity. The Depository Bank may also comply with instructions directing the disposition of funds in the Deposit

Accounts as provided in, and make the transfers described in, Sections 3.2, 3.3, 3.4, and 3.5, until such time as the Trustee delivers a written notice to the Depository Bank that the Trustee is thereby exercising exclusive control over one or more Deposit Accounts (each such notice, a "Deposit Account

Notice of Exclusive Control"). After the Depository Bank receives a Deposit Account Notice of Exclusive Control, it will (i) cease complying with instructions concerning the one or more Deposit Accounts specified in such Deposit Account Notice of Exclusive Control or the funds on deposit therein originated by any person or entity other than the Trustee, and will cease making the transfers described in Sections 3.2, 3.3, 3.4, and 3.5, and (ii) comply solely with the Trustee's instructions directing disposition of funds in the one or more Deposit Accounts specified in such Deposit Account Notice of Exclusive Control. The Depository Bank has not agreed and will not agree with any person or entity other than the Trustee to comply with instructions concerning any Deposit Account or the disposition of funds on deposit therein originated by any person or entity other than the Trustee.

(b) It is the intent of each of the parties hereto that the Surplus Account is a securities account of the Trustee. The Depository Bank will comply with entitlement orders originated by the Trustee without further consent by the Borrower or any other person or entity. The Depository Bank may also comply with entitlement orders concerning the Surplus Account as provided in, and make the transfers described in, Section 3.6, and make the investments described in Section 4.2, until such time as the Trustee delivers a written notice to the Depository Bank that the Trustee is thereby exercising exclusive control over the Surplus Account (each such notice, a "Surplus Account Notice of Exclusive Control"). After the Depository Bank receives a Surplus Account Notice of Exclusive Control, it will (i) cease complying with entitlement orders concerning the Surplus Account or the property credited thereto originated by any person or entity other than the Trustee, and will cease making the transfers described in Section 3.6 and the investments described in Section 4.2, and (ii) comply solely with the Trustee's entitlement orders concerning the Surplus Account and the property credited thereto. The Depository Bank has not agreed and will not agree with any person or entity other than the Trustee to comply with entitlement orders originated by any person or entity other than the Trustee.

(c) The Depository Bank subordinates all security interests, encumbrances, claims and rights of setoff it may have, now or in the future, against the Deposit Accounts, the Surplus Account, or any property on deposit therein or credited thereto, other than for the reversal of provisional credits.

(d) The Depository Bank represents, warrants, and covenants that it is as of the date hereof and shall be for the term of this Agreement, a corporation or national bank that in the ordinary course of its business maintains securities accounts for others and is acting in that capacity hereunder with respect to the Surplus Account. The Depository Bank agrees with the parties hereto that the Surplus Account is an account to which financial assets may be credited, and undertakes to treat the Trustee as entitled to exercise the rights that comprise such financial assets. The Depository Bank agrees with the parties hereto that each item of property credited to the Surplus Account shall be treated as a financial asset.

(e) The Depository Bank is not and will not be during the term of this Agreement a party to any agreement that is inconsistent with the provisions of this Agreement. The Depository Bank will not take any action that is inconsistent with the provisions of this Agreement.

(f) The parties agree that the State of Texas is the "bank's jurisdiction" and the "securities intermediary's jurisdiction" for purposes of the Texas Business & Commerce Code.

ARTICLE IV

COMPENSATION AND INDEMNIFICATION OF DEPOSITORY BANK

Section 4.1. COMPENSATION AND INDEMNIFICATION OF DEPOSITORY BANK.

The Depository Bank shall be entitled to reasonable compensation from the Borrower for all services rendered by it in the exercise and performance of any of the powers and duties hereunder of the Depository Bank, which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust, and the Borrower will be required to pay or reimburse the Depository Bank, upon its written request, for all expenses, disbursements and advances incurred or made by the Depository Bank in accordance with any of the provisions of this Agreement (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence or bad faith. The Borrower will also be required to indemnify the Depository Bank for, and to hold it harmless against, any loss, liability, expense or advance incurred or made without negligence or bad faith on the part of the Depository Bank, arising out of or in connection with the exercise and performance of any of the powers and duties hereunder of the Depository Bank, including the costs and expenses of defending itself against any claim of liability in the premises. Notwithstanding the foregoing, the Depository Bank shall make timely transfers, deposits and payments as provided herein, and shall comply with the instructions and entitlement orders of the Trustee as provided herein, without seeking any prior indemnification from the Borrower.

Section 4.2. INVESTMENTS. Subject to Section 3.7 and prior to the receipt of a Surplus Account Notice of Exclusive Control, the Depository Bank shall invest any moneys held to the credit of the Surplus Account in Investment Securities upon instructions of the Borrower. Any Investment Security purchased pursuant to this section shall mature at such a time as will permit funds to be available to make the transfers required by Section 3.6.

The Depository Bank shall be entitled to the protections and limitations from liability afforded to the Trustee under Article VIII of the Indenture.

ARTICLE V

MISCELLANEOUS

Section 5.1. NOTICES. All notices, certificates or other communications shall be deemed sufficiently given on the second day following the day on which the same have been mailed by first class mail, postage prepaid, addressed as follows:

To the Depository Bank, the Securities Intermediary or the Trustee:	The Bank of New York Mellon Trust Company, N.A. 700 South Flower Street, Suite 500 Los Angeles, California 90017-4104 Attn: Corporate Trust Department — Matthew Moon Telephone: (213) 630-6257 Facsimile: (213) 630-6215
To the Borrower:	Dallas Clean Energy McCommas Bluff, LLC c/o Cambrian Energy Management, LLC 624 S. Grand Avenue, Suite 2420 Los Angeles, California 90017-3325 Attention: Evan Williams Telephone: (213) 628-8312 Facsimile: (213) 488-9890

The Depository Bank, the Trustee and the Borrower may, by notice given hereunder, designate any different or additional addresses to which subsequent notices, certificates or other communications shall be sent.

Section 5.2. SEVERABILITY. If any provision of this Agreement shall be held or deemed to be, or shall in fact be, illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative, or unenforceable to any extent whatever.

Section 5.3. EXECUTION OF COUNTERPARTS. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 5.4. AMENDMENTS, CHANGES AND MODIFICATIONS. Except as otherwise provided in this Agreement, subsequent to the initial issuance of Bonds and prior to their payment in full, or provision for such payment having been made as provided in the Indenture, this Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of each of the parties hereto.

Section 5.5. GOVERNING LAW; ENTIRE AGREEMENT; LEGAL FEES. This Agreement shall be governed by and construed in accordance with the Constitution and laws of the State of Texas applicable to contracts made and performed in the State of Texas. The parties agree that the terms and conditions of this Agreement supersede those of all previous agreements between the parties, and that this Agreement, together with the documents referred to in this Agreement, contains the entire agreement between the parties hereto. In the event of a dispute between the parties under this Agreement, the losing party in such dispute shall pay all costs and expenses incurred by the prevailing party in connection therewith, including but not limited to reasonable attorneys fees.

Section 5.6. AUTHORIZED BORROWER REPRESENTATIVE. Whenever under the provisions of this Agreement the approval of the Borrower is required or the Borrower is required to take some action at the request of the Depository Bank, such approval or such request shall be given on behalf of Borrower by the Authorized Representative of the Borrower, and the Depository Bank shall be authorized to act on any such approval or request and no party hereto shall have any complaint against any other or against the Depository Bank as a result of any such action taken.

Section 5.7. TERM OF THE AGREEMENT. This Agreement shall be in full force and effect upon the execution hereof and shall continue in effect as long as any of the Bonds are outstanding or the Depository Bank holds any moneys under this Agreement, whichever is later.

Section 5.8. BINDING EFFECT. This Agreement shall inure to the benefit of and shall be binding upon the Depository Bank, the Borrower and the Trustee and their respective successors and assigns.

Section 5.9. RESIGNATION AND REMOVAL OF DEPOSITORY BANK AND APPOINTMENT OF SUCCESSOR DEPOSITORY BANK. The Depository Bank may at any time resign by giving written notice to the other parties hereto. Upon receiving such notice of resignation, the Borrower shall appoint a successor depository bank, by an instrument in writing, one copy of which instrument shall be delivered to the resigning depository bank, and one copy to the successor depository bank. If no successor depository bank shall have been so appointed and have accepted appointment within thirty days after the giving of such notice of resignation, the resigning depository bank may petition any court of competent jurisdiction for the appointment of a successor depository bank or the Borrower may petition any such court for the appointment of a successor depository bank. Such court may thereupon, after such notice, if any, as it may deem proper and may prescribe, appoint a successor depository bank.

The Borrower may remove the Depository Bank and appoint a successor depository bank, by an instrument in writing, one copy of which instrument shall be delivered to the Depository Bank so removed, and one copy to the successor depository bank, or petition any court of competent jurisdiction for the removal of the Depository Bank, as the case may be, and the appointment of a successor depository bank. Such court may thereupon, after such notice, if any, as it may deem proper and may prescribe, remove the depository bank, and appoint a successor depository bank.

Any resignation or removal of the Depository Bank, as the case may be, and appointment of a successor depository bank shall become effective upon acceptance of appointment by the successor depository bank. Upon such acceptance, the retiring Depository Bank shall immediately transfer to the successor depository bank all money and other property on deposit in the Deposit Accounts and the Surplus Account or credited thereto.

Any successor to the Trustee under the Indenture shall succeed to the Trustee’s rights and obligations under this Agreement.

Section 5.10. SURVIVAL OF FEE OBLIGATION. The right of the Depository Bank to receive any fees or be reimbursed for any expenses incurred pursuant to this Agreement, and the right of the Depository Bank to be protected from any liability as provided in this Agreement, shall survive the termination of this Agreement and the resignation and removal of the Depository Bank.

Section 5.11. NO PETITION. The Depository Bank and the Trustee, for itself and for the Holders of the Bonds, each agree that it will not, prior to the date that is one year and one day after the payment in full of all Bonds Outstanding, institute against, or join with any other person in instituting against, the Borrower any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings under any United States federal or state bankruptcy or similar law. This Section shall survive the termination of this Agreement.

Section 5.12. AGREEMENT OF TRUSTEE. The Trustee agrees, solely for the benefit of the Borrower, that it will not deliver a Deposit Account Notice of Exclusive Control or a Surplus Account Notice of Exclusive Control to the Depository Bank unless the Trustee has received notice that an Event of Default exists under the Indenture or the Loan Agreement. The agreement set forth in the preceding sentence is solely between the Trustee and the Borrower, and shall in no way limit the obligation of the Depository Bank set forth in Section 3.7 above to comply with instructions and entitlement orders originated by the Trustee.

[Remainder of Page Intentionally Left Blank]

[Signature Page Follows]

IN WITNESS WHEREOF, THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Depository Bank and as Securities Intermediary, has caused this Depository and Control Agreement to be executed in its name by a duly authorized officer, THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee has caused this Depository and Control Agreement to be executed in its name by a duly authorized officer, and DALLAS CLEAN ENERGY MCCOMMAS BLUFF, LLC has caused this Depository and Control Agreement to be executed in its name by a duly authorized representative, all as of the date first above written.

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Depository Bank and
as Securities Intermediary

By: /S/ Matthew Moon
Authorized Officer

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

By: /S/Matthew Moon
Authorized Officer

DALLAS CLEAN ENERGY
MCCOMMAS BLUFF, LLC

By: /S/ Harrison S. Clay
Authorized Representative

[Depository and Control Agreement]

Exhibit A

SCHEDULE 3.2(a)

CERTIFICATE REGARDING ANNUAL BUDGET

Pursuant to Section 3.2(a) of the Depository and Control Account Agreement, dated as of January 1, 2011 (the "Depository Agreement"), among Dallas Clean Energy McCommas Bluff, LLC (the "Borrower"), The Bank of New York Mellon Trust Company, N.A., as Depository Bank and as Securities Intermediary, and The Bank of New York Mellon Trust Company, N.A., as Trustee, the undersigned Authorized Representative of the Borrower certifies as follows:

1. The undersigned has read Section 3.2(a) of the Depository Agreement and the definitions in the Indenture relating thereto.

2. The undersigned is making the certifications set forth herein based upon [his/her] review of the Indenture and the Depository Agreement.

3. In the opinion of the undersigned, [he/she] has made, or caused to be made, such examination or investigation as is necessary to enable him to make the certifications set forth herein.

4. As required by Section 3.2(a) of the Depository Agreement, attached hereto as Attachment A is the Annual Budget.

5. Capitalized terms used and not defined herein shall have the meaning given them in the Depository Agreement.

[Remainder of page intentionally left blank; signature page follows.]

Dated: March , 2011

DALLAS CLEAN ENERGY
MCCOMMAS BLUFF, LLC

Authorized Representative of the Borrower

ATTACHMENT A

Pursuant to Section 3.2 of the Depository Control Agreement
Monthly Budget of the Borrower

Dallas Clean Energy McCommas Bluff, LLC Project

	[Year]	
	Monthly	**12 months ending Dec. 31, 20**
Deposits to Revenue Fund:		
Revenues (a)	$ —	
Total Deposits to Revenue Fund	$ —	$ —
Transfers from Revenue Fund:		
(1) Operation and Maintenance Expense Account - Budgeted Operating Expenses	$ —	
(2) Debt Service Account	—	
(3) Debt Service Reserve Account (b)	—	
(4) Rebate Account	—	
(5) Administrative Expenses Account (c)	—	
(6) Capital Repair & Replacement Reserve Account	—	
(7) Surplus Account	—	—
Total Transfers from Revenue Fund	0	0

(a) Based upon cash receipts for the month from any Gas Sales Agreement, initially the Shell Energy Agreement or other Revenues as defined in the Indenture
(b) Reflects monies that will be deposited to the Debt Service Reserve Account, from Surplus Account, if any, until such account balance reaches the Reserve Requirement.
(c) Includes annual fees of the Issuer and the Trustee and the annual rating surveillance fee.

Exhibit B

SCHEDULE 3.2(b)

CERTIFICATE REGARDING BUDGETED OPERATING EXPENSES

Pursuant to Section 3.2(b) of the Depository and Control Account Agreement, dated as of January 1, 2011 (the "Depository Agreement"), among Dallas Clean Energy McCommas Bluff, LLC (the "Borrower"), The Bank of New York Mellon Trust Company, N.A., as Depository Bank and as Securities Intermediary, and The Bank of New York Mellon Trust Company, N.A., as Trustee, the undersigned Authorized Representative of the Borrower certifies as follows:

1. The undersigned has read Section 3.2(b) of the Depository Agreement and the definitions in the Indenture relating thereto.

2. The undersigned is making the certifications set forth herein based upon [his/her] review of the Indenture and the Depository Agreement.

3. In the opinion of the undersigned, [he/she] has made, or caused to be made, such examination or investigation as is necessary to enable him to make the certifications set forth herein.

4. Pursuant to Section 3.2(b) of the Depository Agreement, attached hereto as Attachment A are the Budgeted Operating Expenses of the Borrower for the succeeding month.

5. The monthly Budgeting Operating Expenses submitted herewith differ from the corresponding amount in the Annual Budget contained in Schedule 3.2(a).

6. Capitalized terms used and not defined herein shall have the meaning given them in the Depository Agreement.

[Remainder of page intentionally left blank; signature page follows.]

Dated: March , 2011

DALLAS CLEAN ENERGY
MCCOMMAS BLUFF, LLC

Authorized Representative of the Borrower

ATTACHMENT A

Exhibit C

SCHEDULE 3.6(b)

COVENANT COMPLIANCE CERTIFICATE

Pursuant to Section 3.6(b) of the Depository and Control Account Agreement, dated as of January 1, 2011 (the "Depository Agreement"), among Dallas Clean Energy McCommas Bluff, LLC (the "Borrower"), The Bank of New York Mellon Trust Company, N.A., as Depository Bank and as Securities Intermediary, and The Bank of New York Mellon Trust Company, N.A., as Trustee, the undersigned Authorized Representative of the Borrower certifies as follows:

1. The undersigned has read Section 3.6(b) of the Depository Agreement and the definitions in the Indenture relating thereto.

2. The undersigned is making the certifications set forth herein based upon [his/her] review of the Indenture and the Depository Agreement.

3. In the opinion of the undersigned, [he/she] has made, or caused to be made, such examination or investigation as is necessary to enable him to make the certifications set forth herein.

4. [Attached hereto as Attachment A are the Borrower's financial statements for the most recent calendar quarter, ending , .]

5. [Attached hereto as Attachment A/Attachment B are calculations evidencing that:

(a) the Borrower's Debt Service Coverage Ratio for the most recent four calendar quarters, ending , , equals or exceeds 1.25:1;

(b) the Borrower's Debt Service Coverage Ratio for the next four calendar quarters, ending , is reasonably projected to equal or exceed 1.25:1; and

(c) after giving effect to the transfer to the Borrower of the property remaining to the credit of the Surplus Account, the Borrower's Minimum Days Cash on Hand (defined in accordance with GAAP) will be, or will at any time be projected to be, not less than the lesser of thirty-five (35) days cash on hand or one million three-hundred thousand dollars ($1,300,000).

6. No event or condition that constitutes, or with notice or lapse of time, or both, would constitute, an Event of Default or a Loan Default Event under either the Indenture or the Loan Agreement, respectively, exists at the date hereof.]

7. Capitalized terms used and not defined herein shall have the meaning given them in the Depository Agreement.

Dated: March , 2011

DALLAS CLEAN ENERGY
MCCOMMAS BLUFF, LLC

Authorized Representative of the Borrower

ATTACHMENT A

[ATTACHMENT B]

Exhibit 10.52

Execution Version

TRUST INDENTURE

MISSION ECONOMIC DEVELOPMENT CORPORATION,
as Issuer

to

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

Dated as of January 1, 2011

relating to

$40,200,000
Mission Economic Development Corporation
Solid Waste Disposal Revenue Bonds
(Dallas Clean Energy McCommas Bluff, LLC Project)
Series 2011

NOTE: PURSUANT TO THE PROVISIONS OF SECTIONS 2.2(B) AND 2.3(B) OF THIS INDENTURE, THE SOLE AND EXCLUSIVE INTEREST RATE PERIOD FOR THE BONDS SHALL BE A TERM INTEREST RATE PERIOD THEREBY LIMITING OR NULLIFYING CERTAIN PROVISIONS OF THIS INDENTURE, THE LOAN AGREEMENT AND THE DEPOSITORY AGREEMENT RELATING TO THE WEEKLY INTEREST RATE PERIOD, INCLUDING CERTAIN RIGHTS, POWERS, DUTIES AND OBLIGATIONS OF THE BONDHOLDERS, THE BORROWER, THE TRUSTEE AND THE ISSUER UNDER THIS INDENTURE OR THE LOAN AGREEMENT

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TRUST INDENTURE

This TRUST INDENTURE, dated as of January 1, 2011 (this "Indenture") between the Mission Economic Development Corporation (the "Issuer"), a constituted authority and non-profit industrial development corporation created and existing under the Development Corporation Act, as amended, Chapter 501, Texas Local Government Code (the "Act") and The Bank of New York Mellon Trust Company, N.A., a national banking association, as trustee (the "Trustee").

W I T N E S S E T H:

WHEREAS, the Act authorizes and empowers the Issuer to issue bonds on behalf of Mission, Texas (the "Unit") to finance expenditures found by the Board of Directors of the Issuer to be required or suitable for infrastructure necessary to promote or develop new or expanded business enterprises, including solid waste disposal facilities; and

WHEREAS, the Issuer was created by a city wholly or partly located in a county that is bordered by the Rio Grande, has a population of at least 500,000 and has wholly or partly within its boundaries at least four cities that each have a population of at least 25,000; and

WHEREAS, the Issuer does not support the Project (as hereinafter defined) with sales and use tax revenue; and

WHEREAS, the governing body of the City of Dallas, Texas has requested the Issuer to exercise its powers to finance the portion of the Project located in such city; and

WHEREAS, in order to finance the cost of the Project, the Issuer is authorized by the Act to issue bonds payable from the revenue derived from the repayment of loans made to users of the Project; and

WHEREAS, the Issuer has determined to issue its Solid Waste Disposal Revenue Bonds (Dallas Clean Energy McCommas Bluff, LLC Project) Series 2011 in the aggregate principal amount of $40,200,000 (the "Series 2011 Bonds") to provide funds to loan to Dallas Clean Energy McCommas Bluff, LLC (as further defined herein, the "Borrower") to finance the cost of the acquisition, construction, improvement, installation and/or equipping of certain solid waste disposal facilities (the "Project") more particularly described in Exhibit A to the Loan Agreement (the "Loan Agreement" or "Agreement") of even date herewith, between the Borrower and the Issuer; and

WHEREAS, the Issuer has undertaken to finance the Project by loaning the proceeds derived from the sale of the Series 2011 Bonds to the Borrower pursuant to the Loan Agreement, under which the Borrower is required to make loan payments sufficient to pay when due the principal of, premium, if any, and interest on the Bonds and related expenses; and

WHEREAS, the Series 2011 Bonds will bear interest at a Term Interest Rate; and

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WHEREAS, the Series 2011 Bonds, the provisions for registration to be endorsed thereon, and the certificate of authentication by the Trustee to be executed thereon shall be in substantially the form set forth in Exhibit A hereto, with respect to the Series 2011 Bonds, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture; and

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof and the premium, if any, and interest thereon, the Issuer has authorized the execution and delivery of this Indenture; and

WHEREAS, the Issuer has determined that all acts and proceedings required by law necessary to make the Bonds, when executed by the Issuer, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal limited obligations of the Issuer, and to constitute this Indenture 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 Indenture have been in all respects duly authorized; and

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of, premium, if any, and the interest on and the Purchase Price of all Bonds at any time issued and outstanding under this Indenture, according to their tenor, and to secure all amounts due to any Credit Provider (as hereinafter defined) pursuant to any Reimbursement Agreement (as hereinafter defined) with respect to any Letter of Credit and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the Holders (as hereinafter defined) thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, the Issuer does hereby irrevocably grant, convey, transfer, assign and pledge unto the Trustee, for the equal and proportionate benefit of the respective Holders from time to time of the Bonds, and the Credit Provider, if any, as follows:

GRANTING CLAUSE FIRST

All right, title and interest of the Issuer in, to and under the Note and the Agreement (except as provided in Section 5.1(b) hereof).

GRANTING CLAUSE SECOND

All payments to be received by the Issuer (except as provided in the preceding paragraph) under the Agreement and the Note, together with all other Revenues, and all moneys and earnings thereon held by the Trustee in the Bond Fund under the terms of this Indenture and this Indenture shall constitute a security agreement as to the rights granted hereunder; and

GRANTING CLAUSE THIRD

Any and all other property (other than amounts in, or required to be deposited in, the Rebate Fund) of each name and nature from time to time hereafter by delivery or by writing of any kind pledged or assigned as and for additional security hereunder, by the Issuer or by anyone on its behalf or with its written consent, to the Trustee, which are hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

TO HAVE AND TO HOLD all and singular the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its successors in said trusts and assigns forever.

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future owners of the Bonds, from time to time issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any of the other Bonds (except only as otherwise expressly stated herein).

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly cause to be paid, the principal of the Bonds and the interest and premium, if any, due or to become due thereon, at the times and in the manner mentioned in the Bonds, according to the true intent and meaning thereof, and shall cause the payments to be made into the Bond Fund, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money

due or to become due in accordance with the terms and provisions hereof, then this Indenture and the rights hereby granted shall cease, determine and be void; otherwise this Indenture shall be and remain in full force and effect.

THIS TRUST INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated (to the extent required) and delivered and the Trust Estate hereby assigned and pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective owners from time to time of the Bonds, as follows:

ARTICLE I
DEFINITIONS; CONTENT OF CERTIFICATES AND OPINIONS

Section 1.1. Definitions. Unless the context otherwise requires, the terms defined in this Article shall, for all purposes of this Indenture and of any indenture supplemental hereto 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 any of the terms herein defined.

"Accountant" means any firm of independent certified public accountants selected by the Borrower and reasonably acceptable to the Trustee.

"Act" means the Development Corporation Act, Chapter 501, Texas Local Government Code, as amended.

"Additional Bonds" means any Bonds issued pursuant to the provisions of Section 2.13 hereof.

"Additional Payments" means the payments required to be made by the Borrower pursuant to Sections 4.2(e), (f), (g), (h) and (i), 7.3, 9.2 and 9.3 of the Agreement.

"Administrative Fees and Expenses" means the reasonable and necessary expenses incurred by the Issuer pursuant to the Agreement or this Indenture and the compensation and expenses paid to or incurred by the Trustee, the Tender Agent, the Bond Registrar, the Remarketing Agent and/or any Paying Agent under the Agreement or this Indenture, which include but are not limited to printing of Bonds, accomplishing transfers or new registration of Bonds, or other charges and other disbursements including those of their respective officers, directors, members, attorneys, agents and employees incurred in and about the administration and execution of the Agreement and this Indenture.

"Agreement" or "Loan Agreement" means that certain Loan Agreement by and between the Issuer and the Borrower, dated as of January 1, 2011, as originally executed and as it may from time to time be supplemented, modified or amended in accordance with the terms thereof and of this Indenture.

"Alternate Letter of Credit" means an alternate irrevocable letter of credit, including, if applicable, a confirming letter of credit, or similar credit facility issued by a commercial bank, savings institution or other financial institution, the terms of which shall in all material respects be the same as those of the Letter of Credit then in effect, delivered to the Trustee pursuant to Section 5.11 of the Agreement.

"Annual Budget" means the Borrower's annual budget as developed by the Borrower's president or chief financial officer (or his or her designee) and approved from time to time by the Borrower's Governing Body, and submitted by December 15 of the year preceding the year to which such annual budget relates to the Depository Bank in accordance with Section 3.2(a) of the Depository Agreement and to the Trustee; provided, however, for the period ending December 31, 2011, the Borrower shall file with the Trustee and the Depository Bank an Annual Budget on the Issuance Date as required under Section 3.1(b) herein.

"Annual Debt Service Requirement" means the amount of principal of and interest on the Bonds coming due in a Bond Year upon mandatory sinking fund redemption or at maturity (after giving effect to the mandatory sinking fund redemption requirements specified herein).

"Approving Opinion" means an opinion of Bond Counsel that an action being taken (a) is permitted by applicable law and this Indenture, and (b) will not adversely affect the Tax-exempt status of interest on the Bonds.

"Authorized Denomination" means (a) during any Weekly Interest Rate Period, $100,000 or any integral multiple of $5,000 in excess thereof, and (b) at any other time, $5,000 or any integral multiple thereof.

"Authorized Representative" means (a) with respect to the Borrower, the person or persons at the time designated to act on behalf of the Borrower by a written certificate signed by the Borrower, furnished to the Trustee, the Credit Provider, if any, and the Issuer, containing the specimen signature of each such person, (b) with respect to the Credit Provider, the person or

persons at the time designated to act on behalf of the Credit Provider by a written certificate signed by the Credit Provider, furnished to the Trustee, the Borrower and the Issuer, containing the specimen signature of each such person, and (c) with respect to the Issuer, the person or persons at the time designated to act on behalf of the Issuer by a written certificate signed by the Issuer.

"Available Moneys" means (a) moneys derived from drawings under the Letter of Credit, or (b) moneys provided by the Borrower held by the Trustee in funds and accounts established under this Indenture (except the Rebate Fund or the account described in Section 4.7(g) hereof) and subject to the lien of the Indenture for a period of at least 123 consecutive days and not commingled with any moneys so held for less than said period and during and prior to which period no petition in bankruptcy was filed by or against, and no receivership, insolvency, assignment for the benefit of creditors or other similar proceeding has been commenced by or against the Borrower or the Issuer, and (c) investment income derived from the investment of moneys described in clause (b) so long as (i) investments of such moneys are in Investment Securities rated by each Rating Agency in any of the two-highest long-term rating

categories without regard to modifiers or, if applicable, in the highest short-term rating category without regard to modifiers and (ii) with respect to such investment earnings there has been delivered to the Trustee an opinion of nationally recognized bankruptcy counsel to the effect that the use of such amounts for such purpose would not constitute a voidable preference under Section 547 of the Bankruptcy Code should the Borrower or the Issuer become the debtor in a case under the Bankruptcy Code.

"Bank" shall mean the Credit Provider.

"Bank Bonds" has the meaning ascribed thereto in Section 4.7(c)(ii) hereof.

"Bankruptcy Code" means Title 11 of the United States Code, as amended, and any successor statute or statutes having substantively the same function.

"Beneficial Owners" means those individuals, partnerships, corporations or other entities for whom the Direct Participants have caused DTC to hold Book-Entry Bonds.

"Bond Counsel" means any attorney at law or firm of attorneys of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

"Bond Fund" means the fund by that name established pursuant to Section 5.2 hereof.

"Bondholder" means "Holder."

"Bond Registrar" or "Registrar" means the entity or entities performing the duties of the bond registrar pursuant to Section 2.8 hereof.

"Bonds" means any Series 2011 Bonds and any Additional Bonds authorized under and secured by this Indenture.

"Bond Year" means, each one-year period commencing on December 2 and ending on the following December 1, until final maturity of the Bonds, except that the first Bond Year shall commence on the Issuance Date and end on December 1, 2011.

"Book-Entry Bonds" means the Bonds registered in the name of the nominee of DTC, or any successor securities depository for such Bonds, as the registered owner thereof pursuant to the terms and provisions of Section 2.11 hereof.

"Borrower" means Dallas Clean Energy McCommas Bluff, LLC, a limited liability company duly organized and existing under the laws of the State of Delaware, or any successor or assign or any entity which is the surviving, resulting or transferee entity in any merger, consolidation or transfer of assets of the Borrower permitted under Section 5.2 of the Loan Agreement.

"Budgeted Capital Expenditures" means the amount of Capital Expenditures as provided in the Annual Budget.

"Budgeted Operating Expenses" means the amount of Operating Expenses as provided in the Annual Budget.

"Business Day" means any day other than (a) a Saturday or Sunday, (b) a day on which commercial banks in New York, New York, or the city or cities in which the Corporate Trust Office of the Trustee or the Tender Agent, the office of the Remarketing Agent or, if applicable, the office of the Credit Provider at which demands for payment under a Letter of Credit are to be presented are authorized or required by law to close, (c) a day on which the New York Stock Exchange is closed, or (d) if a Letter of Credit is in effect, any day not a business day for purposes of the Letter of Credit or the Reimbursement Agreement.

"Capital Expenditures" means the Borrower's expenditures for assets or improvements that are subject to an allowance for depreciation in accordance with the Code.

"Capitalized Lease" means any lease of real or personal property which, in accordance with GAAP, is required to be capitalized on the balance sheet of the lessee.

"Capitalized Rentals" means, as of the date of determination, the amount at which the aggregate rentals due and to become due under a Capitalized Lease under which a Person is a lessee would be reflected as a liability on a balance sheet of such Person.

"Capital Repair and Replacement Reserve Requirement" means (i) the monthly average of the Borrower's Budgeted Capital Expenditures and (ii)(a) for the period ending December 31, 2011, as presented in the budget of the Borrower and certified at closing by the Independent Engineer to the Borrower, the Trustee and the Issuer and (b) for each annual period thereafter, as presented in the Budgeted Capital Expenditures.

"Certificate," "Statement," "Request," "Requisition" or "Order" of the Issuer, the Borrower or the Credit Provider means, respectively, a written certificate, statement, request, requisition or order signed on behalf of the Issuer by the President, Vice President, or Authorized Representative of the Issuer, or in the name of the Borrower by an Authorized Representative of

the Borrower, or on behalf of the Credit Provider by an Authorized Representative of the Credit Provider, as applicable. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by Section 1.2 hereof, each such instrument shall include the statements provided for in Section 1.2 hereof.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Collateral Assignment" means the Collateral Assignment of Contracts, Permits, Licenses, Rights of Way and Plans dated as of January 1, 2011 from the Borrower to the Trustee, as amended or modified from time to time in accordance with the terms of this Indenture.

"Completion Date" means the date of completion of the acquisition or construction of the Project as that date shall be certified as provided in Section 3.3 of the Agreement.

"Computation Date" means any date selected by the Borrower pursuant to Section 1.148-3(e) of the Regulations.

"Consent Agreement" means that Consent and Agreement, dated as of January 1, 2011, among Shell Energy North America (US) L.P., the Borrower, the Trustee and the Depository Bank.

"Continuing Disclosure Agreement" means any Continuing Disclosure Agreement entered into by the Borrower relating to the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Conversion Date" means each date on which the Interest Rate Period for the Bonds is converted from one type of Interest Rate Period to another type of Interest Rate Period, or from a Term Interest Rate Period to another Term Interest Rate Period.

"Corporate Trust Office" means, (a) with respect to the Trustee, the principal corporate trust office of the Trustee as designated in Section 11.8, or such other office designated by the Trustee from time to time, and (b) with respect to the Tender Agent, if other than the Trustee, such office designated by the Tender Agent to the Issuer, the Borrower, the Remarketing Agent and the Credit Provider, as its Corporate Trust Office.

"Costs of Issuance" means costs or expenses directly or indirectly payable by or reimbursable to the Issuer or the Borrower and related to the authorization, issuance, sale and delivery of the Bonds, including but not limited to the fees and expenses of the Issuer, including its reasonable attorneys' fees, costs of preparation and reproduction of documents, printing expenses, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, rating agency fees, fees and charges for preparation, execution and safekeeping of the Bonds and any other cost, charge or fee in connection with the original issuance of the Bonds which constitutes a "cost of issuance" within the meaning of Section 147(g) of the Code.

"Costs of Issuance Account" means the account established within the Costs of Issuance Fund pursuant to Section 3.4 hereof.

"Costs of Issuance Fund" means the fund by that name established pursuant to Section 3.4 hereof.

"Costs of the Project" means the sum of the items, or any such item, authorized to be paid from the Project Fund pursuant to the provisions of Section 3.2 of the Agreement, but shall not include any Costs of Issuance.

"Credit Provider" means any commercial bank, savings association or other financial institution issuing a Letter of Credit complying with Section 5.11 of the Agreement and party to a Reimbursement Agreement.

"Dated Date" means for the Series 2011 Bonds March 31, 2011, and shall be defined for any Additional Bonds in the Supplemental Indenture for such Additional Bonds.

"Debt Service Coverage Ratio" means, with respect to any period, the quotient obtained by dividing the (a) the difference obtained by subtracting (i) Operating Expenses relating to the Project for such period from (ii) Project Revenues for such period, by (b) maximum principal and interest requirements for the then-current or any future Bond Year on account of all Bonds Outstanding.

"Debt Service Requirement" shall mean, with reference to a specified period, the aggregate of the payments required to be made during such period in respect of principal (whether at maturity, as a result of mandatory sinking fund redemption, mandatory prepayment or otherwise) and interest on any outstanding Long-Term Indebtedness of such Person or a group of Persons; provided that (i) interest shall be excluded from the determination of the Debt Service Requirement to the extent that such interest is created as a capital expense or is payable from the proceeds of such Long-Term Indebtedness, (ii) principal shall be excluded from the calculation of Debt Service Requirements to the extent that (a) amounts are on deposit in an irrevocable escrow and such amounts (including, where appropriate, the earnings or other increment to accrue thereon) are required to be applied to pay such principal and (b) such amounts so required to be applied are sufficient to pay such principal, and (iii) principal of and interest on subordinate debt shall be excluded.

"Debt Service Reserve Fund" means the fund by that name established pursuant to Section 5.3 hereof.

"Debt Service Reserve Fund Requirement" means for the Series 2011 Bonds the maximum Annual Debt Service Requirement in the then current or any future Bond Year.

"Deed of Trust" means the Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of January 1, 2011, by and between the Borrower, as Trustor, and Republic Title of Texas, Inc., as trustee, and the Trustee, as Beneficiary.

"Depository Agreement" means the Depository and Control Agreement dated as of January 1, 2011, among the Depository Bank, the Trustee and the Borrower.

"Depository Bank" means The Bank of New York Mellon Trust Company, N.A., acting in the capacity of Depository Bank under the Depository Agreement, or its successor or assigns.

"Determination of Taxability" means a determination that, due to the untruth or inaccuracy of any representation or warranty made by the Borrower in the Agreement or the breach of any covenant or warranty of the Borrower contained in the Agreement, interest on the Series 2011 Bonds, or any of them, is determined not to be Tax-exempt by (a) a final administrative determination of the Internal Revenue Service or a final judicial decision of a court of competent jurisdiction in a proceeding of which the Borrower received notice and in which the Borrower was afforded an opportunity to participate to the full extent permitted by law, or (b) an opinion of Bond Counsel obtained by the Borrower and delivered to the Trustee with a copy to be delivered to the Issuer. A determination or decision will not be considered final for purposes of the preceding sentence unless (a) the Issuer or the holder or holders of the Series 2011 Bonds involved in the proceeding in which the issue is raised (i) shall have given the Borrower and the Trustee prompt written notice of the commencement thereof, and (ii) shall have offered the Borrower the opportunity to control the proceeding; provided the Borrower agrees to pay all expenses and costs in connection therewith and to indemnify the Issuer and such holder or holders against all liability for such expenses and costs (except that any such holder may engage separate counsel for the holder or holders of the Series 2011 Bonds, and the Borrower shall not be liable for the fees or expenses of such counsel but shall be liable for the fees and expenses of counsel to the Issuer); and (b) such proceeding shall not be subject to a further right of appeal or shall not have been timely appealed.

"Direct Participants" means those broker-dealers, banks and other financial institutions from time to time for which DTC holds the Bonds as securities depository.

"Division" means the Division of Economic Development and Tourism, Office of the Governor of Texas or any successor entity performing the services it now performs with respect to the Bonds.

"DTC" means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the New York Banking Law, or any successor securities depository for the Bonds.

"Environmental Regulations" means any federal, state or local law, statute, code, ordinance, regulation, requirement or rule relating to dangerous, toxic or hazardous pollutants, Hazardous Substances, chemical waste, materials or substances.

"EPC Contract" means that certain Agreement between Owner and Design-Builder Cost Plus Fee with an Option for a Guaranteed Maximum Price, dated February 25, 2011, between the Borrower and VM Energy LLC, as amended and restated.

"Event of Default" means any of the events specified in Section 7.1 hereof.

"Expenses" means, for any period, the aggregate of all expenses calculated under GAAP, including without limitation any taxes, incurred by the Borrower involved during such period, minus (i) interest on Long-Term Indebtedness, (ii) depreciation, amortization and other non-cash charges, (iii) any unrealized losses, including without limitation unrealized losses resulting from changes in the value of investment securities, or the value of or accounting for interest rate swaps or similar hedging contracts, in either case resulting from periodic valuations of same, (iv) extraordinary expenses (including without limitation losses on the sale of assets other than in the ordinary course of business and losses on the extinguishment of debt), (v) any expenses resulting from a forgiveness of or the establishment of reserves against Indebtedness which does not constitute an extraordinary expense, (vi) losses resulting from any reappraisal, revaluation or write-down of assets and (vii) any items which the Borrower considers to be non-cash items (in accordance with GAAP).

"Final Computation Date" means the last date on which any Bonds are Outstanding.

"Financial Statements" means the financial statements of the Borrower, as prepared and audited in accordance with GAAP.

"Fiscal Year" means the period beginning on January 1 of each year and ending on the next succeeding December 31 or any other twelve-month, or fifty-two week, period hereafter selected and designated as the official fiscal year period of the Borrower.

"Fitch" means Fitch Ratings, Inc. and its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Borrower.

"GAAP" means generally accepted accounting principles from time to time in effect in the United States and used in the preparation of the audited financial statements of the Borrower on a consistent basis, except for such changes therein as are approved by the independent accountants performing such audit.

"Gas Sale Agreements" means, collectively, (i) the Shell Gas Sale Agreement and (ii) any other agreement between the Borrower and a purchaser or purchasers of methane gas produced at the Project Site.

"Governing Body" means, when used with respect to the Borrower, its manager, members, board of directors or group of individuals in which the powers of the Borrower are vested.

"Government Obligations" means the following:

(a) bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations on which the full and timely payment of principal and interest is fully and unconditionally guaranteed by, the United States of America; and

(b) evidences of direct ownership of a proportionate or individual interest in future interest or principal payments on specified direct obligations of, or obligations for which the full and timely payment of the principal of and interest is unconditionally guaranteed by, the

United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian in form and substance satisfactory to the Trustee.

"Gross Proceeds" means any Proceeds plus any replacement proceeds (as described in Section 1.148-1(c) of the Regulations).

"Guaranty" or "Guaranties" means all obligations of a Person guaranteeing, or in effect guaranteeing, any Indebtedness or other obligation of any Person in any manner, whether directly or indirectly, including but not limited to obligations incurred through an agreement, contingent or otherwise, by such Person (i) to purchase such Indebtedness or obligation or any Property constituting security therefor, (ii) to advance or supply funds (a) for the purchase or payment of such Indebtedness or obligation or (b) to maintain working capital or other balance sheet condition, (iii) to purchase securities or other Property or services primarily for the purpose of assuring the owner of such Indebtedness or obligation of the ability of the Person to make payment of the Indebtedness or obligation or (iv) otherwise to assure the owner of such Indebtedness or obligation against loss in respect thereof.

"Hazardous Substances" means (a) any oil, flammable substance, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other wastes, materials or pollutants which (i) pose a hazard to the Project or to persons on or about the Project or (ii) cause the Project to be in violation of any Environmental Regulation; (b) asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls, or radon gas; (c) any chemical, material or substance defined as or included in the definition of "waste," "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous waste," "restricted hazardous waste," or "toxic substances" or words of similar import under any Environmental Regulation including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 USC §§ 9601 et seq.; the Resource Conservation and Recovery Act ("RCRA"), 42 USC §§ 6901 et seq.; the Hazardous Materials Transportation Act, 49 USC §§ 1801 et seq.; the Federal Water Pollution Control Act, 33 USC §§ 1251 et seq.; (d) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or agency or may or could pose a hazard to the health and safety of the occupants of the Project or the owners and/or occupants of property adjacent to or surrounding the Project, or any other person coming upon the Project or adjacent property; or (e) any other chemical, materials or substance which may or could pose a hazard to the environment.

"Holder" or "Bondholder," or "Owner," whenever used herein with respect to a Bond, means the person in whose name such Bond is registered.

"Indebtedness" means (i) indebtedness (including nonrecourse Indebtedness) incurred or assumed by the Borrower for borrowed money or for the acquisition, construction or improvement of the Project and Property related to the Project other than goods acquired in the ordinary course of business and the Borrower, (ii) capitalized rental or lease obligations of the Borrower, and (iii) all guaranties in favor of the Borrower if such guaranty has been drawn upon and the advance not repaid by the Borrower.

"Indenture" means this Trust Indenture, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture.

"Independent Engineer" means an engineer or engineering firm qualified to practice the profession of engineering under the laws of the State and who or which is not a full time employee of the Issuer or the Borrower. The initial Independent Engineer will be Sargent & Lundy L.L.C.

"Interest Account" means the Interest Account established in the Bond Fund established pursuant to Section 5.2 hereof.

"Interest Payment Date" means for the Series 2011 Bonds (a) during a Weekly Interest Rate Period, the first Wednesday of each month (or the next succeeding Business Day if such Wednesday is not a Business Day), (b) during the initial Term Interest Rate Period, each June 1 and December 1, commencing June 1, 2011, and during any other Term Interest Rate Period, the first day of the month that is six months after the month of the Conversion Date and the first day of each month every six months thereafter until the end of such Term Interest Rate Period, (c) each Conversion Date and (d) the Principal Payment Date, and shall be defined for any Additional Bonds in a Supplemental Indenture relating to such Additional Bonds.

"Interest Period" means the period from and including any Interest Payment Date to and including the day immediately preceding the next following Interest Payment Date, except that the first Interest Period for the Series 2011 Bonds shall be the period from and including the Issuance Date to and including the day immediately preceding the first Interest Payment Date relating to the Bonds, which Interest Payment Date is June 1, 2011.

"Interest Rate Period" means a Weekly Interest Rate Period or a Term Interest Rate Period.

"Investment Proceeds" means any amounts actually constructively received from investing Proceeds of the Bonds.

"Investment Securities" means any securities permitted by applicable law as selected by the Borrower in writing to the Trustee, including any of the following securities (other than those issued by the Issuer or the Borrower):

(a) Government Obligations;

(b) bonds, notes or other obligations of any state of the United States or any political subdivision of any state, which at the time of their purchase are rated in either of the three highest rating categories by a nationally recognized rating service;

(c) certificates of deposit or time or demand deposits constituting direct obligations of any bank, bank holding company, savings and loan association or trust company organized under the laws of the United States or any state thereof (including the Trustee or any of its affiliates), except that investments may be made only in certificates of deposit or time or demand deposits which are:

(i) insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation, or any other similar United States Government deposit insurance program then in existence; or

(ii) continuously and fully secured by Government Obligations, which have a market value, exclusive of accrued interest, at all times at least equal to the principal amount of such certificates of deposit or time or demand deposits; or

(iii) issued by a bank, bank holding company, savings and loan association or trust company under the laws of the United States or any state thereof (including the Trustee or any of its affiliates) whose outstanding unsecured long-term debt is rated at the time of issuance in either of the two highest rating categories by a Rating Agency;

(d) repurchase agreements with any bank, bank holding company, savings and loan association, trust company or other financial institution organized under the laws of the United States of America or any state thereof (including the Trustee or any of its affiliates), that are continuously and fully secured by Government Obligations and that have a market value, exclusive of accrued interest, at all times at least equal to the principal amount of such repurchase agreements, provided that each such repurchase agreement conforms to current industry standards as to form and time, is in commercially reasonable form, is for a commercially reasonable period, results in transfer of legal title to identified Government Obligations that are segregated in a custodial or trust account for the benefit of the Trustee, and further provided that Government Obligations acquired pursuant to such repurchase agreements shall be valued at the lower of the then current market value thereof or the repurchase price thereof set forth in the applicable repurchase agreement;

(e) investment agreements constituting an obligation of a bank, bank holding company, savings and loan association, trust company, insurance company or other financial institution whose outstanding unsecured short-term debt is rated at the time of such agreement in the highest rating category by a Rating Agency or whose outstanding unsecured long-term debt is rated at the time of such agreement in either of the two highest rating categories by a Rating Agency;

(f) short term discount obligations of the Federal National Mortgage Association and the Government National Mortgage Association;

(g) money market mutual funds, including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee or such holding company provide investment advisory or other management services (i) that invest in Government Obligations or that are registered with the Securities and Exchange Commission, meeting the requirements of Rule 2a-7 under the Investment Company Act of 1940, as amended, and (ii) that are rated in either of the two highest categories by a Rating Agency;

(h) commercial paper of “prime” quality of the highest ranking or of the highest letter and number rating as provided for by Moody’s, S&P, or Fitch, provided that the issuer of the commercial paper shall be organized and operating within the United States, shall have total assets in excess of five hundred million dollars ($500,000,000), and shall issue debt, other than commercial paper, if any, that is rated “A” or higher by Moody’s, S&P, or Fitch, and provided further that such commercial paper shall have a maximum maturity of 270 days or less; and

(i) such other investments permitted by law and approved in writing by the Credit Provider.

“Issuance Date” means March 31, 2011.

“Issue Price” means “issue price” as defined in Section 1.148-1(b) of the Regulations and, generally, is the first price at which a substantial number of any series of the Bonds is sold to persons other than bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers.

“Issuer” means the Mission Economic Development Corporation.

“Lease Agreement” means the Lease to Develop Landfill Gas dated December 12, 1994, between the Borrower (as assignee and successor in interest to predecessor lessees) and the City of Dallas, Texas, pursuant to which the City leases the Project Site to the Borrower, and any amendments or supplements thereto.

“Letter of Credit” means (a) any irrevocable letter of credit meeting the requirements of Section 5.11 of the Agreement, naming the Trustee as beneficiary and delivered to the Trustee pursuant to the terms of the Agreement on (i) the effective date of any Weekly Interest Rate Period for the Bonds, (ii) any Conversion Date or (iii) any Business Day during a Weekly Interest Rate Period; and (b) in the event of delivery of an Alternate Letter of Credit, such Alternate Letter of Credit.

“Letter of Credit Account” means the account by that name in the Bond Fund established pursuant to Section 5.2 hereof.

“Loan Default Event” means any one or more of the events specified in Section 7.1 of the Agreement.

“Loan Payments” means the loan repayments required to be made by the Borrower pursuant to Section 4.2(a) of the Agreement.

“Long-Term Indebtedness” means, with respect to any Person, (i) all Indebtedness of such Person for money borrowed or credit extended which is not Short-Term, (ii) all Indebtedness of such Person incurred or assumed in connection with the acquisition, construction or improvement of Property which is not Short-Term, (iii) Guaranties by such Person of Indebtedness which is not Short-Term; provided, however, that if the guarantor has not been required, by reason of its Guaranty, to make any payment in respect of the Indebtedness which is guaranteed within the immediately preceding twelve (12) months, for purposes of this definition,

Long-Term Indebtedness shall include only an amount equal to 20% of the maximum annual Debt Service Requirement on such Indebtedness and (iv) Capitalized Rentals under Capitalized Leases entered into by such Person; provided, however, that Indebtedness that could be described by more than one of the foregoing categories shall not in any case be considered more than once for the purpose of any calculation made pursuant to this Indenture.

"Maximum Rate" means twelve percent (12%) per annum or, if lower than twelve percent (12%) per annum, the maximum rate permitted by applicable law.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Borrower, with the approval of the Remarketing Agent.

"Net Proceeds" means the Sale Proceeds of the Bonds less any Proceeds deposited into a reasonably required reserve or replacement fund.

"Net Proceeds of Insurance" means the proceeds from insurance with respect to the Project, less any costs reasonably expended by the Borrower to receive such proceeds.

"Note" means the note, in the Form attached as Exhibit B to the Loan Agreement, from the Borrower to the Issuer and assigned to the Trustee for the benefit of the Bondholders.

"Operating Expenses" means the current expenses of operating the Project determined in accordance with GAAP including, without limitation, the rentals payable by the Borrower to the City of Dallas, Texas pursuant to the Lease Agreement.

"Opinion of Counsel" means a written opinion of counsel (who may be counsel for the Borrower) selected by the Borrower. If and to the extent required by the provisions of Section 1.2 hereof, each Opinion of Counsel shall include the statements provided for in Section 1.2 hereof.

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 11.10 hereof) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds with respect to which liability of the Issuer shall have been discharged in accordance with Section 10.2 hereof, including Bonds (or portions of Bonds) referred to in Section 11.10 hereof; and (c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to this Indenture.

"Paying Agent" means the Paying Agent described in Section 8.7 hereof.

"Person" means an individual, corporation, firm, association, limited liability company, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"President" means the President of the Board of the Issuer, or in his or her absence or inability to act, the Authorized Representative of the Issuer.

"Principal Account" means the Principal Account in the Bond Fund established pursuant to Section 5.2 hereof.

"Principal Payment Date" means June 1 and December 1 of each year beginning December 1, 2011 to and including December 1, 2024.

"Proceeds" means any Sale Proceeds and any Investment Proceeds of the Bonds.

"Project" means any land, equipment, buildings, structures, fixtures, vehicles and improvements financed in whole or in part from the proceeds of the sale of the Bonds as more fully described in Exhibit A to the Loan Agreement.

"Project Fund" means the fund by that name established pursuant to Section 3.3 hereof.

"Project Revenue Generating Agreements" means, other than the Gas Sale Agreements, any written contract or agreement between the Borrower and an unrelated third party under which the Borrower derives revenues from the operation of the Project.

"Project Revenues" means any amount payable under the Gas Sale Agreements (other than indemnity payments) and Project Revenue Generating Agreements.

"Project Site" means the means the real property on which the Project is located, and which has been leased to the Borrower pursuant to the terms of the Lease Agreement.

"Property" means any and all rights, titles and interests of the Borrower in and to any and all property (including cash) whether real or personal, tangible or intangible and wherever situated.

"Purchase Date" means the date on which any Bond is required to be purchased pursuant to Section 2.4, 4.6 or 4.8 hereof.

"Purchase Price" means that amount equal to 100% of the principal amount of any Bond purchased pursuant to Section 2.4, 4.6 or 4.8 hereof, plus accrued and unpaid interest thereon to but not including the Purchase Date.

"Purchase Price Payments" means the purchase price payments required to be made by the Borrower pursuant to Section 4.2(d) of the Agreement.

"Qualified Newspaper" means The Wall Street Journal or The Bond Buyer or any other newspaper or journal containing financial news, printed in the English language and customarily published on each Business Day, of general circulation in New York, New York, and selected by the Trustee,

whose decision shall be final and conclusive.

"Rating Agency" means Fitch, if Fitch is then rating the Bonds, Moody's, if Moody's is then rating the Bonds, or S&P, if S&P is then rating the Bonds, or any other nationally recognized securities rating agency selected by the Borrower, with the approval of the Remarketing Agent, if any.

"Rebate Amount" means the amount computed in accordance with Section 148(f) of the Code and Section 1.148-3(b) and 1.148-3(c) of the Regulations as of any Computation Date within the meaning of Section 1.148-3(e) of the Regulations.

"Rebate Fund" means the fund by that name created pursuant to Section 5.6 hereof.

"Record Date" means (a) the Business Day immediately preceding the applicable Interest Payment Date during a Weekly Interest Rate Period and (b) the day, whether or not a Business Day, that is the fifteenth day of the month prior to an Interest Payment Date during any Term Interest Rate Period.

"Redemption Account" means the Redemption Account established in the Bond Fund pursuant to Section 5.2 hereof.

"Regulations" means the applicable proposed, temporary or final Income Tax Regulations promulgated under the Code, or to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

"Reimbursement Agreement" means any reimbursement or letter of credit agreement pursuant to which a Letter of Credit is issued, together with any other documents executed pursuant thereto or in connection therewith or with the related Letter of Credit, as any of the same may be amended, supplemented, restated or replaced from time to time, or any other similar agreements entered into in connection with a Letter of Credit or the issuance of any Alternate Letter of Credit.

"Remarketing Agent" means any remarketing agent appointed for the Bonds under the terms of this Indenture, and its respective successors, and, if and as applicable, any co-Remarketing Agent and its respective successors in such office under this Indenture.

"Remarketing Agreement" means any agreement or instrument pursuant to which a Remarketing Agent shall perform its services with respect to the Bonds.

"Revenues" means all amounts received by the Issuer or the Trustee for the account of the Issuer pursuant or with respect to the Agreement, the Note, the Depository Agreement, the Deed of Trust, the Letter of Credit (if any), the Gas Sale Agreements, Project Revenue Generating Agreements or otherwise in respect of the Project, including, without limiting the generality of the foregoing, Loan Payments (including both timely and delinquent payments and any late charges paid from whatever source), Project Revenues, prepayments, insurance proceeds, condemnation proceeds, and all interest, profits or other income derived from the investment of amounts in any fund or account established pursuant to this Indenture, but not including Administrative Fees and Expenses and other payments to the Issuer, the Trustee or other parties pursuant to Sections 4.2(e), (f) and (g), 7.3, 9.2 and 9.3 of the Agreement, or any moneys paid for deposit into the Rebate Fund pursuant to Section 6.1(n) of the Agreement, and Purchase Price Payments pursuant to Section 4.2(d) of the Agreement.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., its successors and their assigns, or, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Borrower, with the approval of the Remarketing Agent, if any.

"Sale Proceeds" means any amounts actually or constructively received by the Issuer from the sale (or other disposition) of the Bond, including any amounts used to pay underwriters' discount or compensation and accrued interest other than pre-issuance accrued interest.

"Securities Depositories" means The Depository Trust Company, 55 Water Street, 50th Floor, New York, New York 10041-0099 Attn: Call Notification Department; Fax (212) 855-7232; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other securities depositories, or no such depositories, as the Borrower may indicate in a certificate of the Borrower delivered to the Trustee.

"Security Agreement" means the Security Agreement dated as of January 1, 2011 from the Borrower to the Trustee.

"Series 2011 Bonds" means the Mission Economic Development Corporation Solid Waste Disposal Revenue Bonds (Dallas Clean Energy McCommas Bluff, LLC Project) Series 2011 issued by the Issuer pursuant to this Indenture.

"Shell Gas Sale Agreement" means the Base Contract for Sale and Purchase of Natural Gas dated March 30, 2009, as supplemented and amended by the Transaction Confirmation, dated April 3, 2009, between the Borrower and Shell Energy North America (US) L.P., and any amendments or supplements thereto.

"Short Term Indebtedness" when used in connection with Indebtedness, means Indebtedness of a Person for money borrowed or credit extended having an original maturity less than or equal to one year and not renewable at the option of the debtor for, or subject to any binding commitment to refinance or otherwise provide for such Indebtedness having, a term greater than one year beyond the date of original issuance.

"SIFMA Index Rate" means, on any day, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Markets Data and published or made available by the Securities Industry & Financial Markets Association (formerly the Bond Market Association) ("SIFMA") or any Person acting in cooperation with or under the sponsorship of SIFMA and effective from such date.

"State" means the state of Texas.

"Supplemental Indenture" means any indenture hereafter duly authorized and entered into between the Issuer and the Trustee, supplementing, modifying or amending this Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

"Surplus Account" means the account established within the Bond Fund pursuant to Section 3.3 hereof.

"Tax Certificate" means the Tax Certificate and Agreement with respect to the Series 2011 Bonds, dated the Issuance Date, executed by the Issuer and the Borrower, and the Tax Certificate and Agreement with respect to any Additional Bonds issued hereunder, as amended in accordance with their terms.

"Tax-exempt" means, with respect to interest on any obligations of a state or local government, including the Series 2011 Bonds, that such interest is excluded from gross income of the Holders or Beneficial Owners thereof for federal income tax purposes (other than in the case of a Holder or Beneficial Owner of any Series 2011 Bonds who is a substantial user of the Project or a related person within the meaning of Section 147(a) of the Code) whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating tax liabilities, including any alternative minimum tax or environmental tax, under the Code. Any Series of Additional Bonds shall be deemed to be Tax-exempt unless otherwise provided in the Supplemental Indenture relating to such Additional Bonds.

"Tender Agent" means the Trustee appointed as Tender Agent pursuant to Section 8.13 hereof.

"Tender Notice" has the meaning ascribed thereto in Section 2.4(a) hereof.

"Term Interest Rate" means an interest rate on all or a portion of the Bonds established in accordance with Section 2.3(d) hereof.

"Term Interest Rate Period" means each fixed period of time during which a Term Interest Rate is in effect; provided that the initial Term Interest Rate Period shall commence on the Issuance Date and end on the applicable maturity date for the particular Bonds.

"Trust Estate" means, as such term is used in the granting clauses hereto and the Bonds, all rights, property and interests pledged in such clauses and in Section 5.1 of the Indenture, including without limitation, the Revenues, subject to Section 5.1(b) herein.

"Trustee" means The Bank of New York Mellon Trust Company, N.A. having a Corporate Trust Office, in Los Angeles, California, or its successor as Trustee hereunder as provided in Section 8.1.

"Unassigned Issuer Rights" means all of the rights of the Issuer under the Agreement (i) to receive Additional Payments in accordance with Section 4.2(f) of the Agreement; (ii) to be held harmless and indemnified in accordance with Sections 9.2 and 9.3 of the Agreement; (iii) to be reimbursed for fees and expenses upon enforcement of the Agreement in accordance with Section 7.3 of the Agreement; (iv) to receive notices in accordance with Section 10.1 of the Agreement; (v) to give and withhold consent to amendments, changes, modifications and alterations of the Agreement under Section 10.4 of the Agreement; and (vi) to require compliance with Section 5.12 of the Agreement and its right to enforce such rights.

"Unit" means Mission, Texas.

"Weekly Interest Rate" means a variable interest rate on all or a portion of the Bonds established weekly in accordance with Section 2.3(c) hereof.

"Weekly Interest Rate Period" means each period during which a Weekly Interest Rate is in effect.

"Yield" means the yield as determined in accordance with Section 148(h) of the Code, and generally, is the yield which when used in computing the present value of all payments of principal and interest to be paid on an obligation produces an amount equal to the Issue Price of such obligation.

Section 1.2. Content of Certificates and Opinions. Every certificate or opinion provided for in this Indenture with respect to compliance with any provision hereof shall include (1) a statement that the Person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (2) a brief statement of the nature and scope of the examination or investigation upon which the certificate or opinion is based; (3) a statement that, in the opinion of such Person, such Person has made or caused to be made such examination or investigation as is necessary to enable such Person to express an informed opinion with respect to the subject matter referred to in the instrument to which such Person's signature is affixed; (4) a statement of the assumptions upon which such certificate or opinion is based, and that such assumptions are reasonable; and (5) a statement of whether, in the opinion of such Person, such provision has been complied with.

Any such certificate or opinion made or given by an officer of the Issuer or an officer or duly authorized representative of the Borrower may be based, insofar as it relates to legal, accounting or business matters of either of them, upon a certificate or opinion of or representation by counsel, an Accountant or a management consultant, unless such officer knows, or in the case of the Borrower, in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel, an Accountant or a management consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Issuer or the Borrower, as the case may be) upon a certificate or opinion of or representation by an officer of the Issuer or the Borrower, unless such counsel, Accountant or management consultant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such Person's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same officer of the Issuer or the Borrower, or the same counsel or Accountant or management consultant, as the case may be, need not certify to or opine upon all of the matters required to be certified to or opined upon under any provision of this Indenture, but different

officers, counsel, Accountants or management consultants may certify to or opine upon different matters, respectively. All reasonable costs and expenses of the Issuer incurred in connection with any such required certifications, including, but not limited to, reasonable costs and expenses of counsel, shall be borne by the Borrower, and the Issuer shall have no liability therefor.

Section 1.3. Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II
THE BONDS

Section 2.1. Authorization of Bonds. Bonds may be issued hereunder in order to obtain moneys to carry out the purposes of the Act for the benefit of the Issuer and the Borrower. One or more series of Bonds may be issued hereunder in the aggregate principal amount specified in Section 2.2. The Series 2011 Bonds are designated as "Mission Economic Development Corporation Solid Waste Disposal Revenue Bonds (Dallas Clean Energy McCommas Bluff, LLC Project) Series 2011." This Indenture constitutes a continuing agreement with the Holders from time to time of the Bonds to secure the full payment of the principal (or redemption price) of and interest on all such Bonds subject to the covenants, provisions and conditions herein contained. ***No Additional Bonds or refunding Bonds will be issued or delivered hereunder without prior approval by the Division.***

Section 2.2. Bonds.

(a) The Series 2011 Bonds shall be issued under and secured by this Indenture in the form of fully registered bonds in the initial aggregate principal amount of $40,200,000, shall be dated the Dated Date, shall mature (subject to prior redemption at the prices and dates and upon the terms and conditions hereinafter set forth) and bear interest at the rates set forth below:

Maturity Date	Amount	Interest Rate
December 1, 2011	$ 800,000	5.000%
December 1, 2013	2,900,000	4.375
December 1, 2015	4,955,000	5.000
December 1, 2017	5,505,000	5.625
December 1, 2024	26,040,000	6.875

The Series 2011 Bonds shall bear interest on the unpaid principal amount thereof as set forth in Section 2.3 hereof, provided, however, that in no event shall the rate of interest on any Bond exceed at any time the Maximum Rate. If an Event of Default shall have occurred and be continuing, the interest rate on the Bonds shall be the rate on the Bonds on the day prior to the occurrence of such Event of Default. Each Bond will bear interest from the Interest Payment Date to which interest has been paid next preceding the date of authentication thereof, unless authenticated on an Interest Payment Date to which interest has been paid, in which event it will bear interest from such Interest Payment Date, or unless no interest has been paid on such Bond, in which event it will bear interest from the Issuance Date.

The Bonds shall be issued in Authorized Denominations. The Series 2011 Bonds shall be issued in substantially the form set forth in Exhibit A to this Indenture with such variations, insertions or omissions as are appropriate and not inconsistent therewith and shall conform generally to the rules and regulations of any governmental authority or usage or requirement of law with respect thereto. The Bonds shall be numbered and lettered from one upward preceded by the letter "R" prefixed to the number and may bear such additional letters, numbers, legends or designations as the Bond Registrar determines are desirable.

The Bonds shall be subject to redemption and mandatory tender for purchase as provided in Sections 4.1 and 4.6 hereof.

(b) Notwithstanding any provision in this Indenture to the contrary, at the election of the Borrower as reflected in Section 5.15 of the Loan Agreement, the Interest Rate Period applicable to the Bonds commencing on the Issuance Date and extending to the final Principal Payment Date shall be a Term Interest Rate Period without any optional or mandatory tender rights under Sections 2.4 and 4.6 hereof, respectively, the right to adjust the Interest Rate Period under Sections 2.3(c)(ii) and 2.3(d)(ii) or any right to remarket or purchase Bonds under Section 4.7 hereof and, further, the following defined terms shall be inoperative and no force and effect: Weekly Interest Rate or Weekly Interest Rate Period, Remarketing Agent, Remarketing Agreement or Tender Agent or Purchase Price or Purchase Price Payment, and to the extent any provision herein (other than this paragraph) containing any such item is otherwise not affected by this paragraph, such provision shall be read without regard to such term.

Section 2.3. Interest Rates.

(a) The Series 2011 Bonds shall bear interest from and including their Issuance Date, and any Additional Bonds issued hereunder shall bear interest from the date specified in any Supplemental Indenture, and shall continue to bear interest until payment of the principal or redemption price thereof shall have been made or provided for in accordance with the provisions hereof, whether at maturity, upon redemption or otherwise or

until the Bonds have been accelerated pursuant hereto. Interest on the Bonds with respect to each Interest Period shall be paid on the immediately succeeding Interest Payment Date, as provided below, provided that if any Interest Payment Date is not a Business Day, such interest shall be mailed or wired pursuant to this Section 2.3 on the next succeeding Business Day, with the same effect as if made on the day such payment was due. During a Weekly Interest Rate Period, interest on the Bonds shall be computed upon the basis of a 365-day or 366-day, as applicable, year for the number of days actually elapsed. During any Term Interest Rate Period, interest on the Bonds shall be computed upon the basis of a 360-day year, consisting of twelve 30-day months.

Payment of the interest on any Bond shall be made to the Person appearing on the bond registration books of the Bond Registrar as the Bondholder thereof on the Record Date, such interest to be paid by the Paying Agent to such Bondholder (i) by check mailed on the Interest Payment Date to such Bondholder's address as it appears on the registration books, or at such other address as has been furnished to the Bond Registrar as provided below in writing by such Bondholder not later than the Record Date, or (ii) upon written request at least three Business Days prior to the applicable Record Date of a Bondholder of Bonds aggregating not less than $1,000,000 in principal amount, by wire transfer in immediately available funds at an account maintained in the United States at such wire address as such Bondholder shall specify in its written request (any such written request shall remain in effect until rescinded in writing by such Bondholder); except, in each case, that, if and to the extent that there shall be a default in the payment of the interest due on such Interest Payment Date, such defaulted interest rate shall be the rate on the Bonds on the day before such default occurred, and such defaulted interest shall be paid to the Bondholder in whose name any such Bonds are registered at the close of business on the fifth Business Day next preceding the date of payment of such defaulted interest. Both the principal of and premium, if any, on the Bonds shall be payable upon surrender thereof in lawful money of the United States of America at the Corporate Trust Office of the Trustee.

(b) The term of the Bonds will be a Term Interest Rate Period extending from the Issuance Date to the final Principal Payment Date, during which period the Bonds will bear interest at a Term Interest Rate.

(c) (i) Determination of Weekly Interest Rate. During each Weekly Interest Rate Period, the Bonds shall bear interest at the Weekly Interest Rate, which shall be determined by the Remarketing Agent not later than 12:00 noon (New York City time) on Wednesday of each week (or by 12:00 noon (New York City time) on the next succeeding Business Day if such Wednesday is not a Business Day) during such Weekly Interest Rate Period for the week commencing on that next succeeding Thursday (unless such Weekly Interest Rate is determined on the next succeeding Business Day if Wednesday is not a Business Day, in which case it shall be effective on the day of such determination); provided, however, that if the then current Interest Rate Period is a Term Interest Rate Period, the first Weekly Interest Rate for the Weekly Interest Rate Period succeeding such Term Interest Rate Period shall be determined not later than the Business Day next preceding the effective date of such Weekly Interest Rate Period. The Weekly Interest Rate shall be the interest rate determined by the Remarketing Agent (on the basis of examination of obligations comparable to the Bonds known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the minimum interest rate which, if borne by the Bonds, would enable the Remarketing Agent to sell the Bonds on the effective date of such Weekly Interest Rate at a price equal to the principal amount thereof plus accrued interest; provided, however, that if for any reason the Weekly Interest Rate cannot be determined, the Weekly Interest Rate for the next succeeding week shall be the SIFMA Index Rate plus 15 basis points. The first Weekly Interest Rate determined for each Weekly Interest Rate Period shall apply to the period commencing on the first day of such Weekly Interest Rate

Period and ending on the next succeeding Wednesday. Thereafter, each Weekly Interest Rate shall apply to the period commencing on Thursday and ending on the next succeeding Wednesday, unless such Weekly Interest Rate Period shall end on a day other than Wednesday, in which event the last Weekly Interest Rate for such Weekly Interest Rate Period shall apply to the period commencing on the Thursday preceding the last day of such Weekly Interest Rate Period and ending on such last day.

(ii) Conversion to Weekly Interest Rate Period. The Borrower, by written direction to the Trustee and the Remarketing Agent, and accompanied by an Approving Opinion, may elect to convert the Interest Rate Period for all or a portion of the Bonds from a Term Interest Rate Period to a Weekly Interest Rate Period. Such direction shall include the information set forth in Section 2.3(c)(iii) and shall specify the Conversion Date, which shall be the Business Day next succeeding the last day of any Term Interest Rate Period, and not less than 20 days following the date of receipt by the Trustee of such direction.

(iii) Notice of Conversion to Weekly Interest Rate Period. The Trustee shall give notice by mail of a conversion to a Weekly Interest Rate Period to the Bondholders, the Credit Provider, the Remarketing Agent and the Borrower not less than 15 days prior to the Conversion Date of such Weekly Interest Rate Period. Such notice shall state (A) that the interest rate on the Bonds will be converted to a Weekly Interest Rate, (B) the effective date of such Weekly Interest Rate Period, (C) that the Bonds will be purchased on such Conversion Date, pursuant to Section 4.6 hereof, (D) the procedures for the purchase described in (C) above, and (E) the principal amount and the Interest Rate Period of the Bonds to be converted, including, if applicable, the CUSIP number or letter and numerical designator of such Bonds.

(d) (i) Determination of Term Interest Rate. During each Term Interest Rate Period, the Bonds shall bear interest at the Term Interest Rate, which shall be determined by the Remarketing Agent not later than 4:00 p.m. (New York City time) on the Business Day preceding the first day of such Term Interest Rate Period. The Term Interest Rate shall be the rate determined by the Remarketing Agent (on the basis of examination of obligations comparable to the Bonds known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the minimum interest rate which, if borne by the Bonds, would enable the Remarketing Agent to sell the Bonds on the first day of such Term Interest Rate Period at a price equal to the principal amount thereof; provided, however, that if for any reason the Term Interest Rate cannot be determined for any Term Interest Rate Period, the interest rate on the Bonds shall convert to a Weekly Interest Rate.

(ii) Conversion to Term Interest Rate Period. The Borrower, by written direction to the Trustee and the Remarketing Agent, may elect that the Interest Rate Period for all or a portion of the Bonds shall be a Term Interest Rate Period. Such direction electing conversion of the Interest Rate Period (A) shall specify the Conversion Date pursuant to Section 4.6 hereof on which the Bonds shall be purchased, which date shall be (1) with respect to conversion from a Weekly Interest Rate Period, the first Business Day of a month not less than 20 days following the date of receipt by the Trustee of such direction, or (2) the Business Day next succeeding the last day of the then-current Term Interest Rate Period and not less than 20 days following the date of receipt by the Trustee of such direction; (B) shall state whether a

Letter of Credit shall secure the Bonds during the Term Interest Rate Period and, if so, state the name of the Credit Provider; (C) if applicable, shall be accompanied by an executed copy of the Continuing Disclosure Agreement to be in effect with respect to such Term Interest Rate Period; (D) shall provide the information described in Section 2.3(c)(iii)(E) above, and (E) shall state that the Borrower will provide an Approving Opinion prior to the proposed Conversion Date. No later than the second Business Day prior to the proposed Conversion Date or at any earlier time, as the Remarketing Agent or the Trustee may request from the Borrower, the Borrower, by written direction to the Trustee and the Remarketing Agent, shall determine the duration of the Term Interest Rate Period (which may be (i) any period of (a) one year or (b) any multiple of one year, except that the duration of any such period may be adjusted to allow any subsequent Term Interest Rate Period to commence or terminate on a Business Day, or (ii) the period of time remaining to the final maturity of the Bonds). If, at least 20 days prior to the last day of any Term Interest Rate Period, the Borrower shall not have elected that the Bonds bear interest at a Weekly Interest Rate or a Term Interest Rate during the next succeeding Interest Rate Period, the next succeeding Interest Rate Period shall be a Term Interest Rate Period of the same duration as the Term Interest Rate Period currently in effect, or, if less, until the final maturity of the Bonds.

(iii) Notice of Conversion to Term Interest Rate Period. The Trustee shall give notice by mail of each Term Interest Rate Period to the Bondholders, the Credit Provider, the Remarketing Agent and the Borrower not less than 15 days prior to the effective date of such Term Interest Rate Period. Such notice shall state (A) that the interest rate on the Bonds will be converted to or continue to be a Term Interest Rate, (B) the Conversion Date to such Term Interest Rate Period, (C) that the Bonds will be purchased on such Conversion Date pursuant to Section 4.6 hereof, (D) whether the Bonds will be secured by a Letter of Credit and, if so, the name of the Credit Provider, (E) the procedures for such purchase described in (C) above and (F) the information described in Section 2.3(c)(iii)(E).

(e) [Reserved].

(f) Partial Conversions.

(i) General. Bonds may be converted in whole or in part to any Interest Rate Period subject to the terms of this Indenture. In the event the Bonds are in (or are to be converted to) more than one Interest Rate Period, the provisions herein relating to Bonds in a particular Interest Rate Period (or to be converted to a particular Interest Rate Period) shall apply only to the Bonds in (or to be converted to) such Interest Rate Period and, where necessary or appropriate, any reference in this Indenture to the Bonds shall be construed to mean the Bonds in (or to be converted to) such Interest Rate Period.

(ii) Selection. In the event of any partial conversion of the Bonds to a new Interest Rate Period, the Bonds to be converted shall be selected by the Trustee from the Bonds in the Interest Rate Period as directed by the Borrower. The particular Bonds (or portions thereof) in the Interest Rate Period to be converted shall be selected by lot by the Trustee from all the Bonds in the Interest Rate Period from which Bonds are to be converted. The principal amount of Bonds to be converted shall be determined so that all of the Bonds shall be in Authorized Denominations. Bonds (or portions thereof) in a Weekly Interest Rate Period shall be selected by lot in any manner that the Trustee in its sole discretion shall deem

appropriate and fair and such selection shall be conclusive and binding upon any affected Bondholder, the Borrower the Remarketing Agent, if any, the Issuer and the Credit Provider, if any, and the selection of the Bonds to be converted shall occur prior to the date notice of mandatory tender is sent by the Trustee to the Bondholders pursuant to Section 4.6 hereof.

(iii) Amendments. The provisions of this Indenture may be amended to permit or facilitate partial conversions of the Bonds without Bondholder consent in accordance with Section 9.1(b) hereof.

(g) Determination of Interest Rates Conclusive. The determination of the interest rate on the Bonds by the Remarketing Agent shall be conclusive and binding upon the Holders of the Bonds, the Borrower, the Issuer, the Tender Agent, the Credit Provider, if any, and the Trustee. The Remarketing Agent shall furnish the interest rates that it determines to parties and in the manner specified in Section 4.7(b).

Section 2.4. Demand Purchase of Bonds During Weekly Interest Rate Period.

(a) During any Weekly Interest Rate Period, the Bonds or portions thereof in Authorized Denominations shall be purchased at the option of the Bondholder thereof, or, with respect to Book-Entry Bonds, at the option of the Direct Participant with an ownership interest in Book-Entry Bonds, on any Business Day, at a price of 100% of the principal amount thereof, plus accrued interest to the Purchase Date, upon (i) delivery to the Trustee and the Tender Agent, at their respective Corporate Trust Offices of an irrevocable notice in writing (a "Tender Notice") by 3:00 p.m. (New York City time) in the case of Bonds in a Weekly Interest Rate Period, on any Business Day, which states the name of the registered Bondholder of such Bonds or the Direct Participant for such Bonds and such Direct Participant's account number, as applicable, payment instructions with respect to the Purchase Price of such Bonds, the principal amount of such Bonds or portions thereof in Authorized Denominations being tendered for purchase, the CUSIP number of such Bonds and the date on which the same are to be purchased (which date, in the case of Bonds in a Weekly Interest Rate Period, shall be a Business Day not prior to the seventh day next succeeding the date of the delivery of such Tender Notice to the Trustee and the Tender Agent), and (ii) (A) if the Bonds are not Book-Entry Bonds, delivery of such Bonds to the Tender Agent at its Corporate Trust Office, accompanied by an instrument of transfer thereof in form satisfactory to the Tender Agent, executed in blank by the Bondholder thereof with the signature guaranteed in accordance with the guidelines set forth by one of the nationally recognized medallion signature programs, at or prior to 2:30 p.m. (New York City time) on the Purchase Date specified in the Tender Notice, or (B) if the Bonds are Book-Entry Bonds, confirmation by DTC (obtained by the Direct Participant of the Book-Entry Bonds being tendered for purchase pursuant to this Section 2.4) that such Direct Participant has an ownership interest in such Book-Entry Bonds at least equal to the amount specified in such Tender Notice, and of the transfer on the registration books of DTC of the beneficial ownership interest in such Book-Entry Bonds to the account of the Trustee (or to the account of a Direct Participant acting on behalf of the Trustee).

(b) If moneys sufficient to pay the Purchase Price of the Bonds to be purchased pursuant to Section 2.4(a) hereof shall be held by the Trustee on the date such Bonds are to be purchased, any such Bonds to be so purchased which are not delivered by the Bondholders thereof to the Tender Agent or transferred on the registration books of DTC, as applicable, on the date specified for purchase thereof will be deemed to have been delivered for purchase, or transferred on the registration books of DTC, as applicable, on such date and to have been purchased. The former Holders of such Bonds, or Direct Participants with respect to Book-Entry Bonds, will thereafter have no rights with respect to such Bonds except to receive payment of the Purchase Price therefor upon surrender of such Bonds to the Tender Agent or the transfer, on the registration books of DTC, of the beneficial interest in such Book-Entry Bonds.

Section 2.5. Execution of Bonds. The Bonds shall be executed in the name and on behalf of the Issuer with the manual or facsimile signature of the President or Vice President of the Issuer and the seal of the Issuer or a facsimile thereof shall be impressed or imprinted thereon and attested by the manual or facsimile signature of the Secretary or the Treasurer of the Issuer. The Bonds shall then be delivered to the Trustee for authentication by it. In case any of the officers who shall have signed or attested any of the Bonds shall cease to be such officer or officers of the Issuer before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee or issued by the Issuer, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Issuer as though those who signed and attested the same had continued to be such officers of the Issuer, and also any Bonds may be signed and attested on behalf of the Issuer by such persons as at the actual date of execution of such Bonds shall be the proper officers of the Issuer although at the nominal date of such Bonds any such person shall not have been such officer of the Issuer.

Only the Bonds as shall bear thereon a (i) certificate of authentication substantially in the form set forth in Exhibit A or in the form recited in a Supplemental Indenture related to any Additional Bonds, with the manual signature of the Trustee as authenticating agent, or (ii) in the case of the initial Bond of any series delivered to the Attorney General of the State of Texas for approval, the registration certificate on such Bond substantially in the form set forth in Exhibit A duly executed by the Comptroller of Public Accounts of the State of Texas or a duly authorized deputy in lieu of authentication, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee or registration certificate of the Texas Comptroller shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.6. Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 2.8 hereof, by the Person in whose name it is registered, in person or by its duly authorized attorney, upon surrender of such registered Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Trustee. Transfer of any Bond shall not be permitted by the Trustee after the Record Date prior to the next succeeding Interest Payment Date or after notice calling such Bond (or portion thereof) for redemption has been given and prior to such redemption, except that (a) in the case of any Bond to be redeemed in part, the portion thereof not to be redeemed may be transferred and (b) transfers are permitted in connection with a tender of Bonds pursuant to Section 2.4, 4.6 or 4.8 hereof. In connection with any transfer pursuant to a tender of Bonds under Section 2.4, 4.6 or 4.8 hereof, the Trustee shall deliver to the transferee a copy of the applicable notice of redemption.

Whenever any Bond or Bonds shall be surrendered for transfer, the Issuer shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds for a like aggregate principal amount in Authorized Denominations. The Trustee shall require the Bondholder requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. The costs of printing bonds and any services rendered or expenses incurred by the Issuer or the Trustee in connection with such transfer shall be paid by the Borrower.

Section 2.7. Exchange of Bonds. Bonds may be exchanged at the Corporate Trust Office of the Trustee, for a like aggregate principal amount of Bonds of other Authorized Denominations. The Trustee shall require the Bondholder requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. The costs of printing Bonds and any services rendered or expenses incurred by the Issuer or the Trustee in connection with such exchange shall be paid by the Borrower.

Section 2.8. Bond Register. The Trustee, as Bond Registrar, will keep or cause to be kept at its Corporate Trust Office sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection during regular business hours by the Issuer upon reasonable notice; and, upon presentation for such purpose, the Trustee, as Bond Registrar, shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, Bonds as hereinbefore provided.

Section 2.9. Temporary Bonds. The Bonds may be issued in temporary form exchangeable for definitive Bonds when ready for delivery. Any temporary Bond may be printed, lithographed or typewritten, shall be in an Authorized Denomination, shall be in fully registered form without coupons and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Issuer and be authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Issuer issues temporary Bonds it will execute and deliver definitive Bonds as promptly thereafter as practicable, and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the Corporate Trust Office of the Trustee and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds in Authorized Denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.10. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Issuer, at the expense of the Holder of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and upon request delivered to the Issuer. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to it and indemnity satisfactory to the Issuer and the Trustee shall be given, the Issuer, at the

expense of the Holder, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall be about to mature, instead of issuing a substitute Bond, the Trustee may pay the same without surrender thereof). The Issuer may require payment by the Holder of a sum not exceeding the actual cost of preparing each new Bond

issued under this Section and of the expenses which may be incurred by the Issuer and the Trustee in the premises. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Issuer whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Indenture with all other Bonds secured by this Indenture.

Section 2.11. Book-Entry Only System. The Issuer hereby approves of the Bonds being held as book-entry bonds through the facilities of DTC.

(a) Except as otherwise provided in subsections (b) and (c) of this Section 2.11 or as otherwise provided in a Supplemental Indenture, the Bonds initially authenticated and delivered hereunder shall be registered in the name of Cede & Co., as nominee of DTC, New York, New York or such other nominee as DTC shall request. Payments of interest on, principal of, any premium on, and the Purchase Price of, the Bonds shall be made to the account of Cede & Co. on each payment date for principal or interest or Purchase Price on the Bonds at the address indicated for Cede & Co. in the registration books maintained by the Bond Registrar by transfer of immediately available funds. DTC has represented to the Issuer that it will maintain a book-entry system in recording ownership interests of the Direct Participants and the ownership interests of Beneficial Owners will be recorded through book entries on the records of the Direct Participants.

(b) The Bonds shall be initially issued in the form of a separate single authenticated fully registered Bond in the amount of the issue. With respect to Bonds so registered in the name of Cede & Co., the Issuer, the Trustee and the Tender Agent shall have no responsibility or obligation to any Direct Participant (with the exception of the right of Direct Participants to demand purchase of Bonds pursuant to Section 2.4 hereof) or to any Beneficial Owner of such Bonds. Without limiting the immediately preceding sentence, the Issuer, the Trustee, the Paying Agent, the Registrar and the Tender Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Direct Participant with respect to any beneficial ownership interest in the Bonds, (ii) the delivery to any Direct Participant, Beneficial Owner or other person, other than DTC, of any notice with respect to the Bonds, including any notice of redemption, (iii) the payment to any Direct Participant, Beneficial Owner or other person, other than DTC, of any amount with respect to the principal or redemption price or Purchase Price of, or interest on, the Bonds or (iv) any consent given or other action taken by DTC as Holder of the Bonds. The Issuer, the Trustee and the Tender Agent may treat DTC as, and deem DTC to be, the absolute Holder of each Bond for all purposes whatsoever (with the exception of the right of Direct Participants to demand purchase of Bonds pursuant to Section 2.4 hereof) including (but not limited to) (A) payment of the principal or redemption price or Purchase Price of, and interest on, each such Bond, (B) giving notices of conversion or redemption and other matters with respect to such Bonds and (C) registering transfers with respect to such Bonds. The Trustee shall pay the principal or Purchase Price or

redemption price of, and interest on, all Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to such principal or redemption price or Purchase Price, and interest, to the extent of the sum or sums so paid. Except as provided in (c) and (d) below, no person other than DTC shall receive a Bond evidencing the obligation of the Issuer to make payments of principal or redemption price or Purchase Price of, and interest on, the Bonds pursuant to this Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the transfer provisions hereof, the word "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

(c) (i) DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving reasonable written notice to the Issuer and the Trustee and discharging its responsibilities with respect thereto under applicable law.

(ii) The Issuer, at the written direction of the Borrower, shall terminate, upon provision of notice to the Trustee, the Remarketing Agent and the Tender Agent, the services of DTC with respect to the Bonds.

(d) Upon the termination of the services of DTC with respect to the Bonds pursuant to subsection (c) hereof after which no substitute Securities Depository is appointed by the Issuer, at the written direction of the Borrower, the Bonds shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of Cede & Co. as nominee of DTC. In such event, the Issuer shall issue and the Trustee shall authenticate, transfer and exchange Bond certificates as requested by DTC or Direct Participants of like principal amount and maturity, in Authorized Denominations to the identifiable Beneficial Owners in replacement of such Beneficial Owners' beneficial interests in the Bonds.

(e) Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal or redemption price or Purchase Price of, and interest on, such Bond and all notices with respect to such Bond shall be made and given, respectively, to DTC as provided in the letter of representations of the Issuer, addressed to DTC.

(f) In connection with any notice or other communication to be provided to Bondholders pursuant to this Indenture by the Issuer, the Tender Agent or the Trustee with respect to any consent or other action to be taken by Bondholders, the Issuer, the Tender Agent or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible.

(g) Notwithstanding any provision herein to the contrary, the Issuer and the Trustee may agree to allow DTC, or its nominee, Cede & Co., to make a notation on any Bond redeemed in part to reflect, for informational purposes only, the principal amount and date of any such redemption.

(h) Notwithstanding any provision herein to the contrary, so long as the Bonds are subject to a system of book-entry only transfers pursuant to this Section, any requirement for the delivery of Bonds to the Tender Agent in connection with an optional or mandatory tender pursuant to Section 2.4 or 4.6 hereof shall be deemed satisfied upon the transfer, on the registration books of DTC, of the beneficial ownership interests in such Bonds tendered for purchase to the account of the Trustee, or a Direct Participant acting on behalf of the Trustee.

Section 2.12. CUSIP Numbers. The Issuer in issuing the Bonds may use "CUSIP" numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP" numbers in notices of redemption as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Bonds, and any such redemption shall not be affected by any defect in or omission of such numbers. The Issuer will promptly notify the Trustee in writing of any change in the "CUSIP" numbers.

Section 2.13. Additional Bonds. Subject to Section 2.1, Additional Bonds may be issued for the purposes set forth in Section 3.5 of the Loan Agreement. The Issuer and the Borrower may from time to time agree upon and approve the issuance and delivery of Additional Bonds in such amount as shall be determined by said parties as permitted by law in effect at the time thereof. All Additional Bonds shall (unless provided otherwise in the Supplemental Indenture creating such Additional Bonds) rank pari passu with the Bonds of any series already outstanding (except that each series of Bonds shall be entitled to the benefits only of the Letter of Credit or other third party credit support issued with respect thereto), shall be secured as provided in a Supplemental Indenture executed with respect to such Additional Bonds and shall bear such date or dates, bear such interest rate or rates, have such maturity dates, redemption dates and redemption premiums, be in such form, and be issued at such prices as shall be approved in writing by the Issuer and the Borrower.

Upon the execution and delivery in each instance of appropriate supplements to this Indenture and to the Loan Agreement, the Issuer shall execute Additional Bonds and deliver them to the Trustee or the Registrar, as specified herein or in any Supplemental Indenture, and the Trustee or the Registrar, as specified herein or in any Supplemental Indenture, shall authenticate such Additional Bonds and deliver them to the purchasers as may be directed by the Issuer, as hereinafter in this Section provided. Prior to the delivery by the Trustee or the Registrar, as specified herein or in any Supplemental Indenture, of any of such Additional Bonds there shall be delivered to the Trustee:

1. A written statement by an Authorized Representative of the Borrower approving (a) the issuance and delivery of such Additional Bonds and (b) any other matters to be approved by the Borrower pursuant to Section 3.5 of the Loan Agreement and this Section.

2. A Certified Resolution of the Issuer authorizing the execution and delivery of such supplement to the Loan Agreement and such Supplemental Indenture as are required for the issuance of such Additional Bonds.

3. A written request of the Issuer approved in writing by the Borrower requesting and authorizing the Trustee to authenticate and deliver such Additional Bonds to the purchasers therein identified upon payment to the Issuer of a sum specified in such written request.

4. An opinion of Bond Counsel to the effect that the issuance and sale of the Additional Bonds will not result in interest on any series of Tax-exempt Bonds becoming includable in the gross income of the Holders thereof for federal income tax purposes.

5. A description of the facilities to be financed from the proceeds of such series of Additional Bonds.

6. A Certificate of an Authorized Representative of the Borrower establishing that (i) the Debt Service Coverage Ratio for the Bonds for the immediately preceding Fiscal Year and for the four (4) quarters immediately preceding the issuance of the Additional Bonds was at least 1.50:1, and (ii) the projected Debt Service Coverage Ratio for the Bonds to be Outstanding (taking into account any additional projected Revenues) immediately upon the issuance of the Additional Bonds will be at least 1.50:1.

7. Written evidence from the Rating Agencies that the rating of any previously outstanding Bonds will not be reduced or withdrawn upon issuance of the Additional Bonds.

ARTICLE III
ISSUANCE OF SERIES 2011 BONDS; APPLICATION OF PROCEEDS

Section 3.1. Issuance of the Bonds.

(a) At any time after the execution and delivery of this Indenture, upon the execution of the Series 2011 Bonds by the Issuer and delivery thereof to the Trustee, as hereinabove provided, and without any further action on the part of the Issuer, the Trustee shall authenticate upon request of the Issuer, and deliver the Series 2011 Bonds in an aggregate principal amount of $40,200,000.

(b) Prior to the delivery by the Trustee of any of the Series 2011 Bonds there shall be filed with the Trustee:

1. A copy, duly certified by the Secretary of the Issuer, of the resolution duly adopted by the Issuer authorizing the execution and delivery of the Agreement, this Indenture and the Tax Certificate and the issuance of the Bonds.

2. Original executed counterparts of the Agreement, this Indenture, the Tax Certificate, the Deed of Trust, the Depository Agreement, the Collateral Assignment, the Security Agreement and the Consent Agreement.

3. A request and authorization to the Trustee from the Issuer, signed by the President or the Secretary of the Issuer to authenticate and deliver the Bonds to the purchasers thereof identified upon payment to the Issuer of a sum equal to the purchase price thereof.

4. An opinion of Bond Counsel to the effect that the interest on the Bonds is not includable in gross income of the owners thereof for federal income tax purposes except with respect to interest on any Bonds for any period during which such Bonds are owned by a person who is a substantial user of the Project, or any person considered to be related to such person, within the meaning of Section 147(a) of the Code.

5. An ALTA (or local state law equivalent) Leasehold Loan Policy or Policies with respect to the Project.

6. Proof of the Borrower's compliance with Section 5.4 of the Agreement.

7. A certificate of the Independent Engineer certifying the monthly average of the Borrower's Budgeted Capital Expenditures for the period ending December 31, 2011.

8. An Annual Budget of the Borrower for the period ending December 31, 2011.

9. The certificates and opinions required to be furnished as closing conditions by Bond Counsel.

Section 3.2. Application of Proceeds of Bonds. The proceeds received by the Issuer from the sale of the Series 2011 Bonds shall be deposited with the Trustee, who shall forthwith set aside such proceeds as follows:

(a) The Trustee shall transfer $2,392,304.69 of the proceeds of the Series 2011 Bonds to the Debt Service Reserve Fund;

(b) The Trustee shall transfer $281,400 of the proceeds of the Series 2011 Bonds to the Costs of Issuance Account of the Costs of Issuance Fund; and

(c) The Trustee shall transfer $36,631,362.76 of the proceeds of the Series 2011 Bonds to the Project Fund.

Section 3.3. Project Fund. The Trustee does hereby establish the Project Fund (the "Project Fund") and an account within such fund to be designated the "2011 Project Account." The moneys in the Project Fund shall be held by the Trustee in trust and applied to the payment and/or reimbursement of the Costs of the Project.

Before each payment is made from the Project Fund by the Trustee, there shall be filed with the Trustee a requisition conforming with the requirements of this Section and Section 3.2 of the Agreement, and in the form attached hereto as Exhibit B.

Each such 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. Upon receipt of each such requisition, signed by an Authorized Representative of the Borrower, the Trustee shall pay the amount set forth therein as directed by the terms thereof.

Upon the receipt by the Trustee of a certificate conforming with the requirements of Section 3.3 of the Agreement, and after payment of costs payable from the Project Fund or provision having been made for payment of such costs not yet due by retaining such costs in the Project Fund or otherwise as directed in such certificate, the Trustee shall transfer any remaining balance in the Project Fund into a separate account within the Bond Fund, which the Trustee shall establish and hold in trust, and which shall be entitled the "Surplus Account." The moneys in the Surplus Account shall be used and applied at the specific written direction of the Borrower (unless some other application of such moneys is requested by the Borrower and would not, in an opinion of Bond Counsel addressed to the Trustee, cause interest on the Series 2011 Bonds to become no longer Tax-exempt) for the following purposes in the following order: (a) for transfer to the Credit Provider to pay the redemption price of any Bank Bonds then outstanding; (b) to reimburse the Credit Provider with respect to any draw on the Letter of Credit made for the redemption of Bonds in Authorized Denominations, to the maximum degree permissible, and at the earliest possible dates at which the Bonds can be redeemed pursuant to Section 4.1 of this Indenture; (c) for transfer to the Interest Account of the Bond Fund or (d) to redeem Bonds in Authorized Denominations, to the maximum degree permissible, and at the earliest possible dates at which the Bonds can be redeemed pursuant to Section 4.1 of this Indenture. Notwithstanding Section 5.5 hereof, the moneys in the Surplus Account shall be invested at the specific written instruction of the Borrower to the Trustee at a yield no higher than the Yield on the Outstanding Bonds (unless in an opinion of Bond Counsel addressed to the Trustee investment at a higher Yield would not cause interest on the Series 2011 Bonds to become no longer Tax-exempt), and all such investment income shall be deposited in the Surplus Account and expended or reinvested as provided above.

In the event of redemption of all the Bonds pursuant to Section 4.1 hereof or an Event of Default which causes acceleration of the Bonds, any moneys then remaining in the Project Fund shall be transferred to the Bond Fund and all moneys in the Bond Fund shall be used to reimburse the Credit Provider for draws on the Letter of Credit so used to redeem Bonds or to redeem Bonds if no Letter of Credit is in effect.

Section 3.4. Costs of Issuance Fund. The Trustee does hereby establish the Costs of Issuance Fund to be designated the "Costs of Issuance Fund" and an account within such fund to be designated the "Costs of Issuance Account." The moneys in the Costs of Issuance Fund shall be held by the Trustee in trust and applied to the payment of Costs of Issuance for the Bonds, upon a requisition filed with the Trustee, in the form attached hereto as Exhibit C, signed by an Authorized Representative of the Borrower. Any money remaining in the Costs of Issuance Fund after the Borrower has sent written notice to the Trustee that all Costs of Issuance have been paid, shall be transferred to the Project Fund and such fund shall be closed.

ARTICLE IV
REDEMPTION AND PURCHASE OF BONDS

Section 4.1. Terms of Redemption of Bonds. The Series 2011 Bonds are subject to redemption if and to the extent the Borrower is entitled to make, or is required to make, a prepayment pursuant to Article VIII of the Agreement. All such prepayments shall be deposited in the Redemption Account, which Redemption Account the Trustee shall establish and maintain within the Bond Fund as further provided in Section 5.2 hereof. The Issuer shall not call the Bonds for optional redemption, and the Trustee shall not give notice of any such redemption, unless the Borrower has so directed in writing. The Bonds shall be subject to redemption upon the following terms:

(a) Mandatory Redemption Upon Invalidity or a Determination of Taxability. If the Agreement is determined to be invalid or a Determination of Taxability occurs, all Series 2011 Bonds Outstanding on the date of the determination of invalidity or the occurrence of such

Determination of Taxability shall be redeemed in whole (or in part if the Borrower deliver an Approving Opinion to the Trustee) at any time within 60 days thereafter, at a redemption price of 100% of the principal amount thereof, without premium, plus accrued interest to the date of redemption.

(b) Optional Redemption Upon Occurrence of Extraordinary Events. During any Term Interest Rate Period, the Series 2011 Bonds may be redeemed in whole or in part on any date, at a redemption price equal to the principal amount thereof, without premium, plus accrued interest to the date of redemption, upon receipt by the Trustee of a specific written notice from the Borrower stating that any of the following events has occurred:

(i) The Project or a portion thereof shall have been damaged or destroyed (in whole or in part) by fire or other casualty for which proceeds of the insurance required to be and actually maintained by the Borrower pursuant to the Agreement are available (a) to such extent that, in the opinion of an Independent Engineer expressed in a certificate filed with the Issuer and the Trustee, it is not practicable or desirable to rebuild, repair or restore the Project or such portion thereof within a period of six consecutive months following such damage or destruction or (b) to such extent that, in the opinion of an Independent Engineer expressed in a certificate filed with the Issuer and the Trustee, the Borrower is or will be thereby prevented from carrying on its normal operations at the Project or such portion thereof for a period of six consecutive months.; or

(ii) Title to, or the temporary use of, all or substantially all the Project or a portion thereof shall have been taken under the exercise of the power of eminent domain by any governmental authority, or person, firm or corporation acting under governmental authority, including such a taking or takings as results or is likely to result, in the opinion of an Independent Engineer expressed in a certificate filed with the Issuer and the Trustee, in the Borrower being thereby prevented from carrying on its normal operations at the Project or such portion thereof for a period of six consecutive months or results or is likely to result in rendering the Project or such portion thereof, in the opinion of an Independent Engineer, unsuitable for use by the Borrower for a period of six consecutive months or longer; or

(iii) Any court or administrative body shall enter a judgment, order or decree after the contest thereof by the Borrower in good faith (and not resulting from the Borrower's failure to comply with applicable law) requiring the Borrower to cease all or any substantial part of its operations at the Project or a portion thereof, to such extent that, in the opinion of an Independent Engineer expressed in a certificate filed with the Issuer and the Trustee, the Borrower is or will be thereby prevented from carrying on its normal operations at the Project or such portion thereof for a period of six consecutive months

(c) Optional Redemption during Weekly Interest Rate Period and on any Conversion Date. On any Business Day during a Weekly Interest Rate Period and on any Conversion Date, the Series 2011 Bonds may be redeemed by the Trustee, at the option of the Issuer upon written direction of the Borrower as provided in Section 8.5 of the Agreement, in whole or in part, at a redemption price of 100% of the principal amount thereof, without premium, plus accrued interest to the date of redemption.

(d) Optional Redemption during Term Interest Rate Period. The Series 2011 Bonds shall be subject to redemption in whole or in part, at the option of the Issuer upon written direction of the Borrower as provided in Sections 8.2 and 8.5 of the Agreement, at the times and at the redemption price plus accrued interest, if any, to the redemption date, as follows:

December 1, 2017 through May 31, 2018 at 100.5% of the principal amount thereof; and

June 1, 2018 through December 1, 2024 at 100% of the principal amount thereof.

(e) Mandatory Sinking Fund Redemption. The Trustee shall redeem the Bonds maturing on December 1, 2011, in year and in principal amount and at a price of 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the redemption date as follows:

Year	Amount
2011 (maturity)	$ 800,000

The Trustee shall redeem the Bonds maturing on December 1, 2013, in years and in principal amounts and at a price of 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the redemption date as follows:

Year	Amount
2012	$ 700,000
2013 (maturity)	2,200,000

The Trustee shall redeem the Bonds maturing on December 1, 2015, in years and in principal amounts and at a price of 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the redemption date as follows:

Year	Amount
2014	$ 2,415,000
2015 (maturity)	2,540,000

The Trustee shall redeem the Bonds maturing on December 1, 2017, in years and in principal amounts and at a price of 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the redemption date as follows:

Year	Amount
2016	$ 2,675,000
2017 (maturity)	2,830,000

The Trustee shall redeem the Bonds maturing on December 1, 2024, in years and in principal amounts and at a price of 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the redemption date as follows:

Year	Amount
2018	$ 3,000,000
2019	3,210,000
2020	3,440,000
2021	3,680,000
2022	3,940,000
2023	4,220,000
2024 (final maturity)	4,550,000

(f) Mandatory Redemption Upon Project Completion and Transfer of Funds to Surplus Account. The Series 2011 Bonds shall be redeemed, at the direction of the Borrower, from amounts transferred to the Surplus Account upon completion of the Project in accordance with Section 3.3 hereof upon the next succeeding Interest Payment Date, at a redemption price equal to the principal amount of Series 2011 Bonds to be redeemed, plus accrued interest, if any, to the redemption date, without premium.

In the event of an optional redemption pursuant to Section 4.1(b),(c) and(d), the Borrower shall provide the Trustee with a revised sinking fund schedule giving effect to the optional redemption so completed.

Section 4.2. Selection of Bonds for Redemption. Whenever provision is made in this Indenture for the redemption of less than all of the Bonds, the Trustee shall select the Bonds to be redeemed from all Bonds 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 and fair; provided that Bank Bonds shall be selected prior to any other Bonds. Redemption shall be done so that no Bond shall remain Outstanding in an amount that is not an Authorized Denomination.

Section 4.3. Notice of Redemption.

(a) Notice of redemption shall be mailed by first class mail not less than thirty (30) days (15 days in case of redemption under Section 4.1(b)) nor more than sixty

(60) days before such redemption date, to the respective Holders of any Bonds designated for redemption at their addresses on the registration books maintained by the Bond Registrar. Each notice of redemption shall state the redemption date, the place or places of redemption, if less than all of the Bonds are to be redeemed, the distinctive number(s) of the Bonds to be redeemed, and in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Subject to the second succeeding sentence, each such notice shall also state that on said date there will become due and payable on each of said Bonds the principal thereof or of said specified portion of the principal thereof in the case of a Bond to be redeemed in part only, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered. Neither failure to receive such notice nor any defect therein shall affect the sufficiency of such redemption. With respect to any notice of optional redemption of Bonds at the specific written direction of the Borrower, unless upon the giving of such notice Bonds shall be deemed to have been paid within the meaning of Article X, such notice may state (if so directed by the Borrower in writing to the Trustee) that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys (or Available Moneys if a Letter of Credit is then in effect) sufficient to pay the principal of, and premium, if any, and interest on, such Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no further force and effect and the Issuer shall not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice to such Holders, in the manner in which the notice of redemption was given, that such moneys were not so received.

(b) Notice of redemption of the Bonds shall be given by the Trustee, at the expense of the Borrower, for and on behalf of the Issuer.

(c) At the same time that it sends notice of redemption to Holders of the Bonds, the Trustee shall also send a copy of the notice by first class mail, by telecopy or by overnight delivery to the Remarketing Agent, to the Tender Agent, to the Credit Provider, to the Securities Depositories and to the Municipal Securities Rulemaking Board. Failure to provide notice to the Remarketing Agent, to the Tender Agent, to the Credit Provider, to the Securities Depositories or to the Municipal Securities Rulemaking Board shall not affect the validity of proceedings for the redemption of the Bonds.

Section 4.4. Partial Redemption of Bonds. Upon surrender of any Bond redeemed in part only, the Issuer shall execute and the Trustee shall authenticate and deliver to the Holder thereof, at the expense of the Borrower, a new Bond or Bonds of Authorized Denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered.

Section 4.5. Effect of Redemption of Bonds. Notice of redemption having been duly given as aforesaid, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, the Bonds (or portions thereof) so called for redemption being held by the Trustee on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption shall become due and payable, interest on the Bonds so called for redemption shall cease to accrue, said Bonds (or portions thereof) shall

cease to be entitled to any benefit or security under this Indenture (except for payment of particular Bonds for which moneys are being held by the Trustee and which money shall be pledged to such payment), and the Holders of said Bonds shall have no rights in respect thereof except to receive payment of said principal, premium, if any, and interest accrued to the date fixed for redemption.

All Bonds redeemed pursuant to the provisions of this Article shall be canceled upon surrender thereof and shall be disposed of by the Trustee in its customary manner, which shall thereupon deliver to the Issuer a certificate evidencing such disposal.

Section 4.6. Mandatory Tender for Purchase of Bonds.

(a) (i) On any Conversion Date for the Bonds,

(ii) On the last Business Day not less than five (5) calendar days preceding the expiration date of any then current Letter of Credit if no Alternate Letter of Credit will be provided, except that if subparagraph 4.6(a)(i) will also apply, this subparagraph will not apply, and

(iii) During a Weekly Interest Rate Period, on the effective date of any Letter of Credit or Alternate Letter of Credit complying with the requirements of Section 5.11 of the Agreement (or if such date is not a Business Day on the next succeeding Business Day),

the Holder or Direct Participant of each Bond shall tender such Bond for purchase as provided below and such Bond shall be purchased or deemed purchased as provided in Section 4.7(a)(iii) hereof at a Purchase Price equal to the principal amount thereof plus accrued and unpaid interest thereon. Subject to Section 4.7(g) hereof, payment of the Purchase Price of such Bond shall be made by 2:30 p.m. (New York City time), in the same manner as payment of interest on the Bonds, to the Bondholders of record, on the Record Date. If the Bonds are not Book-Entry Bonds, the Holders shall deliver the Bonds no later than 2:30 p.m. (New York City time) on the Purchase Date to the Tender Agent at its Corporate Trust Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, with the signatures guaranteed in accordance with the guidelines set forth by one of the nationally recognized medallion signature programs. If the Bonds are Book-Entry Bonds, on the Purchase Date, the tendering Direct Participants shall transfer, on the registration books of DTC, the beneficial ownership interests in the Bonds tendered for purchase to the account of the Trustee or a Direct Participant acting on behalf of the Trustee.

(b) Any instrument delivered to the Trustee or Tender Agent in accordance with this Section shall be irrevocable with respect to the mandatory purchase for which such instrument was delivered and shall be binding upon any subsequent Bondholder or Direct Participant of the Bond to which it relates, including any Bond issued in exchange therefor or upon the registration of transfer thereof and as of the date of such instrument.

(c) (i) Whenever the Borrower has delivered to the Trustee a notice of the delivery of a Letter of Credit or an Alternate Letter of Credit pursuant to Section 5.11 of the Agreement, the Trustee shall mail by first class mail a notice to all Holders of the

Bonds stating: (A) the name of the issuer of the Letter of Credit or Alternate Letter of Credit, (B) the date on which the Letter of Credit or Alternate Letter of Credit will become effective, which date shall not be less than twenty (20) calendar days prior to the stated expiration date of the existing Letter of Credit in the case of an Alternate Letter of Credit, (C) the rating expected to apply to the Bonds after the Letter of Credit or Alternate Letter of Credit is delivered, (D) in the case of a Letter of Credit delivered during a Weekly Interest Rate Period, that the Bonds will be subject to mandatory tender for purchase on the effective date of the Letter of Credit or Alternate Letter of Credit (or if not a Business Day on the next succeeding Business Day), and (E) information on where such Bonds are to be delivered. Such notice shall be mailed at least ten (10) days prior to the effective date of the Letter of Credit or Alternate Letter of Credit, and a copy of such notice shall be provided to the Remarketing Agent and the Credit Provider.

(ii) The Trustee shall provide notice to the Issuer, each Rating Agency then rating the Bonds, the Remarketing Agent and the Borrower upon the receipt of any Alternate Letter of Credit.

(iii) In the event of a mandatory tender pursuant to Section 4.6(a)(ii) hereof, the Trustee shall mail by first class mail a notice to all Holders of the Bonds stating that the Bonds will be subject to mandatory tender on the last Business Day not less than five (5) calendar days preceding the expiration date of the Letter of Credit. Such notice shall be mailed at least thirty (30) days prior to the expiration date of the Letter of Credit and a copy of such notice shall be provided to the Credit Provider and the Remarketing Agent.

Section 4.7. Purchase and Remarketing of Bonds.

(a) Purchase of Bonds. Whenever the Bonds are Book-Entry Bonds, all references in this Section 4.7 to the Tender Agent shall instead mean the Trustee, as the context may require.

(i) As soon as practicable but in any event no later than 12:00 noon (New York City time) on the Business Day after a Tender Notice is received during a Weekly Interest Rate Period, the Tender Agent shall give telephonic, telegraphic or telecopier notice, promptly confirmed in writing, to the Trustee, the Borrower and the Remarketing Agent, specifying the principal amount of Bonds tendered pursuant to Section 2.4(a) hereof and the Purchase Date. The Trustee shall promptly supply the same notice to the Credit Provider.

(ii) The Tender Agent shall purchase, but only from the sources listed below, Bonds required to be purchased in accordance with Section 4.6 or 4.8 or tendered pursuant to Section 2.4(a) hereof from the Holders thereof by 2:30 p.m. (New York City time) on the date such Bonds are required to be purchased at the Purchase Price provided in Section 4.6 or Section 2.4(a) hereof. Funds for the payment of such Purchase Price shall be derived from the following sources in the order of priority indicated:

(A) the proceeds of the sale of the Bonds (but only such remarketing proceeds as are received from purchasers of the Bonds pursuant to Section 4.7(b) hereof) furnished to the Tender Agent by the Trustee, which shall have received such funds from the Remarketing Agent; provided, however, that while a Letter of Credit is then in effect such proceeds shall not have been derived from the Issuer, the Borrower unless subparagraph (C) below applies;

(B) moneys furnished to the Tender Agent representing the proceeds of a draw under the Letter of Credit; and

(C) only if the Credit Provider has failed to pay a drawing on the Letter of Credit, if the Letter of Credit has been repudiated or if there is no Letter of Credit, and the sources in subparagraphs (A) and (B) above are insufficient, from Purchase Price Payments furnished by the Borrower to the Tender Agent.

(iii) The provisions of this Section 4.7(a)(iii) shall not apply at any time that the Bonds are Book-Entry Bonds. With respect to any Bonds tendered for purchase or required to be tendered for purchase for which sufficient funds to accomplish such purchase are available to the Tender Agent at the respective times at which payment of the Purchase Price is to be made as provided herein:

(A) Such Bonds shall be deemed purchased for all purposes of this Indenture, irrespective of whether or not such Bonds shall have been presented to the Tender Agent, and the former Holder or Holders of such Bonds shall have no claim thereon, under this Indenture or otherwise, for any amount other than the Purchase Price thereof and such Bonds shall no longer be deemed to be Outstanding for purposes of this Indenture and the Bond Registrar shall so note on the Bond Register for the Bonds.

(B) Subject to Section 4.7(g) hereof, in the event that any Bonds shall not be presented to the Tender Agent, the Tender Agent shall segregate and hold the moneys for the Purchase Price of such Bonds in trust, uninvested, as provided in Section 5.5 hereof for the benefit of the former Holders of such Bonds, who shall thereafter be restricted exclusively to such moneys for the satisfaction of any claim for the Purchase Price of such Bonds.

(C) In the event that any Bonds shall not be presented to the Tender Agent at the time specified in Section 2.4, 4.6 or 4.8 hereof (each, an "Undelivered Bond"), then the Issuer shall execute and deliver to the Tender Agent, and the Tender Agent shall deliver to the Trustee for authentication, a new Bond or Bonds, as the case may be, in an aggregate principal amount equal to the principal amount of the Undelivered Bonds bearing a number or numbers not contemporaneously outstanding. Every Bond authenticated and delivered as provided in the preceding sentence shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Bonds duly issued hereunder. The Tender Agent shall maintain a record of any Undelivered Bonds, together with the names and addresses of the former Holders thereof.

(D) In case any Bonds which have been deemed purchased as provided in Section 4.7(a)(iii)(A) hereof are delivered to the Tender Agent subsequent to the date and time specified for such delivery for payment of the Purchase Price thereof at its Corporate Trust Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Holder thereof with the signature

guaranteed in accordance with the guidelines set forth by one of the nationally recognized medallion signature programs on any Business Day, the Tender Agent shall (subject to Section 4.7(g) hereof) pay the Purchase Price of such Bond to the Holder no later than 12:30 p.m. (New York City time) on the next succeeding Business Day. Any such Bond so delivered to the Tender Agent shall be canceled and delivered to the Trustee.

(b) Notice of Interest Rates; Remarketing of Bonds; Restrictions on Remarketing.

(i) The Remarketing Agent shall determine the rate of interest to be borne by the Bonds as provided in Section 2.3 hereof and shall furnish to the Trustee, the Credit Provider and the Tender Agent in a timely manner all information necessary for the Tender Agent and the Trustee to carry out their respective duties hereunder, including, but not limited to, the interest rates applicable to all Bonds.

(ii) The Remarketing Agent shall periodically inform the Trustee, the Credit Provider, and DTC pursuant to the letter of representations described in Section 2.11(e) hereof, if so requested, of the rate of interest borne by the Bonds from time to time.

(iii) The Remarketing Agent shall, pursuant to the Remarketing Agreement, use its best efforts to sell any Bonds tendered for purchase to new purchasers, and shall arrange for the Purchase Price of remarketed Bonds to be deposited with the Trustee. Not later than 11:00 a.m. (New York City time), or, if no Letter of Credit is in effect, not later than 1:30 p.m. (New York City time) on the Purchase Date, the Remarketing Agent shall notify in writing the Tender Agent, the Trustee, the Borrower and the Credit Provider, of (A) the amount of Bonds which have been remarketed and for which remarketing proceeds have been deposited with the Trustee and the name, address and taxpayer identification number of the new purchasers and the denominations with respect to which such remarketed Bonds are to be registered and (B) if applicable, the amount required to be drawn under the Letter of Credit or, if no Letter of Credit is in effect, the amount required to be provided by the Borrower to provide sufficient funds to purchase the Bonds actually tendered or deemed tendered for which no remarketing proceeds are available as of the time of such notice.

(iv) While a Letter of Credit is then in effect, the Remarketing Agent shall not sell any Bonds to the Issuer, the Borrower or any affiliate of the Issuer or the Borrower, except under the circumstances described in Section 4.7(d)(ii).

(c) Delivery of Remarketed Bonds.

(i) The Tender Agent and the Trustee shall each hold all Bonds delivered to them respectively in trust for the benefit of the respective Holders which shall have so delivered such Bonds or for the Direct Participants who have transferred their interests in the Book-Entry Bonds until moneys representing the Purchase Price of such Bonds shall have been delivered to or for the account of or to the order of such Holders or Direct Participants. The Trustee, for Book-Entry Bonds, or the Tender Agent (or after five days, as provided in Section 4.7(g), the Trustee) for non-Book-Entry Bonds shall each hold all moneys for the purchase of

Bonds in trust in non-commingled funds, uninvested, for the benefit of the person or entity which shall have so delivered such moneys until Bonds purchased with such moneys shall have been delivered to or for the account of such person or entity. Neither the Issuer nor the Borrower shall have any right, title, or interest in or to any moneys held by the Trustee, the Tender Agent or the Remarketing Agent or pursuant to Section 4.7(g) hereof. Bonds purchased with moneys described in Section 4.7(a)(ii)(A) hereof, including without limitation Bonds issued in place of such Bonds pursuant to Section 4.7(a)(iii)(C) hereof, shall be registered as directed by the Trustee (based on specific written instructions received from the Remarketing Agent) and made available to the

Remarketing Agent by 2:00 p.m. (New York City time) on the date of such purchase or transferred on the registration books of DTC on the date of such purchase or the date the ownership interest shall be transferred to the new Direct Participants on the books of DTC, against payment in immediately available funds or evidence of immediately available funds in the form of a federal reserve wire number.

(ii) Bonds purchased with moneys obtained by a drawing on a Letter of Credit (the "Bank Bonds"), including without limitation Bonds issued in place of such Bonds pursuant to Section 4.7(a)(iii)(C) hereof, shall be registered in the name of the Credit Provider on the registration books of DTC in accordance with DTC's rules with respect to Book-Entry Bonds, or, if not Book-Entry Bonds, shall be registered in the name of the Credit Provider and delivered to the Credit Provider or an agent designated by the Credit Provider. The Remarketing Agent shall seek to remarket any such Bank Bonds prior to remarketing any other Bonds tendered for purchase. The proceeds of any remarketing of Bank Bonds shall, except as provided in Section 4.7(d)(i), be delivered to the Credit Provider. Upon receipt by the Credit Provider of funds representing the proceeds of the remarketing of Bank Bonds, the Credit Provider shall notify the Trustee of the receipt and amount of such funds and the Trustee shall cause Bonds in place of such Bank Bonds to be made available for pick-up by the Remarketing Agent for subsequent delivery to the purchasers thereof, or the ownership interest shall be transferred to the new Direct Participants on the books of DTC. Prior to such delivery, the Trustee or the Tender Agent shall have received written confirmation from the Credit Provider of the reinstatement of the Letter of Credit in the amount equal to the proceeds of the remarketed Bank Bonds actually received by the Credit Provider.

(iii) In the event that the Remarketing Agent is able to remarket any Bonds required to be purchased pursuant to Section 2.4, 4.6 or 4.8 hereof after the time on which the Remarketing Agent is required to provide notice to the Trustee as specified in Section 4.7(b)(iii), or after the Trustee has given notice to the Borrower pursuant to Section 4.7(d)(ii) if no Letter of Credit is then in effect, the Remarketing Agent shall give notice in the manner and containing the details set forth in said Section 4.7(b)(iii), as soon as practicable after such remarketing, and the Bonds shall be registered in the names of the purchasers thereof and made available to the Remarketing Agent as soon as practicable thereafter on such date or the next succeeding Business Day or transferred on the registration books of DTC to the account of Direct Participants furnished to the Trustee or Tender Agent, as applicable, by the Remarketing Agent.

(iv) If any Bond is tendered after a notice of redemption for such Bond has been given, the Remarketing Agent will give the redemption notice to any purchaser of such Bond or to DTC if a Book-Entry Bond and the purchaser (including a Direct Participant) shall acknowledge receipt of such redemption notice.

(d) Draws Upon a Letter of Credit.

(i) If a Letter of Credit is in effect, the Trustee shall determine the amount necessary and shall draw on the Letter of Credit in an amount necessary and in sufficient time (as set forth by the terms of the Letter of Credit) so as to provide to the Trustee or Tender Agent, as applicable, the balance of the funds needed to purchase tendered Bonds under Section 2.4, 4.6 or 4.8 hereof by 1:30 p.m. (New York City time) on the Purchase Date, taking into account the remarketing proceeds received by the Trustee in conformance with the Remarketing Agent's notice pursuant to Section 4.7(b)(iii) hereof. If the Remarketing Agent remarkets Bonds after giving the notice pursuant to Section 4.7(b)(iii) hereof, the Remarketing Agent (A) if a Letter of Credit is in effect and the Credit Provider has honored the drawing for the Purchase Price, shall deliver such remarketing proceeds to the Credit Provider as provided in Section 4.7(c)(ii) or (B) if a Letter of Credit has been dishonored or is not in effect, deliver such proceeds to the Trustee, which will use the remarketing proceeds to pay the Purchase Price if the same has not been paid or will transfer the remarketing proceeds to the Borrower to reimburse the Borrower for its payment of the Purchase Price. The Trustee shall transfer to the Credit Provider any excess moneys received from a draw on the Letter of Credit that are not needed to pay the Purchase Price of the Bonds on the Purchase Date. If the Trustee submits a draw request on the Letter of Credit by facsimile, the Trustee shall telephonically confirm with the Credit Provider the terms of such draw request.

(ii) If the Trustee has made a drawing on the Letter of Credit and the Credit Provider fails to make a payment for the Purchase Price of tendered Bonds by 1:30 p.m. (New York City time) on the Purchase Date or the Letter of Credit has been repudiated, or if there is no Letter of Credit and the Trustee does not have sufficient funds from remarketing of the Bonds by 1:30 p.m. (New York City time), the Trustee shall immediately notify the Borrower by telephone promptly confirmed in writing and request payment from the Borrower in accordance with the provisions of Section 4.7(a)(ii)(C) hereof of the Purchase Price in immediately available funds by 2:00 p.m. (New York City time) on the Purchase Date, and in the event the Bonds are not Book-Entry Bonds, the Trustee will direct the Borrower to transfer the funds to the Tender Agent.

(e) Delivery of Proceeds of Sale. Upon receipt, the proceeds of the remarketing by the Remarketing Agent of any Bonds shall be immediately applied by the Trustee or the Tender Agent, as applicable, to the payment of the Purchase Price of Bonds to the Holders or Beneficial Owners thereof pursuant to Section 4.7(a)(ii)(A) hereof or to the reimbursement of the Credit Provider, the Borrower for such payment pursuant to Section 4.7(d)(i). The Trustee or Tender Agent, as applicable, will make the Bonds available for delivery to the Remarketing Agent and will register such Bonds pursuant to the instructions of the Remarketing Agent or will direct the transfer on the registration books of DTC pursuant to the instructions of the Remarketing Agent or, in the case of the remarketing of Bonds which constitute Bank Bonds, as provided in Section 4.7(c)(ii) hereof. In making payments to the Credit Provider, the Trustee may conclusively assume that the Credit Provider has not been repaid from any other sources. To the extent that the Credit Provider is repaid with proceeds of the sale of Bank Bonds by the Remarketing Agent, new Bonds shall be registered and delivered (or ownership interests transferred) as provided in Section 4.7(c)(i) hereof.

(f) No Remarketing During Default. Notwithstanding any other provision of this Indenture, there shall be no remarketing of Bonds under Section 4.7(b)(iii) hereof during an Event of Default under Article VII hereof.

(g) Unclaimed Moneys. The Tender Agent shall, at the end of the fifth Business Day after a Purchase Date, transfer to the Trustee all funds then held on hand by virtue of the fact that Bonds deemed tendered on such date were not presented for purchase to the Tender Agent in accordance with the provisions of Sections 4.7(a)(iii) or 4.7(c) hereof, such funds to be held by the Trustee in trust, in a segregated account for the benefit of the Bondholders (the "Unclaimed Moneys Fund"), for the payment of the Purchase Price thereof to the former Holders of such Bonds as required by the provisions of Sections 4.7(a)(iii) or 4.7(c) hereof. The Trustee shall pay such Purchase Price from such amounts by check or draft of the Trustee made

payable to the party entitled to such payment as soon as practicable after such party surrenders the Bond or Bonds so deemed purchased to the Trustee. Any such moneys so held in trust by the Trustee shall be held uninvested until paid to the person entitled thereto or disposed of as provided by law.

Section 4.8. Purchase in Lieu of Optional Redemption. At the direction of an Authorized Representative of the Borrower, the Issuer shall cause the Bonds to be purchased in lieu of redemption pursuant to Section 4.1(c) (other than on any Conversion Date), (d) or (e) hereof, by delivering to the Trustee on or prior to the Business Day preceding the redemption date a written direction of the Borrower specifying that the Bonds shall not be redeemed, but instead shall be subject to purchase pursuant to this Section 4.8. The Trustee shall send a copy of such written direction of the Borrower as soon as practicable to the Credit Provider, if applicable. Upon delivery of such notice, the Bonds shall not be redeemed but shall instead be subject to mandatory tender at a Purchase Price equal to the redemption price at which the Bonds would have been redeemed hereunder on a Purchase Date (the date that would have been the redemption date); provided that the payment of funds from remarketing proceeds or funds from the Borrower or draws under the Letter of Credit in an amount equal to the Purchase Price shall be made to the Trustee on or prior to the Purchase Date. Following such purchase, the Trustee shall cause the Bonds to be registered upon the direction of the Borrower and deliver such Bonds as directed by the Borrower. In the event of a purchase under this Section 4.8, the Trustee may purchase such Bonds at public or private sale as and when and at such purchase prices (including brokerage and other charges, and accrued interest) as the Borrower may in its discretion determine, but not in excess of the principal amount thereof plus accrued interest to the purchase date; provided, however, that in the event of a purchase as a result of a redemption under Section 4.1(e), no Bonds shall be purchased by the Trustee under this Section 4.8 with a settlement date more than 45 days prior to the redemption date, and the principal amount of any Bonds so purchased by the Trustee in any twelve-month period ending 60 days prior to any June 1 or December 1 in any year shall be credited towards and shall reduce the principal amount of such Bonds required to be redeemed in such year pursuant to Section 4.1(e).

ARTICLE V
REVENUES; FUNDS AND ACCOUNTS; PAYMENT OF PRINCIPAL AND INTEREST

Section 5.1. Pledge and Assignment; Revenues.

(a) Subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, all of the Revenues and any other amounts (including proceeds of the sale of Bonds) held in any fund or account established pursuant to this Indenture (except the Rebate Fund) are hereby pledged to secure the full payment of the principal of, premium, if any, Purchase Price of and interest on the Bonds in accordance with their terms and the provisions of this Indenture and thereafter to secure any amounts due from the Borrower to the Credit Provider pursuant to the Reimbursement Agreement with respect to any Letter of Credit. Notwithstanding any other provision of this Indenture, moneys in the account created by Section 4.7(g) hereof shall be held solely for the benefit of the former holders of Bonds as provided in Section 4.7(g). Said pledge shall constitute a lien on and security interest in such assets and shall attach, be perfected and be valid and binding from and after delivery by the Trustee of the Bonds, without any physical delivery thereof or further act.

(b) The Issuer hereby transfers in trust, and assigns to the Trustee, for the benefit of the Holders from time to time of the Bonds, and thereafter any Credit Provider, all of the Revenues and other assets pledged in subsection (a) of this Section and all of the right, title and interest of the Issuer in the Agreement (except for Unassigned Issuer Rights). The Trustee shall be entitled to and shall collect and receive all of the Revenues and any such Revenues collected or received by the Issuer shall be deemed to be held, and to have been collected or received, by the Issuer as the agent of the Trustee and shall forthwith be paid by the Issuer to the Trustee. The Trustee also shall be entitled to and shall take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Issuer or separately, all of the rights of the Issuer and all of the obligations of the Borrower under the Agreement.

Section 5.2. Bond Fund; Priority of Moneys in Bond Fund; Letter of Credit Account

(a) The Trustee shall establish and maintain a separate trust fund designated the Bond Fund and separate accounts therein designated as the Interest Account, the Principal Account and the Redemption Account. Any amount held by the Trustee in the Bond Fund on the due date for a Loan Payment under the Agreement shall be credited against the installment due on such date to the extent available for such purpose under the terms of this Indenture and the Agreement; provided, however, any such amounts held by it while the Depository Agreement is in effect shall be transferred to the Depository Bank as caused by the Borrower pursuant to Section 4.2(a)(1) or (2) of the Loan Agreement. Upon the receipt thereof, the Trustee shall deposit in the Bond Fund all accrued interest paid upon the sale of the Bonds, if any, funds transferred from the Project Fund pursuant to Section 3.3 hereof, and all Revenues (except as otherwise provided herein), which shall be held in trust, and which shall be disbursed and applied only as hereinafter authorized.

(b) Funds for the payment of the principal or redemption price of and interest on the Bonds shall be derived from the following sources in the order of priority indicated in each of the accounts in the Bond Fund; provided however, that amounts in the respective accounts in the Bond Fund shall be used to pay when due (whether upon redemption, purchase, acceleration, Interest Payment Date, maturity or otherwise) the principal or redemption price of and interest on the Bonds held by Holders other than the Credit Provider or the Borrower prior to the payment of the principal and interest on the Bonds held by the Credit Provider or the Borrower:

(i) moneys paid into the Letter of Credit Account of the Bond Fund from a draw by the Trustee under the Letter of Credit;

(ii) moneys paid into the Interest Account, if any, representing accrued interest received at the initial sale of the Bonds and proceeds from the investment thereof which shall be applied to the payment of interest on such Bonds;

(iii) moneys paid into the Bond Fund pursuant to Section 10.1(b) hereof and proceeds from the investment thereof which, while a Letter of Credit is then in effect, constitute Available Moneys;

(iv) any other moneys (other than from draws on the Letter of Credit) paid into and deposited in the Bond Fund and proceeds from the investment thereof, which, while a Letter of Credit is then in effect, constitute Available Moneys; and

(v) any other moneys paid into and deposited in the Bond Fund by the Borrower and proceeds from the investment thereof, which are not Available Moneys.

The Trustee shall create within the Bond Fund a separate account called the "Letter of Credit Account," into which all moneys drawn under the Letter of Credit shall be deposited and disbursed. None of the Borrower or the Issuer shall have any rights to or interest in the Letter of Credit Account. The Letter of Credit Account shall be established and maintained by the Trustee and held in trust apart from all other moneys and securities held under this Indenture or otherwise, and over which the Trustee shall have the exclusive and sole right of withdrawal for the exclusive benefit of the Holders of the Bonds with respect to which such drawing was made. No moneys from the Letter of Credit Account may in any circumstance be used to pay principal or interest on any Bank Bonds.

When notified by the Borrower in writing of the intent to create Available Moneys, the Trustee shall establish within the Interest Account, Principal Account or Redemption Account one or more subaccounts to facilitate the calculation of the aging of moneys deposited with the Trustee until they become Available Moneys.

(c) (i) The Trustee shall draw moneys under the Letter of Credit in accordance with the terms thereof in an amount necessary to make timely payments of principal of, premium, if any, and interest on the Bonds, other than Bonds owned by or for the account of the Issuer, the Borrower or the Credit Provider, on each Interest Payment Date and when due whether at maturity, redemption, acceleration or otherwise. In addition, the Trustee shall draw moneys under the Letter of Credit in accordance with the terms thereof to the extent necessary to make timely payments of the Purchase Price required to be made pursuant to, and in accordance with, Section 4.7(d) hereof.

(ii) Immediately after making a drawing under the Letter of Credit which has been honored, the Trustee shall reimburse the Credit Provider for the amount of the drawing using moneys, if any, contained in:

(A) the Interest Account, if the drawing was to pay interest on the Bonds;

(B) the Principal Account, if the drawing was to pay principal on the Bonds; and

(C) the Redemption Account, if the drawing was to redeem Bonds.

(d) If at any time there shall have been delivered to the Trustee an Alternate Letter of Credit pursuant to Section 5.11 of the Agreement, then the Trustee shall accept such Alternate Letter of Credit and promptly surrender the then held Letter of Credit to the Credit Provider, in accordance with the terms of such Letter of Credit, for cancellation. If at any time there shall cease to be any Bonds Outstanding hereunder, the Trustee shall promptly surrender the Letter of Credit to the Credit Provider, in accordance with the terms of the Letter of Credit, for cancellation. The Trustee shall comply with the procedures set forth in the Letter of Credit relating to the termination thereof.

(e) If at any time the Trustee has made a drawing on the Letter of Credit for principal of, premium, if any, or interest due on the Bonds, and the Credit Provider has failed to make payment within the time specified in the Letter of Credit or the Letter of Credit has been repudiated, the Trustee shall notify immediately the Borrower by telephone promptly confirmed in writing and request payment of the amount due pursuant to Section 4.2(a) of the Agreement in immediately available funds by 2:45 p.m. (New York City time) on the Bond Payment Date (as defined in Section 4.2 of the Agreement). The Trustee agrees to give a similar notice with respect to a drawing on the Letter of Credit for Purchase Price Payments pursuant to Section 4.7(d)(ii) hereof.

Section 5.3. Debt Service Reserve Fund. There is hereby created and established with the Trustee a trust fund designated the Debt Service Reserve Fund. The Debt Service Reserve Fund shall be funded initially in part as provided in Section 3.2 hereof and thereafter to an amount equal to the Debt Service Reserve Fund Requirement as provided in the Depository Agreement. Amounts in the Debt Service Reserve Fund (including interest earnings thereon) shall be transferred to the Bond Fund (i) if and to the extent necessary so that on any Interest Payment Date the amount on deposit in the Bond Fund is sufficient to pay the principal and interest then due on the Bonds if the Borrower fails to make the regularly scheduled payment on or before such date, or (ii) as directed by the Borrower in order to make the final payments of principal of and interest on the Bonds on December 1, 2024. The Trustee shall also transfer, on each June 1 and December 1, amounts from the Debt Service Reserve Fund to the Bond Fund to the extent amounts therein exceed the Debt Service Reserve Fund Requirement.

Notwithstanding anything in this Section 5.3 to the contrary, in connection with a redemption of all of the Bonds pursuant to Section 4.1(a), (b) or (c) of this Indenture, the Trustee shall liquidate the Debt Service Reserve Fund and shall apply such funds to the redemption of such Bonds or otherwise apply such funds as may be permitted by an opinion of Bond Counsel delivered to the Issuer and the Trustee.

Anything in this Indenture to the contrary notwithstanding, except as provided in Section 7.3 hereof, amounts on deposit in the Debt Service Reserve Fund shall be used to pay the principal of, premium, if any, and interest on the Bonds.

Section 5.4. Letter of Credit. The Trustee shall hold and maintain any Letter of Credit for the benefit of the Bondholders until the Letter of Credit expires in accordance with its terms. Prior to the commencement of any Interest Rate Period for which a Letter of Credit will not be in effect, the Borrower shall furnish an Approving Opinion addressed to the Issuer and to the Trustee. The Trustee shall enforce all terms, covenants and conditions of any Letter of Credit, including payment when due of any draws on the Letter of Credit, and the provisions relating to the payment of draws on, and reinstatement of amounts that may be drawn under, the Letter of Credit, and will not consent to, agree to or permit any amendment or modification of the Letter of Credit that would materially adversely affect the rights or security of the Holders of the Bonds. If at any time during the term of a Letter of Credit any successor Trustee shall be appointed and qualified under this Indenture, the resigning or removed Trustee shall request that the Credit Provider transfer

the Letter of Credit to the successor Trustee. If the resigning or removed Trustee fails to make this request, the successor Trustee shall do so before accepting appointment. When a Letter of Credit expires in accordance with its terms or is replaced by an Alternate Letter of Credit, the Trustee shall immediately surrender the Letter of Credit to the Credit Provider.

To the extent that any payment has been made to a Bondholder with funds provided by a draw upon a Letter of Credit for which the Credit Provider has not been reimbursed pursuant to the Reimbursement Agreement, the following provisions shall apply notwithstanding any other provision of this Indenture to the contrary. The Credit Provider shall be subrogated to the rights of such Bondholder. Any such payment shall not extinguish any payment obligation to the Bondholder, but shall effect a purchase by the Credit Provider of the payment right of the Bondholder, and the Credit Provider shall be considered a Bondholder with respect thereto. To the extent that any such payment is made to pay principal on a Bond, such Bond shall be registered in the name of the Credit Provider on the registration books of DTC, with respect to Book-Entry Bonds, or shall be registered in the name of the Credit Provider and delivered to the Credit Provider or an agent designated by the Credit Provider, and shall be given all of the rights accorded a Bank Bond hereunder.

Section 5.5. Investment of Moneys. All moneys in any of the funds or accounts established pursuant to this Indenture shall be invested by the Trustee as specifically directed in writing by the Borrower or its agent, solely in Investment Securities. Notwithstanding any other provision herein, in the absence of specific written investment instructions directing the Trustee by noon of the second Business Day preceding the day when investments are to be made, the Trustee is directed to invest available funds in the money market mutual fund to be designated in writing by the Borrower to the Trustee prior to the Issuance

Date, or should such designation not have been made or such designated fund be unavailable, in an Investment Security rated in the highest rating category by any Rating Agency. The Trustee shall not be liable for any consequences resulting from any investments made pursuant to the preceding sentence. The Trustee shall be entitled to rely conclusively upon the Borrower's specific written investment directions as to the fact that each such investment meets the criteria of the Indenture.

Investment Securities may be purchased at such prices as the Trustee may be directed by the Borrower or its agent electronically or in writing. All Investment Securities shall be acquired subject to the limitations set forth in Section 6.5 hereof, the limitations as to maturities hereinafter in this Section set forth and such additional limitations or requirements consistent with the foregoing as may be established by Request of the Borrower.

Except as otherwise provided in this paragraph, moneys in all funds and accounts shall be invested in Investment Securities maturing not later than the date on which such moneys will be required for the purposes specified in this Indenture. Notwithstanding anything else in this Section 5.5, any moneys in the Interest Account, the Principal Account or the Redemption Account held for the payment of particular Bonds (prior to the payment or redemption date thereof) shall be invested at the specific written direction of the Borrower solely in direct obligations of the United States or bonds or other obligations guaranteed by the United States government or for which the full faith and credit of the United States is pledged for the full and timely payment of principal and interest thereof (or mutual funds consisting of such obligations which are rated in the highest rating category by each Rating Agency), rated in the highest rating category applicable to such investments which mature not later than the date on which it is estimated that such moneys will be required to pay such Bonds (but in any event maturing in not more than 30 days). Investments of moneys in the Rebate Fund are also subject to the provisions of the Tax Certificate. Moneys in the Letter of Credit Account created in Section 5.2 and moneys held for non-presented Bonds in accordance with Sections 2.4(a), 4.6(a), 4.7(g), 4.8 and 11.11 hereof shall be held uninvested.

All interest, profits and other income received from the investment of moneys in any fund established pursuant to this Indenture and allowed to be invested in accordance herewith shall be deposited in the fund from which such investment was made. Notwithstanding anything to the contrary contained in this paragraph, an amount of interest received with respect to any Investment Security equal to the amount of accrued interest, if any, paid as part of the purchase price of such Investment Security shall be credited to the fund from which such accrued interest was paid. To the extent that any Investment Securities are registrable, such Investment Securities shall be registered in the name of the Trustee or its nominee.

For the purpose of determining the amount in any fund, all Investment Securities credited to such fund shall be valued at the lesser of cost or par value plus, prior to the first payment of interest following purchase, the amount of accrued interest, if any, paid as a part of the purchase price.

Subject to Section 6.6 hereof, investments in any and all funds and accounts (other than moneys representing the proceeds of a draw on a Letter of Credit or held in the Letter of Credit Account, remarketing proceeds, Available Moneys, moneys being aged to become

Available Moneys, moneys in the Rebate Fund or moneys held for the payment of particular Bonds (including moneys held for non-presented Bonds or held under Section 10.3 hereof)) may be commingled for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in particular funds and accounts amounts received or held by the Trustee hereunder, provided that the Trustee shall at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in this Indenture. Subject to Section 6.5 hereof, any moneys invested in accordance with this Section may be invested in a pooled investment account consisting solely of funds held by the Trustee as a fiduciary. The Issuer acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Issuer the right to receive brokerage confirmations of security transactions as they occur, the Issuer specifically waives receipt of such confirmations to the extent permitted by law. The Trustee may act as principal or agent in the making or disposing of any investment. The Trustee may sell or present for redemption any Investment Securities so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Investment Security is credited, and the Trustee shall not be liable or responsible for any loss or tax resulting from such investment.

Section 5.6. Rebate Fund. The Trustee shall establish and maintain the Rebate Fund separate from any other fund established and maintained hereunder. The Trustee shall deposit funds into and disburse funds from the Rebate Fund as directed in writing by the Borrower in accordance with the terms hereof and the Tax Certificate and the Agreement. The Trustee shall deposit into the Rebate Fund any payments received from the Borrower for purposes of ultimate rebate to the United States in respect of the Bonds. The amount required to be held in the Rebate Fund in respect of the Bonds at any point in time is determined pursuant to the requirements of the Code, including particularly Section 148(f) of the Code. Moneys in the Rebate Fund neither will be pledged to nor are expected to be used to pay debt service on the Bonds. Amounts in the Rebate Fund may be invested without regard to yield.

Within five days after each receipt or transfer of funds to the Rebate Fund in accordance with Section 6.1(n)(i) of the Agreement and receipt of the documentation provided for in such Section, the Trustee shall withdraw from the Rebate Fund and pay to the United States the balance of the Rebate Fund.

(a) Within five days after receipt from the Borrower of any amount pursuant to Section 6.1(n)(ii) of the Agreement, the Trustee shall withdraw such amount from the Rebate Fund and pay to the United States.

(b) All payments to the United States pursuant to this Section shall be made by the Trustee for the account and in the name of the Issuer and shall be registered United States mail (return receipt requested), addressed to the appropriate Internal Revenue Service address accompanied by the relevant Internal Revenue Service Form 8038-T prepared by the Borrower (or such other applicable successor information return specified by the Internal Revenue Service) described in Section 6.1(n)(i) or Section 6.1(n)(ii) of the Agreement, as the case may be.

ARTICLE VI
PARTICULAR COVENANTS

Section 6.1. Punctual Payment. The Issuer shall punctually pay or cause to be paid the principal, premium, if any, and interest to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof, but only out of Revenues and other assets specifically pledged for such payment as provided in this Indenture. When and as paid in full, all Bonds, if any, shall be delivered to the Trustee, shall forthwith be canceled and disposed of, and a certificate of such disposal shall thereafter be delivered to the Issuer.

Section 6.2. Extension of Payment of Bonds. The Issuer shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the Issuer to issue bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of Bonds. The provisions of this Section shall not apply if the maturity of all of the Bonds is extended in accordance with the provisions of Section 9.1(a) hereof.

Section 6.3. Against Encumbrances. The Issuer shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other assets specifically pledged or assigned under this Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by this Indenture. Subject to this limitation, the Issuer expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, and reserves the right to issue other obligations for such purposes.

Section 6.4. Limited Obligations. The Issuer is duly authorized pursuant to law to issue the Bonds and to enter into this Indenture and to pledge and assign the Revenues and other assets purported to be pledged and assigned, respectively, under this Indenture in the manner and to the extent provided in this Indenture. The Bonds and the provisions of this Indenture are and will be the legal, valid and binding limited obligations of the Issuer in accordance with their terms, the principal, interest and premium (if any) of which are payable solely from and secured by the Revenues described in this Indenture and the Issuer and Trustee shall at all times (at the expense of the Borrower), to the extent permitted by law, defend, preserve and protect said pledge and assignment of Revenues and other assets and all the rights of the Bondholders under this Indenture against all claims and demands of all persons whomsoever, at the expense of the Borrower, subject to the limitations set forth in Article VIII relating to the Trustee.

NEITHER THE STATE OF TEXAS, THE UNIT, NOR ANY POLITICAL CORPORATION, SUBDIVISION OR AGENCY OF THE STATE OF TEXAS SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR THE INTEREST ON, THE BONDS, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE UNIT, OR ANY OTHER POLITICAL CORPORATION, SUBDIVISION, OR AGENCY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR THE INTEREST ON, THE BONDS. Neither the members of the Issuer nor any person executing bonds for the Issuer shall be liable personally on said bonds by reason of the issuance thereof.

No past, present or future officer, member, director, commissioner, employee or agent of the Issuer shall be personally liable on the Bonds; and no covenant, agreement or obligation contained therein shall be deemed to be a covenant, agreement or obligation of any present or future officer, member, director, commissioner, employee or agent of the Issuer in his individual capacity.

Section 6.5. Accounting Records and Reports. The Trustee shall keep or cause to be kept proper books of record and account in which complete and correct entries shall be made of all transactions relating to the receipt, investment, disbursement, allocation and application of the Revenues and the proceeds of the Bonds. Such records shall specify the account or fund to which each investment (or portion thereof) held by the Trustee is to be allocated and shall set forth, in the case of each Investment Security, (a) its purchase price, (b) identifying information, including principal amount, interest rate, and payment dates, (c) the amount received at maturity or its sale price, as the case may be, (d) the amounts and dates of any payments made with respect thereto, and (e) such documentation as is required to be retained by the Trustee as evidence to establish that any requirements set forth in the Tax Certificate or with respect to establishing market price, to the extent provided to it. Such records shall be open to inspection by any Holder, the Borrower, the Issuer and the Credit Provider at any reasonable time during regular business hours on reasonable notice.

Section 6.6. Arbitrage Covenants.

(a) The Issuer covenants and agrees that it will take the action required by it to be taken hereunder and will cooperate, to the extent reasonably possible without incurring additional costs, with the Borrower in maintaining the exclusion from gross income of the interest payable on the

Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the Issuer covenants and agrees that it will comply with the requirements of the Tax Certificate. The Borrower has made certain tax covenants in Sections 5.7 and 6.1 of the Agreement and in the Tax Certificate.

(i) The Issuer covenants and agrees that until the final maturity of the Bonds, based upon the Borrower's covenants in Section 6.1 of the Agreement, it will not knowingly use or direct the use of any money on deposit in any fund or account maintained in connection with the Bonds, whether or not such money was derived from the Proceeds of the Bonds or from any other source, in a manner that would cause the Bonds to be arbitrage bonds, within the meaning of Section 148 of the Code.

(ii) The Issuer will not knowingly use or direct the use of any Proceeds of the Bonds or any other funds of the Issuer, directly or indirectly, in any manner and will not take or permit to be taken any other action or actions, which would result in any of the Bonds being treated other than as an obligation described in Section 103(a) of the Code.

(iii) The Issuer will not knowingly take any action which would result in all or any portion of the Bonds being treated as federally guaranteed within the meaning of Section 149(b)(2) of the Code.

(b) The Borrower has covenanted to pay or cause to be paid to the United States rebate payments with respect to the Bonds as provided in the Tax Certificate, Section 6.1(n) of the Agreement and Section 5.6 hereof. The Trustee agrees to comply with all specific written instructions of the Borrower given pursuant to the Tax Certificate but the Trustee shall not be responsible in any way for any rebate calculations or other arbitrage calculations; provided, however that the Borrower shall be responsible for such instructions complying with the Tax Certificate.

The Trustee conclusively shall be deemed to have complied with the provisions of this Section 6.6(b) if it follows the directions of the Borrower set forth in the instructions required by the Tax Certificate and shall not be required to take any action under this Section 6.6(b) in the absence of such directions from the Borrower. The Trustee shall not be liable for any consequences resulting from its failure to act if no instructions from the Borrower (or in the absence of Borrower instructions, instructions from the Issuer) are delivered to it.

(c) Notwithstanding any provision of this Section, if the Borrower shall provide to the Trustee and the Issuer an opinion of Bond Counsel addressed to the Issuer and the Trustee that any action required under Section 5.6 or this Section 6.6 is no longer required, or that some further action is required to maintain the Tax-exempt status of interest on the Tax-exempt Bonds, the Trustee and the Issuer may rely conclusively on such opinion in complying with the requirements of this Section, and the covenants contained herein shall be deemed to be modified to that extent.

Section 6.7. Other Covenants.

(a) The Trustee shall promptly collect all amounts due from the Borrower pursuant to the Agreement and the Credit Provider pursuant to the Letter of Credit (if any), shall perform all duties imposed upon it pursuant to the Agreement and shall diligently enforce, and take all steps, actions and proceedings reasonably necessary for the enforcement of all of the rights of the Issuer (other than the Unassigned Issuer Rights) and all of the obligations of the Borrower pursuant to the Agreement.

(b) The Issuer shall not purchase Bonds from the Remarketing Agent.

Section 6.8. Further Assurances. Upon receipt of a written request therefore, the Issuer will make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Holders of the Bonds of the rights and benefits provided in this Indenture.

Section 6.9. Continuing Disclosure. Pursuant to Section 5.9 of the Agreement, the Borrower has covenanted and agreed to undertake all responsibility for compliance, or to cause compliance with, continuing disclosure requirements, when and if applicable. The Issuer shall have no liability to the Holders of the Bonds or any other person with respect to such disclosure matters. Notwithstanding any other provision of this Indenture, failure of the Borrower to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default hereunder or a Loan Default Event under the Agreement and may not result in the acceleration of the maturity of the Bonds or of the Agreement; provided that the Trustee may (and, at the request of any Holder of Outstanding Bonds and upon being indemnified to its satisfaction therefor shall) or any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Borrower to comply with its obligations under Section 5.9 of the Agreement or the Continuing Disclosure Agreement. For purposes of this Section, "Beneficial Owner" shall mean any person which has the power, directly or indirectly, to vote or give consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through any nominees, depositories or other intermediaries).

ARTICLE VII
EVENTS OF DEFAULT AND
REMEDIES OF BONDHOLDERS

Section 7.1. Events of Default; Acceleration; Waiver of Default. Each of the following events which has occurred and is continuing shall constitute an "Event of Default" hereunder:

(a) default in the due and punctual payment of the principal of, or premium (if any) on, any Bond, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise;

(b) default in the due and punctual payment of any installment of interest on, or the Purchase Price of, any Bond;

(c) failure by the Issuer to perform or observe any other of the covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, and the continuation of such failure for a period of sixty (60) days after written notice thereof, specifying such default

and requiring the same to be remedied, shall have been given to the Issuer, any Credit Provider, and the Borrower by the Trustee, or to the Issuer, the Borrower and the Trustee by the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding;

(d) the occurrence and continuance of a Loan Default Event described in Section 7.1 of the Agreement; or

(e) if applicable, receipt by the Trustee of written notice from any Credit Provider stating that either (i) an Event of Default (as defined in the Reimbursement Agreement) has occurred under the Reimbursement Agreement and directing the Trustee to accelerate the Bonds, or (ii) the interest component of a Letter of Credit will not be reinstated by the Credit Provider.

No default specified in (c) above shall constitute an Event of Default unless the Issuer and the Borrower shall have failed to correct such default within the applicable period; provided, however, that if the default shall be such that it cannot be corrected within such period, it shall not constitute an Event of Default if corrective action is instituted by the Issuer or the Borrower within the applicable period and diligently pursued. With regard to any alleged default concerning which notice is given to the Borrower under the provisions of this Section, the Issuer hereby grants the Borrower full authority for the account of the Issuer to perform any covenant or obligation the non-performance of which is alleged in said notice to constitute a default in the name and stead of the Issuer with full power to do any and all things and acts to the same extent that the Issuer could do and perform any such things and acts and with power of substitution, so long as such action does not adversely affect or impair the rights of the Issuer under the Indenture or otherwise conflict with the terms thereof.

During the continuance of an Event of Default described in (a), (b), (c) or (d) above, unless the principal of all the Bonds shall have already become due and payable, the Trustee may, and upon the written request of the Holders of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the Bonds at the time Outstanding or upon the occurrence of an Event of Default described in (e) above, the Trustee shall, promptly upon such occurrence, by notice in writing to the Issuer, the Borrower, the Division and any Credit Provider, declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in the Bonds contained to the contrary notwithstanding. Upon any such declaration, the Trustee shall promptly draw upon any then existing Letter of Credit in accordance with the terms thereof and apply the amount so drawn to pay the principal of and interest on the Bonds declared to be due and payable and shall take such enforcement action under the Agreement as the Trustee shall deem appropriate. Interest on the Bonds shall cease to accrue as of the date of the declaration of acceleration. The Trustee shall promptly notify the Bondholders of the date of acceleration and the cessation of accrual of interest on the Bonds in the same manner as for a notice of redemption.

The preceding paragraph, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been declared due and payable because of the occurrence of a default specified in (a), (b), (c) or (d) above, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, and before a Letter of Credit has been drawn upon in accordance with its terms and honored, there shall have been deposited with the Trustee a sum sufficient to pay (with Available Moneys if a Letter of Credit is in effect) all the principal of the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal as provided in the Agreement, and the reasonable fees and expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Holders

of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Issuer, the Division, and to the Trustee, may, on behalf of the Holders of all the Bonds, rescind and annul such declaration and its consequences and waive such default; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon. Notwithstanding any other provision of this Indenture, but subject to Section 8.1(a), the Trustee may not exercise any remedy in the event of an Event of Default under Section 7.1(a) through (d) hereof without the written consent of the Credit Provider, so long as a Letter of Credit is in effect and the Credit Provider has not wrongfully failed to make a payment thereunder; except that the Trustee may exercise any and all remedies under the Indenture and the Agreement to collect any fees, expenses and indemnification from the Borrower without obtaining the consent of the Credit Provider.

Section 7.2. Institution of Legal Proceedings by Trustee. Subject to Section 7.1 hereof, if one or more of the Events of Default shall happen and be continuing, the Trustee in its discretion may, and upon the written request of the Holders of sixty-six and two-thirds percent (66 2/3%) in principal amount of the Bonds then Outstanding and upon being indemnified to its satisfaction therefor pursuant to Section 8.1(a) hereof shall, proceed to protect or enforce its rights or the rights of the Holders of Bonds under the Act or under this Indenture, the Agreement or any Letter of Credit, by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained herein or therein, or in aid of the execution of any power herein or therein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem necessary in support of any of its rights or duties hereunder or thereunder.

Section 7.3. Application of Revenues and Other Funds After Default. If an Event of Default shall occur and be continuing, all Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of this Indenture (subject to Sections 5.6, 6.6 and 11.11 hereof) shall be promptly applied by the Trustee as follows and in the following order:

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

(b) To the payment of the principal of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of this Indenture (including Section 6.2 hereof), as follows:

(i) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

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

Second: To the payment to the persons entitled thereto of the unpaid principal of any Bonds which shall have become due, whether at maturity or by call for redemption, with interest on the overdue principal at the rate borne by the Bonds, and, if the amount available shall not be sufficient to pay in full all the Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference; and

(ii) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds, with interest on the overdue principal at the rate borne by the Bonds, and, if the amount available shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference, provided, however, that in no event shall moneys derived from drawings under the Letter of Credit, moneys set aside to pay principal or interest on any particular Bonds (including moneys held for non-presented Bonds or held under Section 10.3 hereof), or the proceeds from remarketing of the Bonds be used to pay any of the items listed in clause (a) of this Section, and Available Moneys and moneys being aged to become Available Moneys shall not be used to pay any of the items listed in clause (a) of this Section, until all amounts have been paid under clause (b) of this Section; and

Third: To reimburse the Credit Provider for any and all amounts due to the Credit Provider under the Reimbursement Agreement.

Whenever the principal of, premium, if any, and interest on all Bonds have been paid under the provisions of this Indenture and all fees, expenses and charges of the Trustee have been paid, any balance remaining hereunder shall be paid in the order of priority as provided in Section 10.1.

Section 7.4. Trustee to Represent Bondholders. The Trustee is hereby irrevocably appointed (and the successive respective Holders of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Holders of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Holders under the provisions of the Bonds, this Indenture, the Agreement, any Letter of Credit, the Act and applicable provisions of any other law. Subject to Section 7.1 hereof, upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bondholders, the Trustee in its discretion may, and upon the written request of the Holders of not less than sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Holders by such appropriate

action, suit, mandamus or other proceedings as it shall deem necessary to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in the Holders under this Indenture, the Agreement, any Letter of Credit, the Act or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Revenues and other assets pledged under this Indenture, pending such proceedings. All rights of action under this Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Holders of the Bonds, subject to the provisions of this Indenture (including Section 6.2 hereof).

Section 7.5. Bondholders' Direction of Proceedings. Anything in this Indenture to the contrary notwithstanding, but subject to Sections 8.3(a), 8.3(b) and 11.13, the Holders of twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder, provided that such direction shall be in accordance with law and the provisions of this Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction or for which it has not been provided indemnity reasonably satisfactory to it.

Section 7.6. Limitation on Bondholders' Right to Sue. Subject to Section 7.1 hereof, no Holder of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture, the Agreement, any Letter of Credit, the Act or any other applicable law with respect to such Bond, unless (a) such Holder shall have given to the Trustee written notice of the occurrence of an Event of Default; (b) the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) subject to Section 8.1(a) hereof, such Holder or said Holders shall have tendered to the Trustee indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Holder of Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by such Holders' action to affect, disturb or prejudice the security of this Indenture or the rights of any other Holders of Bonds, or to enforce any right under this Indenture, the Agreement, any Letter of Credit, the Act or other applicable law with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Holders of the Outstanding Bonds, subject to the provisions of this Indenture (including Section 6.2 hereof).

Section 7.7. Absolute Obligation of Issuer. Nothing in Section 7.6 or in any other provision of this Indenture (except the requirement for authentication by the Trustee in Section 2.5 hereof), or in the Bonds, contained shall affect or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of, premium, if any, and interest on the Bonds to the respective Holders of the Bonds at their date of maturity, or upon call for redemption, as herein provided, but only out of the Revenues and other assets herein pledged therefor, or affect or impair the right of such Holders, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

Section 7.8. Termination of Proceedings. In case any proceedings taken by the Trustee or any one or more Bondholders on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Bondholders, then in every such case the Issuer, the Trustee, the Credit Provider, and the Bondholders, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the Issuer, the Trustee, the Credit Provider, and the Bondholders shall continue as though no such proceedings had been taken.

Section 7.9. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee, the Credit Provider, or to the Holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

Section 7.10. No Waiver of Default. No delay or omission of the Trustee, the Credit Provider, or of any Holder of the Bonds to exercise any right or power arising upon the occurrence of any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee, the Credit Provider, or to the Holders of the Bonds may be exercised from time to time and as often as may be deemed expedient.

Section 7.11. Consent of Credit Provider to Defaults. This section shall apply only if a Letter of Credit is in effect. Notwithstanding any other provision of this Article VII, and subject to Section 8.1(a) and Section 8.6(b) hereof, so long as the Credit Provider is not continuing wrongfully to dishonor drawings under the Letter of Credit, no Event of Default shall be declared pursuant to Section 7.1(c) or (d) hereof (except in a case resulting from the failure of the Borrower to pay the Trustee's and the Issuer's fees and expenses or to indemnify the Trustee and the Issuer), nor any remedies exercised with respect to any Event of Default by the Trustee or by the Bondholders (except in a case resulting from the failure of the Borrower to pay the Trustee's fees and expenses or to indemnify the Trustee) and no Event of Default under this Indenture shall be waived by the Trustee or the Bondholders to the extent it may otherwise be permitted hereunder, without, in any case, the prior written consent of the Credit Provider and, if applicable, rescission in writing by the Credit Provider of any notice of an event of default under the Reimbursement Agreement. No Event of Default can be waived, in any circumstance, unless the Trustee has received written notice from the Credit Provider that the Letter of Credit, if any, has been fully reinstated and is in full force and effect.

ARTICLE VIII
THE TRUSTEE, THE PAYING AGENT, THE BOND REGISTRAR, THE TENDER AGENT, AND THE REMARKETING AGENT

Section 8.1. Duties, Immunities and Liabilities of Trustee and Registrar.

(a) The Trustee and the Registrar shall, prior to an Event of Default, and after the curing of all Events of Default which shall have occurred, perform such duties and only such duties as are specifically set forth in this Indenture. The Trustee shall, during the existence of any Event of Default (which has not been cured), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as prudent persons would exercise or use under the circumstances in the conduct of their own affairs. Notwithstanding any other provision of this Indenture, the Trustee shall perform all duties required of it hereunder.

No provision of this Indenture shall be construed to relieve the Trustee or the Registrar from liability for its own negligent action or its own negligent failure to act, except that:

(i) Prior to such an Event of Default hereunder and after the curing of all Events of Default which may have occurred,

(A) the duties and obligations of the Trustee and the Registrar, as the case may be, shall be determined solely by the express provisions of this Indenture, the Trustee and Registrar, as the case may be, shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee and the Registrar, as the case may be; and

(B) in the absence of bad faith on the part of the Trustee or the Registrar, as the case may be, the Trustee or the Registrar, as the case may be, may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Trustee or the Registrar, as the case may be, conforming to the requirements of this Indenture; but in the case of any such certificate or opinion which by any provision hereof is specifically required to be furnished to the Trustee or the Registrar, as the case may be, the Trustee or the Registrar, as the case may be, shall be under a duty to examine the same to determine whether or not it conforms to the requirements of this Indenture; and

(ii) At all times, regardless of whether or not any Event of Default shall exist,

(A) the Trustee and the Registrar shall not be liable for any error of judgment made in good faith by a responsible officer, director or employee of the Trustee or the Registrar unless it shall be proved that the Trustee or the Registrar, as the case may be, was negligent in ascertaining the pertinent facts;

(B) neither the Trustee nor the Registrar shall be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority, or such smaller or larger percentage as may be required hereunder, in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee or the Registrar, or exercising any trust or power conferred upon the Trustee or the Registrar under this Indenture.

None of the provisions contained in this Indenture shall require the Trustee or the Registrar to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers other than to notify the Issuer in writing that it intends to take no particular action or to notify the Bondholders that it will take no action, if it has reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not reasonably assured to it. All indemnifications and releases from liability granted herein to the Trustee or the Registrar shall extend to the directors, officers, employees and agents of the Trustee or the Registrar.

(b) The Issuer shall remove the Trustee at any time upon written request of the Borrower (provided there is no Loan Default Event existing under the Agreement), or if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Issuer shall receive notice from the Trustee or the Borrower that the Trustee shall have ceased to be eligible in accordance with subsection (e) of this Section, or shall have become incapable of acting, or shall have been adjudged bankrupt or insolvent, or a receiver of the Trustee or its property shall have been appointed, or any public officer shall have taken control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee, and thereupon the Issuer shall appoint, at the written direction of the Borrower, a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Borrower and the Issuer and by giving the Bondholders notice of such resignation by mail at the addresses shown on the registration books maintained by the Trustee. Upon receiving such notice of resignation, the Issuer shall promptly appoint, at the written direction of the Borrower (provided there is no Loan Default Event existing under the Agreement), a successor Trustee by an instrument in writing. The Trustee shall not be relieved of its duties until such successor Trustee has accepted appointment.

(d) Any removal or resignation of the Trustee pursuant to (b) or (c) above and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Bondholder (on behalf of itself and all other Bondholders) may, at the expense of the Borrower, petition any court of competent

jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the Borrower, the Issuer and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the written request of the Issuer, the Borrower or the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth upon payment of the predecessor Trustee's fees and expenses (including its counsel fees and expenses). Upon the written request of the Borrower or the successor Trustee, the Issuer shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, such successor Trustee shall mail a notice of the succession of such Trustee to the trusts hereunder to each Rating Agency which is then rating the Bonds, to the Bondholders at the addresses shown on the registration books maintained by the Trustee, and to any Credit Provider.

(e) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a trust company, national banking association, bank or corporation having the powers of a trust company which either (i) has a combined capital and surplus of at least fifty million dollars ($50,000,000), and is subject to supervision or examination by federal or state authority or (ii) is a wholly-owned subsidiary of a bank, national banking association, trust company or bank holding company meeting, on an aggregate basis, the tests set out in clause (i). If such bank, national banking association, trust company or corporation publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank, national banking association, trust company or corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. The Trustee or the bank, national banking association, trust company or bank holding company of which the Trustee is a wholly-owned subsidiary shall have a rating of at least Moody's "Baa/P-3," or, if the Bonds are rated by S&P, an equivalent rating from S&P, or otherwise be acceptable to the Rating Agency then rating the Bonds. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

(f) The Trustee is not responsible for effecting, maintaining or renewing any policies of insurance or for any representations regarding the sufficiency of any policy of insurance.

(g) The Trustee is not responsible for filing financing or continuation statements.

(h) Subject to the provisions of Sections 5.6 and 10.3 hereof, all moneys received by the Trustee and the Tender Agent shall, until used or applied as herein provided, be held in trust for the purposes for which they were received and, except as provided below, need not be segregated

from other funds. Moneys representing the proceeds of draws on the Letter of Credit or held in the Letter of Credit Account, all Available Moneys, all remarketing proceeds, all moneys being aged to become Available Moneys, all moneys held for the payment of particular Bonds and otherwise to the extent required by law or by this Indenture shall be held by the Trustee and the Tender Agent in separate and segregated accounts as provided herein. The Trustee and the Tender Agent shall be under no liability for interest on any moneys received by them hereunder except as provided in Section 5.5 hereof. Any moneys held by the Trustee or the Tender Agent shall be invested as provided in Section 5.5 hereof.

(i) The Trustee shall not be responsible for monitoring or reviewing the Borrower's insurance or be obligated to file claims or proofs of loss in the case of insurance, or to pay taxes or assessments.

Section 8.2. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under subsection (e) of Section 8.1, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 8.3. Liability of Trustee.

(a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the Issuer, and the Trustee shall assume no responsibility for the correctness of the same, or make any representations of the validity or sufficiency of this Indenture or of the Bonds. In addition, the Trustee shall assume no responsibility with respect to this Indenture or the Bonds other than in connection with the duties or obligations assigned to or imposed upon the Trustee herein or in the Bonds. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct as fully and finally determined by a court of competent jurisdiction. The Trustee may become the Holder of Bonds with the same rights it would have if it were not Trustee and, to the extent permitted by law, may act as depositary for and permit any of their officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders, whether or not such committee shall represent the Holders of a majority in aggregate principal amount of the Bonds then Outstanding.

(b) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Bondholders pursuant to the provisions of this Indenture unless such Bondholders shall have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities which may be incurred therein or thereby.

(c) The Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture.

(d) Except for Events of Default under Section 7.1(a) and (b), the Trustee shall not be deemed to have knowledge of any default or Event of Default hereunder unless and until a responsible officer of the Trustee has actual knowledge thereof, or shall have received written notice thereof, at its Corporate Trust Office. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or of the existence of a default or Event of Default thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it.

(e) The Trustee shall have no responsibility, opinion or liability with respect to any information statement or recital found in any official statement or other disclosure material, prepared or distributed with respect to the issuance of the Bonds, except for information provided by the Trustee.

(f) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty.

(g) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

(h) The Trustee shall not be liable for any action taken, suffered, or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture.

(i) In no event shall the Trustee be responsible or liable for special, indirect, or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(j) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder.

(k) The Trustee shall not be concerned with or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

(l) The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Borrower elects to give the Trustee e-mail or

facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Borrower agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

(m) Notwithstanding anything contained herein or in the Deed of Trust to the contrary, upon the occurrence and continuance of an Event of Default, before taking any foreclosure action or any action which may subject the Trustee to liability under any Environmental Regulations, the Trustee may require that a satisfactory indemnity bond, indemnity or environmental impairment insurance be furnished for the payment or reimbursement of all expenses to which it may be put and to protect it against all liability resulting from any claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability) and expenses which may result from such foreclosure or other action. The Trustee shall not be required to take any foreclosure action if the approval of a government regulator shall be a condition precedent to taking such action.

(n) The Trustee's rights to immunities and protection from liability hereunder and its rights to payment of its fees and expenses shall survive its resignation or removal and final payment or defeasance of the Bonds. All indemnifications and releases from liability granted herein to the Trustee shall extend to the directors, officers, employees and agents of the Trustee.

Section 8.4. Right of Trustee to Rely on Documents. Subject to the standard of care stated herein, the Trustee shall be fully protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney at the sole cost of the Issuer and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation. The Trustee may consult with counsel of its selection, who may be counsel of or to the Issuer or the Borrower, with regard to legal questions, and the opinion or advice of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

The Trustee shall not be bound to recognize any person as the Holder of a Bond unless and until such Bond is submitted for inspection, if required, and its title thereto is satisfactorily established, if disputed.

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the Issuer, and such Certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

Section 8.5. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Issuer, the Borrower and any Bondholder and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

Section 8.6. Compensation and Indemnification.

(a) The Trustee, the Tender Agent, the Paying Agent and the Registrar shall be entitled to compensation as agreed to in writing from time to time between the Trustee (or the Tender Agent, the Paying Agent or the Registrar, as the case may be) and the Borrower for all services rendered by them in the execution of the trusts created and in the exercise and performance of any of the powers and duties hereunder of the Trustee, the Tender Agent, the Paying Agent or the Registrar, as the case may be, which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust, and the Borrower shall pay or reimburse the Trustee, the Tender Agent, the Paying Agent or the Registrar, as the case may be, upon its request for reasonable out-of-pocket expenses, disbursements and advances incurred or made by the Trustee, the Tender Agent, the Paying Agent or the Registrar, as the case may be, in accordance with any of the provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance determined by a court of competent jurisdiction to have been caused by its own negligence or willful misconduct. If any property, other than cash, shall at any time be held by the Trustee, the Tender Agent, the Paying Agent or the Registrar, as the case may be, subject to this Indenture, or any Supplemental Indenture, as security for the Bonds, the Trustee, the Tender Agent, the Paying Agent or the Registrar, as the case may be, if and to the extent authorized by a receivership, bankruptcy or other court of competent jurisdiction or by the instrument subjecting such property to the provisions of this Indenture as such security for the Bonds shall be entitled to make advances for the purpose of preserving such property or of discharging tax liens or other prior liens or encumbrances thereon. The Borrower has in the Agreement also agreed to indemnify the Trustee, the Tender Agent, the Paying Agent or the Registrar, as the case may be,

for, and to hold it harmless against, any loss, liability, claim, damage, expense or advance incurred or made without negligence or willful misconduct on the part of the Trustee, the Tender Agent, the Paying Agent or the Registrar, as the case may be, arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending itself against any claim of liability in the premises (including reasonable attorneys' fees and expenses). Notwithstanding the foregoing, the Trustee shall make timely payments of principal of and interest on the Bonds with moneys on deposit in the Bond Fund as provided herein, shall make timely draws on a Letter of Credit as provided herein and shall accelerate the payment of principal on the Bonds when required by this Indenture without seeking any prior indemnification from the Borrower or any Bondholder. The rights of the Trustee, the Tender Agent, the Paying Agent and the Registrar to compensation for their services and to payment or reimbursement for expenses, disbursements, liabilities and advances shall have priority over the Bonds in respect of all property and funds held or collected by the Trustee as such, except for moneys held in the Rebate Fund, proceeds of a drawing under the Letter of Credit or held in the Letter of Credit Account, Available Moneys, moneys being aged to become Available Moneys, remarketing proceeds, and other funds held in trust by the Trustee or the Tender Agent, as the case may be, for the benefit of the Holders

of particular Bonds, including, without limitation, (i) moneys or securities held pursuant to Article X hereof; and (ii) moneys or securities held for the payment of Bonds upon maturity or redemption and prior to the presentation of such Bonds.

(b) The Trustee shall be under no obligation to institute any suit or take any remedial proceeding under this Indenture, or to enter any appearance in or in any way defend any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the exercise of any rights or powers hereunder at the request, order or direction of any Holders of Bonds or otherwise (except declaring the principal of and interest on the Bonds to be due immediately under Section 7.1, drawing on a Letter of Credit, or making payment when due on the Bonds) until it shall be indemnified to its satisfaction against any and all reasonable costs and expenses, outlays, and counsel fees and other disbursements and against all liability not due to its negligence or bad faith, provided, however, that if the Trustee intends to seek indemnification pursuant to this Section 8.6 prior to instituting any such action it shall so inform the Holders (as appropriate), the Issuer and any Credit Provider in writing as soon as possible and provided further that the Borrower shall not be liable for any settlement of any such action without its consent, which consent shall not be unreasonably withheld.

Section 8.7. Paying Agent. The Issuer, at the expense and written direction of the Borrower and with the written approval of the Trustee, shall appoint and at all times have a Paying Agent in such cities as the Borrower deems desirable, for the payment of the principal of, and the interest (and premium, if any) on, the Bonds. It shall be the duty of the Trustee to make such credit arrangements with such Paying Agent as may be necessary to assure, to the extent of the moneys held by the Trustee for such payment, the prompt payment of the principal of, and interest (and premium, if any) on, the Bonds presented at either place of payment. The Trustee will not be responsible for the failure of any Credit Provider or any other party to make funds available to the Trustee or Paying Agent. The Trustee is the initial Paying Agent. If the Paying Agent is any entity other than the Trustee, it shall be subject to the same standards applicable to the Trustee as set forth in this Indenture.

Section 8.8. Trustee and Issuer Required to Accept Directions and Actions of Borrower. Whenever after a reasonable specific written request by the Borrower, and if the Borrower is not in default under the Agreement, the Issuer shall fail, refuse or neglect to give any specific written direction to the Trustee or to require the Trustee to take any action which the Issuer is required to have the Trustee take pursuant to the provisions of the Agreement or this Indenture, the Borrower, on behalf of the Issuer, may give any such specific written direction to the Trustee or require the Trustee to take any such action (so long as such action does not adversely impair the rights of the Issuer, the Trustee and the Bondholders hereunder or conflict with the terms of this Indenture), and the Trustee is hereby irrevocably empowered and directed to accept such specific written direction from the Borrower as sufficient for all purposes of this Indenture, provided the Trustee receives indemnity satisfactory to it. The Borrower shall have the right, on behalf of the Issuer, to cause the Trustee to comply with any of the Trustee's obligations under this Indenture to the same extent that the Issuer is empowered so to do.

Certain actions or failures to act by the Issuer under this Indenture may create or result in an Event of Default under this Indenture, and the Borrower, on behalf of the Issuer, may, to the extent permitted by law, perform any and all acts or take such action (so long as such action does not adversely impair the rights of the Issuer, the Trustee and the Bondholders hereunder or conflict with the terms of this Indenture) as may be necessary for and on behalf of the Issuer to prevent or correct said Event of Default, and the Trustee shall take or accept such performance by the Borrower as performance by the Issuer in such event provided the Trustee receives indemnity satisfactory to it; provided, however, that the foregoing shall not extend the time for performance required hereby.

The Issuer hereby authorizes the Borrower to give all directions, do all things and perform all acts provided, and to the extent so provided, by this Section. The Borrower shall act reasonably pursuant to such authorization, and no action of the Borrower thereunder shall create any liability of the Issuer, including any liability with respect to payment of the Bonds (except as otherwise provided in this Indenture).

Section 8.9. Notices to Rating Agency and Credit Provider. The Trustee shall provide each Rating Agency, the Remarketing Agent, and any Credit Provider with prior written notice (to the extent the Trustee has received prior notice) upon the occurrence of: (a) the provision, expiration, termination or extension of a Letter of Credit; (b) the discharge of liability on the Bonds pursuant to Section 10.2 hereof; (c) the resignation or removal of the Trustee, Tender Agent, or Remarketing Agent; (d) acceptance of appointment as successor Trustee, Tender Agent, or Remarketing Agent hereunder; (e) the redemption of all or any portion of the Bonds; (f) conversion to a new Interest Rate Period; (g) a material change in the Indenture, the Agreement, or a Letter of Credit; and (h) when the Bonds are no longer Outstanding. The Trustee shall also notify any Rating Agency of any changes to any of the documents to which the Trustee is a party, upon its receipt of notification of any such changes. The Trustee shall not be liable to any party for failure to give notice as provided in this Section.

Section 8.10. Duties of Remarketing Agent. The Borrower shall appoint the Remarketing Agent for the Bonds, all subject to the conditions set forth in Section 8.11 hereof. The Remarketing Agent shall designate to the Trustee its principal office and signify its acceptance of the duties and obligations imposed on it hereunder by a written instrument of

acceptance delivered to the Borrower, the Issuer and the Trustee under which the Remarketing Agent will agree to perform the obligations of the Remarketing Agent set forth herein and under which the Remarketing Agent will agree to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Issuer, the Trustee, any Credit Provider and the Borrower at all reasonable times. The Remarketing Agent shall determine the interest rates on the Bonds and perform the other duties provided for in Section 2.3 and shall remarket Bonds as provided in Section 4.7 hereof. The Remarketing Agent shall hold all moneys delivered to it in trust in non-commingled funds for the benefit of the person or entity which shall have so delivered such moneys until such moneys are delivered to the Trustee as provided herein. The Remarketing Agent may for its own account or as broker or agent for others deal in Bonds and may do anything any other Holder may do to the same extent as if the Remarketing Agent were not serving as such.

Section 8.11. Eligibility of Remarketing Agent; Replacement.

(a) The initial Remarketing Agent shall be Westhoff, Cone & Holmstedt. Any successor Remarketing Agent shall be (i) an investment bank, trust company or member of the National Association of Securities Dealers, Inc. having a capitalization of at least $15,000,000 as shown in its most recent annual report or (ii) a commercial bank having a capitalization of at least $100,000,000 as shown in its most recent published annual report,

organized and doing business under the laws of the United States or any state or the District of Columbia. The Remarketing Agent or its parent shall have a rating of at least Moody's "Baa/P-3," or, if the Bonds are rated by S&P, an equivalent rating from S&P, or be approved by each Rating Agency.

(b) The Remarketing Agent may resign by notifying the Issuer, the Trustee, the Tender Agent, the Borrower and any Credit Provider, in writing at least 45 days before the effective date of such resignation. The Borrower may remove the Remarketing Agent at any time at its own discretion and appoint a successor by notifying the Remarketing Agent, the Credit Provider, the Issuer and the Trustee. No resignation or removal of the Remarketing Agent shall become effective until the successor has been appointed.

(c) The Borrower, at its option, may appoint to serve with the Remarketing Agent, one or more co-Remarketing Agents. In the event of appointment of a co-Remarketing Agent, any such Remarketing Agent shall be subject to this Section and Sections 8.10 and 8.12 hereof.

Section 8.12. Compensation of Remarketing Agent. The Remarketing Agent shall not be entitled to any compensation from the Issuer or the Trustee but, rather, shall make separate arrangements with the Borrower for its compensation.

Section 8.13. Appointment and Duties of Tender Agent. The Issuer, at the direction of the Borrower, hereby appoints the Trustee as the Tender Agent. The Tender Agent shall designate its principal office and signify its acceptance of all of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Issuer, the Trustee, any Credit Provider and the Remarketing Agent. The Tender Agent shall perform the duties provided for in this Indenture and in exercising such duties shall be entitled to the same

rights and immunities applicable to the Trustee as set forth in this Indenture and shall not be liable for any action or omission to act except for negligence or willful misconduct. Notwithstanding any provision in this Indenture to the contrary, the Tender Agent shall not be responsible for any misconduct or negligence on the part of any agent, correspondent, attorney or receiver appointed with due care by it hereunder.

Section 8.14. Eligibility of Tender Agent; Replacement. The Tender Agent and any successor to the Tender Agent shall be a corporation, national banking association, bank or trust company organized and doing business under the laws of the United States, any state or the District of Columbia and shall either (a) have a combined capital and surplus of at least fifty million dollars ($50,000,000), and be subject to supervision or examination by federal or state authority or (b) be a wholly-owned subsidiary of a bank, trust company or bank holding company meeting, on an aggregate basis, the tests set out in clause (a). If such corporation, national banking association, bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such corporation, national banking association, bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. At all times when the Bonds are not Book-Entry Bonds the Tender Agent shall have an office or agency for servicing the Bonds in New York, New York. The Tender Agent or the national banking association, bank, trust company or bank holding company of which the Tender Agent is a wholly-owned subsidiary shall have a rating of at least Moody's "Baa3/P-3," or, if the Bonds are rated by S&P, an equivalent rating from S&P, or be approved by each Rating Agency.

The Tender Agent may resign by notifying the Issuer, the Borrower, the Trustee, any Credit Provider, the Remarketing Agent and the Bondholders in writing at least 30 days before the effective date of such resignation. The Trustee, at the written direction of the Borrower, may remove the Tender Agent and appoint a successor by notifying the Tender Agent, the Remarketing Agent, any Credit Provider and the Issuer in writing. No resignation or removal shall be effective until the successor has delivered an acceptance of its appointment to the Trustee and the predecessor Tender Agent.

In the event of the resignation or removal of the Tender Agent, such Tender Agent shall pay over, assign and deliver any moneys held by it as Tender Agent to its successor, or if there is no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of Tender Agent, the Trustee shall act as such Tender Agent to the extent it has operational capacity to perform such tasks.

Section 8.15. Compensation of Tender Agent. The Tender Agent shall not be entitled to any compensation from the Issuer, the Remarketing Agent or the Trustee but, rather, shall only be entitled to compensation from the Borrower.

Section 8.16. Appointment and Duties of Bond Registrar. The Issuer, at the direction of the Borrower, hereby designates the Trustee as initial Bond Registrar, provided that the Tender Agent shall act as co-Bond Registrar with respect to Bonds tendered pursuant to Sections 2.4 and 4.6 hereof.

The Bond Registrar shall not be entitled to any compensation from the Issuer, the Remarketing Agent, or the Trustee but, rather, shall only be entitled to compensation from the Borrower.

Section 8.17. Eligibility of Bond Registrar. A Bond Registrar appointed pursuant to this Indenture shall be a corporation or national banking association organized and doing business under the laws of the United States or any state or the District of Columbia, subject to supervision or examination by federal or state authorities and shall either (a) have a combined capital and surplus of at least fifty million dollars ($50,000,000), and be subject to supervision or examination by federal or state authority or (b) be a wholly-owned subsidiary of a bank, trust company or bank holding company meeting, on an aggregate basis, the tests set out in clause (a). If such national banking association, corporation, bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such corporation, national banking association, bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Section 8.18. Bond Registrar's Performance of Duties. The Bond Registrar shall perform the duties provided for in this Indenture and in exercising such duties shall be entitled to the same rights and immunities applicable to the Trustee as set forth in this Indenture and shall not be liable for any action or omission to act except for negligence or willful misconduct.

Section 8.19. Replacement of Bond Registrar. The Bond Registrar may resign by notifying the Issuer, the Trustee, any Credit Provider and the Borrower in writing at least 30 days before the effective date of such resignation. The Issuer, at the written direction of the Borrower, may remove the Bond Registrar and appoint a successor by notifying the Bond Registrar, the Remarketing Agent, any Credit Provider and the Trustee. No resignation or removal shall be effective until the successor has delivered an acceptance of its appointment to the Trustee and the predecessor Bond Registrar.

In the event of the resignation or removal of the Bond Registrar, such Bond Registrar shall pay over, assign and deliver any moneys held by it as Bond Registrar to its successor, or if there is no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of Bond Registrar, the Trustee shall act as such Bond Registrar to the extent it has operational capacity to perform such tasks.

Section 8.20. Successor Remarketing Agent by Merger. If the Remarketing Agent consolidates with, merges or converts into, or transfers all or substantially all of its assets to, another corporation, the resulting, surviving or transferee corporation without any further act shall, if otherwise eligible to serve hereunder, be the successor Remarketing Agent.

ARTICLE IX
MODIFICATION OR AMENDMENT OF THE INDENTURE AND THE AGREEMENT

Section 9.1. Amendments Permitted.

(a) Except as provided in subsection (b), this Indenture and the rights and obligations of the Issuer and of the Holders of the Bonds and of the Trustee may be modified or amended from time to time and at any time by an indenture or indentures supplemental hereto, which the Issuer and the Trustee may enter into with the written consent of the Holders of a majority in aggregate principal amount of all Bonds then Outstanding or, in lieu thereof, of any Credit Provider, that shall have been filed with the Trustee. No such modification or amendment shall (1) extend the fixed maturity of any Bond, or reduce the amount of principal thereof, or extend the time of payment, or change the method of computing the rate of interest thereon or create a privilege or priority of any Bond over any other Bond, or extend the time of payment of interest thereon, without the consent of the Holder of each Bond so affected, or (2) reduce the aforesaid percentage of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or (3) permit the creation of any lien on the Revenues and other assets pledged under this Indenture prior to or on a parity with the lien created by this Indenture, or (4) deprive the Holders of the Bonds of the lien created by this Indenture on such Revenues and other assets (except as expressly provided in this Indenture), without the consent of the Holders of all of the Bonds then Outstanding. It shall not be necessary for the consent of the Bondholders to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the Issuer and the Trustee of any Supplemental Indenture pursuant to this subsection (a), the Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Indenture, to each Rating Agency then rating the Bonds and the Holders of the Bonds at the addresses shown on the registration books of the Trustee. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

(b) This Indenture and the rights and obligations of the Issuer, of the Trustee and of the Holders of the Bonds may also be modified or amended from time to time and at any time by an indenture or indentures supplemental hereto, which the Issuer and the Trustee may enter into without the consent of any Bondholders, but with the consent of the Credit Provider (if a Letter of Credit is in effect), and only to the extent permitted by law and after receipt of an Opinion of Counsel addressed to the Trustee that the provisions of such Supplemental Indenture do not materially adversely affect the interests of the Holders of the Bonds, including any adverse effect on the Tax-exempt status of interest on the Tax-exempt Bonds, for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Issuer contained in this Indenture other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds, or to surrender any right or power herein reserved to or conferred upon the Issuer;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Indenture, or in regard to matters or questions arising under this Indenture, as the Issuer, at the direction of the Borrower, may deem necessary or desirable and not inconsistent with this Indenture, including amendments pursuant to Section 2.3(f)(iii) hereof;

(iii) to modify, amend or supplement this Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute;

(iv) to conform to the terms and provisions of any Alternate Letter of Credit or to obtain a rating on the Bonds;

(v) to modify, alter, amend or supplement this Indenture in any other respect, including amendments which would otherwise be described in Section 9.1(a) hereof, if (A) the effective date of such Supplemental Indenture is a date on which all Bonds affected thereby are subject to mandatory tender for purchase pursuant to Section 4.6 or 4.8 or (B) notice of the proposed Supplemental Indenture is mailed to Holders of the affected Bonds at least thirty (30) days before the effective date thereof and, on or before such effective date, such Bondholders have the right to demand purchase of their Bonds pursuant to Section 2.4(a) hereof; or

(vi) to provide for the issuance of Additional Bonds, including any provisions necessary to provide for a subordinate priority of such Additional Bonds in the Revenues and the Collateral, so long as such provisions do not materially adversely affect the Holders of previously outstanding Bonds.

(c) The Trustee and the Issuer may in their discretion, but shall not be obligated to, enter into any such Supplemental Indenture authorized by subsections (a) and (b) of this Section which materially adversely affects the Trustee’s or the Issuer’s own rights, duties or

immunities, respectively, under this Indenture or otherwise.

(d) Anything herein to the contrary notwithstanding, a Supplemental Indenture under this Section shall not become effective unless and until the Borrower shall have consented thereto in writing.

Section 9.2. Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to this Article, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Issuer, the Trustee, the Credit Provider, and all Holders of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Any such Supplemental Indenture shall comply with the terms of this Article IX, and the Trustee shall be provided and may conclusively rely on an Opinion of Counsel addressed to the Trustee that the Supplemental Indenture complies with the provisions therein.

Section 9.3. Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after the execution of any Supplemental Indenture pursuant to this Article may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the Issuer and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand of the Holder of any Bond Outstanding at the time of such execution and presentation of such Holder's Bond for the purpose at the office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation shall be made on such Bond. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the Issuer and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the Issuer and authenticated by the Trustee, and upon demand of the Holders of any Bonds then Outstanding shall be exchanged at the Corporate Trust Office of the Trustee without cost to any Bondholder, for Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amounts.

Section 9.4. Amendment of Particular Bonds. The provisions of this Article shall not prevent any Bondholder from accepting any amendment as to the particular Bonds held by it, provided that due notation thereof is made on such Bonds.

Section 9.5. Amendment of Agreement. Except as provided in Section 10.4 of the Agreement, the Issuer shall not amend, modify or terminate any of the terms of the Agreement, or consent to any such amendment, modification or termination, without the prior written consent of the Trustee. The Trustee shall give such written consent only if (a) in the Opinion of Counsel addressed to the Trustee with a copy to be delivered to the Issuer, such amendment, modification or termination will not materially adversely affect the interests of the Bondholders, including any adverse effect on the Tax-exempt status of interest on the Tax-exempt Bonds, or result in any material impairment of the security hereby given for the payment of the Bonds, or (b) the Trustee first obtains the written consent of the Holders of a majority in aggregate principal amount of the Bonds then Outstanding to such amendment, modification or termination, provided that no such amendment, modification or termination shall reduce the amount of Loan Payments or Purchase Price Payments to be made by the Borrower pursuant to the Agreement, or extend the time for making such payments, without the written consent of all of the Holders of the Bonds then Outstanding. The Trustee shall be provided with and shall be entitled to rely upon an Opinion of Counsel addressed to the Trustee with respect to the effect of any amendments hereto or to the Agreement.

ARTICLE X
DEFEASANCE

Section 10.1. Discharge of Indenture. Bonds that bear interest at a Term Interest Rate may be paid by the Issuer in any of the following ways, provided that the Issuer also pays or causes to be paid any other sums payable hereunder by the Issuer:

(a) by paying or causing to be paid (with Available Moneys when a Letter of Credit is then in effect) the principal of, interest and premium, if any, on the Bonds then Outstanding as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity or the redemption date thereof, money or securities in the necessary amount (as provided in Section 10.3 hereof) to pay or redeem (with Available Moneys when a Letter of Credit is then in effect) all Bonds then Outstanding; or

(c) by delivering to the Trustee, for cancellation by it, the Bonds then Outstanding.

If the Issuer shall also pay or cause to be paid all other sums payable hereunder by the Issuer, then and in that case, at the election of the Issuer (evidenced by a Certificate of the Issuer, filed with the Trustee, signifying the intention of the Issuer to discharge all such indebtedness and this Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, this Indenture and the pledge of Revenues and other assets made under this Indenture and all covenants, agreements and other obligations of the Issuer under this Indenture shall cease, terminate, become void and be completely discharged and satisfied except only as provided in Section 10.2 hereof. In such event, upon specific written request of the Issuer, the Trustee shall cause an accounting for such period or periods as may be requested by the Issuer to be prepared and filed with the Issuer and shall execute and deliver to the Issuer all such instruments as may be necessary or desirable to evidence such discharge and satisfaction provided satisfactory indemnity is provided to it, and the Trustee shall pay over, transfer, assign or deliver all moneys or securities or other property held by it pursuant to this Indenture (other than the Rebate Fund) which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption and which are otherwise not amounts owed to the Trustee hereunder in the following order (i) first, to any Credit Provider to the extent of any amounts due to the Credit Provider pursuant to the Reimbursement Agreement with respect to the Letter of Credit and (ii) second, to the Issuer, to pay any Administrative Fees and Expenses or any other amounts due and owing to the Issuer and (iii) third, to the Borrower, provided, however, that the Borrower may not receive any funds derived from a draw on a Letter of Credit, remarketing proceeds, or moneys held for the payment of particular Bonds (including moneys held for non-presented Bonds).

Section 10.2. Discharge of Liability on Bonds. Upon the deposit with the Trustee pursuant to Section 10.1, in trust, at or before maturity or redemption, as the case may be, of money or securities in the necessary amount (as provided in Section 10.3 hereof) to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the Issuer in respect of such Bond shall cease, terminate and be completely discharged, except only that the Holder thereof shall thereafter be entitled to payment of the principal of, and premium, if any, and interest on such Bond by the Issuer, and the Issuer shall remain liable for such payment, but only out of such money or securities deposited with the Trustee as aforesaid for their payment and such money or securities shall be pledged to such payment; provided further, however, that the provisions of Sections 5.4 and 10.4 hereof shall apply in all events.

The Issuer may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered, which the Issuer may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Section 10.3. Deposit of Money or Securities with Trustee. Whenever in this Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to this Indenture (exclusive of the Rebate Fund, the Letter of Credit Account, and the account described in Section 4.7(g) hereof) and shall be any combination of:

(a) moneys (Available Moneys when a Letter of Credit is then in effect) in an equal amount to the principal amount of such Bonds, and all unpaid interest thereon to maturity except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount or redemption price of such Bonds and all unpaid interest thereon to the redemption date; or

(b) Investment Securities (rated S&P "AAA" or equivalent) which consist solely of securities described in clause (a) or (b) of the definition of Investment Securities and, when a Letter of Credit is then in effect, which are purchased with Available Moneys, the principal of and interest on which when due and without reinvestment will provide money sufficient to pay the principal of, premium, if any, and all unpaid interest to maturity or to the redemption date on the Bonds to be paid or redeemed, as such principal and interest become due, with maturities no longer than 30 days or as may be necessary to make the required payment on the Bonds, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Trustee shall have been made for the giving of such notice;

provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of this Indenture or by written request of the Issuer) to apply such money or Investment Securities to the payment of such principal, premium, if any, and interest with respect to such Bonds and provided further that each Rating Agency then rating such Bonds and the Trustee shall have received a report of an Accountant that the moneys or Investment Securities on deposit are sufficient to pay the principal, premium, if any, and interest on the Bonds to maturity or the redemption date, and, if a Letter of Credit is then in effect, a legal opinion from a nationally recognized firm in bankruptcy law that payment of the Bonds from such moneys will not be a voidable preference in the event of the bankruptcy of the Borrower or the Issuer.

Section 10.4. Payment of Bonds After Discharge of Indenture Obligation. Notwithstanding any provisions of this Indenture, any moneys deposited with the Trustee in trust for the payment of the principal of, or interest or premium on, any Bonds remaining unclaimed after the principal of any Bond has become due and payable (whether at maturity or upon call for redemption or by declaration as provided in this Indenture), shall be disposed of as provided by law and the Holders of such Bonds shall thereafter be entitled to look only to the transferee of such moneys for payment thereof, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, that before the disposition of such moneys as aforesaid, the Trustee may (at the cost of the Borrower) first publish at least once in a Qualified Newspaper a notice, in such form as may be deemed appropriate by the Trustee, in respect of the Bonds so payable and not presented and in respect of the provisions relating to the disposition of the moneys held for the payment thereof.

ARTICLE XI
MISCELLANEOUS

Section 11.1. Liability of Issuer Limited to Revenues. The Bonds are special limited obligations of the Issuer. Notwithstanding anything in this Indenture or in the Bonds contained, the Issuer shall not be required to advance any moneys derived from any source other than the Revenues and other assets pledged under this Indenture for any of the purposes in this Indenture mentioned, whether for the payment of the principal of or interest on the Bonds or for any other purpose of this Indenture. No provisions in this Indenture or any obligation herein imposed upon the Issuer, or the breach thereof, shall constitute or give rise to or impose upon the Issuer, the State or any potential subdivision thereof a pecuniary liability or a charge upon its general credit or taxing power.

Section 11.2. Successor Is Deemed Included in All References to Predecessor. Whenever in this Indenture either the Issuer, any Credit Provider or the Trustee 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 Indenture contained by or on behalf of the Issuer, any Credit Provider or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not. All the covenants, stipulations, promises and agreements in this Indenture contained, by or on behalf of the Issuer, shall bind and inure to the benefit of its successors and assigns, whether so expressed or not. If any of the powers or duties of the Issuer shall hereafter be transferred by any law of the State, and if such transfer shall relate to any matter or thing permitted or required to be done under this Indenture by the Issuer, then the body or official of the State who shall succeed to such powers or duties shall act and be obligated in the place and stead of the Issuer as in this Indenture provided.

Section 11.3. Limitation of Rights to Parties and Bondholders. Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any person other than the Issuer, the Trustee, the Borrower, any Credit Provider, the Direct Participants (as provided in Section 2.4 hereof) and the Holders of the Bonds, any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive

benefit of the Issuer, the Trustee, the Borrower, the Direct Participants (as provided in Section 2.4 hereof) and the Holders and Beneficial Owners of the Bonds.

Section 11.4. Waiver of Notice. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 11.5. Disposal of Bonds. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the Issuer of any Bonds, the Trustee may, in lieu of such cancellation and delivery, dispose of such Bonds in its customary manner, and deliver a certificate of such disposal to the Issuer if so requested.

Section 11.6. Severability of Invalid Provisions. If any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Issuer and the Trustee each hereby declares that it would have entered into this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

Section 11.7. Governing Law. This Indenture shall be construed in accordance with and governed by the Constitution and laws of the State applicable to contracts made and performed in the State, provided, however, that the rights, benefits and protections of the Trustee shall be construed in accordance with and governed by the laws of the State of New York without regard to the conflict of laws principles thereof.

Section 11.8. Notices. Notices shall be delivered to each Bondholder by first-class mail, postage prepaid, at the address set forth for such Bondholder on the registration books of the Trustee. Any notice to or demand upon the Trustee may be served or presented by first-class mail, postage prepaid, by facsimile or delivered, and such demand may be made, at the Corporate Trust Office of the Trustee which, as of the date of adoption of this Indenture, is located as the following address:

The Bank of New York Mellon Trust Company, N.A.
700 South Flower Street, Suite 500
Los Angeles, California 90017-4104
Attention: Corporate Trust Administration — Matthew Moon
Telephone: (213) 630-6257
Facsimile: (213) 630-6215

or at such other address as may have been filed in writing by the Trustee with the Issuer and the Borrower. Any notice to or demand upon the Issuer, the Borrower, the Credit Provider or Rating Agency shall be deemed to have been sufficiently given or served for all purposes by being mailed by first-class mail, postage prepaid, addressed, as the case may be, as follows:

To the Issuer:	Mission Economic Development Corporation c/o City of Mission 1201 East 8th Street Mission, Texas 78572 Attention: President Telephone: (956) 585-0040 Facsimile: (956) 581-0470
To the Borrower:	Dallas Clean Energy McCommas Bluff, LLC c/o Cambrian Energy Management, LLC 624 S. Grand Avenue, Suite 2420 Los Angeles, California 90017-3325 Attention: Evan Williams Telephone: (213) 628-8312 Facsimile: (213) 488-9890
To the Rating Agency(ies):	Fitch Ratings One State Street Plaza, 28th Floor New York, New York 10004 Attention: Timothy Ononiwu Telephone: (212) 908-0879
To the Division:	Division of Economic Development and Tourism, Office of the Governor 221 East 11th Street, 4th Floor Austin, Texas 78701 Attention: Executive Director Telephone: (512) 936-0101 Facsimile: (512) 936-0440

Section 11.9. Evidence of Rights of Bondholders.

(a) Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Bondholders may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Bondholders in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of Bonds transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of the Issuer if made in the manner provided in this Section.

(b) The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged to such notary public or other officer the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

(c) The ownership of registered Bonds shall be proved by the bond registration books held by the Trustee. The Trustee and the Issuer may conclusively assume that such ownership continues until written notice to the contrary is served upon the Trustee. The fact and the date of execution of any request, consent or other instrument and the amount and distinguishing numbers of Bonds held by the person so executing such request, consent or other instrument may also be proved in any other manner which the Trustee may deem sufficient. The Trustee may nevertheless, in its discretion, require further proof in cases where it may deem further proof desirable.

Any request, consent, or other instrument or writing of the Holder of any Bond shall bind every future Holder of the same Bond and the Holder of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Issuer in accordance therewith or reliance thereon.

Section 11.10. Disqualified Bonds. In determining whether the Holders of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the Issuer or the Borrower, or by any other obligor on the Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Issuer or the Borrower or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination provided that, for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Trustee knows to be so owned shall be disregarded. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Issuer or the Borrower or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

Section 11.11. Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest, principal or premium due on any date with respect to particular Bonds (or portions of Bonds in the case of registered Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held uninvested in trust by it for the Holders of the Bonds entitled thereto, subject, however, to the provisions of Section 10.4 hereof.

Section 11.12. Funds and Accounts. Any fund or account required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with corporate trust industry standards and with

due regard for the requirements of Section 6.5 hereof and for the protection of the security of the Bonds and the rights of every Holder thereof. The Trustee may establish and maintain for so long as is necessary one or more temporary funds and accounts under this Indenture, including but not limited to a temporary fund for holding the proceeds of the Bonds.

Section 11.13. Rights of Credit Provider. Notwithstanding anything in this Indenture to the contrary, so long as a Letter of Credit is then in effect and the Credit Provider has not failed or refused to honor a properly presented and conforming draw under the Letter of Credit, the Credit Provider, and not the Owners of the Bonds, shall be deemed to be the Owner of 100% of the Outstanding Bonds at all times for the purpose of giving any approval, request, consent, direction (other than pursuant to Sections 2.3(a), 2.4, 2.6, 2.7, 7.6, 9.4 and 11.9 hereof), declaration, rescission or amendment which under this Indenture is to be given by the Owners of the Bonds at the time Outstanding; provided, however, that the Credit Provider shall not consent to any modification or amendment of this Indenture, the Agreement requiring the consent of the Owners of 100% in aggregate principal amount of the Bonds Outstanding or which would cause the interest on the Bonds to be no longer excluded from gross income for federal income tax purposes unless the actual Owners of 100% in aggregate principal amount of the Bonds Outstanding shall have also consented thereto or unless the Credit Provider is also the registered owner of 100% of the Bonds Outstanding; and provided further, that the Credit Provider shall have no right to deprive any Owner of the Bonds of the benefit of the Letter of Credit under the circumstances and in the manner contemplated as set forth herein.

Section 11.14. Waiver of Personal Liability. No council member, officer, agent or employee of the Issuer, the State or any political subdivision, department, board or agency of the foregoing shall be individually or personally liable for the payment of the principal of or premium or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof, but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or by this Indenture.

Section 11.15. Business Day. If any payment is to be made hereunder or any action is to be taken hereunder on any date that is not a Business Day, such payment or action otherwise required to be made or taken on such date shall be made or taken on the immediately succeeding Business Day with the same force and effect as if made or taken on such scheduled date.

Section 11.16. Complete Agreement. This Indenture represents the complete agreement between the parties with respect to the Bonds and related matters. There are no oral agreements among the parties hereto.

Section 11.17. Execution in Several Counterparts. This Indenture 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 Issuer and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 11.18. Force Majeure. In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, or, as a result of the foregoing, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

Section 11.19. No Transfer of Note; Exceptions. Except as required to effect an assignment to a successor Trustee, and except to effect an exchange in connection with a bankruptcy, reorganization, insolvency or similar proceeding involving the Borrower, the Trustee shall not sell, assign or transfer the Note held by it.

Section 11.20. Notice to the Division of Event of Default. The Trustee shall promptly give written notice by registered or certified mail to the Division in the event of an Event of Default under Section 7.1 hereof or upon notification by the Internal Revenue Service that the interest on the Bonds is, or may be, included in gross income of the Owners thereof for federal income tax purposes.

Section 11.21. Waiver of Jury Trial. EACH OF THE ISSUER AND THE TRUSTEE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE NOTE OR THE TRANSACTION CONTEMPLATED HEREBY.

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[Signature Page Follows]

IN WITNESS WHEREOF, the Issuer has caused this Indenture to be executed in its name and attested by its duly authorized officers, and the Trustee, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by one of the officers thereunto duly authorized, all as of the day and year first above written.

MISSION ECONOMIC DEVELOPMENT CORPORATION

By: /S Polo de Leon
Vice President
(SEAL)

ATTEST:

By: /S/ Cathy Garcia
Secretary

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

By: /S/ Matthew Moon
Senior Associate

EXHIBIT A

FORM OF BOND

No. R- (1) $

UNITED STATES OF AMERICA
STATE OF TEXAS

Mission Economic Development Corporation
Solid Waste Disposal Revenue Bond
(Dallas Clean Energy McCommas Bluff, LLC Project)
Series 2011

Maturity Date	Dated Date	Issuance Date	Term Interest Rate	CUSIP(2)
, 20	, 2011	March , 2011		

REGISTERED OWNER: (3)

PRINCIPAL AMOUNT: MILLION DOLLARS

The Mission Economic Development Corporation, a constituted authority and non-profit industrial development corporation (the "Issuer") created and existing under the Development Corporation Act of 1979, Article 5190.6, Vernon's Annotated Texas Civil Statutes, succeeded by and recodified as the Development Corporation Act, Chapter 501, Texas Local Government Code, as amended (the "Act"), for value received, hereby promises to pay (but only out of Revenues as hereinafter provided) to the registered owner identified above or registered assigns, on the maturity date set forth above, the principal sum set forth above and to pay (but only out of Revenues as hereinafter provided) interest on the balance of said principal amount from time to time remaining unpaid from and including the Issuance Date until payment of said principal amount has been made or duly provided for, at the rates and on the dates determined as described herein and in the Indenture (as hereinafter defined), and to pay (but only out of Revenues as hereinafter provided) interest on overdue principal and overdue premium, if any, commencing on the initial date of such delinquency until such amount has been paid, except as the provisions hereinafter set forth with respect to acceleration of maturity, redemption prior to maturity or purchase may become applicable hereto. If an Event of Default (as defined in the Indenture) shall have occurred and be continuing, the interest rate on the Bonds shall be the rate

(1) The initial Bond delivered to the Texas Attorney General shall be numbered AG-1 upward.
(2) Not required to be included on the initial Bond delivered to the Texas Attorney General.
(3) Insert name of Underwriter on initial Bond delivered to the Texas Attorney General; insert Cede & Co. on all other Bonds.

on the Bonds on the day prior to the occurrence of such Event of Default. The principal of and premium, if any, on this Bond are payable at final maturity, acceleration or redemption in lawful money of the United States of America upon surrender hereof at the Corporate Trust Office of The Bank of New York Mellon Trust Company, N.A., as Trustee, or its successor in trust (the "Trustee"). Interest payments on this Bond shall be made on each Interest Payment Date (as defined below) to the person appearing on the bond registration books of the Bond Registrar as the Bondholder thereof on the Record Date (as hereinafter defined), such interest to be paid by the Paying Agent to such Bondholder (i) by check mailed on the Interest Payment Date to such Bondholder's address as it appears on the registration books or at such other address as has been furnished to the Bond Registrar as provided below, in writing by such Bondholder not later than the Record Date or (ii) upon written request, at least three Business Days prior to the applicable Record Date of the Bondholder of Bonds aggregating not less than $1,000,000 in principal amount, by wire transfer in immediately available funds at an account maintained in the United States at such wire address as such Bondholder shall specify in its written notice (any such written request shall remain in effect until rescinded in writing by such Bondholder); except, in each case, that, if and to the extent that there shall be a default in the payment of the interest due on such Interest Payment Date, such defaulted interest rate shall be the rate on the Bonds on the day before such default occurred, and such defaulted interest shall be paid to the Bondholder in whose name any such Bonds are registered at the close of business on the fifth Business Day next preceding the date of payment of such defaulted interest. Both the principal of and premium, if any, on the Bonds shall be payable upon surrender thereof in lawful money of the United States of America at the Corporate Trust Office of the Trustee.

This Bond is one of an issue of $ Mission Economic Development Corporation Solid Waste Disposal Revenue Bonds (Dallas Clean Energy McCommas Bluff, LLC Project) Series 2011 (the "Bonds"), of like date and tenor, except as to number, denomination, maturity, rate of interest and privilege of redemption, authorized and issued pursuant to the Act. The Bonds are limited obligations of the Issuer and, as and to the extent set forth in the Indenture, are payable solely from, and secured by a pledge of and lien on, the Revenues. Proceeds from the sale of the Bonds will be used to finance a portion of the costs of acquiring, constructing, improving, expanding and equipping capital improvements and infrastructure, and to pay and fund related financing costs, charges and reserves relating to certain solid waste disposal facilities (collectively, the "Project") and to lend the proceeds of the sale of the Bonds to Dallas Clean Energy McCommas Bluff, LLC (the "Borrower"), pursuant to a Loan Agreement, dated as of January 1, 2011 (the "Agreement"), between the Issuer and the Borrower. The Borrower's obligations under the Agreement will be further evidenced by the Borrower's execution and issuance of a promissory note (the "Note"), dated the Issuance Date, in an amount equal to the aggregate principal amount of the Bonds.

The Bonds will be limited obligations of the Issuer payable solely from the Trust Estate under the Trust Indenture, dated as of January 1, 2011 (the "Indenture"), between the Issuer and the Trustee; which consists principally of the Loan Payments to be made by the Borrower under the Agreement. In addition, the Trust Estate under the Indenture includes the Debt Service Reserve Fund, unexpended proceeds from the sale of the Bonds, investment income thereon and certain other funds and interests pledged by the Issuer under the Indenture. The Bonds are further secured by the Leasehold Deed of Trust, which provides a leasehold

mortgage on the Project Site and a mortgage on the Facility improvements as well as a security interest in the collateral pledged in support thereof, including its rights under the Gas and Sale Agreements and the EPC Contract (all of the foregoing, the "Revenues"), and there shall be no other recourse against the Issuer or any property now or hereafter owned by it.

Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the registered Bondholders of the Bonds, of the nature and extent of the security, of the rights, duties and immunities of the Trustee and of the rights and obligations of the Issuer thereunder, to all of the provisions of which Indenture and of the Agreement, and any Letter of Credit, the Holder of this Bond, by acceptance hereof, assents and agrees.

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

The Bonds are issuable as fully registered bonds without coupons in the following Authorized Denominations: $5,000 or any integral multiple thereof. Subject to the limitations and upon payment of the charges, if any, provided in the Indenture, Bonds may be exchanged at the Corporate Trust Office of the Trustee, initially located in Los Angeles, California, for a like aggregate principal amount of Bonds of other Authorized Denominations of like series and maturity.

This Bond is transferable by the Bondholder hereof, in person, or by its attorney duly authorized in writing, 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 Bond. Upon such transfer a new fully registered Bond or Bonds, in an Authorized Denomination or Denominations, for the same aggregate principal amount, and of like series and maturity, will be issued to the transferee in exchange therefor. The Issuer and the Trustee may treat the Bondholder hereof as the absolute Bondholder hereof for all purposes, and the Issuer and the Trustee shall not be affected by any notice to the contrary.

NEITHER THE STATE OF TEXAS, THE CITY OF MISSION, TEXAS (THE "UNIT"), NOR ANY POLITICAL CORPORATION, SUBDIVISION OR AGENCY OF THE STATE OF TEXAS SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR THE INTEREST ON, THE BONDS, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE UNIT, OR ANY OTHER POLITICAL CORPORATION, SUBDIVISION, OR AGENCY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR THE INTEREST ON, THE BONDS. Neither the members of the Issuer nor any person executing bonds for the Issuer shall be liable personally on said bonds by reason of the issuance thereof.

Interest on the Bonds

Interest on the Bonds will be paid on the immediately succeeding Interest Payment Date provided that if any Interest Payment Date is not a Business Day, such interest shall be mailed or wired as provided above on the next succeeding Business Day with the same

effect as if made on the day such payment was due. Interest on the Bonds shall be computed upon the basis of a 360-day year, consisting of twelve 30-day months. Interest on the Bonds shall bear interest from and including the Issuance Date (as defined in the Indenture) until payment of the principal or redemption price thereof has been made or provided for, whether at maturity, upon redemption or otherwise, or until the Bonds have been accelerated.

Interest Payment Date means each June 1 and December 1, commencing June 1, 2011, through and including the final maturity date.

Record Date means the applicable Interest Payment Date and the day, whether or not a Business Day, that is the fifteenth day of the month prior to an Interest Payment Date.

Term Interest Rate

The Bonds shall bear interest at the Term Interest Rate.

The foregoing provisions notwithstanding, in no event shall the interest rate borne by the Bonds at any time exceed 12% per annum OR, IF LOWER THAN 12% PER ANNUM, THE MAXIMUM RATE PERMITTED BY LAW.

Optional Redemption of Bonds

(A) The Bonds may be redeemed in whole or in part on any date, at a redemption price equal to the principal amount thereof, without premium, plus accrued interest to the date of redemption, upon receipt by the Trustee of a written notice from the Borrower stating that any of the following events has occurred:

(i) The Project or a portion thereof shall have been damaged or destroyed (in whole or in part) by fire or other casualty for which proceeds of the insurance required to be and actually maintained by the Borrower pursuant to the Agreement are available (a) to such extent that, in the opinion of an Independent Engineer expressed in a certificate filed with the Issuer and the Trustee, it is not practicable or desirable to rebuild, repair or restore the Project or such portion thereof within a period of six consecutive months following such damage or destruction or (b) to such extent that, in the opinion of an Independent Engineer expressed in a certificate filed with the Issuer and the Trustee, the Borrower is or will be thereby prevented from carrying on its normal operations at the Project or such portion thereof for a period of six consecutive months; or

(ii) Title to, or the temporary use of, all or substantially all the Project or a portion thereof shall have been taken under the exercise of the power of eminent domain by any governmental authority, or person, firm or corporation acting under governmental authority, including such a taking or takings as results or is likely to result, in the opinion of an Independent Engineer expressed in a certificate filed with the Issuer and the Trustee, in the Borrower being thereby prevented from carrying on its normal operations at the Project or such portion thereof for a period of six consecutive months or results or is likely to result in rendering the Project or such portion thereof, in the opinion of an Independent Engineer, unsuitable for use by the Borrower for a period of six consecutive months or longer; or

(iii) Any court or administrative body shall enter a judgment, order or decree after the contest thereof by the Borrower in good faith (and not resulting from the Borrower's failure to comply with applicable law) requiring the Borrower to cease all or any substantial part of its operations at the Project or a portion thereof, to such extent that, in the opinion of an Independent Engineer expressed in a certificate filed with the Issuer and the Trustee, the Borrower is or will be thereby prevented from carrying on its normal operations at the Project or such portion thereof for a period of six consecutive months.

(B) The Bonds shall be subject to redemption in whole or in part, at the option of the Issuer upon written direction of the Borrower as provided in the Agreement, at the times and at the redemption price plus accrued interest, if any, to the redemption date, as follows:

[Insert terms provided in Section 4.1(d) of the Indenture]

(C) The Bonds shall be redeemed, at the direction of the Borrower, from amounts transferred to the Surplus Account upon completion of the Project in accordance with Section 3.3 of the Indenture upon the next succeeding Interest Payment Date, at a redemption price equal to the principal amount of Bonds to be redeemed, plus accrued interest, if any, to the redemption date, without premium.

Mandatory Redemption Upon Invalidity or a Determination of Taxability

If the Agreement is determined to be invalid or a Determination of Taxability occurs, then Bonds Outstanding on the date of the determination of invalidity or the occurrence of such Determination of Taxability shall be redeemed in whole (or in part if the Borrower delivers an Approving Opinion to the Trustee and the Issuer) at any time within 60 days thereafter, at a redemption price of 100% of the principal amount thereof, without premium, plus accrued interest to the date of redemption.

Mandatory Sinking Fund

As a sinking fund, the Trustee shall redeem the Bonds maturing on , 20 , in years and in principal amounts and at a price of 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the redemption date as follows:

[Insert terms provided in Section 4.1(e) of the Indenture]

Mandatory Redemption Upon Project Completion and Transfer of Funds to Surplus Account

The Bonds shall be redeemed, at the direction of the Borrower, from amounts transferred to the Surplus Account upon completion of the Project in accordance with the Indenture upon the next succeeding Interest Payment Date, at a redemption price equal to the principal amount of Bonds to be redeemed, plus accrued interest, if any, to the redemption date, without premium.

Purchase in Lieu of Optional Redemption

At the direction of the Borrower, the Issuer shall cause this Bond to be purchased in lieu of redemption pursuant to the Indenture (other than on any Conversion Date), by delivering to the Trustee on or prior to the Business Day preceding the redemption date a written direction of the Borrower specifying that this Bond shall not be redeemed, but instead shall be subject to purchase pursuant to the Indenture. The Trustee shall send a copy of such written direction of the Borrower as soon as practicable to the Credit Provider. Upon delivery of such notice, this Bond shall not be redeemed but shall instead be subject to mandatory tender at a Purchase Price equal to the redemption price at which this Bond would have been redeemed hereunder on a Purchase Date (the date that would have been the redemption date); provided that the payment of funds in an amount equal to the Purchase Price shall be made to the Trustee on or prior to the Purchase Date. Following such purchase, the Trustee shall cause this Bond to be registered upon the direction of the Borrower and deliver this Bond as directed by the Borrower. In the event of a purchase under this Section, the Trustee may purchase such Bonds at public or private sale as and when and at such purchase prices (including brokerage and other charges, and accrued interest) as the Borrower may in its discretion determine, but not in excess of the principal amount thereof plus accrued interest to the purchase date; provided, however, that in the event of a purchase as a result of a redemption under Section 4.1(e) of the Indenture, no Bond shall be purchased by the Trustee under this Section with a settlement date more than 45 days prior to the redemption date, and the principal amount of any Bond so purchased by the Trustee in any twelve-month period ending 60 days prior to any June 1 or December 1 in any year shall be credited towards and shall reduce the principal amount of such Bond required to be redeemed in such year pursuant to Section 4.1(e) of the Indenture.

The Holder of this Bond shall have no right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture or to enforce a drawing on the Letter of Credit, except as provided in the Indenture.

No recourse shall be had for the payment of the principal of, premium, if any, or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in the Indenture contained, against any past, present or future member, director, officer, employee or agent of the Issuer, or through the Issuer, or any successor to the Issuer, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such member, director, officer, employee or agent as such is hereby expressly waived and released as a condition of and in consideration for the execution of the Indenture and the issuance of any of the Bonds.

The Indenture contains provisions permitting the Issuer and the Holders of not less than a majority in aggregate principal amount of Bonds then Outstanding, or, in lieu thereof, any Credit Provider, to execute supplemental indentures, or add any provisions to, or change in any manner, or eliminate any of the provisions of, the Indenture; provided, however, that no such supplemental indenture, alteration or modification shall (1) extend the fixed maturity of any Bond, or reduce the amount of principal thereof, 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, or create a privilege or priority of any Bond over any other Bond, without the consent of the Holder of each Bond so affected, or (2) reduce the aforesaid percentage of Bonds the consent

of the Holders of which is required to effect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture, or deprive the Holders of the Bonds of the lien created by the Indenture on such Revenues and other assets (except as expressly provided in the Indenture), without the consent of the Holders of all of the Bonds then Outstanding. So long as the Letter of Credit is in effect and the Credit Provider is not in default thereunder, the Credit Provider shall have all of the rights and authority granted to the Bondholders to approve amendments (other than amendments requiring the consent of the Holders of all of the Bonds then Outstanding) to the Indenture.

The Indenture prescribes the manner in which it may be discharged and after which the Bonds shall no longer be secured by or entitled to the benefits of the Indenture, except for the purposes or transfer and exchange of Bonds and of payment of the principal of and premium, if any, and interest on the Bonds as the same become due and payable, including a provision that under certain circumstances the Bonds of any Series shall be deemed to be paid if certain securities, as defined in the Indenture, maturing as to principal and interest in such amounts and at such times as to insure the availability of sufficient moneys to pay the principal of, premium, if any, and interest on such Bonds and all necessary and proper fees, compensation and expenses of the Trustee shall have been deposited with the Trustee.

No member or officer of the Issuer, nor any person executing this Bond, shall in any event be subject to any personal liability or accountability by reason of the issuance of the Bonds.

It is hereby certified that all of the conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of Texas.

[To appear only on the initial Bonds delivered to the Texas Attorney General] This Bond shall not be valid or obligatory for any purpose or entitled to any benefit under the Indenture until the certificate of registration hereon shall have been manually executed by the Comptroller of Public Accounts of the State of Texas (or his duly authorized deputy), as provided by the Indenture.

[To appear on each exchange or replacement Bond] This 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.

[Remainder of Page Intentionally Left Blank]

[Signature Page Follows]

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed on its behalf by the manual or facsimile signature of its President or Vice President, its seal to be impressed or imprinted thereon and attested by the manual or facsimile signature of its Secretary or Treasurer, all as of the above date.

MISSION ECONOMIC DEVELOPMENT CORPORATION, as Issuer

By: _____
President

(SEAL)

ATTEST:

By: _____
Secretary

[Form of Comptroller's Registration Certificate]

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

I hereby certify that this Bond has been examined, certified as to validity, and approved by the Attorney General of the State of Texas and that this Bond has been registered by the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this day of , 2011.

_____
Comptroller of Public Accounts of the
State of Texas

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This bond is one of the Bonds, of the series designated therein, described in the within-mentioned Indenture.

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

By: _____
Authorized Signatory

Authentication Date:

[Form of Assignment]

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

[Please type or print name, address (including

postal zip code) and Social Security or other

tax identification number of the transferee]

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints his/her attorney to transfer said bond on the books of the within described transfer agent with full power of substitution in the premises.

Dated: _____

_____
NOTICE: The signature on this Assignment must correspond with the name as it appears on the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Signature guaranteed:

_____
(Type or Print Name)

_____
(Signature)

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM -	as tenants in common
TEN ENT -	as tenants by the entireties
JT TEN -	as joint tenants with the right of survivorship and not as tenants in common

UNIFORM GIFT MIN ACT
Custodian
(Cust) (Minor)

under Uniform Gifts to Minors Act
(State)

Additional abbreviations may also be used though not in the above list.

EXHIBIT B

FORM OF REQUISITION FROM THE PROJECT FUND

To: The Bank of New York Mellon Trust Company, N.A.
700 South Flower Street, Suite 500
Los Angeles, California 90017-4104
Attention: Corporate Trust Administration — Matthew Moon
Telephone: (213) 630-6257
Facsimile: (213) 630-6215

Re: Mission Economic Development Corporation
Solid Waste Disposal Revenue Bonds
(Dallas Clean Energy McCommas Bluff, LLC Project)
Series 2011

Requisition No.

The undersigned, on behalf of Dallas Clean Energy McCommas Bluff, LLC (the "Borrower"), hereby requests payment, from the Project Fund established under the Trust Indenture (the "Indenture") pursuant to which the Bonds identified above are issued and outstanding, the total amount shown below to the order of the payee or payees named below, as payment or reimbursement for costs incurred or expenditures made in connection with the Project (as defined in the Indenture). The payee(s), the purpose and the amount of the disbursement requested are as follows:

PAYEE	PURPOSE	AMOUNT

The undersigned hereby certifies as follows:

1. The payment and/or reimbursement requested constitutes costs that were incurred no earlier than (i) 18 months prior to the date hereof, or (ii) if such cost relates to a component of the Project placed in service within the 18 month period prior to the date hereof, three years prior to the date hereof. As to any cost paid from the Bonds within 30 days of the Issuance Date, the cost may be treated as reimbursed on the Issuance Date. All such requisitions otherwise comply with the provisions of Section 1.150-2 of the Regulations, and were for reimbursement costs as described in the Tax Certificate and the Agreement that (i) have been

used to finance the acquisition, construction, improving and/or equipping of machinery and equipment or facilities constituting a qualified solid waste disposal project, as defined in Section 142(a)(6) of the Code and Section 1.103-8(f) of the Treasury Regulations thereunder, all of which property is of a character subject to the allowance for depreciation under Section 167 of the Code, and (ii) are chargeable to the capital account of the Project or would be so chargeable either with a proper election by the Borrower or but for proper election by the Borrower to deduct such costs, within the meaning of Section 1.103-8(a)(1) of the Regulations; and if any such payment is to be made to a "related person" of the Borrower within the meaning of Section 147(a) of the Code, such payment represents only the actual out-of-pocket costs incurred by such related person in connection with the Project and does not include any intercompany profits or payments for early completion.

2. Each obligation mentioned herein is described in Section 3.2 of the Agreement relating to the Project, has been properly incurred and is a proper charge against the Project Fund, including without limitation in accordance with the provisions of the Tax Certificate, and each item for which payment is requested is or was necessary in connection with the acquisition, installation or construction of the Project. None of the items for which payment is requested has been reimbursed previously from the Project Fund, and none of the payments and/or reimbursements herein requested will result in a breach of the representations and agreements in Section 2.2 of the Agreement relating to the Project or constitutes a Cost of Issuance.

Terms which are used herein as defined terms shall have the meanings specified in the Indenture.

Dated: _____

DALLAS CLEAN ENERGY MCCOMMAS BLUFF, LLC

_____
Authorized Representative of the Borrower

EXHIBIT C

FORM OF COST OF ISSUANCE FUND REQUISITION

REQUISITION FOR MONEY FROM THE 2011 COST OF ISSUANCE ACCOUNT

To: The Bank of New York Mellon Trust Company, N.A.
700 South Flower Street, Suite 500

Los Angeles, CA 90017-4104
Attention: Corporate Trust Administration — Matthew Moon
Telephone: (213) 630-6257
Facsimile: (213) 630-6215

Re: Mission Economic Development Corporation
Solid Waste Disposal Revenue Bonds
(Dallas Clean Energy McCommas Bluff, LLC Project)
Series 2011

Requisition No.

The undersigned, on behalf of Dallas Clean Energy McCommas Bluff, LLC (the "Borrower"), hereby requests payment, from the 2011 Cost of Issuance Account for the Project identified above, the total amount shown below to the order of the payee or payees named below, as payment or reimbursement for costs incurred or expenditures made in connection with the Project. The payee(s), the purpose and the amount of the disbursement requested are as follows:

Payee [name and address]	**Purpose**	**Amount**
	Total:	$

The undersigned hereby certifies that each obligation mentioned herein constitutes a Cost of Issuance, has been properly incurred and is a proper charge against the Costs of Issuance Account, and each item for which payment is requested is or was necessary in connection with the issuance of the Bonds, and none of the items for which payment is requested has been reimbursed previously from the Costs of Issuance of Account, and none of the payments herein requested will result in a breach of the representations and agreements in the Loan Agreement relating to the Project.

Dated: _____

DALLAS CLEAN ENERGY MCCOMMAS BLUFF, LLC

_____
Authorized Representative of the Borrower

$40,200,000
MISSION ECONOMIC DEVELOPMENT CORPORATION
SOLID WASTE DISPOSAL REVENUE BONDS
(DALLAS CLEAN ENERGY MCCOMMAS BLUFF, LLC PROJECT)
SERIES 2011

BOND PURCHASE CONTRACT

THIS BOND PURCHASE CONTRACT, dated March 24, 2011 (this *"Bond Purchase Contract"*), is made and entered into by and among the MISSION ECONOMIC DEVELOPMENT CORPORATION (the *"Issuer"*), FIRST SOUTHWEST COMPANY, as representative (the *"Representative"*) on behalf of itself and WESTHOFF, CONE & HOLMSTEDT (together with the Representative, the *"Underwriters"*) and DALLAS CLEAN ENERGY MCCOMMAS BLUFF, LLC (the "Company"). The Representative has been duly authorized to execute this Bond Purchase Contract and to take any action hereunder by and on behalf of the Underwriters.

Section 1. Description of Bonds. The Issuer proposes to issue Mission Economic Development Corporation Solid Waste Disposal Revenue Bonds (Dallas Clean Energy McCommas Bluff, LLC Project) Series 2011 in the aggregate principal amount of $40,200,000 (the *"Bonds"*). The Bonds will mature on the date and will bear interest from the date and at the initial interest rate mode and at the interest rate as set forth in *Schedule I* attached hereto and will be subject to redemption as set forth in the Trust Indenture, dated as of January 1, 2011 (the *"Indenture"*) between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee (the *"Trustee"*).

The Bonds are being issued by the Issuer for the purpose of (i) paying down existing loans that were used to upgrade an existing landfill gas collection and processing facility (the *"Facility"*) located at the City of Dallas McCommas Bluff Landfill (the *"Landfill"*) in the City of Dallas, in the State of Texas (the *"State"*), (ii) financing or refinancing the costs of the design, permitting, construction and equipping of expansions to the Facility, including the installation of new landfill gas collection wells and related piping for such expansions (collectively, the *"Project"*), (iii) funding a portion of the deposit to the Debt Service Reserve Fund (as defined herein), and (iv) paying a portion of the costs associated with the issuance of the Bonds. The Facility is owned by the Company and will be operated by Clean Energy or one of its direct or indirect wholly-owned subsidiaries pursuant to the Management Services Agreement (as hereinafter defined). Pursuant to the Loan Agreement, dated as of January 1, 2011 (the *"Loan Agreement"*), between the Company and the Issuer, the Company has covenanted with the Issuer to make loan repayments equal to the principal of, premium, if any, and interest, coming due on the Bonds, and pursuant to the Indenture, the Issuer has pledged and assigned to the Trustee all of the Issuer's right, title and interest in and to the Loan Agreement (with certain specified exceptions) and the Note described below. The Company will execute a promissory note, dated March 31, 2011 (the *"Note"*), as evidence of its obligations under the Loan Agreement. The Issuer and the Company will enter into the Tax Certificate and Agreement, dated as of the hereinafter defined Closing Date (the *"Tax Agreement"*).

The Company has leased rights to collect, process, use and sell landfill gas collected at the Landfill and the real property on which the Facility is located (the *"Project Site"*) from the City of Dallas (the *"City"*) pursuant to a lease and amendments thereto (collectively, the *"Lease Agreement"*). Dallas Clean Energy, LLC (*"DCE"*) was acquired by CE Dallas Renewables, LLC on August 5, 2008 and was immediately thereafter merged into CE Dallas Renewables, LLC which then changed its name to Dallas Clean Energy, LLC. Pursuant to an Assignment and Assumption of Lease, by and between DCE and the Company, dated as of January 1, 2011 (the *"Lease Assignment"*), DCE has assigned all of its rights, title and interest in the Lease Agreement to the Company.

The obligations of the Company under the Loan Agreement will be further secured by a Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, dated as of January 1, 2011 (the "*Deed of Trust*"), executed by the Company in favor of the deed of trust trustee named therein for the benefit of the Trustee. In addition, the Company will execute a Security Agreement (the *"Security Agreement"*), as security for its obligations, pursuant to which the Company will grant to the Trustee a security interest in all right, title and interest of the Company to the Collateral (as defined in the Security Agreement), which includes but is not limited to the Company's rights, title and interest in any gas sale agreement, including the Shell Gas Sale Agreement (as defined herein), the EPC Contract and the funds and accounts held under the Indenture.

The Underwriters understand that the Company and Clean Energy have entered into a Management Services Agreement dated as of February 25, 2011 (the *"Management Services Agreement"*), for certain operational and administrative activities related to the Project.

In addition, the Underwriters understand that DCE has entered into a Base Contract and Transaction Confirmation, dated April 3, 2009 and subsequent sales confirmations (the "*Shell Gas Sale Agreement*"), by and between DCE and Shell Energy North America (US), L.P. (*"Shell Energy"*), which provides for payment by Shell Energy of payments for gas produced at the Facility. DCE has assigned to the Company all of DCE's rights, title and interest in and to the Shell Gas Agreement, pursuant to an Assignment and Assumption Agreement (Shell Agreements), dated January 1, 2011 (the *"Shell Assignment and Assumption Agreement"*), by and between the Company and DCE. Pursuant to a Consent and Agreement, by and between Shell Energy, The Bank of New York Mellon Trust Company, N.A., as Depository Bank, the Company and the Trustee (the "*Depository Bank*"), dated as of January 1, 2011 (the *"Consent Agreement"*), Shell Energy will agree to make all payments under the Shell Gas Sale Agreement to the Depository Bank. In addition, other revenues generated through the sale of gas produced at the Facility will be paid directly to the Depository Bank pursuant to a Depository and Control Agreement dated as of January 1, 2011 (the "*Depository Agreement*"), among the Company, the Trustee and the Depository Bank.

The Underwriters further understand that the Company has entered into an Agreement between Owner and Design-Builder Cost Plus Fee with an Option for a Guaranteed Maximum Price, dated February 25, 2011, to be effective on the date of delivery of the Bonds (the *"EPC Contract"*) with VM Energy LLC, a joint venture enterprise between V Core Corporation and Murrieta Development Inc. (the *"EPC Contractor"*).

In addition, the Underwriters understand that the Company will enter into a Collateral Assignment of Contracts, Permits, Licenses, Rights of Way and Plans, dated as of January 1, 2011 (the "Collateral Assignment"), with the Trustee.

In addition, DCE and Atmos Pipeline — Texas ("*Atmos*"), have entered into the following three agreements: (1) a Priority Natural Gas Transportation Agreement, dated as of April 4, 2009 (the *"Priority Transportation Agreement"*), (2) NGPA §311 Interruptible Gas Transportation Agreement, dated April 4, 2009, as amended on October 13, 2010 (the *"311 Transportation Agreement"*), and (3) the Plant Operational Balancing Agreement, dated as of December 1, 2010 (the *"POBA"* and, collectively with the Priority Transportation Agreement, and the 311 Transportation Agreement, the *"Transportation Agreements"*). DCE has assigned to the Company all of DCE's rights, title and interest in and to the Transportation Agreements, pursuant to an Assignment and Assumption Agreement (Atmos Agreements), dated January 1, 2011 (the *"Atmos Assignment and Assumption Agreement"*), by and between the Company and DCE. The Company, pursuant to a collateral assignment and Consent and Agreement with Atmos, has collaterally assigned, subject to certain reserved rights and the consent of Atmos, the Transportation Agreements to the Trustee.

The Indenture, the Loan Agreement, the Lease Agreement, the Shell Gas Agreement (as modified by the Consent Agreement), the Deed of Trust, the Security Agreement, the Management Services Agreement, the EPC Contract, the Depository Agreement, the Transportation Agreements, the Collateral Assignment, the Shell Assignment and Assumption Agreement, the Atmos Assignment and Assumption Agreement and this Purchase Contract are collectively referred to herein as the "*Financing Agreements*."

Section 2. Purchase, Sales Fees and Closing. (a) Subject to the provisions of this Bond Purchase Contract and the Official Statement dated March 24, 2011, with respect to the Bonds (the *"Official Statement"*), the Underwriters hereby agree to purchase from the Issuer, and the Issuer will sell to the Underwriters, all of the Bonds, at a purchase price of $39,305,067.45 (representing the principal amount of the Bonds, less original issue discount in the amount of $372,332.55), less an underwriters' discount in the amount of $522,600.00, payable in immediately available funds to the order of the Trustee.

(b) The Company shall pay to the Underwriters all reasonable out-of-pocket costs and expenses of the Underwriters incurred in connection with the successful issuance and sale of the Bonds. In addition, the Company shall also pay all other reasonable fees and expenses incurred in connection with the issuance and sale of the Bonds and the preparation, execution, delivery and enforcement of any document that may be delivered in connection therewith, including, but not limited to, (i) all reasonable and customary fees and out-of-pocket expenses of Bond Counsel, counsel for the Underwriters, special counsel to the Company, counsel for the Trustee, counsel for the Depository Bank and counsel for the Issuer, (ii) all reasonable and customary fees and out-of-pocket expenses of the Issuer and the Trustee, (iii) the cost of printing, photocopying and delivering the Bonds, the Preliminary Official Statement and the Official Statement, (iv) all reasonable and customary Rating Agency fees, (v) the fees and expenses of the Texas Governor's Office of Economic Development and Tourism and (vi) the fees and expenses of the Texas Attorney General's Office. The fees and expenses described in the preceding sentence shall be paid by the Company whether or not the Bonds are issued or sold, unless the

Underwriters are in default in their obligation to purchase the Bonds hereunder, in which case the Company shall have no obligation to pay the fees and expenses of the Underwriters or counsel to the Underwriters. All fees and expenses described in this Section, to the extent they are reasonable, identifiable and billed, shall be paid on the Closing Date (as defined below), and the remainder shall be paid promptly upon receipt of statements therefor. The obligations of the Company under this Section survive the issuance and maturity of the Bonds and any termination of this Bond Purchase Contract. Whether or not the sale of the Bonds by the Issuer to the Underwriters is consummated, the Underwriters shall be under no obligation to pay any costs or expenses incident to the performance of the obligations of the Issuer or the Company hereunder.

The closing will be held at the offices of McGuireWoods LLP in Richmond, Virginia at 12:00 p.m. prevailing local time on March 31, 2011, or such other date, time or place as may be agreed upon by the parties hereto. The hour and date of such closing are herein called the *"Closing Date."* The Bonds will be in registered form as a single Bond, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (*"DTC"*) under DTC's book-entry-only system, and will be made available for inspection by DTC or the Trustee, as its agent, at least one day prior to the Closing Date. The Issuer has heretofore provided DTC with a letter of representations, in form satisfactory to DTC, relating to eligibility of the Bonds for deposit into the DTC book-entry-only system. The Company will enter into a certificate to provide continuing disclosure to be dated the Closing Date (the *"Continuing Disclosure Certificate"*) in form satisfactory to the Underwriters and their counsel.

In the event that for any reason (other than the Underwriters' negligence or willful misconduct), the Issuer fails to deliver the Bonds as provided herein by 12:00 p.m. prevailing local time on the Closing Date, the Company will pay to the Underwriters any losses resulting from the Underwriters being required to hold the Bonds prior to delivery to the ultimate purchasers thereof. The preceding sentence shall not be construed as a waiver of any conditions to the Underwriter's obligations under this Bond Purchase Contract or a waiver by the Company of its claims or rights against another party to this transaction if its negligence, willful misconduct or wrongful act causes the Company to make such a payment to the Underwriters.

Section 3. Representations and Warranties of the Company. The Company represents and warrants to, and agrees with, the Underwriters and the Issuer that:

(a) The Company has taken all necessary action to authorize, execute and deliver this Bond Purchase Contract, the Financing Agreements to which it is a party, the Continuing Disclosure Certificate, the Loan Agreement, the Note, the Tax Agreement and all other documents executed and delivered (or to be executed and delivered) in connection with the issuance of the Bonds and the other transactions contemplated hereby and thereby to which such Company is or is to be a party (collectively, the *"Company Documents"*), and this Bond Purchase Contract has been duly executed and delivered and, assuming the due authorization, execution and delivery by the other parties thereto, constitutes, and the other Company Documents when duly executed and delivered by such Company, assuming the due authorization, execution and delivery by the other parties thereto, will constitute the legal, valid and binding obligations of such Company enforceable against such Company in accordance with their respective terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and the application of general principles of equity.

(b) Other than as disclosed in the Official Statement, such Company has not and will not have at the Closing Date any material litigation pending of a character which would materially and adversely affect the operation of the Project, such Company's ability to perform its

obligations under the Company Documents or the tax-exempt status of interest on the Bonds.

(c) The execution, delivery and performance by such Company of the Company Documents are within the powers of such Company and do not and will not conflict with or violate (i) the articles of formation or its limited liability company agreement of such Company or (ii) any order, injunction, ruling or decree by which such Company or its property is bound, and do not and will not constitute a breach of or default under any agreement, indenture, mortgage, lease, note or other obligation, instrument or material arrangement to which such Company is a party or by which such Company or any of its property is bound, or contravene or constitute a violation of any federal or state constitutional or statutory provision, rule or regulation to which such Company or any of its property is subject, the breach, default, contravention or violation of which could have a material adverse effect on the business or financial condition of such Company and its subsidiaries taken as a whole, and no approval, consent or other action by, or filing or registration with, any governmental authority or agency is required in connection therewith that has not been obtained or accomplished or will not be obtained or accomplished by the Closing Date.

(d) The Company will not voluntarily take or omit to take any action, which action or omission might in any way result in the inclusion of interest on the Bonds in the gross income of the owners thereof for federal income tax purposes.

(e) The Company agrees to make available or cause to be made available to the Underwriters, without cost, sufficient copies of any documents pertaining to such Company which are relevant to the transaction described in this Bond Purchase Contract, as the Underwriters may require from time to time for the prompt and efficient performance by the Underwriters of their obligations under this Bond Purchase Contract, *provided, however*, that nothing in this Section 3(e) shall require such Company to disclose any protected or confidential information.

(f) The Company is a limited liability company duly organized and validly existing in good standing under the laws of the State of Delaware and qualified to do business in the State with full power, authority and legal capacity to own and operate its properties relating to the Project and to conduct the business now being and proposed to be conducted by it under the Company Documents, and has full power, authority and legal capacity to execute, deliver, carry out and perform its obligations under the Company Documents.

(g) Other than as disclosed in the Official Statement and any documents incorporated by reference therein, the Company has not and will not have at the Closing Date any material litigation pending of a character which would materially and adversely affect the Company's ability to perform its obligations under the Company Documents.

(h) Since the respective most recent dates as of which information is given in the Official Statement, there has not been any material adverse change in the business, properties or financial condition of the Company, other than changes reflected in or contemplated by the Official Statement.

(i) As of the date of the Official Statement and as of the Closing Date, the information in the Official Statement (except with respect to the information contained under the captions "THE ISSUER," "UNDERWRITING," "TAX MATTERS," APPENDIX B — "ENGINEER'S REPORT," APPENDIX F — "PROPOSED FORM OF OPINION OF BOND COUNSEL" and APPENDIX G-"DTC AND THE BOOK-ENTRY ONLY SYSTEM" as to which no representation is made), including information incorporated by reference in the Official Statement or otherwise supplied by the Company in writing for inclusion therein, including, without limitation, any appendices thereto, does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, provided, however, at the request of Shell Energy, the Underwriters and the Company have agreed to redact certain pricing information relating to the Shell Gas Sale Agreement, and the representations herein are subject to such redaction. The Company has authorized the delivery of the Official Statement and approves of the use and distribution of the Official Statement by the Underwriters in connection with the initial sale and distribution of the Bonds. The Company approves the use and distribution of the Official Statement by the Underwriters in connection with the initial sale of the Bonds, substantially in the form of the Preliminary Official Statement dated March 23, 2011 (the "*Preliminary Official Statement*") and has ratified and approved the use and distribution of copies of such Preliminary Official Statement in connection with the initial sale of the Bonds. The Company hereby confirms that the Preliminary Official Statement was deemed "final" (except for permitted omissions) as of its date by the Company for purposes of paragraph (b)(1) of Rule 15c2-12 (the "*Rule*") promulgated by the Commission under the Exchange Act of 1934.

(j) The Company has not previously undertaken any continuing disclosure undertakings pursuant to the Rule.

(k) Each officer of the Company executing the Company Documents and approving the Indenture and the Official Statement is duly and properly authorized to approve, execute, and deliver the same on behalf of the Company.

(l) No consent or approval of any trustee or holder of any indebtedness of the Company, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (except in connection with "blue sky" laws) is necessary in connection with (i) the execution and delivery of this Purchase Contract; (ii) the execution and delivery of the Company Documents at the Closing; (iii) the approval of the Indentures and the Official Statement; or (iv) the consummation of any transaction contemplated in the Company Documents, except as have been obtained or made and as are in full force and effect (or, in case of the Loan Agreement, will be obtained or made and will be in full force and effect at the Closing).

(m) The Company has obtained the necessary governmental agency approvals, all variances from applicable zoning ordinances and all building permits and easements or licenses required to date for the completion and equipping of the Project, to the extent and as such Project is described in the Official Statement, and such governmental agency approvals, variances, permits, easements and licenses constitute all approvals required to complete the Project, except as provided in the Official Statement and excepting certain building permits, inspections and approvals which the Company anticipates obtaining in due course. The Project should not be subject to change by any administrative or judicial body so as to materially affect such completion.

(n) There will be on the Closing Date no persons with any rights granted by the Company or any manager or member of the Company to purchase any equity interest in or debt security of the Company. There are no direct and indirect subsidiaries of the Company.

(o) Any certificate signed by any authorized officer of the Company on the Closing Date in connection with the Bond financing shall be deemed a representation and warranty by the Company to the Issuer, Bond Counsel to the Issuer and the Underwriters as to the truth of the statements therein as of the Closing Date.

Section 4. Representations and Warranties of the Issuer. The Issuer represents and warrants to the Underwriters and the Company that:

(a) The Issuer has duly authorized the issuance of the Bonds and the execution and delivery of, and the performance of its obligations under, this Bond Purchase Contract, the Loan Agreement, the Tax Agreement and the Indenture; the Issuer has duly authorized, executed and delivered this Bond Purchase Contract which (assuming the due authorization, execution and delivery by the other parties thereto) constitutes a valid, binding and enforceable agreement of the Issuer, except as may be limited by (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, and other similar laws or equitable principles affecting creditors' rights or remedies generally; (ii) the application of equitable principles and the exercise of judicial discretion in appropriate cases; (iii) principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as the Issuer; and (iv) common law and statutes affecting the enforceability of contractual obligations generally.

(b) To the actual knowledge of the officers, agents and employees of the Issuer who have substantial responsibility for and in connection with the issuance of the Bonds, there is no action, suit or proceeding or, to the best knowledge of the Issuer, investigation, at law or in equity, before or by any court, board or body or other governmental authority, pending or, to the best knowledge of the Issuer, threatened against or affecting the Issuer, or any basis therefor, to restrain or enjoin the issuance or delivery of any of the Bonds or the collection, application or pledge of revenues pledged under the Indenture or in any way contesting or affecting the

authority for the issuance of the Bonds or the validity or enforceability of the Bonds, the Indenture, the Loan Agreement, this Bond Purchase Contract, the Tax Agreement or any other document executed and delivered (or to be executed and delivered) in connection with the issuance of the Bonds and the other transactions contemplated hereby and thereby, to which the Issuer is or is to be a party (collectively, the *"Issuer Documents"*), or the power of the Issuer to execute and deliver such documents or to consummate the transactions contemplated therein or the existence or powers of the Issuer or the titles of its officers to their respective offices, or wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated hereby and in the Indenture or the Loan Agreement, or which would adversely affect the validity of the Bonds, the resolutions adopted in connection with the issuance of the Bonds or the Issuer Documents.

(c) To the actual knowledge of the officers, agents and employees of the Issuer who have substantial responsibility for and in connection with the issuance of the Bonds, the execution, delivery and performance by the Issuer of the Issuer Documents do not violate any order, injunction, ruling or decree by which the Issuer is bound, or contravene or constitute a material violation of the Texas Development Corporation Act, Chapter 501, Texas Local Government Code (the *"Act"*), and no approval, consent or other action by, or filing or registration with, any governmental authority or agency is required in connection therewith that has not been obtained or accomplished or will not be obtained or accomplished by the Closing Date, except for post-closing filings with the Issuer and the Internal Revenue Service and provided no representation is made as to compliance with any federal or state securities or "Blue Sky" laws.

(d) The Issuer will not take or omit to take any action requested by the Company or the Underwriters, which action or omission might in any way result in the inclusion of the interest on the Bonds in the gross income of the owners thereof for federal income tax purposes, provided the Company or the Underwriters, as the case may be, provides indemnification satisfactory to the Issuer against any and all liabilities, damages, costs, fees and expenses (including fees of bond counsel and the Issuer's counsel) which may be incurred by the Issuer in connection with any action (or failure to act) requested by the Company or the Underwriters, as the case may be.

(e) As of the date of the Official Statement, as of the date of this Bond Purchase Contract and as of the Closing Date, the information contained under the caption "THE ISSUER" relating to the Issuer and under the caption "LITIGATION" relating to the Issuer, is true and correct and did not, does not and will not contain any untrue statement of a material fact and does not omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. The Issuer approves of the use and distribution of the Official Statement by the Underwriters in connection with the initial sale of the Bonds. The Issuer ratifies and approves the distribution of copies of the Preliminary Official Statement in connection with the initial sale of the Bonds.

Section 5. Underwriters' Representations. The Underwriters represent and warrant to and agrees with the Issuer that it is authorized to take any action under this Bond Purchase Contract required to be taken by it and that this Bond Purchase Contract is a binding contract of the Underwriters enforceable against the Underwriters in accordance with its terms. The Underwriters also represent that all information in the Official Statement under the heading "UNDERWRITING" was as of its date and is as of the date hereof true, accurate and correct.

Section 6. Covenants of the Issuer and the Company. (a) The Issuer and the Company agree to cooperate with the Underwriters, at the expense of the Company, in taking all necessary action for the qualification of the Bonds for offer and sale, and the determination of the eligibility of the Bonds for investment, under the laws of such jurisdictions as the Underwriters designate and the continuation of such qualification in effect so long as required for distribution of the Bonds; *provided, however*, that neither the Issuer nor the Company shall be required to register as a dealer or broker in any jurisdiction, to qualify as a foreign corporation or entity in any jurisdiction, or to file a general consent to suit or to service of process in any jurisdiction.

(b) If, during such period (not to exceed twenty-five days after the "end of the underwriting period," as defined for purposes of paragraph (b)(4) of the Rule) as in the judgment of the Underwriters and the Issuer, delivery of the Official Statement as it may be amended or supplemented is necessary or desirable in connection with sales of the Bonds by the Underwriters or any dealer or as otherwise may be required by applicable law or regulation, any event shall occur as a result of which, in the reasonable judgment of the Underwriters and the Issuer, it is necessary to amend or supplement the Official Statement in order to make the statements therein, in light of the circumstances when the Official Statement is delivered to the Underwriters or "potential

customer" (as defined for purposes of paragraph (b)(4) of the Rule), not misleading, the Company will prepare and furnish, or cause to be prepared and furnished, at the Company's expense, including any and all reasonable costs of the Issuer and professionals retained by the Issuer, to the Underwriters and to any dealers to whom the Underwriters may have sold Bonds either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended or supplemented will not, in the light of the circumstances when the Official Statement as so amended or supplemented is delivered to the Underwriters or "potential customer," be misleading.

Section 7. Conditions of Underwriters' Obligation. The obligation of the Underwriters to purchase and pay for the Bonds shall be subject to the accuracy of, and compliance with, the representations and warranties of the Issuer and the Company contained herein, to the performance by the Issuer and the Company of their obligations to be performed hereunder at and prior to the Closing Date, and to the following conditions:

(a) On and as of the Closing Date:

(i) The Indenture, the Loan Agreement, the Note, the Tax Agreement, the Financing Agreements, the Continuing Disclosure Certificate and this Bond Purchase Contract shall be in full force and effect, this Bond Purchase Contract shall not have been amended, modified or supplemented (except as may have been agreed to in writing by the Underwriters), and the Indenture, the Tax Agreement, the Financing Agreements, the Continuing Disclosure Certificate, the Loan Agreement and the Note shall have been duly authorized, executed and delivered in the respective forms heretofore approved by the Underwriters, except as otherwise approved by the Underwriters, *provided* that the acceptance of delivery of the Bonds by the Underwriters on the Closing Date shall be deemed to constitute such approval.

(ii) The Bonds shall have been duly authorized, executed and authenticated in accordance with the provisions of this Bond Purchase Contract, the Indenture, the Loan Agreement and the resolution of the Issuer described in clause (iv) below, and shall have been delivered through the facilities of DTC or its agent.

(iii) Each of the representations, warranties and covenants of the Issuer and the Company contained herein and in the Indenture, the Financing Agreements, the Loan Agreement and the Tax Agreement to which each is a party shall be true, complete and correct in all material respects as if then made, provided, however, that if any such documents contain references to the Official Statement, such representations, warranties and covenants, shall be subject to the redacted pricing information relating to the Shell Gas Agreement, as described in Section (3)(i) hereof.

(iv) The Issuer shall have duly adopted, and there shall be in full force and effect, such resolutions as shall be necessary to consummate the transactions contemplated by this Bond Purchase Contract.

(v) No order, decree or injunction of any court of competent jurisdiction shall have been issued, or proceedings therefor shall have been commenced, nor shall any order, ruling, regulation or official statement by any governmental official, body or board have been issued, nor shall any legislation have been enacted, with the purpose or effect of prohibiting or limiting the issuance, offering or sale of the Bonds, as contemplated herein or in the Official Statement, or the performance of this Bond Purchase Contract, the Indenture, the Loan Agreement, the Financing Agreements, the Note, the Tax Agreement or the Continuing Disclosure Certificate in accordance with their respective terms.

(b) On the Closing Date, the Underwriters shall receive executed or counterpart copies of the following documents, certificates, opinions and letters, in form and substance satisfactory to the Underwriters and their counsel:

(i) Executed copies of the Indenture, the Tax Agreement, the Loan Agreement, the Note, the Financing Agreements and the Continuing Disclosure Certificate; and a certified copy of the resolution pursuant to which the issuance of the Bonds was authorized and all proceedings of the Issuer relating thereto.

(ii) Opinions, dated the Closing Date, of: (A) McGuireWoods LLP, Bond Counsel, in substantially the form attached to the Official Statement as Appendix F thereto and in substantially the form attached hereto as *Exhibit A* (with such changes or variations between the two as permitted by the Issuer, the Trustee and the Underwriters), including such changes resulting from the redaction of the Shell Gas Agreement pricing information from the Official

Statement; (B) McGuireWoods LLP, special counsel to the Company, in substantially the form attached hereto as *Exhibit B* (with such changes as agreed to by the Issuer, the Trustee and the Underwriters), (C) Orrick, Herrington & Sutcliffe LLP, counsel to the Underwriters, in substantially the form attached hereto as *Exhibit C* and (D) Vinson & Elkins LLP, counsel to the Issuer, in substantially the form attached hereto as *Exhibit D*.

(iii) A certificate of the Issuer, signed by an authorized officer of the Issuer, dated the Closing Date, to the effect that each of the representations of the Issuer set forth herein is true, accurate and complete in all material respects at and as of the Closing Date and that each of the obligations of the Issuer hereunder to be performed at or prior to the Closing Date has been performed.

(iv) A certificate, dated the Closing Date, signed by an authorized officer of the Company satisfactory to the Underwriters, to the effect that: (1) the representations and warranties of the Company set forth herein are true, accurate and complete in all material respects at and as of the Closing Date, (2) each of the obligations of the Company under this Bond Purchase Contract to be performed at or prior to the Closing Date have been performed, and (3) since the most recent dates as of which information is given in the Official Statement, as it may have been amended or supplemented (including amendments or supplements resulting from the filing of documents incorporated by reference) and up to the Closing Date, there has been no material adverse change in the business, properties or financial condition of the Company and its subsidiaries taken as a whole, except as reflected in or contemplated by the Official Statement, as it may have been so amended or supplemented.

(v) An executed copy of IRS Form 8038 to be filed with the Internal Revenue Service.

(vi) A letter of Fitch Ratings evidencing that the rating issued and in effect on the Bonds is "BBB-."

(vii) An opinion of counsel to the Trustee and the Depository Bank addressed to the Issuer and the Underwriters, dated the date of Closing, to the effect that: (i) the Trustee and Depository Bank is a national banking association with trust powers, duly organized and validly existing and in good standing under the laws of the United States of America, having the legal authority to exercise trust powers in the State; (ii) the Trustee and Depository Bank has full legal power and corporate authority to accept the duties and obligations imposed on it by the Depository Agreement and the Indenture and to authenticate the Bonds and the full legal power and authority to own its properties and to carry on its business; (iii) the Bonds have been duly authenticated by the Trustee; (iv) no consent, approval, authorization or order of any court, regulatory authority or governmental body is required for the valid authorization, execution and delivery of the Indenture and the authentication of the Bonds or the consummation by the Trustee of the transactions contemplated in the Indenture except such as have

been obtained and except such as may be required under the state securities or Blue Sky laws in connection with the purchase and distribution of the Bonds by the Underwriters; and (v) the acceptance of its duties under the Depository Agreement and the Indenture and the authentication of the Bonds by the Trustee and performance by the Trustee and Depository Bank of its obligations thereunder, will not conflict with or result in a breach of any of the terms, conditions or provisions of its Articles of Organization or any other agreement or instrument to which the Trustee and Depository Bank is a party or by which it is bound or any other existing law, regulation, court order or consent decree to which the Trustee and Depository Bank is subject or constitute a default thereunder.

(viii) A certificate of the Trustee and the Depository Bank, dated the date of the Closing, to the effect that: (i) it is a national banking association existing under the laws of the United States of America, and has full power and is qualified to accept and comply with the terms of the Indenture and the Depository Agreement, as applicable, and to perform its obligations stated therein; (ii) the Trustee and the Depository Bank have each accepted the duties and obligations imposed on it by the Indenture and the Depository Agreement; (iii) no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee and the Depository Bank that has not been obtained is or will be required for the consummation by the Trustee or the Depository Bank of the transactions contemplated by the Indenture and the Depository Agreement, respectively, to be undertaken by the Trustee or the Depository Bank; (iv) compliance with the terms of the Indenture and the Depository Agreement will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which either the Trustee or the Depository Bank is a party or by which it is bound, or, to the best knowledge of the Trustee, after reasonable investigation, any law, rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Trustee or the Depository Bank or any of their activities or properties (except that no representation, warranty or agreement is made by the Trustee and the Depository Bank with respect to any Federal or state securities or Blue Sky laws or regulations); and (v) to the best knowledge of the Trustee and the Depository Bank, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or governmental agency, public board or body served on or threatened against or affecting the existence of the Trustee or the Depository Bank, or contesting the powers of the Trustee, Depository Bank or its authority to enter into and perform their respective obligations under the Indenture, the Depository Agreement or the Bonds, wherein an unfavorable decision, ruling or finding would adversely affect the validity of the Bonds, the Depository Agreement or the Indenture.

(ix) A certificate of Sargent & Lundy, L.L.C. (the *"Independent Engineer"*), dated the Closing Date, in substantially the effect that: (i) the Independent Engineer consents to the inclusion of its report, dated December 1, 2010, (the *"December Report"*) further amended by an Addendum dated January 31, 2011 (the Addendum, together with the December Engineer's Report, the *"Report"*), and of all references to the Independent Engineer in the Preliminary Official Statement relating to the Bonds, dated March 23, 2011 (the *"Preliminary Official Statement"*) and the final Official Statement relating to the Bonds, dated March 24, 2011 (the *"Official Statement"*); (ii) the Report was prepared in accordance with the degree of skill and care ordinarily exercised by engineers practicing under similar circumstances; and (iii) the Independent Engineer has not undertaken any further analysis or due diligence investigation with respect to the matters addressed in the Report since the date thereof but nothing has come to its attention that would make any of the information therein materially incorrect or materially change any of the assumptions made by the Independent Engineer therein.

(x) A pro forma title policy from Republic Title of Texas, Inc. in the aggregate principal amount of the Bonds.

(xi) Evidence that the Company has obtained all insurance required to be obtained by the Company Documents.

(xii) Such additional certifications and opinions as the Underwriters or Bond Counsel may reasonably require.

In case any of the conditions specified above in this Section 7 shall not have been fulfilled, or if the obligations of the Underwriters are terminated by the Underwriters for any reason permitted by this Bond Purchase Contract, this Bond Purchase Contract may be terminated by the Underwriters upon written notice thereof to the Issuer and the Company. Any such termination shall be without liability of any party to any other party; except that the obligations to pay fees and expenses as provided in Section 2 hereof shall continue in full force and effect to the extent set forth therein. The Underwriters may, in their discretion, waive any one or more of the conditions imposed by this Bond Purchase Contract and proceed with the purchase of the Bonds on the Closing Date.

Section 8. Underwriters' Right to Cancel. The Underwriters shall have the right to cancel its obligation to purchase and accept delivery of the Bonds hereunder by notifying the Issuer and the Company in writing, or by telecopy, of its election to do so between the date hereof and the Closing Date if, on or after the date hereof and on or prior to the Closing Date:

(a) legislation shall be enacted or be actively considered for enactment by the Congress, or recommended to the Congress for passage by the President of the United States of America, or favorably reported for passage to either chamber of the Congress by a committee of such chamber to which such legislation has been referred for consideration, a decision by a court of the United States of America or the United States Tax Court shall be rendered, or a ruling, regulation or official statement (including a press release) by or on behalf of the Treasury Department of the United States of America, the Internal Revenue Service or other governmental agency shall be made or proposed to be made with respect to federal taxation upon revenues or other income of

the general character to be derived by the Issuer under the Indenture and the Loan Agreement or by any similar body, or upon interest on obligations of the general character of the Bonds, or other action or events shall have transpired which have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated in connection herewith, which, in the reasonable judgment of the Underwriters, materially and adversely affects the marketability of the Bonds or the market price generally of obligations of the general character of the Bonds; or

(b) legislation or an ordinance, rule or regulation shall have been enacted or favorably reported for passage by any governmental body, department or agency of the State, or any decision shall have been rendered by any court of competent jurisdiction in the State, which would materially and adversely affect or change the exemptions (if any) from State taxation of the Bonds or the interest thereon or the exemption (if any) from taxation in or by the State of the revenues derived or income of the character to be derived by the Issuer under the Indenture or the Loan Agreement; or

(c) a stop order, ruling, regulation or official statement by or on behalf of the Commission shall be issued or made to the effect that the issuance, offering or sale of the Bonds or of obligations of the general character of the Bonds as contemplated hereby or the Bonds are subject to registration or qualification under the Securities Act, or the Indenture is required to be qualified under the Trust Indenture Act of 1939, as amended (the *"TIA"*), or either the Bonds or the Indenture is in violation of any applicable provision of either of such acts or other federal securities laws or applicable regulations promulgated thereunder; or

(d) any event shall have occurred or condition shall exist which, in the reasonable judgment of the Underwriters, either (i) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement, or (ii) is not reflected in the Official Statement and should be reflected therein in order to comply with any rulings or regulations of the Commission or other governmental agency or to make the statements and information contained therein not misleading in any material respect; or

(e) there shall have occurred any outbreak of hostilities or escalation thereof or other national or international calamity or crisis or a financial crisis, the effect of such outbreak, calamity or crisis on the financial markets of the United States of America being such as, in the reasonable opinion of the Underwriters, would affect materially and adversely the ability of the Underwriters to market the Bonds; or

(f) trading shall be suspended, or new or additional trading or loan restrictions shall be imposed by the New York Stock Exchange or other national securities exchange or governmental authority with respect to obligations of the general character of the Bonds or a general banking moratorium shall be declared by federal, State or New York authorities or a material disruption in commercial banking activities or securities settlement or clearance services shall have occurred; or

(g) any litigation shall be instituted, pending or threatened to restrain or enjoin the issuance or sale of the Bonds or in any way protesting or affecting any authority for or the validity of the Bonds, the Indenture, the Loan Agreement, the Tax Agreement, the Continuing Disclosure Certificate or this Bond Purchase Contract or the existence or powers of the Issuer and the Company; or

(h) there shall have occurred any change in the financial condition of the Company and its subsidiaries taken as a whole from those set forth in the Official Statement that makes the Bonds, in the reasonable judgment of the Underwriters, impracticable to market on the terms and in the manner contemplated in the Official Statement; or

(i) the withdrawal or downgrading of the rating of the Bonds to less than "BBB-" by Fitch Ratings; or notice shall have been given of any credit watch or credit review shall have been issued or other notice shall have been given of any intended or potential downgrading of such rating.

Any termination of this Bond Purchase Contract pursuant to this Section 8 shall be without liability of any party to any other party, except as described in Section 7 above.

Section 9. Indemnification. (a) The Company agrees to indemnify and hold harmless the Underwriters and the Issuer and any partner, member, officer, director, employee or agent of the Underwriters or the Issuer and each person, if any, who controls the Underwriters or the Issuer within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (collectively, the *"Indemnified Party"*) against any and all losses, costs, claims, damages, liabilities or expenses whatsoever which any of them may incur, become subject or suffer (including all such losses, costs, claims, damages, liabilities or expenses as a result of settlement or judgment which any of them may incur, become subject or suffer after obtaining the prior written approval of the Company), and to reimburse each of them for any reasonable and customary legal fees or other out-of-pocket expenses (including, to the extent hereinafter provided, reasonable counsel fees and other costs of investigation) reasonably incurred by them in connection with investigating any such losses, claims, damages or liabilities or in connection with defending any actions (together hereinafter referred to as a "Loss" or *"Losses"*), insofar as such Losses arise out of or are based upon (i) the failure to register any security under the Securities Act or to qualify the Indenture under the TIA in connection with the offering of the Bonds except that the Company shall indemnify the Underwriters under this clause (i) if, and only if, the registration or qualification would not have been required had the Bonds been tax-exempt; (ii) any untrue statement or alleged untrue statement of a material fact (whether or not made with scienter) contained in the Official Statement, including any documents incorporated therein by reference, as amended or supplemented (if any amendments or supplements thereto, including documents incorporated by reference, shall have been furnished in accordance with the provisions of this Bond Purchase Contract), or the omission

or alleged omission to state therein a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided that the indemnity agreement contained in clause (ii) above of this Section 9 shall not apply to (A) the Underwriters (or any

person controlling the Underwriters) on account of any such untrue statement or alleged untrue statement, or any such omission or alleged omission, under the caption "UNDERWRITING" or (B) the Issuer on account of any such untrue statement or alleged untrue statement, or any such omission or alleged omission, under the caption "THE ISSUER" or under the caption "LITIGATION — The Issuer" or (iii) a breach of any of the representations included in this Bond Purchase Contract; and provided further, however, that the Company shall not be liable to the Underwriters for any such Losses (A) if the person asserting the Loss purchased Bonds from the Underwriters, if delivery to such person of the Official Statement, as then amended or supplemented, would have been a valid defense to the action from which such Loss arose, and copies of an Official Statement, as then so amended or supplemented, were made available to the Underwriters and a copy was not delivered to such person by or on behalf of the Underwriters or (B) to the extent caused by the gross negligence, willful misconduct or bad faith of the person seeking indemnity (other than the Issuer).

(b) Each Indemnified Party agrees that, upon the receipt of notice of the commencement of any action against it, in respect of which indemnity may be sought on account of any indemnity agreement contained herein, it will promptly give written notice of the commencement thereof to the Company, but the failure so to notify the Company of any such action shall not relieve the Company from any liability which it may have to the Indemnified Party otherwise than under this Section 9 unless such failure restricts or limits the Company's ability to defend such action. In case such notice of any action shall be so given, the Company shall be entitled to participate at its own expense in the defense or, if it elects, with the consent of each Indemnified Party, to assume (in conjunction with any other Indemnifying Party) the defense of such action, in which event such defense shall be conducted by counsel chosen by the Company reasonably satisfactory to the Indemnified Party who shall be defendant or defendants in such action, and such defendant or defendants shall bear the fees and expense of any additional counsel retained by them; provided, that if the Company shall elect not to assume the defense of such action, the Company will reimburse such Indemnified Party for the reasonable and customary legal fees and out-of-pocket expenses of any counsel retained by such Indemnified Party; provided, further that, if the defendants in any such action include one or more of the Indemnified Party and the Company, and counsel for any Indemnified Party shall have reasonably concluded that there may be a conflict of interest involved in the representation by such counsel of both the Company and any one or more of the Indemnified Party, the Indemnified Party shall have the right to select separate counsel (subject to the approval of the Company) to participate in the defense of such action on behalf of such Indemnified Party and the Company shall be liable for the reasonable and customary expenses of separate counsel representing such Indemnified Party who is a party to such action, in addition to local counsel.

(c) The obligations under this Section 9 shall remain operative and in force and effect regardless of any investigation made by or on behalf of the Issuer or the Underwriters, and shall survive the issuance and the maturity of the Bonds and any termination of this Bond Purchase Contract.

Section 10. Miscellaneous. The validity and interpretation of this Bond Purchase Contract shall be governed by the laws of the State of Texas, without regard to conflict of laws provisions. This Bond Purchase Contract shall inure to the benefit of the Issuer, the Underwriters, the Company, and their respective successors and assigns and to the persons described in Section 9. Except as provided in Section 9, nothing in this Bond Purchase Contract is intended or shall be construed to give to any other person, firm or corporation any legal or equitable right, remedy or claim under or in respect of this Bond Purchase Contract or any provision contained herein. The terms "successors" and "assigns" as used in this Bond Purchase Contract shall not include any purchaser, as such purchaser, of any Bonds from or through the Underwriters. This Bond Purchase Contract may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument. If any provision of this Bond Purchase Contract shall be determined to be unenforceable, that shall not affect any other provision of this Bond Purchase Contract. Capitalized terms used herein to the extent not otherwise defined herein, are intended to have the meaning given to them in the Indenture.

The representations and warranties of the Company, and the Issuer contained in Sections 3 and 4 hereof, respectively, shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Underwriters, and shall survive the delivery of the Bonds.

Section 11. Notices and other Actions. All notices, demands and formal actions hereunder will be in writing mailed, telecopied or delivered to:

The Issuer:
Mission Economic Development Corporation
c/o City of Mission
1201 East 8th Street
Mission, Texas 78572
Attention: President
Facsimile Number: (956) 581-4226

The Company:
Dallas Clean Energy McCommas Bluff, LLC
c/o Cambrian Energy Management, LLC
One Wilshire Building
624 South Grand Avenue, Suite 2420
Los Angeles, CA 90017-3325
Attention: Evan Williams
Facsimile Number: (213) 488-9890

The Underwriters:
First Southwest Company
325 N. St. Paul Street, Suite 800,
Dallas, Texas 75201

Attention: Managing Director

Notices given by facsimile transmission shall be followed promptly by copies sent by first class mail to the notice address.

The Issuer shall receive a copy of any notice, consent, certificate or other document or communication given by any party to any party hereunder.

Section 12. *No Advisory or Fiduciary Role*. Each of the Issuer and the Company acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Bond Purchase Contract is an arm's-length commercial transaction among the Issuer, Company and the Underwriters, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriters are and have been acting solely as a principal and are not acting as the agents or fiduciaries of either the Issuer or the Company, (iii) the Underwriters have not assumed an advisory or fiduciary responsibility in favor of the either the Company or the Issuer with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or is currently providing other services to the Company or the Issuer on other matters) and the Underwriters have no obligation to either the Issuer or the Company with respect to the offering contemplated hereby except the obligations expressly set forth in this Bond Purchase Contract and (iv) the Company and Issuer have consulted their own legal, financial and other advisors to the extent it has deemed appropriate.

IN WITNESS WHEREOF, the parties hereto, in consideration of the mutual covenants set forth herein and intending to be legally bound, have caused this Bond Purchase Contract to be executed and delivered as of the date first written above.

MISSION ECONOMIC DEVELOPMENT CORPORATION

By: /S/ Polo de Leon
Name: Polo de Leon
Title: Vice President

FIRST SOUTHWEST COMPANY
WESTHOFF, CONE & HOLMSTEDT

By: First Southwest Company,
as Representative of the Underwriters

By: /S/ Jack E. Addams
Name: Jack E. Addams
Title: Managing Director

DALLAS CLEAN ENERGY MCCOMMAS BLUFF, LLC

By: /S/ Harrison S. Clay
Name: Harrison S. Clay
Title: Manager

Schedule I

Maturity Schedule

$800,000 Serial 2011 Bonds

Maturity	Principal Amount	Interest Rate	Price/Yield
2011	$ 800,000	5.000%	2.500%

$2,900,000 4.375% Term Bonds due December 1, 2013 - Yield 4.500%
$4,955,000 5.000% Term Bonds due December 1, 2015 - Yield 5.250%
$5,505,000 5.625% Term Bonds due December 1, 2017 - Yield 5.750%
$26,040,000 6.875% Term Bonds due December 1, 2024 - Yield 7.000%

Exhibit A

[Form of Supplemental Bond Counsel Opinion]

March , 2011

First Southwest Company
Dallas, Texas

Westhoff, Cone & Holmstedt
Walnut Creek, California

Mission Economic Development Corporation
$40,200,000 Solid Waste Disposal Revenue Bonds
(Dallas Clean Energy McCommas Bluff, LLC Project) Series 2011

Ladies and Gentlemen:

This letter is addressed to you, as underwriters, pursuant to the Bond Purchase Contract, dated March 24, 2011 (the "Bond Purchase Contract"), among you, the Mission Economic Development Corporation (the "Issuer") and Dallas Clean Energy McCommas Bluff, LLC (the "Borrower"), providing for the purchase of $40,200,000 in aggregate principal amount of Solid Waste Disposal Revenue Bonds (Dallas Clean Energy McCommas Bluff, LLC Project) Series 2011 (the "Bonds"). The Bonds are being issued pursuant to a Trust Indenture, dated as of January 1, 2011 (the "Indenture"), between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee. Capitalized terms not otherwise defined herein shall have the respective meanings ascribed to them in the Indenture.

In connection with our role as bond counsel, we have reviewed the Bond Purchase Contract, the Indenture, the Loan Agreement, and such other documents, certificates and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any party other than the Issuer. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the preceding paragraph. We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under the Bonds, the Indenture, the Loan Agreement, the Note and the Bond Purchase Contract and their enforceability are subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting

creditors' rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained therein. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement dated March 24, 2011 (the "Official Statement") or other offering material relating to the Bonds and express no opinion relating thereto except as expressly set forth in numbered paragraph 3 below.

In addition to the opinions set forth below, you may rely upon our approving opinion dated the date hereof as if the same were addressed to you.

1. The Bonds and the payment obligations of the Borrower under the Loan Agreement and the Note are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

2. The Bond Purchase Contract has been duly authorized, executed and delivered by the Issuer and (assuming due authorization, execution and delivery by and validity against you) is a valid and binding agreement of the Issuer.

3. The statements contained in the Official Statement under the captions "THE BONDS," "SECURITY FOR THE BONDS" and in APPENDIX D, insofar as such statements purport to summarize certain provisions of the Indenture, the Loan Agreement, the Note and the Bonds, present fairly and accurately the information purported to be summarized thereby. The statements contained in the Official Statement under the caption "TAX MATTERS," to the extent that such statements describe our firm's opinion as to certain provisions of federal income tax law, are fair and accurate summaries of such opinion.

This letter is furnished by us as bond counsel. No attorney client relationship has existed or exists between us and you in connection with the Bonds or by virtue of this letter. Our engagement with respect to the Bonds has concluded with their issuance, and we have no obligation to update this letter. This letter is delivered to you as underwriters of the Bonds, is solely for your benefit as such underwriters and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person, except that a copy of this opinion letter may be included in the transcript of proceedings provided in connection with the issuance of the Bonds. This letter is not intended to be relied upon by owners of Bonds or by any other party to whom it is not specifically addressed.

Very truly yours,

Exhibit B

[Form of Opinion of Special Counsel to the Company]

[Letterhead of MCGUIREWOODS LLP]

[DRAFT — SUBJECT TO FURTHER INTERNAL REVIEW]

, 2011

First Southwest Company
as Underwriter
Dallas, Texas

Westhoff, Cone & Holmstedt,
as Underwriter
Walnut Creek, California

Mission Economic Development Corporation,
as Issuer
Mission, Texas

The Bank of New York Mellon Trust
Company, N.A., as Trustee
Los Angeles, California

Mission Economic Development Corporation
$40,200,000 Solid Waste Disposal Revenue Bonds
(Dallas Clean Energy McCommas Bluff, LLC Project) Series 2011

Ladies and Gentlemen:

We have acted as special counsel to Dallas Clean Energy McCommas Bluff, LLC, a Delaware limited liability company (the "Borrower"), in connection with the transactions contemplated by the Bond Purchase Contract, dated March 24, 2011 (the "Bond Purchase Contract"), among First Southwest Company and Westhoff, Cone & Holmstedt, as underwriters (collectively, the "Underwriter"), Mission Economic Development Corporation (the "Issuer") and the Borrower, providing for the purchase and sale of $40,200,000 in aggregate principal amount of Solid Waste Disposal Revenue Bonds (Dallas Clean Energy McCommas Bluff, LLC Project) Series 2011 (the "Bonds"). The Bonds are being issued pursuant to a Trust Indenture, dated as of January 1, 2011 (the "Indenture"), between the Issuer and The Bank of New York

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Mellon Trust Company, N.A., as trustee (the "Trustee"), and the proceeds of the Bonds are being loaned to the Borrower pursuant to a Loan Agreement, dated as of January 1, 2011 (the "Loan Agreement"), between the Issuer and the Borrower. This opinion letter is furnished to you pursuant to Section 7(b)(ii)(B) of the Bond Purchase Contract. Unless otherwise defined herein, terms used herein have the meanings provided in the Indenture. As used herein, "Texas UCC" means the Uniform Commercial Code as in effect on the date hereof in the State of Texas, and **"**Delaware UCC**"** means the Uniform Commercial Code as in effect on the date hereof in the State of Delaware.

Documents Reviewed

In connection with this opinion letter, we have examined the following documents, each of which is dated as of the date of the Loan Agreement unless otherwise indicated:

(a) Bond Purchase Contract;

(b) Indenture;

(c) Loan Agreement;

(d) Borrower's Promissory Note dated March , 2011, issued to the Issuer under and pursuant to the Loan Agreement in the maximum aggregate principal amount of $;

(e) Official Statement, dated March 24, 2011 (the "Official Statement"), relating to the offering and sale of the Bonds;

(f) Tax Certificate and Agreement, dated March , 2011 between the Issuer and the Borrower; and

(g) Depository and Control Agreement, dated as of January 1, 2011 (the "Control Agreement"), among the Borrower, The Bank of New York Mellon Trust Company, N.A., as depository bank and securities intermediary, and the Trustee;

(h) Leasehold Deed of Trust, Security Agreement and Assignment of Rents and Leases, made and entered into as of January 1, 2011 (the "Deed of Trust"), by the Borrower to the deed of trust trustee named therein for the benefit of the Trustee;

(i) Security Agreement, made and entered into as of January 1, 2011 (the "Security Agreement") by the Borrower in favor of the Trustee;

(j) Collateral Assignment of Gas Sale Agreement, dated as of January 1, 2011, made by the Borrower, to and for the benefit of the Trustee;

(k) Collateral Assignment of Atmos Agreements, dated as of January 1, 2011, made by the Borrower, to and for the benefit of the Trustee; and

(l) Collateral Assignment of Contracts, Permits, Licenses and Plans, dated as of January 1, 2011, made by the Borrower, to and for the benefit of the Trustee.

Except for the Official Statement, the documents referred to in clauses (a) through (l) above are referred to collectively as the "Subject Documents". The Issuer, the Trustee and the Underwriter shall be referred to collectively as the "Other Parties."

In addition we have examined the following:

(i) a general certificate of the Borrower certifying as to (A) true and correct copies its certificate of formation and operating agreement (the "Organizational Documents") and members' consent authorizing the transactions contemplated by the Subject Documents and the Official Statement and (B) the incumbency and specimen signatures of the persons authorized to execute the Subject Documents on behalf of the Borrower;

(ii) a certificate issued by the Secretary of State of the State of Delaware attesting to the continued existence and good standing of the Borrower in Delaware (the "Delaware Good Standing Certificate");

(iii) a certificate issued by the Secretary of State of the State of Texas certifying that the application for registration for the Borrower has been filed in such office and the Borrower's entity status in Texas is in existence (the "Texas Secretary of State Good Standing Certificate");

(iv) a certificate of account status issued by the Comptroller of Public Accounts of the State of Texas certifying that the Borrower is in good standing with such office (the "Texas Comptroller of Public Accounts Good Standing Certificate" and, together with the Texas Secretary of State Good Standing Certificate, the "Texas Good Standing Certificates");

(v) an unfiled copy of a UCC-1 Financing Statement (the "UCC Financing Statement") naming the Borrower as debtor and naming the Trustee as secured party, to be filed with the Office of the Secretary of State of the State of Delaware (collectively, the "UCC Filing Office");

(vi) a Certificate of the Borrower, a copy of which is attached as Annex A hereto (the "Borrower's Certificate"), together with the agreements, instruments, orders, writs, injunctions, decrees or judgments referred to on Schedule I thereto (collectively, the "Reviewed Documents"); and

(vii) originals, or copies identified to our satisfaction as being true copies, of such other records, documents and other instruments as we have deemed necessary for the purposes of this opinion letter.

References herein to articles and sections of the Texas UCC and the Delaware UCC are based on the article numbers and section numbers in the Official Text of the Uniform Commercial Code (as promulgated by the American Law Institute and the National Conference

of Commissioners on Uniform State Laws) and shall be deemed to refer to the corresponding provisions of the Uniform Commercial Code as currently in effect in the State of Texas or the State of Delaware, as applicable.

Assumptions Underlying Our Opinions

For all purposes of the opinions expressed herein, we have assumed, without independent investigation, that:

(a) Factual Matters. With regard to factual matters, to the extent that we have reviewed and relied upon (i) certificates of the Borrower, (ii) representations of the Borrower set forth in the Subject Documents and (iii) certificates and assurances from public officials, all of such certificates, representations and assurances are accurate.

(b) Signatures. The signatures of individuals (other than individuals signing on behalf of the Borrower) signing the Subject Documents are genuine and authorized.

(c) Authentic and Conforming Documents. All documents submitted to us as originals are authentic, complete and accurate and all documents submitted to us as copies conform to authentic original documents.

(d) Capacity of Certain Parties. All parties to the Subject Documents (other than the Borrower) have the capacity and full power and authority to execute, deliver and perform the Subject Documents and the documents required or permitted to be delivered and performed thereunder.

(e) Subject Documents Binding on Certain Parties. Except with respect to the Borrower, all of the Subject Documents and the documents required or permitted to be delivered thereunder have been duly authorized by all necessary corporate or other action on the part of the parties thereto, have been duly executed and delivered by such parties and are legal, valid and binding obligations enforceable against such parties in accordance with their terms.

(f) Consents for Certain Parties. All necessary consents, authorizations, approvals, permits or certificates (governmental and otherwise) which are required as a condition to the execution and delivery of the Subject Documents by the parties thereto (other than the Borrower) and to the consummation by such parties of the transactions contemplated thereby have been obtained.

(g) Accurate Description of Parties' Understanding. The Subject Documents accurately describe and contain the mutual understanding of the parties, and there are no oral or written statements or agreements that modify, amend or vary, or purport to modify, amend or vary, any of the terms thereof.

(h) Value. Value has been given for the liens and security interests to be granted under the Deed of Trust and the Security Agreement, and the Borrower has rights in the Collateral (as defined in the Security Agreement) and the Premises (as defined in the Deed of Trust).

(i) Depository Institution. The Bank of New York Mellon Trust Company, N.A., in its capacity as depository bank under the Control Agreement (the "Depository Institution"), is a "bank," as defined in Section 9-102(a)(8) of the Texas UCC, with which the Deposit Accounts (as hereinafter defined) are maintained.

(j) Securities Intermediary. The Bank of New York Mellon Trust Company, N.A., in its capacity as securities intermediary under the Control Agreement (the "Securities Intermediary"), is a "securities intermediary" (as defined in Section 8-102 of the Texas UCC) with respect to the Surplus Account (as defined in the Control Agreement).

(k) Surplus Account. The Surplus Account (as defined in the Control Agreement) is a "securities account" as defined in Section 8-501(a) of the Texas UCC, and all property from time to time credited to the Surplus Accounts are "financial assets" as defined in Section 8-102(a)(9) of the Texas UCC.

(l) Collateral Descriptions. The descriptions of interests in property attached as exhibits or schedules to the Deed of Trust or the Security Agreement are accurate and describe the interests intended to be conveyed thereby and the conveying parties have rights in the interests being so conveyed. We understand that with respect to title matters in connection with the Deed of Trust, you will be relying upon title insurance policies to be issued to you by Republic Title of Texas, Inc.

Our Opinions

Based on and subject to the foregoing and the other limitations, assumptions, qualifications and exclusions set forth in this opinion letter, we are of the opinion that:

1. Organizational Status. Based solely upon the Delaware Good Standing Certificate, the Borrower is a limited liability company validly existing and in good standing under the laws of the State of Delaware as of the date of the Delaware Good Standing Certificate. Based solely on the Texas Good Standing Certificates, the Borrower is duly authorized as a foreign limited liability company to transact business in Texas.

2. Power and Authority. The Borrower has the limited liability company power and authority to execute, deliver and perform the terms and provisions of each Subject Document to which it is party. The Borrower has taken all necessary limited liability company action to authorize the execution, delivery and performance of the Subject Documents and the execution and delivery of the Official Statement and the use of the Preliminary Official Statement and the Official Statement by the Underwriter in connection with the offering and sale of the Bonds on behalf of the Borrower.

3. Execution, Validity and Enforceability. The Borrower has duly executed and delivered each Subject Document to which it is party, and each such Subject Document constitutes its valid, binding and enforceable obligation.

4. Noncontravention. Neither the execution, delivery and performance by the Borrower of any Subject Document to which it is a party, nor the compliance by the Borrower with the terms and provisions thereof, (a) violates any present law, statute or regulation

of the State of Texas, or the United States that, in each case, is applicable to the Borrower; (b) violates any provision of the Organizational Documents of the Borrower; or (c) results in any breach of any of the terms of, or constitutes a default under, any Reviewed Document or results in the creation or imposition of any lien, security interest or other encumbrance (except as contemplated by the Subject Documents) upon any assets of the Borrower pursuant to the terms of any Reviewed Document.

5. Governmental Approvals. No consent, approval or authorization of, or filing with, any governmental authority of the State of Texas or the United States (or any governmental authority of the State of Delaware pursuant to the Delaware Limited Liability Company Act or Article 9 of the Delaware UCC) that, in each case, is applicable to the Borrower is required for (a) the due execution and delivery by the Borrower of any Subject Document to which it is a party or the consummation by the Borrower on the date hereof of the transactions contemplated thereby or (b) the validity, binding effect or enforceability of any Subject Document to which the Borrower is a party, except (i) in each case as have previously been made or obtained, (ii) filings and recordings which are necessary to perfect the security interests granted under the Security Agreement and the Deed of Trust, and (iii) consents, approvals, authorizations or filings as may be required to be obtained or made by the Other Parties as a result of their involvement in the transactions contemplated by the Subject Documents and the Official Statement.

6. UCC Matters. (a) After giving effect to the making of the loans or other extensions of credit on the date hereof as contemplated by the Indenture and the Loan Agreement, the Security Agreement is effective to create a valid security interest in favor of the Trustee to secure the Borrower's obligations described therein in all right, title and interest of the Borrower in and to all personal property included within the term "Collateral" (as defined in the Security Agreement) in which a security interest can be granted under Article 9 of the Texas UCC (collectively, the "Article 9 Collateral").

(b) Assuming that the UCC Financing Statement has been duly submitted for filing in the UCC Filing Office with the appropriate filing fees tendered, or duly accepted for filing by the UCC Filing Office, the Trustee will have a perfected security interest in those items of the Article 9 Collateral in which a security interest may be perfected under Article 9 of the Delaware UCC by the filing of a financing statement in the UCC Filing Office.

(c) If the laws of the State of Texas were the "local law of the bank's jurisdiction" for the purposes of Section 9-304 of the Texas UCC, then the provisions of the Security Agreement, together with the Control Agreement, are effective to give the Trustee "control" (within the meaning of Section 9-104 of the Texas UCC) over deposit accounts (as defined in Section 9-102(a) of the Texas UCC) maintained with the Depository Institution as to which the Borrower is the account holder (the "Deposit Accounts"), and to "perfect" (within the meaning of Section 9-314 of the Texas UCC) the Trustee's security interest in the Deposit Accounts.

(d) If the laws of the State of Texas were the "local law of the securities intermediary's jurisdiction" for the purposes of Section 9-305 of the Texas UCC, then the provisions of the Security Agreement, together with the Control Agreement, are effective to give the Trustee "control" (within the meaning of Section 9-106 of the Texas UCC) over the Surplus Account maintained with the Securities Intermediary as to which the Borrower is the account holder, and to "perfect" (within the meaning of Section 9-314 of the Texas UCC) the Trustee's security interest in the Surplus Account.

7. Deed of Trust. The Deed of Trust (i) is in appropriate form for recording in the office of the recorder of deeds (or equivalent office) in Dallas County, Texas (the "County Filing Office"), and (ii) upon filing and recording thereof in the County Filing Office, creates and constitutes a valid deed of trust lien in favor of the trustee named therein in the Borrower's right, title and interest in the portions of the "Premises" (as defined in the Deed of Trust) constituting real property.

8. Official Statement. With respect to the Official Statement, we have neither been called upon to express nor do we express any opinion or render any advice on the accuracy, completeness or sufficiency of any information or statement under the headings "INTRODUCTION," "THE ISSUER," "THE BORROWER AND THE PROJECT PARTICIPANTS-Project Participants," "PROJECT FLOW BLOCK DIAGRAM," "PROJECTED PROJECT REVENUES AND EXPENSES," "SHELL ENERGY NORTH AMERICA (US), L.P.," "INVESTMENT CONSIDERATIONS," "LITIGATION-The Issuer," "UNDERWRITING," "RATINGS," "APPROVAL OF LEGAL PROCEEDINGS," and "MISCELLANEOUS," or in Appendices B, C and G thereto or any information with respect to The Depository Trust Company or its procedures. Subject to the foregoing, without independent investigation or verification and without assumption of any responsibility for the factual accuracy, completeness or sufficiency of any information in the Official Statement or the accuracy, fairness or completeness of the statements included in the Official Statement, we hereby advise you that no information has come to our knowledge that causes us to believe that the Official Statement contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Our advice in this paragraph does not apply to either (a) any informational report or document incorporated by reference into the Official Statement or (b) any financial statements or financial or statistical data contained in the Official Statement, as to all of which no opinion is rendered and no advice is given.

9. Proceedings. To our knowledge, there is no outstanding judgment, action, suit or proceeding pending against the Borrower before any court, governmental agency or arbitrator which challenges the legality, validity, binding effect or enforceability of any Subject Document to which the Borrower is a party.

Exclusions

We call your attention to the following matters as to which we express no opinion:

(a) Indemnification and Change of Control. Any agreement of the Borrower in a Subject Document relating to indemnification, contribution or exculpation from costs, expenses or other liabilities or to changes in the organizational control or ownership of the Borrower, to the extent that any such agreement is contrary to public policy or applicable law.

(b) Fraudulent Transfer. The effect, if applicable, of fraudulent conveyance, fraudulent transfer and preferential transfer laws and principles of equitable subordination.

(c) Jurisdiction; Venue, etc. Any agreement of the Borrower in a Subject Document to submit to the jurisdiction of a specified federal or state court**,** to waive any objection to the laying of the venue, to waive the defense of forum non conveniens in any action or proceeding referred to therein, to waive trial by jury, to effect service of process in any particular manner or to establish evidentiary standards, and any agreement of the Borrower regarding the choice of law governing a Subject Document (except as expressly provided in this opinion letter).

(d) Trust Relationship. The creation of any trust relationship by the Borrower, other than the conveyance of the Premises to the trustee named in the Deed of Trust.

(e) Certain Laws. Federal securities laws or regulations (other than with respect to our opinions in paragraph 8 above), state securities and Blue Sky laws or regulations, federal and state banking laws and regulations, pension and employee benefit laws and regulations, federal and state environmental laws and regulations, federal and state tax laws and regulations, federal and state health and occupational safety laws and regulations, building code, zoning, subdivision and other laws and regulations governing the development, use and occupancy of real property, the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and other federal and state antitrust and unfair competition laws and regulations, the Assignment of Claims Act, the Investment Company Act of 1940, and the effect of any of the foregoing on any of the opinions expressed.

(f) Local Ordinances. The ordinances, statutes, administrative decisions, orders, rules and regulations of any municipality, county, special district or other political subdivision of any state.

(g) Certain Agreements of Borrower. Any agreement of the Borrower in a Subject Document providing for:

(i) specific performance of the Borrower's obligations;

(ii) establishment of a contractual rate of interest payable after judgment;

(iii) rights of set off;

(iv) the granting of any power of attorney;

(v) survival of liabilities and obligations of any party under any of the Subject Documents arising after the effective date of termination of such Subject Document or any other Subject Documents; or

(vi) obligations to make an agreement in the future.

(h) Remedies. Any provision in any Subject Document to the effect that rights or remedies are not exclusive, that every right or remedy is cumulative and may be exercised in addition to any other right or remedy, that the election of some particular remedy does not preclude recourse to one or more others or that failure to exercise or delay in exercising rights or remedies will not operate as a waiver of any such right or remedy.

(i) UCC Choice of Law. Any provision in any Subject Document with respect to governing law to the extent that such provision purports to affect the choice of law governing perfection and non-perfection of the security interests.

(j) Sale of Collateral. Any provision in any Subject Document relating to the sale or other disposition of Article 9 Collateral except in compliance with the Texas UCC (including any purchase thereof by any Other Party).

(k) Custody of Collateral. Any provisions in any Subject Document providing for the care of Article 9 Collateral in the possession of any Other Party to the extent inconsistent with Section 9-207 of the Texas UCC.

(l) Waivers. Any purported waiver, release, variation, disclaimer, consent or other agreement to similar effect (collectively, a "Waiver") by the Borrower under any Subject Document to the extent limited by Sections 1-102 or 9-602 of the Texas UCC or other provisions of applicable law (including judicial decisions), except to the extent that such Waiver is effective under and is not prohibited by or void or invalid under Section 9-602 of the Texas UCC or other provisions of applicable law (including judicial decisions).

(m) Title or Priority. Any person's ownership rights in or title to, or priority of any security interest or lien on or with respect to, any property or assets forming any part of the Article 9 Collateral or the Collateral subject to the Deed of Trust or the Control Agreement.

(n) Security Interest in Certain Types of Collateral. The creation, perfection or enforceability of any security interest purported to be granted in or in respect of the following: (i) any real property or fixtures, minerals and the like (including oil and gas accounts subject to Section 9-301(4) of the Delaware UCC or 9-301(4) of the Texas UCC, as applicable), equipment used in farming operations, farm products, crops, timber to be cut, as-extracted collateral, "know how", copyrights, patents, trademarks, service marks, licenses, trade secrets, trade names and other intellectual property or rights therein; (ii) policies of insurance, receivables due from any government or agency thereof, inventory which is subject to any negotiable documents of title (such as negotiable bills of lading or warehouse receipts), consumer goods, beneficial interests in a trust, letters of credit or accounts resulting from the sale of any of the foregoing; or (iii) any other property or assets, the creation, perfection or enforceability of a security interest in which is excluded from the coverage of either Article 9 of the Texas UCC or Article 9 of the Delaware UCC, including such property or assets the creation, perfection or priority of a security in which are subject to (x) a statute or treaty of the United States which provides for a national or international registration or a national or international certificate of title for the perfection or recordation of a security interest therein or which specifies a place of filing different from that specified in the Texas UCC for filing to perfect or record such security interest, (y) a certificate of title statute or (z) the laws of any jurisdiction other than the State of Texas, Article 9 of the Delaware UCC or the United States.

(o) Enforceability of Lien on Certain Types of Article 9 Collateral. The enforceability of any lien on or security interest in any Article 9 Collateral:

(i) consisting of goods of a consignor who has delivered such goods to the Borrower under a true consignment (as distinguished from a consignment intended as security);

(ii) as against a "buyer in the ordinary course of business" (within the meaning of Article 9 of the Texas UCC) of the Article 9 Collateral; and

(iii) consisting of inventory of the Borrower in the event of any failure by the Borrower to have fully complied with the Fair Labor Standards Act of 1932, as amended, including Sections 206 and 207 thereof.

(p) Security Interests. The creation, validity, perfection or enforceability of any security interest or lien purported to be granted in or in respect of any of the Article 9 Collateral or any other collateral, other than as expressly provided in paragraph 6 above.

Qualifications and Limitations

The opinions set forth above are subject to the following qualifications and limitations:

(q) Applicable Law. Our opinions are limited to the federal law of the United States, the Delaware Limited Liability Company Act, Article 9 of the Delaware UCC and the laws of the State of Texas, and we do not express any opinion concerning any other law.

(r) Bankruptcy. Our opinions are subject to the effect of any applicable bankruptcy, insolvency (including, without limitation, laws relating to preferences and fraudulent transfers or conveyances), reorganization, moratorium and other similar laws affecting creditors' rights generally.

(s) Equitable Principles. Our opinions are subject to the effect of general principles of equity (regardless of whether considered in a proceeding in equity or at law), including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing. In applying such principles, a court, among other things, might limit the availability of specific equitable remedies (such as injunctive relief and the remedy of specific performance), might not allow a creditor to accelerate maturity of debt or exercise other remedies upon the occurrence of a default deemed immaterial or for non-credit reasons or might decline to order a debtor to perform covenants in a Subject Document. Further, a court may refuse to enforce a covenant if and to the extent that it deems such covenant to be violative of applicable public policy, including, for example, provisions requiring indemnification of any Other Party against liability for its own wrongful or negligent acts.

(t) Unenforceability of Certain Provisions. Certain of the provisions contained in any Subject Document may be unenforceable or ineffective, in whole or in part. Such provisions include, for example, those which: waive or do not require notice in connection with the exercise of remedies; require waivers or amendments to be made only in writing; purport to waive the right of statutory or equitable redemption; authorize a standard for decision other than commercial reasonableness; authorize the taking of possession of any collateral without judicial process or otherwise authorize self-help or authorize the Trustee to act on behalf of, or exercise the rights of, the Borrower; characterize any assignment of rents, leases and/or other documents, rights and interests as "absolute" rather than a collateral assignment for security purposes; purport to validate otherwise invalid provisions of other documents incorporated or referred to in any Subject Document; attempt to appoint a person as an attorney-in-fact for the Borrower or any other person; attempt to prohibit or restrict the transfer, alienation, mortgaging, encumbering or hypothecation of the properties covered by or described in the Subject Documents; purport to absolve a person from liability for, or the consequences of, its negligence, gross negligence, willful misconduct or breach of obligations; purport to waive stay, extension or usury laws; purport to alter the priority of any lien or security interest; subrogate the Trustee or any other party to the rights of others; permit partial foreclosure of the Deed of Trust; or provide for distribution of foreclosure proceeds other than in accordance with the laws of Texas. The inclusion of such provisions does not, however, render any Subject Document invalid as a whole, and each Subject Document contains, in our opinion, adequate remedial provisions for the ultimate practical realization of the principal benefits purported to be afforded by such Subject Document, subject to the other qualifications contained in this opinion letter. We note, however, that the unenforceability of such provisions may result in delays in enforcement of the rights and remedies of the Trustee under any Subject Document, and we express no opinion as to the economic consequences, if any, of such delays.

(u) Knowledge. Whenever our opinions or qualifications are stated to be "to our knowledge" or "known to us" (or words of similar import), it means the actual knowledge of the particular McGuireWoods LLP attorneys who have represented the Borrower in connection with the Subject Documents and who have given substantive attention to the preparation and negotiation thereof. Except as expressly set forth herein, we have not undertaken any independent investigation (including, without limitation, conducting any review, search or investigation of any public files or records or dockets or any review of our files) to determine the existence or absence of any facts, and no inference as to our knowledge concerning such facts should be drawn from our reliance on the same in connection with the preparation and delivery of this opinion letter.

(v) Noncontravention and Governmental Approvals. With respect to the opinions expressed in paragraphs 4(a) and 5 above, our opinions are limited to our review of only those laws and regulations that, in our experience, are normally applicable to transactions of the type contemplated by the Subject Documents and to business organizations generally.

(w) Reviewed Documents. With respect to our opinion in paragraph 4(c) above, we have assumed that the law governing each Reviewed Document would have the same effect as the law of the State of Texas, and we express no opinion as to any violation not readily ascertainable from the face of any Reviewed Document or arising from any cross-default

provision insofar as it relates to a default under an agreement that is not a Reviewed Document or arising under a covenant of a financial or numerical nature or requiring computation.

(x) Use of Proceeds. With respect to our opinion in paragraph 4(a) above as it relates to Regulations T, U and X of the Board of Governors of the Federal Reserve System, we have assumed that the Borrower will comply with the provisions of the Loan Agreement relating to the use of proceeds.

(y) Material Changes to Terms. Provisions in the Subject Documents which provide that any obligations of the Borrower thereunder will not be affected by the action or failure to act on the part of any Other Party or by an amendment or waiver of the provisions contained in the other Subject Documents might not be enforceable under circumstances in which such action, failure to act, amendment or waiver so materially changes the essential terms of the obligations that, in effect, a new contract has arisen between such Other Party and the Borrower.

(z) Incorporated Documents. The foregoing enumerated opinions do not relate to (and we have not reviewed) any documents or instruments other than as expressly stated in this opinion letter, and we express no opinion as to such other documents or instruments (including, without limitation, any documents or instruments referenced or incorporated in any of the Subject Documents) or as to the interplay between the Subject Documents and any such other documents or instruments.

(aa) Mathematical Calculations. We have made no independent verification of any of the numbers, schedules, formulae or calculations in the Subject Documents, and we render no opinion with regard to the accuracy, validity or enforceability of any of them.

(bb) Security Interest in Proceeds. The continuation and perfection of the Trustee's security interest in the proceeds of the Article 9 Collateral are limited to the extent set forth in Section 9-315 of the Texas UCC and Section 9-315 of the Delaware UCC, as applicable.

(cc) Actions to Continue Effectiveness. We express no opinion as to any actions that may be required to be taken periodically under the Texas UCC, the Delaware UCC or any other applicable law subsequent to the filing of the UCC Financing Statement for the effectiveness of such

Financing Statement, or the validity or perfection of any security interest, to be maintained.

(dd) After-Acquired Property. A security interest in any Article 9 Collateral that constitutes after-acquired collateral does not attach until the Borrower has rights in such after-acquired collateral.

(ee) Property Acquired after Commencement of Bankruptcy Case. In the case of property which becomes part of the Article 9 Collateral after the date hereof, Section 552 of the Bankruptcy Reform Act of 1978, as amended (the "Bankruptcy Code"), limits the extent to which property acquired by a debtor after the commencement of a case under the Bankruptcy Code may be subject to a security interest arising from a security agreement entered into by the debtor before the commencement of such case.

(ff) After-acquired Property as Voidable Preference. In the case of property which becomes part of the Article 9 Collateral after the date hereof, Section 547 of the Bankruptcy Code provides that a transfer is not made until the debtor has rights in the property transferred, so a security interest in after-acquired property which is security for other than a contemporaneous advance may be treated as a voidable preference under the conditions (and subject to the exceptions) provided by Section 547 of the Bankruptcy Code.

(gg) Rights of Third Parties in Certain Collateral. The rights of the Trustee with respect to Article 9 Collateral consisting of accounts, instruments, licenses, leases, contracts or other agreements will be subject to the claims, rights and defenses of the other parties thereto against the Borrower.

(hh) Licenses or Permits as Collateral. In the case of any Article 9 Collateral consisting of licenses or permits issued by governmental authorities or other persons or entities, the Borrower may not have sufficient rights therein for the security interest of the Trustee to attach and, even if the Borrower has sufficient rights for the security interest of the Trustee to attach, the exercise of remedies may be limited by the terms of the license or permit or require the consent of the governmental authority issuing such license or permit.

(ii) Collateral Evidenced by Instruments. We note that, if any of the Article 9 Collateral is evidenced by instruments or tangible chattel paper or any other property in which a security interest may be perfected by taking possession (in each case as defined, and as provided for, in the Texas UCC), the local law of the jurisdiction where such property is located will govern the priority of a possessory security interest in such property and the effect of perfection or non-perfection of a non-possessory security interest in such property.

(jj) Other UCC Limitations. Such opinions may also be limited by Sections 9-320, 9-323, 9-335 and 9-336 of the Texas UCC and Sections 9-320, 9-323, 9-335 and 9-336 the Delaware UCC.

(kk) Texas Property Code. We call to your attention that the enforceability of the Deed of Trust may be limited by the provisions of Sections 51.003 through 51.005 of the Texas Property Code, which relate to deficiencies resulting from the foreclosure of contract liens relating to real property.

(ll) Usury. We express no opinion as to whether the Subject Document comply with any statutory, regulatory or other loan limits applicable to the parties thereto or comply with any usury statutes or any other statutes, laws, rules or regulations which prescribe permissible and lawful investments for any party (either as to type, amount, percentage of total investments or otherwise).

Reliance on Opinions

The foregoing opinions are being furnished to the addressees hereof for the purpose referred to in the first paragraph of this opinion letter, and this opinion letter is not to be furnished to any other person or entity or used or relied upon for any other purpose without our prior written consent. The opinions set forth herein are made as of the date hereof, and we assume no obligation to supplement this opinion letter if any applicable laws change after the date hereof or if we become aware after the date hereof of any facts that might change the opinions expressed herein. Headings in this opinion letter are intended for convenience of reference only and shall not affect its interpretation.

Very truly yours,

[Manual Signature of McGuireWoods LLP]

Attachments:
Annex A - Borrower's Certificate

Annex A

[DALLAS CLEAN ENERGY MCCOMMAS BLUFF, LLC]

Borrower's Certificate

Reference is made to the opinion letter of McGuireWoods LLP (the "Opinion Letter") delivered in connection with the Loan Agreement, dated as of January 1, 2011, between Dallas Clean Energy McCommas Bluff, LLC, as borrower (the "Borrower"), and Mission Economic Development Corporation, as issuer. Capitalized terms used in this Certificate and not otherwise defined have the meanings assigned to such terms in the Opinion Letter.

The undersigned officer of the Borrower certifies, in connection with the execution, delivery and performance by the Borrower of the Subject Documents, the consummation of the transactions contemplated by the Subject Documents and issuance by McGuireWoods LLP of the Opinion Letter, as follows:

1. Attached as Schedule I hereto is a list of (i) all indentures, mortgages, deeds of trust, bonds, notes, security or pledge agreements, guarantees, loan or credit agreements and other agreements or instruments to which the Borrower is a party, in each case which relate to the borrowing of money, the guaranty of the indebtedness of other persons or entities, or the creation of liens or security interests to secure indebtedness, and (ii) all orders, writs, injunctions, decrees or judgments of any court or other governmental authority to which the Borrower is or may be subject (collectively, the "Reviewed Documents"). A true and complete copy of each of the Reviewed Documents has been previously furnished to McGuireWoods LLP. No default or event of default or violation of any of the Reviewed Documents exists both before and immediately giving effect to the transactions contemplated by the Subject Documents.

2. The Borrower does not engage or propose to engage in any industry or business or activity, or own any property or asset, that causes or would cause it to be subject to special local, state or federal regulation not applicable to business corporations generally. The Borrower is engaged in the business of collecting, processing and selling landfill gas.

3. As of the date hereof, there are no actions, suits, proceedings or arbitrations pending or, to the Borrower's knowledge, threatened against the Borrower before any court or arbitrator or any governmental body, agency or official.

4. As of the date hereof, there is no outstanding judgment, action, suit or proceeding pending or, to the Borrower's knowledge, threatened against the Borrower before any court, governmental agency or arbitrator which challenges the legality, validity, binding effect or enforceability of any Subject Document to which the Borrower is a party.

IN WITNESS WHEREOF, I have signed the Certificate in my capacity as of the Borrower this day of , 2011.

DALLAS CLEAN ENERGY MCCOMMAS BLUFF, LLC

By: _____
Name: _____
Title: _____

SCHEDULE I
TO BORROWER'S CERTIFICATE

Reviewed Documents

Exhibit C

[Form of Underwriters' Counsel Opinion]

March , 2011

First Southwest Company
Dallas, Texas

Westhoff, Cone & Holmstedt
Walnut Creek, California

Re: $40,200,000
Mission Economic Development Corporation
Solid Waste Disposal Revenue Bonds
(Dallas Clean Energy McCommas Bluff, LLC Project) Series 2011

Ladies and Gentlemen:

We have acted as counsel for you as Underwriters in connection with your purchase from the Mission Economic Development Corporation (the "Issuer") of its Solid Waste Disposal Revenue Bonds (Dallas Clean Energy McCommas Bluff, LLC Project) Series 2011, in the aggregate principal amount of $40,200,000 (the "Bonds"), pursuant to the Bond Purchase Contract, dated March 24, 2011 (the "Purchase Contract"), among you, the Issuer and Dallas Clean Energy McCommas Bluff, LLC (the "Borrower"). The Bonds are to be issued pursuant to the Trust Indenture, dated as of January 1, 2011 (the "Indenture") between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee, for the stated purpose of making a loan of the proceeds thereof to the Borrower. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Purchase Contract.

In that connection, we have reviewed certain portions of the Indenture, the Loan Agreement, dated as of January 1, 2011, between the Issuer and the Borrower, the Official Statement of the Issuer, dated March 24, 2011, with respect to the Bonds (the "Official Statement"), the Continuing Disclosure Certificate, dated , 2011, with respect to the Bonds (the "Continuing Disclosure Certificate"), the Purchase Contract, certificates of the Issuer, the Borrower, the Trustee, and others, the opinions referred to in paragraph 7(b) of the Purchase Contract and such records and documents, and we have made such investigations of law, as we have deemed appropriate as a basis for the opinions and conclusions hereinafter expressed. We do not assume any responsibility for any electronic version of the Official Statement and assume that any such version is identical in all respects to the printed version.

In arriving at the opinions and conclusions hereinafter expressed, we are not expressing any opinion or view on, and with your permission are assuming and relying on, the validity, accuracy and sufficiency of the records, documents, certificates and opinions referred to above, including the accuracy of all factual matters represented and legal conclusions contained therein, including (without limitation) any representations and legal conclusions regarding the due authorization, issuance, delivery, validity and enforceability of the Bonds and the exclusion of interest thereon from gross income for federal income tax purposes and any laws, documents and instruments that may be related to the issuance, payment or security of the Bonds. We have assumed that all records, documents, certificates and opinions that we have reviewed, and the signatures thereto, are genuine.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions or conclusions:

1. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

2. We are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. In our capacity as your counsel, to assist you in part of your responsibility with respect to the Official Statement, we participated in conferences with your representatives and representatives of the Issuer, the Borrower, their respective counsel, McGuireWoods LLP, as bond counsel, and others, during which the contents of the Official Statement and related matters were discussed. Based on our participation in the above-mentioned conferences (which did not extend beyond the date of the Official Statement), and in reliance thereon and on the records, documents, certificates, opinions and matters herein mentioned (as set forth above), we advise you as a matter of fact and not opinion that, during the course of our representation of you on this matter, no facts came to the attention of the attorneys in our firm rendering legal services to you in connection with the Official Statement which caused us to believe that the Official Statement as of its date (except for any CUSIP numbers, financial, accounting, statistical or economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, any management discussion and analysis, any of the information in Appendices A through G or any information about book-entry, DTC, ratings, rating agencies, Tax Exemption, included or referred to therein, which we expressly exclude from the scope of this paragraph and as to which we express no opinion or view) contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. No responsibility is undertaken or view expressed with respect to any other disclosure document, materials or activity, or as to any information from another document or source referred to by or incorporated by reference in the Official Statement.

We are furnishing this letter to you pursuant to paragraph 7(b)(ii)(C) of the Purchase Contract solely for your benefit as Underwriters. Our engagement with respect to this matter has terminated as of the date hereof, and we disclaim any obligation to update this letter. This letter is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of Bonds or by any other party to whom it is not specifically addressed.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

Exhibit D

[Form of Opinion of Issuer's Counsel]

March , 2011

Mission Economic Development Corporation
c/o City of Mission
1201 East 8th Street
Mission, Texas 78572

Dallas Clean Energy McCommas Bluff, LLC
c/o Cambrian Energy Management, LLC
One Wilshire Building
624 South Grand Avenue, Suite 2420
Los Angeles, CA 90017-3325

The Bank of New York Mellon Trust Company, N.A., as Trustee
700 South Flower Street, Suite 500
Los Angeles, California

Westhoff, Cone & Holmstedt, as Underwriter
500 Ygnacio Valley Road, Suite 380
Walnut Creek, CA 94596

First Southwest Company
325 N. St. Paul Street, Suite 800,

Dallas, Texas 75201

Re: $40,200,000 Mission Economic Development Corporation Solid Waste Disposal Revenue Bonds (Dallas Clean Energy McCommas Bluff, LLC Project) Series 2011

Ladies and Gentlemen:

We have acted as special counsel to Mission Economic Development Corporation (the "Issuer") in connection with the issuance and sale of the above-referenced bonds (the "Bonds"). Capitalized terms used but not defined herein shall have the meanings assigned to them in the Trust Indenture between the Issuer and The Bank of New York Mellon Trust Company, N.A. (the "Trustee") dated as of January 1, 2011 (the "Indenture"), unless the context otherwise indicates. As used herein, the term "Issuer Transaction Documents" means the Loan Agreement, the Indenture, the Note, the Tax Certificate and the Bond Purchase Contract relating to the Bonds (the "Bond Purchase Contract") among the Issuer, Dallas Clean Energy McCommas Bluff, LLC (the "Borrower"), First Southwest Company and Westhoff, Cone & Holmstedt (the "Underwriters").

In our capacity as counsel to the Issuer, we have examined (i) the Articles of Incorporation of the Issuer as certified by the Secretary of State of Texas and a resolution of the City Council of Mission, Texas, authorizing the creation of the Issuer; (ii) a certificate of existence of the Issuer from the Secretary of State of the State of Texas; (iii) the Bylaws of the Issuer; (iv) a certificate of the Issuer dated the date hereof relating to certain matters contained herein; (v) the resolution of the Board of Directors of the Issuer adopted on December 20, 2010 (the "Bond Resolution"), authorizing the issuance of the Bonds; (vi) executed copies of the Issuer Transaction Documents; and (vii) the Development Corporation Act, Tex. Loc. Gov't Code Ann. Chapter 501 (Vernon Supp. 2009) (the "Act").

Our opinions in this Opinion (herein so called) are limited in all respects to the substantive law of the State of Texas (the "State") and the federal law of the United States of America, and we assume no responsibility as to the applicability thereto, or to the effect thereon, of the laws of any other jurisdiction.

We have been furnished with and examined originals or copies, certified or otherwise identified to our satisfaction, of all such records of the Issuer, agreements and other instruments, certificates of officers and representatives of the Issuer, certificates of public officials and other documents and we have had such discussions with appropriate officers of the Issuer as we have deemed necessary or desirable as a basis for the opinions hereinafter expressed. As to questions of fact material to such opinions, we have, where relevant facts were not independently verified or established, relied upon certificates of and discussions with officers of the Issuer.

For purposes of this Opinion, we have assumed: (i) the genuineness or all signatures on all documents (other than that of the Issuer on the Issuer Transaction Documents); (ii) the authenticity of all documents submitted to us as originals; (iii) the conformity to the originals of all documents submitted to us as copies; (iv) the correctness and accuracy of all facts set forth in all certificates and reports identified in this Opinion; (v) the due authorization, execution and delivery of and the validity and binding effect of the Issuer Transaction Documents with regard to the parties to the Issuer Transaction Documents other than the Issuer; (vi) each document submitted to us for review is accurate and complete; (vii) there has been no mutual mistake of fact or misunderstanding, fraud, duress or undue influence; (viii) the conduct of the parties to the transactions has complied with any requirement of good faith, fair dealing and conscionability; (ix) there are no agreements or understandings among the parties, written or oral, and there is no usage of trade or course of prior dealing among the parties that would, in either case, define, supplement or qualify the terms of the Issuer Transaction Documents; (x) the Issuer will not in the future take any discretionary action (including a decision not to act) permitted under the Issuer Transaction Documents that would result in a violation of law or constitute a breach or default under any other agreement or court order; and (xi) all parties to the Issuer Transaction Documents will act in accordance with, and will refrain from taking any action that is forbidden by, the terms and conditions of the Issuer Transaction Documents.

Based on the foregoing and subject to the qualifications hereinafter set forth, we are of the opinion that:

1. The Issuer was incorporated and is duly existing under the Act as a nonprofit industrial development corporation and constituted authority of the City of Mission, Texas.

2. The Bond Resolution was duly adopted by the Issuer on December 20, 2010 in compliance with the requirements of applicable Texas law and remains in full force and effect on the date hereof.

3. The Issuer has the authority to enter into the Issuer Transaction Documents and to perform its obligations thereunder.

4. The Issuer Transaction Documents have been duly authorized, executed and delivered by the Issuer and, assuming due and valid authorization, execution and delivery by the other parties thereto, constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms.

5. To the best of our knowledge, without independent investigation, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or public body, pending or threatened against the Issuer, in which an unfavorable decision, finding or ruling would adversely affect the validity or enforceability of the Issuer Transaction Documents or the transactions contemplated therein.

6. The execution, delivery and performance by the Issuer of the Issuer Transaction Documents will not cause a default under (a) any existing laws or regulations of the State or, to the best of our knowledge, any court or administrative rule or regulation to which the Issuer is subject, or any order, writ, decree or judgment known to us to which it is a party or by which it or any of its properties is bound, in force and effect of the date hereof or (b) the Act as it exists on the date hereof.

The opinions and conclusions set out above are subject to the following qualifications, assumptions and exceptions:

A. We have assumed, with your permission, the truth and accuracy of all facts contained in statements and certifications made to us and in all documents and other materials furnished to us by the Issuer and the Cities of Mission and Dallas, Texas and that none of such statements or certifications, and none of such documents or other materials has contained an untrue statement of any fact, or omitted to state a fact necessary in order to make such statements, in light of the circumstances in which they were made, not misleading.

B. In delivering the foregoing opinions, as to certain matters of fact we have relied with your permission upon a certificate of the Issuer executed by its officers. In delivering our opinions in paragraphs 5 and 6, our inquiry is limited to pending actions suits or proceedings wherein service of process was obtained against the Issuer's registered agent of which we have knowledge of pending or threatened actions, suits or proceedings the existence or threat of which was represented to us in such Issuer's certificate.

C. This Opinion speaks only as of its date and only in connection with the Issuer Transaction Documents and may not be applied to any other transaction. We do not undertake to advise you of matters which may come to our attention subsequent to the date hereof which may affect our legal opinion and conclusions expressed herein. Further, this opinion is specifically limited to the laws of the State of Texas and, to the extent applicable, the laws of the United States of America.

D. As used in this opinion the phrases "to the best of our knowledge" and "of which we have knowledge" refer only to the current actual knowledge of attorneys in our firm who have devoted substantive attention to the subject transaction and not to the knowledge of the attorneys in this firm generally.

E. In connection with our opinion in paragraph 4, the validity and enforceability of the Issuer Transaction Documents may be limited by (i) any applicable bankruptcy, insolvency, reorganization, moratorium or fraudulent transfer laws, or any other laws or judicial decisions affecting the Issuer's rights and remedies generally; (ii) general principles of equity (whether considered in a proceeding in equity or at law), including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing; and (iii) forfeiture or similar laws (including court decisions) of the State or of the United States permitting seizure by, or forfeiture of property to, a governmental entity.

F. Without limiting the generality of the foregoing, we express no opinion as to the legality, validity, enforceability or binding effect of any provisions of the Issuer Transaction Documents that (i) restrict access to courts or to legal or equitable remedies or purport to the effect the jurisdiction or venue as to courts; (ii) purport to establish evidentiary standards or effect rights to notice or to waive defenses, statutes of limitations or other benefits bestowed by operation of law; (iii) relate to subrogation rights, delay or omission to enforce rights or remedies, exculpation clauses, indemnification, waiver or ratification of future acts, severability, transferability of properties which by their nature are non-transferable or any clauses purporting to waive unmatured rights; or (iv) claims of the Borrower or the Issuer for damages or other remedies for trespass, conversion, negligence, failure to comply with the requirements concerning notices, disposition of collateral or otherwise waiving rights or defenses of the Borrower or the Issuer under applicable law.

G. In addition, we express no opinion as to (i) the state of title to any property or other collateral; (ii) the priority or perfection of any liens or security interests created or to be created under the Issuer Transaction Documents; (iii) the compliance of the Bonds, the other Issuer Transaction Documents or any other document executed in connection with the issuance of the bonds and the transactions contemplated thereby with any applicable usury laws or similar statutes; (iv) the compliance of the sale of the Bonds to or by the Underwriters with the securities laws of any jurisdiction; (v) the effect, if any, of applicable environmental or ecological laws or regulations on the transactions contemplated by the Issuer Transaction Documents; (vi) compliance by the Borrower with applicable laws and regulations related to the construction or operation of any project financed with the bonds; or (vii) any matters that are not expressly set forth herein and no such opinion is or may be inferred herefrom.

H. In rendering the opinions set forth above, we have made no examination of any accounting, financial, or taxation matters and express no opinion with respect thereto.

Other than as specifically set forth above, this opinion may be relied upon only by the addressees hereof and by other persons to whom written permission to rely hereon is granted by us.

Very truly yours,

HSBC

March 29, 2011

Clean Energy Compression Corp.
43676 Progress Way
Chilliwack, BC
V2R 0C3

Attention: Mr. Brad Miller, President

Dear Sirs:

We refer to the amended and restated facility letter dated December 19, 2007 from HSBC Bank Canada (the **"Bank"**) to I.M.W. Industries Ltd. (the **"Original Borrower"**), as amended by letters dated December 15, 2008, March 23, 2009, December 1, 2009, December 22, 2009, March 26, 2010 and June 14 2010, and as further amended by an assumption agreement (the **"Assumption Agreement"**) dated effective September 7, 2010 (collectively, the **"Facility Letter"**). Pursuant to the Assumption Agreement Clean Energy Compression Corp. (the **"Borrower"**) assumed the obligations and liabilities of the Original Borrower in relation to the Loans.

Any terms not defined in this letter shall have the meaning given to those terms in the Facility Letter. References to Section numbers in this letter are to those set out in the Facility Letter.

Based on the information, representations and documents you have provided to the Bank, and at the request of the Borrower, the Bank has agreed to amend the terms and conditions governing the Loans on the condition that the Facility Letter be modified as follows:

1. Amendment To Operating Loan

1.1 Amount:

(a) Section 1.1 is deleted and replaced with the following:

"1.1 Amount:

CAD$10,000,000 demand revolving loan (the **"Operating Loan"**), partially guaranteed by Export Development Canada (**"EDC"**)."

2. Amendment To Financial Statements and Reports

2.1 Consolidated Financial Statements

(a) The following paragraph shall be added to Section 9 immediately following Paragraph 9(c):

"9(ca) monthly in-house consolidated financial statements for the

Borrower, IMW CNG Bangladesh Ltd., IMW Compressor Group (Shanghai) Co. Ltd., IMW Colombia LTDA. and IMW Industries Inc. (collectively, the **"CECC Group"**), by the 20th day after each month end;"

HSBC Bank Canada
Vancouver Main Branch, Suite 200 - 885 West Georgia Street, Vancouver, B.C. V6C 3G1
Tel: (604) 685-1000 Fax: (604) 641-1808

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3. Financial Covenants

3.1 Debt to Tangible Net Worth:

(a) Paragraph 8(c) is deleted and replaced with the following:

"(c) The ratio of Debt to Tangible Net Worth of the Borrower shall not exceed:

(i) 4.00 to 1 from March 31, 2011 up to and including June 30, 2011; and

(ii) 3.00 to 1 from and including July 1, 2011,

without the prior written consent of the Bank, and such covenant herein shall be evaluated by the Bank on a quarterly basis."; and

(b) The following paragraphs shall be added to Section 8 immediately following Paragraph 8(c):

"(ca) For the purposes of the financial covenants of the Borrower, the following terms shall have the meanings indicated below:

(i) "Debt" includes all current and long term liabilities that have not been formally postponed to the Bank, the Future Payment Notes, future income taxes and asset liability obligations;

(ii) "Tangible Net Worth" means total equity less any intangible assets, goodwill, and amounts due from any related parties, and plus liabilities that have been formally postponed to the Bank and the Future Payment Notes; and

(iii) "Future Payment Notes" means the Notes, as such term is defined in the Commitment to Provide Funds dated as of September 7, 2010 made between the Borrower, the Bank, Clean Energy, and 0884808 B.C. Ltd. pursuant to which Clean Energy and 0884808 B.C. Ltd. have agreed to furnish the Borrower with any funds necessary to ensure payment by the Borrower under such Notes.

(cb) Effective March 31, 2011, the financial covenants of the Borrower shall be calculated based on the consolidated financial statements of the CECC Group or any other financial statements that the Bank in its sole discretion deems appropriate."

4. Conditions Precedent to Availability

The increased amount of the Operating Loan will be made available to the Borrower following receipt by the Bank of the following:

(a) consent and confirmation from EDC that its existing guarantees with respect to the Operating Loan apply to the increased amount of the Operating Loan; and

(b) officers' certificates, directors' resolutions and letter of opinion with respect to the Borrower with respect to the transactions contemplated hereby and the documents executed by it.

5. Full Force and Confirmation of Security

Each of the terms and conditions of the Facility Letter, as amended by this letter, the existing Security Documents and all other security granted in respect of the Loans shall remain in full force and effect, and are hereby ratified and confirmed by each of the undersigned. In particular, the Loans shall continue to be repayable on demand by the Bank, at any time.

6. Bank Review

The Loans shall continue to be subject to periodic review to be conducted by the Bank in the Bank's sole discretion, and the Bank shall be under no obligation to conduct any such review or to provide a renewal letter or extension letter or other notification of such review if such review is conducted.

7. Guarantors

Each of the guarantors that have guaranteed the repayment of the Loans and the obligations and liabilities of the Borrower in respect therewith consents and agrees to the provisions of this amendment letter.

8. Amendment Fee

The Borrower will pay to the Bank an amendment fee of $11,250 in connection with this amendment letter which fee has been fully earned by the issuance of this letter. The Bank is hereby authorized to debit the Borrower's account with the Bank in satisfaction of these fees.

9. Acceptance

The terms and conditions of this amendment letter may be accepted by signing, dating and returning the enclosed duplicate copy of this amendment letter signed by all of the undersigned to the Bank by 5:00 p.m. on March 31, 2011. This amendment letter may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed will be deemed to be an original and all of which taken together will constitute one and the same agreement. A facsimile or similar form of any party's signature hereto will be effective as an original form of such signature. Failing such acceptance, this amendment will be of no further force or effect.

Yours truly,

HSBC BANK CANADA

/s/ Cam Rathwell	/s/ Todd Patchell
Cam Rathwell	Todd Patchell
Senior Account Manager	Assistant Vice President
Commercial Banking	Commercial Banking

Each of the undersigned hereby acknowledge and agree to the terms and conditions of this amendment letter, and ratify and confirm the terms and conditions of the Facility Letter, as amended by this letter, and of each of the Security Documents and other security documents executed by the undersigned in relation to the Loans, as of the day of March, 2011.

CLEAN ENERGY COMPRESSION CORP. **IMW CNG BANGLADESH LTD.**

Per: /s/ Bradley Miller
Name: Bradley Miller
Title: President

Per: /s/ Bradley Miller
Name: Bradley Miller
Title: President

Per:
Name:
Title:

Per:
Name:
Title:

IMW COMPRESSOR GROUP (SHANGHAI) CO. LTD.

Per: /s/ Bradley Miller
Name: Bradley Miller
Title: President

IMW COLOMBIA LTDA.

Per: /s/ Bradley Miller
Name: Bradley Miller
Title: President

Per:
Name:
Title:

Per:
Name:
Title:

CLEAN ENERGY

Per: /s/ Richard Wheeler
Name: Richard Wheeler
Title: CFO

0884808 B.C. LTD.

Per: /s/ Richard Wheeler
Name: Richard Wheeler
Title: CFO

Per:
Name:
Title:

Per:
Name:
Title:

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Agreement") is made and entered into as of March 31, 2011 by Dallas Clean Energy McCommas Bluff, LLC, a Delaware limited liability company (the "Grantor"), and The Bank of New York Mellon Trust Company, N.A., a national banking association (the "Secured Party").

W I T N E S S E T H:

WHEREAS, the Mission Economic Development Corporation, a constituted authority and non-profit industrial development corporation created and existing under the Development Corporation Act, as amended, Chapter 501, Texas Local Government Code (the "Issuer"), will issue its Solid Waste Disposal Revenue Bonds (Dallas Clean Energy LLC Project) Series 2011A (Tax-Exempt) and Solid Waste Disposal Revenue Bonds (Dallas Clean Energy LLC Project) Series 2011B (Taxable) (collectively, the "Bonds"), to assist the Grantor in financing the cost of the acquisition, construction, improvement and installation of certain solid waste disposal facilities (the "Project"), and to pay certain other items relating to the Bonds;

WHEREAS, the Bonds are issued pursuant to an Trust Indenture dated as of January 1, 2011 (the "Indenture"), between the Issuer and the Secured Party, as trustee;

WHEREAS, the Issuer will loan the proceeds derived from the sale of the Bonds to the Grantor to develop the Project pursuant to a Loan Agreement dated as of January 1, 2011 (the "Loan Agreement") under which the Grantor is required to make loan payments sufficient to pay when due the principal of, premium, if any, and interest on the Bonds and related expenses;

WHEREAS, the Grantor's repayment obligations under the Loan Agreement will be evidenced by a promissory note dated the date of issuance of the Bonds (the "Note"), from the Grantor to the Issuer and assigned to the Secured Party pursuant to the Indenture;

WHEREAS, as collateral security for payment and performance of its payment obligations under the Note and all other obligations under the documents to which the Borrower is a party (the "Obligations"), the Grantor is willing to grant to the Secured Party a security interest in all of its personal property and assets pursuant to the terms of this Security Agreement; and

WHEREAS, the Secured Party is unwilling to enter into the Indenture unless the Grantor enters into this Security Agreement.

NOW, THEREFORE, in order to induce the Secured Party to enter into the Indenture with the Issuer, and in further consideration of the premises and the mutual covenants contained herein, the receipt and sufficiency of which are hereby acknowledged the parties hereto agree as follows:

1. Definitions. All capitalized terms used herein without definitions have the respective meanings provided to them in the Indenture. The term "State," as used herein, means the State of Texas. All terms defined in the Uniform Commercial Code of the State and used

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herein shall have the same definitions herein as specified therein. The term "electronic document" applies in the event that the 2003 revisions to Article 7, with amendments to Article 9, of the Uniform Commercial Code, in substantially the form approved by the American Law Institute and the National Conference of Commissioners on Uniform State Laws, are now or hereafter adopted and become effective in the State or in any other relevant jurisdiction.

2. Security Interest.

2.1. Grant of Security Interest. The Grantor hereby grants to the Secured Party, for the benefit of the holders of the Bonds, to secure the payment and performance in full of all of the Obligations, a security interest in and pledges and assigns to the Secured Party, for the benefit of the holders of the Bonds, the following properties, assets and rights of the Grantor, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof (all of the same being hereinafter called the "Collateral"): all personal and fixture property of every kind and nature including all goods (including inventory, equipment and any accessions thereto), instruments (including promissory notes), documents (including, if applicable, electronic documents), accounts (including health-care-insurance receivables), chattel paper (whether tangible or electronic), deposit accounts, letter-of-credit rights (whether or not the letter of credit is evidenced by a writing), commercial tort claims, securities and all other investment property, money, cash or cash equivalents, supporting obligations, any other contract rights or rights to the payment of money, insurance claims, all general intangibles (including all payment intangibles, software and intellectual property), and any books, records or information relating to the foregoing and any proceeds of the foregoing. The Secured Party acknowledges that the attachment of its security interest in any commercial tort claim of the Grantor as original collateral is subject to the Grantor's compliance with §4.7.

2.2. Non-Transferable Collateral.

(a) The grant of the security interest contained in §2.1 shall not extend to, and the term "Collateral" shall not include, any directly held investment property, or any general intangibles, now or hereafter held or owned by the Grantor, to the extent, in each case, that (i) a security interest may not be granted by the Grantor in such directly held investment property or general intangibles as a matter of law, or under the terms of the governing document applicable thereto, without the consent of one or more applicable parties thereto and (ii) such consent has not been obtained.

(b) The grant of the security interest contained in §2.1 shall extend to, and the term "Collateral" shall include, (i) any and all proceeds of such directly held investment property or general intangibles to the extent that the proceeds are not themselves directly held investment property or general intangibles subject to §2.2(a) and (ii) upon any such applicable party or parties' consent with respect to any otherwise excluded directly held investment property or general intangibles being obtained, thereafter such directly held investment property or general intangibles.

(c) The provisions of §2.2(a) shall not apply to (i) directly held investment property or general intangibles to the extent that the restriction on the Grantor granting a security interest therein is not effective under applicable law or (ii) payment intangibles.

3. Authorization to File Financing Statements. The Grantor hereby irrevocably authorizes the Secured Party at any time and from time to time to file in any filing office in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto that (a) indicate the Collateral (i) as all assets of the Grantor or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the Uniform Commercial Code of the State or such other jurisdiction, or (ii) as being of an equal or lesser scope or with greater detail, and (b) provide any other information required by part 5 of Article 9 of the Uniform Commercial Code of the State or such other jurisdiction for the sufficiency or filing office acceptance of any financing statement or amendment, including (i) whether the Grantor is an organization, the type of organization and any organizational identification number issued to the Grantor and, (ii) in the case of a financing statement filed as a fixture filing or indicating Collateral as as-extracted collateral or timber to be cut, a sufficient description of real property to which the Collateral relates. The Grantor agrees to furnish any such information to the Secured Party promptly upon the Secured Party's request. The Grantor also ratifies its authorization for the Secured Party to have filed in any Uniform Commercial Code jurisdiction any like initial financing statements or amendments thereto if filed prior to the date hereof, with all costs and expenses to be at the Grantor's expense.

4. Other Actions. Further to insure the attachment, perfection and first priority of, and the ability of the Secured Party to enforce, the Secured Party's security interest in the Collateral, the Grantor agrees, at the Grantor's expense, to take the following actions with respect to the following Collateral and without limitation on the Grantor's other obligations contained in this Agreement:

4.1. Promissory Notes and Tangible Chattel Paper. If the Grantor shall, now or at any time hereafter, hold or acquire any promissory notes or tangible chattel paper, the Grantor shall forthwith endorse, assign and deliver the same to the Secured Party, accompanied by such instruments of transfer or assignment duly executed in blank as the Secured Party may from time to time specify.

4.2. Deposit Accounts. For each deposit account that the Grantor, now or at any time hereafter, opens or maintains, the Grantor shall, at the Secured Party's request and option, pursuant to an agreement in form and substance satisfactory to the Secured Party, either (a) cause the depositary bank to agree to comply without further consent of the Grantor, at any time with instructions from the Secured Party to such depositary bank directing the disposition of funds from time to time credited to such deposit account, or (b) arrange for the Secured Party to become the customer of the depositary bank with respect to the deposit account, with the Grantor being permitted, only with the consent of

the Secured Party, to exercise rights to withdraw funds from such deposit account. The Secured Party agrees with the Grantor that the Secured Party shall not give any such instructions or withhold any withdrawal rights from the Grantor, unless a Loan Default Event has occurred and is continuing, or, if effect were given to any withdrawal not otherwise permitted by the Documents to which the Borrower is a party, would occur. The provisions of this paragraph shall not apply to any deposit accounts specially and exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of the Grantor's salaried employees.

4.3. Investment Property. Subject to §2.2, if the Grantor shall, now or at any time hereafter, hold or acquire any certificated securities, the Grantor shall forthwith endorse, assign and deliver the same to the Secured Party, accompanied by such instruments of transfer or assignment duly executed in blank as the Secured Party may from time to time specify. If any securities now or hereafter acquired by the Grantor are uncertificated and are issued to the Grantor or its nominee directly by the issuer thereof, the Grantor shall immediately notify the Secured Party thereof and, at the Secured Party's request and option, pursuant to an agreement in form and substance satisfactory to the Secured Party, either (a) cause the issuer to agree to comply, without further consent of the Grantor or such nominee, at any time with instructions from the Secured Party as to such securities, or (b) arrange for the Secured Party to become the registered owner of the securities. If any securities, whether certificated or uncertificated, or other investment property now or hereafter acquired by the Grantor are held by the Grantor or its nominee through a securities intermediary or commodity intermediary, the Grantor shall immediately notify the Secured Party thereof and, at the Secured Party's request and option, pursuant to an agreement in form and substance satisfactory to the Secured Party, either (i) cause such securities intermediary or (as the case may be) commodity intermediary to agree to comply, in each case without further consent of the Grantor or such nominee, at any time with entitlement orders or other instructions from the Secured Party to such securities intermediary as to such securities or other investment property, or (as the case may be) to apply any value distributed on account of any commodity contract as directed by the Secured Party to such commodity intermediary, or (ii) in the case of financial assets or other investment property held through a securities intermediary, arrange for the Secured Party to become the entitlement holder with respect to such investment property, with the Grantor being permitted, only with the consent of the Secured Party, to exercise rights to withdraw or otherwise deal with such investment property. The Secured Party agrees with the Grantor that the Secured Party shall not give any such entitlement orders or instructions or directions to any such issuer, securities intermediary or commodity intermediary, and shall not withhold its consent to the exercise of any withdrawal or dealing rights by the Grantor, unless a Loan Default Event has occurred and is continuing, or, after giving effect to any such investment and withdrawal rights not otherwise permitted by the Loan Documents, would occur. The provisions of this paragraph shall not apply to any financial assets credited to a securities account for which the Secured Party is the securities intermediary.

4.4. Collateral in the Possession of a Bailee. If any Collateral of the Grantor is, now or at any time hereafter, in the possession of a bailee, the Grantor shall promptly notify the Secured Party thereof and, at the Secured Party's request and option, shall promptly obtain an acknowledgement from the bailee, in form and substance satisfactory to the Secured Party, that the bailee holds such Collateral for the benefit of the Secured Party and such bailee's agreement to comply, without further consent of the Grantor, at any time with instructions of the Secured Party, as to such Collateral. The Secured Party agrees with the Grantor that the Secured Party shall not give any such instructions unless a Loan Default Event has occurred and is continuing or would occur after taking into account any action by the Grantor with respect to the bailee.

4.5. Electronic Chattel Paper, Electronic Documents and Transferable Records. If the Grantor, now or at any time hereafter, holds or acquires an interest in any electronic chattel paper, any electronic document or any "transferable record," as that term is defined in §201 of the federal Electronic Signatures in Global and National Commerce Act, or in §16 of the Uniform Electronic Transactions Act as in effect in any

relevant jurisdiction, the Grantor shall promptly notify the Secured Party thereof and, at the request and option of the Secured Party, shall take such action as the Secured Party may reasonably request to vest in the Secured Party control, under §9-105 of the Uniform Commercial Code of the State or any other relevant jurisdiction, of such electronic chattel paper, control, under §7.106 of the Uniform Commercial Code of the State or any other relevant jurisdiction, of such electronic document or control, under §201 of the federal Electronic Signatures in Global and National Commerce Act or, as the case may be, §16 of the Uniform Electronic Transactions Act, as so in effect in such jurisdiction, of such transferable record. The Secured Party agrees with the Grantor that the Secured Party will arrange, pursuant to procedures satisfactory to the Secured Party and so long as such procedures will not result in the Secured Party's loss of control, for the Grantor to make alterations to the electronic chattel paper, electronic document or transferable record permitted under UCC §9.105, UCC §7.106, or, as the case may be, §201 of the federal Electronic Signatures in Global and National Commerce Act or §16 of the Uniform Electronic Transactions Act for a party in control to make without loss of control, unless a Loan Default Event has occurred and is continuing or would occur after taking into account any action by the Grantor with respect to such electronic chattel paper, electronic document or transferable record. The provisions of this §4.5 relating to electronic documents and "control" under UCC §7.106 apply in the event that the 2003 revisions to Article 7, with amendments to Article 9, of the Uniform Commercial Code, in substantially the form approved by the American Law Institute and the National Conference of Commissioners on Uniform State Laws, are now or hereafter adopted and become effective in the State or in any other relevant jurisdiction.

4.6. Letter-of-Credit Rights. If the Grantor is, now or at any time hereafter, a beneficiary under a letter of credit now or hereafter, the Grantor shall promptly notify the Secured Party thereof and, at the request and option of the Secured Party, the Grantor shall, pursuant to an agreement in form and substance satisfactory to the Secured Party, either (a) arrange for the issuer and any confirmer or other nominated person of such letter of credit to consent to an assignment to the Secured Party of the proceeds of the letter of credit or (b) arrange for the Secured Party to become the transferee beneficiary of the letter of credit.

4.7. Commercial Tort Claims. If the Grantor shall, now or at any time hereafter, hold or acquire a commercial tort claim, the Grantor shall immediately notify the Secured Party in a writing signed by the Grantor of the particulars thereof and grant to the Secured Party, for the benefit of the Secured Parties and the Secured Party, in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance satisfactory to the Secured Party.

4.8. Other Actions as to Any and All Collateral. The Grantor further agrees upon the request of the Secured Party and at the Secured Party's option, to take any and all other actions as the Secured Party may determine to be necessary or useful for the attachment, perfection and first priority of, and the ability of the Secured Party to enforce, the Secured Party's security interest in any and all of the Collateral including (a) executing, delivering and, where appropriate, filing financing statements and amendments relating thereto under the Uniform Commercial Code of any relevant jurisdiction, to the extent, if any, that the Grantor's signature thereon is required therefor, (b) causing the Secured Party's name to be noted as secured party on any certificate of title for a titled good if such notation is a condition to attachment, perfection or priority of, or ability of the Secured Party to enforce, the Secured Party's security interest in such Collateral, (c) complying with any provision of any statute, regulation or treaty of the United States as to any Collateral if compliance with such provision is a condition to attachment, perfection or priority of, or ability of the Secured Party to enforce, the Secured Party's security interest in such Collateral, (d) obtaining governmental and other third party waivers, consents and approvals, in form and substance satisfactory to the Secured Party including any consent of any licensor, lessor or other person obligated on Collateral and any party or parties whose consent is required for the security interest of the Secured Party to attach under §2, (e) obtaining waivers from landlords in form and substance satisfactory to the Secured Party and (f) taking all actions under any earlier versions of the Uniform Commercial Code or under any other law, as reasonably determined by the Secured Party to be applicable in any relevant Uniform Commercial Code or other jurisdiction, including any foreign jurisdiction.

4.9. Relation to Other Collateral Documents. The provisions of this Agreement supplement the provisions of any leasehold deeds of trust, collateral assignments, or other such instruments by and between the Grantor and the Secured Party (either existing now or in the future, collectively, "Other Collateral Documents"), for the benefit of the holders of the Bonds, and which secures the payment or performance of any of the Obligations. Nothing contained in any such document shall derogate from any of the rights or remedies of the Secured Party or any of the Secured Parties hereunder.

5. Representations and Warranties Concerning Grantor's Legal Status. The Grantor represents and warrants to the Secured Party as follows: (a) the Grantor's exact legal name is that indicated on Schedule 1 attached hereto, (b) the Grantor is an organization of the type, and is organized in the jurisdiction, set forth on Schedule 1 attached hereto, (c) Schedule 1 attached hereto accurately sets forth the Grantor's organizational identification number or accurately states that the Grantor has none, and (d) Schedule 1 attached hereto accurately sets forth the Grantor's place of business or, if more than one, its chief executive office as well as the Grantor's mailing address if different.

6. Covenants Concerning Grantor's Legal Status. The Grantor covenants with the Secured Party as follows: (a) without providing at least thirty (30) days' prior written notice to the Secured Party, the Grantor will not change its name, its place of business or, if more than one, chief executive office, or its mailing address or organizational identification number if it has one, (b) if the Grantor does not have an organizational identification number and later obtains one, the Grantor will promptly notify the Secured Party of such organizational identification number, and (c) the Grantor will not change its type of organization, jurisdiction of organization or other legal structure.

7. Representations and Warranties Concerning Collateral, Etc. The Grantor further represents and warrants to the Secured Party as follows: (a) the Grantor is the owner of or has other rights in or power to transfer the Collateral, free from any right or claim of any person or any adverse lien, except for the security interest created by this Agreement and "Permitted Liens" (defined below), (b) none of the Collateral constitutes, or is the proceeds of, "farm products" as defined in §9.102(a)(34) of the Uniform Commercial Code of the State, (c) none of the account debtors or other persons obligated on any of the Collateral is a governmental authority covered by the Federal Assignment of Claims Act or like federal, state or local statute or rule in respect of such Collateral, (d) the Grantor holds no commercial tort claim except as indicated on its Perfection Certificate, and (e) the Grantor has at all times operated its business in compliance with all applicable provisions of the federal Fair Labor Standards Act, as amended, and with all applicable provisions of federal, state and local statutes and ordinances dealing with the control, shipment, storage or disposal of hazardous materials or substances. For the purposes of this Agreement, "Permitted Liens" collectively includes (i) liens for taxes not then delinquent, (ii) any lien pursuant to the Loan Agreement, the Indenture, or

Other Collateral Documents or a document to which the Borrower is a party granting a lien in the Project or the Revenues (iii) any lien or encumbrance disclosed on the title insurance policy delivered in connection with the issuance of the Bonds; (iv) mineral leases, servitudes or other mineral rights, utility, access and other easements and rights of way, restrictions and exceptions that an authorized officer of the Grantor certifies will not interfere with the operation of or impair the value of the Premises, and (v) such minor defects, irregularities, encumbrances, easements, rights of way and clouds on title as normally exist with respect to property similar in character to the premises comprising the Project and would not reasonably be expected to materially impair the property affected thereby for the purpose for which it was acquired or is held by the Grantor.

8. **Covenants Concerning Collateral, Etc**. The Grantor further covenants with the Secured Party as follows: (a) the Collateral, to the extent not delivered to the Secured Party pursuant to §4, will be kept at the Project site and the Grantor will not remove the Collateral from such locations, without providing at least thirty (30) days' prior written notice to the Secured Party, (b) except for the security interest herein granted and the Permitted Liens, the Grantor shall be the owner of or have other rights in the Collateral free from any right or claim of any other person or any lien, and the Grantor shall defend the same against all claims and demands of all persons at any time claiming the same or any interests therein adverse to the Secured Party or any of the Secured Parties, (c) the Grantor shall not pledge, mortgage or create,

or suffer to exist any right of any person in or claim by any person to the Collateral, or any lien in the Collateral in favor of any person, or become bound (as provided in §9.203(d) of the Uniform Commercial Code of the State or any other relevant jurisdiction or otherwise) by a security agreement in favor of any person as secured party, other than the Secured Party except for the Permitted Liens, (d) the Grantor will keep the Collateral in good order and repair and will not use the same in violation of law or any policy of insurance thereon, (e) the Grantor will permit the Secured Party, or its designee, to inspect the Collateral at any reasonable time, wherever located, (f) the Grantor will pay promptly when due all taxes, assessments, governmental charges and levies upon the Collateral or incurred in connection with the use or operation of the Collateral or incurred in connection with this Agreement, (g) the Grantor will continue to operate, its business in compliance with all applicable provisions of the federal Fair Labor Standards Act, as amended, and with all applicable provisions of federal, state and local statutes and ordinances dealing with the control, shipment, storage or disposal of hazardous materials or substances, and (h) the Grantor will not sell or otherwise dispose, or offer to sell or otherwise dispose, of the Collateral or any interest therein except in the ordinary course of business.

9. **Insurance.** Grantor shall maintain insurance on the Collateral according to the Loan Agreement.

10. **Collateral Protection Expenses; Preservation of Collateral**.

10.1. **Expenses Incurred by Secured Party**. In the Secured Party's discretion, the Secured Party may discharge taxes and other encumbrances at any time levied or placed on any of the Collateral, maintain any of the Collateral, make repairs thereto and pay any necessary filing fees or insurance premiums, in each case if the Grantor fails to do so. The Grantor agrees to reimburse the Secured Party on demand for all expenditures so made. The Secured Party shall have no obligation to the Grantor to make any such expenditures, nor shall the making thereof be construed as a waiver or cure of any Loan Default Event.

10.2. **Secured Party's Obligations and Duties**. Anything herein to the contrary notwithstanding, the Grantor shall remain obligated and liable under each contract or agreement comprised in the Collateral to be observed or performed by the Grantor thereunder. Neither the Secured Party nor any Secured Party shall have any obligation or liability under any such contract or agreement by reason of or arising out of this Agreement or the receipt by the Secured Party or any Secured Party of any payment relating to any of the Collateral, nor shall the Secured Party or any Secured Party be obligated in any manner to perform any of the obligations of the Grantor under or pursuant to any such contract or agreement, to make inquiry as to the nature or sufficiency of any payment received by the Secured Party or any Secured Party in respect of the Collateral or as to the sufficiency of any performance by any party under any such contract or agreement, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to the Secured Party or to which the Secured Party or any Secured Party may be entitled at any time or times. The Secured Party's sole duty with respect to the custody, safe keeping and physical preservation of the Collateral in its possession, under §9-207 of the Uniform Commercial Code of the State or otherwise, shall be to deal with such Collateral in the same manner as the Secured Party deals with similar property for its own account.

11. **Securities and Deposits**. The Secured Party may at any time following and during the continuance of a Loan Default Event, at its option, transfer to itself or any nominee any securities constituting Collateral, receive any income thereon and hold such income as additional Collateral or apply it to the Obligations. Whether or not any Obligations are due, the Secured Party may following and during the continuance of a Loan Default Event demand, sue for, collect, or make any settlement or compromise which it deems desirable with respect to the Collateral. Regardless of the adequacy of Collateral or any other security for the Obligations, any deposits or other sums at any time credited by or due from the Secured Party or any Secured Party to the Grantor may at any time be applied to or set off against any of the Obligations.

12. **Notification to Account Debtors and Other Persons Obligated on Collateral**. If a Loan Default Event shall have occurred and be continuing, the Grantor shall, at the request and option of the Secured Party, notify account debtors and other persons obligated on any of the Collateral of the security interest of the Secured Party in any account, chattel paper, general intangible, instrument or other Collateral and that payment thereof is to be made directly to the Secured Party or to any financial institution designated by the Secured Party as the Secured Party's agent therefor, and the Secured Party may itself, if a Loan Default Event shall have occurred and be continuing, without notice to or demand upon the Grantor, so notify account debtors and other persons obligated on Collateral. After the making of such a request or the giving of any such notification, the Grantor shall hold any proceeds of collection of accounts, chattel paper, general intangibles, instruments and other Collateral received by the Grantor as trustee for the Secured Party, for the benefit of the Secured Parties and the Secured Party, without commingling the same with other funds of the Grantor and shall turn the same over to the Secured Party in the identical form received, together with any necessary endorsements or assignments. The Secured Party shall apply the proceeds of collection of accounts, chattel paper, general intangibles, instruments and other Collateral received by the Secured Party to the Obligations, such proceeds to be immediately credited after final payment in cash or other immediately available funds of the items giving rise to them.

13. **Power of Attorney**.

13.1. **Appointment and Powers of Secured Party**. The Grantor hereby irrevocably constitutes and appoints the Secured Party and any officer or agent thereof, with full power of substitution, as its true and lawful attorneys-in-fact with full irrevocable power and authority in the place and stead of the Grantor or in the Secured Party's own name, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments that may be necessary or useful to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, hereby gives said attorneys the power and right, on behalf of the Grantor, without notice to or assent by the Grantor, to do the following:

(a) upon the occurrence and during the continuance of a Loan Default Event, generally to sell, transfer, pledge, make any agreement with respect to or otherwise dispose of or deal with any of the Collateral in such manner as is consistent with the Uniform Commercial Code of the State or any other relevant jurisdiction and as fully and completely as though the Secured Party were the absolute owner thereof for all purposes, and to do, at the Grantor's expense, at any time, or from time to time, all acts and things which the Secured Party deems necessary or useful to protect, preserve or realize upon the Collateral and the Secured Party's security interest therein, in order to effect the intent of this Agreement, all no less fully and effectively as the Grantor might do, including (i) the filing and prosecuting of registration and transfer applications with the appropriate federal, state or local agencies or authorities with respect to trademarks, copyrights and patentable inventions and processes, (ii) upon written notice to the Grantor, the exercise of voting rights with respect to voting securities, which rights may be exercised, if the Secured Party so elects, with a view to causing the liquidation of assets of the issuer of any such securities and (iii) the execution, delivery and recording, in connection with any sale or other disposition of any Collateral, of the endorsements, assignments or other instruments of conveyance or transfer with respect to such Collateral; and

(b) to the extent that the Grantor's authorization given in §3 is not sufficient, to file such financing statements with respect hereto, with or without the Grantor's signature, or a photocopy of this Agreement in substitution for a financing statement, as the Secured Party may deem appropriate and to execute in the Grantor's name such financing statements and amendments thereto and continuation statements which may require the Grantor's signature.

13.2. **Ratification by Grantor**. To the extent permitted by law, the Grantor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and is irrevocable.

13.3. **No Duty on Secured Party**. The powers conferred on the Secured Party hereunder are solely to protect the interests of the Secured Party and the Secured Parties in the Collateral and shall not impose any duty upon the Secured Party to exercise any such powers. The Secured Party shall be accountable only for the amounts that it actually receives as a result of the exercise of such powers, and neither it nor any of its officers, directors, employees or agents shall be responsible to the Grantor for any act or failure to act, except for the Secured Party's own gross negligence or willful misconduct.

14. **Rights and Remedies**. If a Loan Default Event shall have occurred and be continuing, the Secured Party, without any other notice to or demand upon the Grantor, shall have in any jurisdiction in which enforcement hereof is sought, in addition to all other rights and remedies, the rights and remedies of a secured party under the Uniform Commercial Code of the State or any other relevant jurisdiction and any additional rights and remedies as may be provided to a secured party in any jurisdiction in which Collateral is located, including the right to take possession of the Collateral, and for that purpose the Secured Party may, so far as the Grantor can give authority therefor, enter upon any premises on which the Collateral may be situated and remove the same therefrom. The Secured Party may in its discretion require the

Grantor to assemble all or any part of the Collateral at such location or locations within the jurisdiction of the Grantor's principal office or at such other locations as the Secured Party may reasonably designate. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Secured Party shall give to the Grantor at least five (5) Business Days' prior written notice of the time and place of any public sale of Collateral or of the time after which any private sale or any other intended disposition is to be made. The Grantor hereby acknowledges that five (5) Business Days' prior written notice of such sale or sales shall be reasonable notice. In addition, the Grantor waives any and all rights that it may have to a judicial hearing in advance of the enforcement of any of the Secured Party's rights and remedies hereunder, including its right following a Loan Default Event to take immediate possession of the Collateral and to exercise its rights and remedies with respect thereto.

15. **Standards for Exercising Rights and Remedies**. To the extent that applicable law imposes duties on the Secured Party to exercise remedies in a commercially reasonable manner, the Grantor acknowledges and agrees that it is not commercially unreasonable for the Secured Party (a) to fail to incur expenses reasonably deemed significant by the Secured Party to prepare Collateral for disposition or otherwise to fail to complete raw material or work in process into finished goods or other finished products for disposition, (b) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of, (c) to fail to exercise collection remedies against account debtors or other persons obligated on Collateral or to fail to remove liens on or any adverse claims against Collateral, (d) to exercise collection remedies against account debtors and other persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (e) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (f) to contact other persons, whether or not in the same business as the Grantor, for expressions of interest in acquiring all or any portion of the Collateral, (g) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the collateral is of a specialized nature, (h) to dispose of Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets, (i) to dispose of assets in wholesale rather than retail markets, (j) to disclaim disposition warranties, (k) to purchase insurance or credit enhancements to insure the Secured Party against risks of loss, collection or disposition of Collateral or to provide to the Secured Party a guaranteed return from the collection or disposition of Collateral, or (l) to the extent deemed appropriate by the Secured Party, to obtain the services of brokers, investment bankers, consultants and other professionals to assist the Secured Party in the collection or disposition of any of the Collateral. The Grantor acknowledges that the purpose of this §15 is to provide non-exhaustive indications of what actions or omissions by the Secured Party would fulfill the Secured Party's duties under the Uniform Commercial Code of the State or any other relevant jurisdiction in the Secured Party's exercise of remedies against the Collateral and that other actions or omissions by the Secured Party shall not be deemed to fail to fulfill such duties solely on account of not being indicated in this §15. Without limitation upon the foregoing,

nothing contained in this §15 shall be construed to grant any rights to the Grantor or to impose any duties on the Secured Party that would not have been granted or imposed by this Agreement or by applicable law in the absence of this §15.

16. **No Waiver by Secured Party, etc**. The Secured Party shall not be deemed to have waived any of its rights and remedies in respect of the Obligations or the Collateral unless such waiver shall be in writing and signed by the Secured Party. No delay or omission on the part of the Secured Party in exercising any right or remedy shall operate as a waiver of such right or remedy or any other right or remedy. A waiver on any one occasion shall not be construed as a bar to or waiver of any right or remedy on any future occasion. All rights and remedies of the Secured Party with respect to the Obligations or the Collateral, whether evidenced hereby or by any other instrument or papers, shall be cumulative and may be exercised singularly, alternatively, successively or concurrently at such time or at such times as the Secured Party deems expedient.

17. **Suretyship Waivers by Grantor**. The Grantor waives demand, notice, protest, notice of acceptance of this Agreement, notice of loans made, credit extended, Collateral received or delivered or other action taken in reliance hereon and all other demands and notices of any description. With respect to both the Obligations and the Collateral, the Grantor assents to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of or failure to perfect any security interest in any Collateral, to the addition or release of any party or person primarily or secondarily liable therefor, to the acceptance of partial payment thereon and the settlement, compromising or adjusting of any thereof, all in such manner and at such time or times as the Secured Party may deem advisable. The Secured Party shall have no duty as to the collection or protection of the Collateral or any income therefrom, the preservation of rights against prior parties, or the preservation of any rights pertaining thereto beyond the safe custody thereof as set forth in §10.2. The Grantor further waives any and all other suretyship defenses.

18. **Marshaling**. The Secured Party shall not be required to marshal any present or future collateral security (including but not limited to the Collateral) for, or other assurances of payment of, the Obligations or any of them or to resort to such collateral security or other assurances of payment in any particular order, and all of the rights and remedies of the Secured Party hereunder and of the Secured Party in respect of such collateral security and other assurances of payment shall be cumulative and in addition to all other rights and remedies, however existing or arising. To the extent that it lawfully may, the Grantor hereby agrees that it will not invoke any law relating to the marshaling of collateral which might cause delay in or impede the enforcement of the Secured Party's rights and remedies under this Agreement or under any other instrument creating or evidencing any of the Obligations or under which any of the Obligations is outstanding or by which any of the Obligations is secured or payment thereof is otherwise assured, and, to the extent that it lawfully may, the Grantor hereby irrevocably waives the benefits of all such laws.

19. **Proceeds of Dispositions; Expenses**. The Grantor agrees to pay to the Secured Party on demand any and all expenses, including reasonable attorneys' fees and disbursements, incurred or paid by the Secured Party in protecting, preserving or enforcing the Secured Party's rights and remedies under or in respect of any of the Obligations or any of the Collateral. After

deducting all of said expenses, the residue of any proceeds of collection or sale or other disposition of Collateral shall, to the extent actually received in cash, be applied to the payment of the Obligations in such order or preference as is provided in the Indenture, or as reasonably determined by the Secured Party (if not specified in the Indenture), proper allowance and provision being made for any Obligations not then due. Upon the final payment in cash and satisfaction in full of all of the Obligations and after making any payments required by §§9.608(a)(1)(C) or 9.615(a)(3) of the Uniform Commercial Code of the State, any excess shall be returned to the applicable Grantor. In the absence of final payment and satisfaction in full of all of the Obligations, the Grantor shall remain liable for any deficiency.

20. **Governing Law; Consent to Jurisdiction; Service of Process**. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF TEXAS WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES THEREOF. EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF TEXAS SITTING IN DALLAS COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE NORTHERN DISTRICT OF TEXAS, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH TEXAS STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT SHALL AFFECT ANY RIGHT THAT THE SECURED PARTY OTHERWISE MAY HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AGAINST THE GRANTOR OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

21. **Waiver of Jury Trial**. EACH PARTY HERETO IRREVOCABLY WAIVES ITS RIGHT TO A JURY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS AGREEMENT, ANY RIGHTS OR OBLIGATIONS HEREUNDER OR THE PERFORMANCE OR ENFORCEMENT OF ANY SUCH RIGHTS OR OBLIGATIONS. Except as prohibited by law, the Grantor waives any right which it may have to claim or recover in any litigation referred to in the preceding sentence any special, exemplary, punitive or consequential damages or any damages other than, or in addition to, actual damages. The Grantor (a) certifies that neither the Secured Party nor any representative, agent or attorney of the Secured Party or any Secured Party has represented, expressly or otherwise, that the Secured Party would not, in the event of litigation, seek to enforce the foregoing waivers or other waivers contained in this Agreement and (b) acknowledges that, in entering into the Indenture, the Secured Party is relying upon, among other things, the waivers and certifications contained in this §21.

22. **Miscellaneous**. The headings of each section of this Agreement are for convenience only and shall not define or limit the provisions thereof. This Agreement and all rights and obligations hereunder shall be binding upon the Grantor and its successors and assigns, and shall inure to the benefit of the Secured Party, the Secured Parties and their respective successors and assigns. If any term of this Agreement shall be held to be invalid, illegal or unenforceable, the validity of all other terms hereof shall in no way be affected thereby, and this Agreement shall be construed and be enforceable as if such invalid, illegal or unenforceable term had not been included herein. The Grantor acknowledges receipt of a copy of this Agreement.

23. **Counterparts; Integration; Effectiveness**. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement (and the other Documents to which the Borrower is a party and the Indenture) constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Delivery of an executed counterpart of a signature page of this Agreement by electronic transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

24. **Conflict**. To the extent the terms of this Agreement conflict with the terms of the Indenture or any other Borrower Loan Document, the terms of such other agreement shall control.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, intending to be legally bound, the undersigned have caused this Security Agreement to be duly executed as of the date first above written.

Grantor:

DALLAS CLEAN ENERGY MCCOMMAS BLUFF, LLC, a Delaware limited liability company

By: /S/ Harrison S. Clay
Name: Harrison S. Clay
Title: Manager

Accepted:

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
a national banking association, as Secured Party

By: /S/ Matthew Moon
Name: Matthew Moon
Title: Senior Associate

Schedule 1

(a) Dallas Clean Energy McCommas Bluff, LLC

(b) Delaware limited liability company

(c) [Grantor has none]

(d) [Insert]

THIS DOCUMENT PREPARED BY
AND RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:
R. Christian Brose
201 N. Tryon Street, Ste 3000
Charlotte, NC 28202

LEASEHOLD DEED OF TRUST, SECURITY AGREEMENT AND ASSIGNMENT OF RENTS AND LEASES

dated as of March 31, 2011

by

Dallas Clean Energy McCommas Bluff, LLC,

a Delaware limited liability company,
as Grantor

to

Peter S. Graf,
the Trustee

for the benefit of

The Bank of New York Mellon Trust Company, N.A., a national banking association

Property:

Leasehold estate concerning approximately 1.9976 acres

located at the McComass Bluff Landfill,

Dallas, Texas

[Collateral includes Fixtures]

LEASEHOLD DEED OF TRUST, SECURITY AGREEMENT AND
ASSIGNMENT OF RENTS AND LEASES

THIS LEASEHOLD DEED OF TRUST, SECURITY AGREEMENT AND ASSIGNMENT OF RENTS AND LEASES ("Deed of Trust"), made and entered into as of March 31, 2011, by Dallas Clean Energy McCommas Bluff, LLC, a Delaware limited liability company, whose address is 624 S. Grand Avenue, Suite 2420, Los Angeles, California 90017-3325 ("Grantor"), in favor of Peter S. Graf, whose address is 2626 Howell Street, 10th Floor, Dallas, Texas 75204-4064 ("Trustee," said term referring always to the named Trustee and his successors in trust), for the use and benefit of The Bank of New York Mellon Trust Company, N.A., a national banking association, as trustee (the "Bond Trustee"), under that certain Trust Indenture, dated as of January 1, 2011 (as further amended, restated, modified, or otherwise supplemented from time to time, the "Indenture"), by and between the Bond Trustee and Mission Economic Development Corporation (the "Issuer").

W I T N E S S E T H:

WHEREAS, pursuant to the Indenture, the Issuer has issued its $40,200,000 Solid Waste Disposal Revenue Bonds (Dallas Clean Energy McCommas Bluff, LLC Project) Series 2011 (the "Bonds"), to assist in financing the cost of the acquisition, construction, improvement and installation of certain solid waste disposal facilities being developed by the Grantor (the "Project"), and to pay certain other items relating to the Bonds;

WHEREAS, the Issuer will loan the proceeds derived from the sale of the Bonds to the Grantor pursuant to a Loan Agreement dated as of January 1, 2011 (the "Loan Agreement") under which the Grantor is required to make loan payments sufficient to pay when due the principal of, premium, if any, and interest on the Bonds and related expenses; and

WHEREAS, the Grantor's repayment obligations under the Loan Agreement will be evidenced by a promissory note dated the date of issuance of the Bonds (the "Note"), from the Grantor to the Issuer and assigned to the Bond Trustee pursuant to the Indenture, and secured by this Deed of Trust;

NOW, THEREFORE, THIS DEED OF TRUST FURTHER WITNESSETH:

That for and in consideration of the indebtedness and other obligations of Grantor hereinafter set forth, and the trust herein created, Grantor does hereby irrevocably CONVEY WARRANT, GRANT, BARGAIN, SELL, ASSIGN, TRANSFER, PLEDGE AND SET OVER unto Trustee, and the successors and assigns of Trustee, all of the following described land, leaseholds and interests in land, estates, easements, rights, improvements, personal property, fixtures, equipment, furniture, furnishings, appliances and appurtenances, including replacements and additions thereto (hereinafter referred to collectively as the "Premises"):

(a) All of Grantor's interest and any after-acquired leasehold or fee title in certain real property consisting of approximately 1.9976 acres and located at the McComass Bluff Landfill in Dallas, Texas as more particularly described in Exhibit A attached hereto and by this reference made a part hereof (the "Land");

(b) All right, title and interest of Grantor in and to buildings, structures and improvements of every nature whatsoever now or hereafter situated on the Land, and all gas and electric fixtures, radiators, heaters, engines and machinery, boilers, ranges, elevators and motors, plumbing and heating fixtures, carpeting and other floor coverings, water heaters, awnings and storm sashes, and cleaning apparatus which are or shall be attached to said buildings, structures or improvements, and all other furnishings, furniture, fixtures, machinery, equipment, appliances, vehicles and personal property of every kind and nature whatsoever now or hereafter owned by Grantor and located in, on or about, or used or intended to be used with or in connection with the construction, use, operation or enjoyment of the Premises, including all extensions, additions, improvements, betterments, renewals and replacements, substitutions, or proceeds from a permitted sale of any of the foregoing, and all building materials and supplies of every kind now or hereafter placed or located on the Land (collectively the "Improvements"), all of which are hereby declared and shall be deemed to be fixtures and accessions to the Land and a part of the Premises as between the parties hereto and all persons claiming by, through or under them, and which shall be deemed to be a portion of the security for the indebtedness herein described and to be secured by this Deed of Trust;

(c) All right, title and interest of Grantor as lessee under that certain Lease to Develop Landfill Gas dated December 12, 1994 (as amended and assigned from time to time, the "Lease"), between the City of Dallas, Texas (the "Lessor") and the Grantor (as assignee and successor in interest to predecessor lessees), including any after-acquired title or interest of Grantor in the property described in the Lease, which Lease includes the Land or some part thereof;

(d) All easements, rights-of-way, strips and gores of land, vaults, streets, ways, alleys, passages, sewer rights, waters, water courses, water rights and powers, minerals, flowers, shrubs, crops, trees, timber and other emblements, to the extent owned by or benefiting Grantor, now or hereafter located on the Land or under or above the same or any part or parcel thereof, and all ground leases, estates, rights, titles, interests, privileges, liberties, tenements, hereditaments and appurtenances, reversions, and remainders whatsoever, in any way belonging, relating or appertaining to the Premises or any part thereof, or which hereafter shall in any way belong, relate or be appurtenant thereto and benefiting Grantor, whether now owned or hereafter acquired by them;

(e) All of Grantor's rents, issues, profits and revenues of the Premises from time to time accruing (including without limitation all payments under leases, ground leases or tenancies, proceeds of insurance, condemnation payments, tenant security deposits and escrow funds), and all of the estate, right, title, interest, property, possession, claim and demand whatsoever at law, as well as in equity, of Grantor of, in and to the same, reserving only the right to them to collect the same so long as Grantor is not in default hereunder or such collection is not otherwise restricted by this Deed of Trust;

(f) All rights and options of Grantor in any bankruptcy proceeding to make any elections to remain in possession under the Lease; and, in the event of bankruptcy of Grantor, Grantor shall be deemed in possession, regardless of the presence of other tenants, and all of Grantor's possessory rights and rights to terminate or reject any leases are hereby encumbered and made a part of the Premises; and

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(g) All furniture, machinery, supplies, construction materials, goods, equipment, fixtures, inventory, accounts, contract rights, permits, chattel paper, documents, instruments and general intangibles (including, without limitation, the right to use all names, logos and other identification) associated with operation of the Premises or used or useful in connection therewith and all books and records in any way related to the Premises.

SUBJECT, HOWEVER, in each case to (i) liens for taxes not then delinquent, (ii) the Loan Agreement, this Deed of Trust, the Lease and the Indenture, (iii) any lien or encumbrance disclosed on the title insurance policy delivered in connection with the issuance of the Bonds; (iv) mineral leases, servitudes or other mineral rights, utility, access and other easements and rights of way, restrictions and exceptions that an authorized officer of the Grantor certifies will not interfere with the operation of or impair the value of the Premises, and (iv) such minor defects, irregularities, encumbrances, easements, rights of way and clouds on title as normally exist with respect to property similar in character to the Premises and would not reasonably be expected to materially impair the property affected thereby for the purpose for which it was acquired or is held by the Grantor (collectively, "Permitted Liens").

TO HAVE AND TO HOLD the Premises and all parts, rights, members and appurtenances thereof, to the use and benefit of Trustee and the successors, successors-in-title and assigns of Trustee, forever; and Grantor covenants that Grantor is lawfully seized and possessed of the Premises pursuant to the Lease as aforesaid and has good right to convey the same, that the same are unencumbered (other than Permitted Liens), and Grantor does warrant and will forever defend the title thereto against the claims of all persons whomsoever.

But this conveyance is made IN TRUST for the following uses and trusts, and for no other purposes, to-wit:

(a) To secure the payment of an indebtedness for borrowed money in the principal amount not exceeding FORTY MILLION TWO HUNDRED THOUSAND MILLION DOLLARS ($40,200,000), together with interest thereon, which Beneficiary has advanced as evidenced by the Note, and being finally due and payable on **December 1, 2024,** pursuant to the terms of the Loan Agreement and the Indenture;

(b) To secure all sums advanced by Beneficiary to Grantor or expended by Beneficiary for Grantor's account, including but not limited to advances for taxes and insurance pursuant to the terms of this Deed of Trust, and the faithful performance of all terms and conditions contained herein;

(c) To secure the payment of all court costs, expenses and costs of whatever kind incident to the collection of any indebtedness secured hereby and the enforcement or protection of the lien of this conveyance, including reasonable attorney's fees and any amounts paid to prevent termination of the Lease; and

(d) To secure any amounts expended by Beneficiary in removing, isolating or cleaning up any hazardous materials from the Premises, whether or not such action is required by any "Applicable Environmental Law" (as hereinafter defined).

Should the indebtedness, including, without limitation, the Note, secured by this Deed of Trust (hereinafter referred to collectively as the "Secured Indebtedness") be paid in full and discharged according to the tenor and effect thereof when the same shall become due and payable, and should Grantor perform all covenants herein contained in a timely manner, then this Deed of Trust shall be canceled and released.

GRANTOR HEREBY FURTHER COVENANTS AND AGREES WITH TRUSTEE AND THE BOND TRUSTEE AS FOLLOWS:

ARTICLE I

1.01 Payment of Indebtedness. Grantor shall pay the indebtedness evidenced by the Note according to the tenor thereof and the remainder of any Secured Indebtedness promptly as the same shall become due.

1.02 Taxes, Liens, Rents and Other Charges.

(a) Grantor shall pay, on or before the delinquency date thereof, all ground rents, taxes, levies, license fees, permit fees and all other charges required to be paid by Grantor under the Lease and all rents and other payments due under the Lease and shall submit to Bond Trustee such evidence of the due and punctual payment of all such taxes, assessments and other fees and charges as Bond Trustee may reasonably request. Grantor shall have the right before they become delinquent to contest or object to the amount or validity of any such tax, assessment, fee or charge by appropriate legal proceedings but this right shall not be deemed or construed in any way as relieving, modifying or extending Grantor's covenant to pay any such tax, assessment, fee or charge at the time and in the manner provided herein, unless Grantor has given prior written notice to Bond Trustee of Grantor's intent to so contest or object, and unless at Bond Trustee's sole option: (i) Grantor shall furnish a good and sufficient bond or surety as requested by and satisfactory to Bond Trustee; and (ii) Grantor shall have provided a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of such proceedings.

(b) Grantor shall pay, on or before the due date thereof, all taxes, assessments, charges, expenses, costs and fees which may now or hereafter be levied upon, or assessed or charged against, or incurred in connection with, the Note, the Secured Indebtedness, this Deed of Trust or any other instrument now or hereafter evidencing, securing or otherwise relating to the Secured Indebtedness.

(c) Grantor shall pay, on or before the due date thereof, (i) all premiums on policies of insurance covering, affecting or relating to the Premises, as required pursuant to Section 1.03, below; (ii) all ground rentals, other lease rentals and other sums, if any, owing by Grantor and becoming due under the Lease or any other lease or rental contract affecting the Premises; and (iii) and subject to the terms of the Lease, all utility charges which are incurred by Grantor for the benefit of the Premises, or which may become a charge or lien against the Premises for gas, electricity, water and sewer services and the like furnished to the Premises, and all other public or private assessments or charges of a

similar nature affecting the Premises or any portion thereof, whether or not the nonpayment of same may result in a lien thereon. Grantor shall submit to Bond Trustee such evidence of the due and punctual payment of all such premiums, rentals and other sums as Bond Trustee may reasonably require.

(d) In the event of the passage of any state, federal, municipal or other governmental law, order, rule or regulation, subsequent to the date hereof, in any manner changing or modifying the laws now in force governing the taxation of deeds of trust or security agreements, or debts secured thereby or in the manner of collecting such taxes so as to adversely affect Bond Trustee, Grantor will pay any such tax on or before the due date thereof.

If Grantor fails to make such prompt payment or if, in the opinion of Bond Trustee, any such state, federal, municipal, or other governmental law, order, rule or regulation prohibits Grantor from making such payment or would penalize Grantor if Grantor makes such payment, or if, in the opinion of Bond Trustee, the making of such payment might result in the imposition of interest beyond the maximum amount permitted by applicable law, then the entire balance of the Secured Indebtedness and all interest accrued thereon shall, at the option of Bond Trustee, become immediately due and payable.

(e) Grantor shall not suffer any mechanic's, materialmen's, laborer's, statutory or other lien to be created or remain outstanding against the Premises; provided, however, that Grantor may contest any such lien in good faith by appropriate legal proceedings provided the lien is bonded in such manner as not to adversely affect the Premises or this Deed of Trust. Bond Trustee has not consented and will not consent to the performance of any work or the furnishing of any materials on behalf of Grantor which might be deemed to create a lien or liens superior to the lien hereof.

1.03 Insurance.

(a) Upon the request of Bond Trustee, Grantor shall procure for, deliver to and maintain for the benefit of Bond Trustee during the term of this Deed of Trust, original paid-up insurance policies of such insurance companies, in such amounts, in form and substance, and with such expiration dates as are acceptable to Bond Trustee and containing non-contributory standard mortgagee clauses, their equivalent, or a satisfactory mortgagee loss payable endorsement in favor of Bond Trustee, providing the following types of insurance covering the Premises and the interest and liabilities incident to the ownership, possession and operation thereof:

(i) insurance against loss or damage by fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles, smoke, vandalism and malicious mischief and against such other hazards as, under good insurance practices, from time to time are insured against for properties of similar character and location, the amount of which insurance shall be not less than the full replacement cost of the Premises without deduction for depreciation, and which policies of insurance shall contain satisfactory replacement cost endorsements;

(ii) during the course of any construction or repair of the Premises, to maintain nonreporting builder's risk insurance with standard waiver of subrogation clauses, and, in the event any portion of the improvements are completed prior to the satisfaction of the Secured Indebtedness, to maintain insurance on all buildings and other improvements on the Premises against damage by fire, windstorm, and other risks normally insured against under so-called "extended coverage," in companies and amounts satisfactory to Bond Trustee. All policies evidencing such insurance shall have attached thereto standard mortgagee riders making such insurance payable to Bond Trustee as its interest may appear, and all such policies or appropriate certificates, at Bond Trustee's request, shall be deposited with it;

(iii) comprehensive public liability insurance on an "occurrence basis" against claims for "personal injury," including without limitation bodily injury, death or property damage occurring on, in or about the Premises and the adjoining streets, sidewalks and passageways as reasonably required by Bond Trustee;

(iv) worker's compensation insurance (including employer's liability insurance, if requested by Bond Trustee) for all employees of Grantor engaged on or with respect to the Premises, in such amount as is reasonably satisfactory to Bond Trustee, or, if such limits are established by law, in such amounts;

(v) business interruption insurance against loss of income arising out of damage or destruction by fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles, smoke, vandalism and malicious mischief and such other hazards as are presently included in so-called "extended coverage," of twelve (12) months' anticipated gross income from the Premises; and

(vi) such other insurance on the Premises or any replacements or substitutions therefor and in such amounts as may from time to time be reasonably required by Bond Trustee against other insurable casualties which at the time are commonly insured against in the case of premises similarly situated, due regard being given to the height and type of the improvements, their construction, location, use and occupancy, or any replacements or substitutions therefor.

(b) All policies of insurance required by the terms of this Deed of Trust shall contain an endorsement or agreement by the insurer that any loss shall be payable in accordance with the terms of such policy notwithstanding any act of negligence of Grantor which might otherwise result in forfeiture of said insurance, and the further agreement of the insurer waiving all rights of set off, counterclaim or deductions against Grantor.

(c) Bond Trustee is hereby authorized and empowered, at its option, to adjust or compromise any loss under any insurance policies maintained for its benefit pursuant to this Section 1.03, and to collect and receive the proceeds from any such policy or

policies. Each insurance company is hereby authorized and directed to make payment for all such losses directly to Bond Trustee as its interest may appear, instead of to Grantor and Bond Trustee jointly. In the event any insurance company fails to disburse directly and solely to Bond Trustee but disburses instead either solely to Grantor or to Grantor and Bond Trustee jointly, Grantor agrees immediately to endorse and transfer such proceeds to Bond Trustee to the extent of Bond Trustee's interest therein. Upon the failure of Grantor to endorse and transfer such proceeds as aforesaid, Bond Trustee may execute such endorsements or transfers for and in the name of Grantor, and Grantor hereby irrevocably appoints Bond Trustee as Grantor's agent and attorney-in-fact so to do. After deducting from said insurance proceeds all of its reasonable expenses incurred in the collection and administration of such sums including reasonable attorney's fees, Bond Trustee shall apply the net insurance proceeds or any part thereof, first, to the extent permitted by the Indenture, the Loan Agreement and the Lease, to the repair and/or restoration of the Premises, and second, if the Grantor is in default under the Loan Agreement or the Lease after expiration of all relevant grace or cure periods, to the payment of the Secured Indebtedness, whether or not due and in whatever order Bond Trustee elects subject to the requirements of the Indenture and the Loan Agreement, and third, if neither of the foregoing options is available for any other purposes or objects for which Bond Trustee is entitled to advance funds under this Deed of Trust, all without affecting the lien and security interest created by this Deed of Trust, and any balance of such monies then remaining shall be paid to Grantor or the person or entity lawfully entitled thereto. Bond Trustee shall not be held responsible for any failure to collect any insurance proceeds due under the terms of any policy regardless of the cause of such failure.

(d) At least fifteen (15) days prior to the expiration date of each policy maintained pursuant to this Section 1.03, a renewal or replacement thereof satisfactory to Bond Trustee shall be delivered to Bond Trustee. At Bond Trustee's request, Grantor shall deliver to Bond Trustee receipts evidencing the payment for all such insurance policies and renewals or replacements. The delivery of any insurance policies hereunder shall constitute an assignment of all unearned premiums as further security hereunder. In the event of the foreclosure of this Deed of Trust or any other transfer of title to the Premises in extinguishment or partial extinguishment of the Secured Indebtedness, all right, title and interest of Grantor in and to all insurance policies then in force shall pass to the purchaser or Bond Trustee, and Bond Trustee is hereby irrevocably appointed by Grantor as attorney-in-fact for Grantor to assign any such policy to said purchaser or to Bond Trustee without accounting to Grantor for any unearned premiums thereon.

(e) All policies of insurance required pursuant to the terms of this Section 1.03, shall be deemed to incorporate by reference a provision that such policies will not be cancelled or materially amended, which term shall include any reduction in the scope or limits of coverage, without at least thirty (30) days prior written notice to Bond Trustee. In the event Grantor fails to provide, maintain, keep in force or deliver and furnish to Bond Trustee the policies of insurance required by this Section 1.03, Bond Trustee may procure such insurance or single-interest insurance for such risks covering Bond Trustee's interest, and Grantor will pay all premiums thereon promptly upon demand by Bond Trustee. Until such payment is made by Grantor, the amount of all such premiums, together with interest as hereinafter set forth, shall be added to the Secured Indebtedness and shall be secured by this Deed of Trust.

(f) Notwithstanding anything in this Section 1.03 to the contrary, any requirements under this Section 1.03 may be satisfied by delivery to Bond Trustee of the appropriate riders, assurances, endorsements or certificates for any insurance Grantor is required to maintain under the Lease.

1.04 Reserved.

1.05 Condemnation. If all or any portion of the Premises shall be damaged or taken through condemnation (which term when used in this Deed of Trust shall include any damage or taking by any governmental or quasi governmental authority and any transfer by private sale in lieu thereof), either temporarily or permanently, other than an insubstantial taking for the purpose of widening existing roads bordering the Land which does not adversely affect access or the use of the Land and does not permit Grantor to terminate the Lease, then the entire Secured Indebtedness shall, at the option of Bond Trustee but subject to the applicable provisions of the Lease, Indenture and Loan Agreement, immediately become due and payable. Grantor, immediately upon obtaining knowledge of the institution, or the proposed, contemplated or threatened institution of any action or proceeding for the taking through condemnation of the Premises or any part thereof will notify Bond Trustee, and Bond Trustee is hereby authorized, at its option, to commence, appear in and prosecute, through counsel selected by Bond Trustee, in its own or in Grantor's name, any action or proceeding relating to any condemnation to which Grantor is a party. Grantor may compromise or settle any claim for compensation but shall not make any compromise or settlement for an award that is less than the Secured Indebtedness without the prior written consent of Bond Trustee. All such compensation, awards, damages, claims, rights of action and proceeds and the right thereto are hereby assigned by Grantor to Bond Trustee, and Bond Trustee is authorized, at its option, to collect and receive all such compensation, awards or damages and to give proper receipts and acquittance therefor without any obligation to question the amount of any such compensation, awards or damages. After deducting from said condemnation proceeds all of its expenses incurred in the collection and administration of such sums, including reasonable attorney's fees, Bond Trustee shall apply the net proceeds as provided in, and subject to the provisions of, Section 1.03(c) hereof.

1.06 Care of Premises.

(a) Grantor will keep the buildings, parking areas, roads and walkways, landscaping, and all other improvements of any kind now or hereafter erected on the Land or any part thereof in good condition and repair, will not commit or suffer any waste and will not do or suffer to be done anything which would or could increase the risk of fire or other hazard to the Premises or any other part thereof or which would or could result in the cancellation of any insurance policy carried with respect to the Premises.

(b) Grantor will not remove, demolish or alter the structural character of any improvement located on the land without the written consent of Bond Trustee nor make or permit use of the Premises for any purpose other than that for which the same are now used.

(c) If the Premises or any part thereof is damaged by fire or any other cause, Grantor will give immediate written notice thereof to Bond Trustee.

(d) Bond Trustee or its representative is hereby authorized to enter upon and inspect the Premises at any time.

(e) Grantor will promptly comply with all present and future laws, ordinances, rules and regulations of any governmental authority affecting the Premises or any part thereof.

(f) Subject to the terms of the Lease, if all or any part of the Premises shall be damaged by fire or other casualty, Grantor will promptly restore the Premises to the equivalent of its original condition; and if a part of the Premises shall be damaged through condemnation, Grantor will promptly restore, repair or alter the remaining portions of the Premises in a manner satisfactory to Bond Trustee. Notwithstanding the foregoing, Grantor shall not be obligated so to restore unless in each instance, Bond Trustee agrees to make available to Grantor (pursuant to a procedure satisfactory to Bond Trustee) any net insurance or condemnation proceeds actually received by Bond Trustee hereunder in connection with such casualty loss or condemnation, to the extent such proceeds are required to defray the expense of such restoration or to be used in accordance with the provisions of the Indenture and the Loan Agreement; provided, however, that the insufficiency of any such insurance or condemnation proceeds to defray the entire expense of restoration shall in no way relieve Grantor of its obligation to restore if so required by the terms of the Lease, the Indenture or the Loan Agreement. In the event all or any portion of the Premises shall be damaged or destroyed by fire or other casualty or by condemnation, Grantor shall promptly deposit with Bond Trustee a sum equal to the amount by which the estimated cost of the restoration of the Premises (as determined by Bond Trustee in its good faith judgment) exceeds the actual net insurance or condemnation proceeds with respect to such damages or destruction.

(g) The provisions of this Section 1.06 shall be subject in all respects to the requirements under the Lease imposed on the Grantor regarding care, maintenance and upkeep of the Premises.

1.07 Leases, Contracts. Etc.

(a) As additional collateral and further security for the Secured Indebtedness, Grantor does hereby assign to Bond Trustee Grantor's interest in the Lease and Grantor's interest to receive all compensation due Grantor under the Shell Gas Sale Agreement, any other Gas Sale Agreements and Project Revenue Generating Agreements (as such terms are defined in the Indenture), and Grantor agrees to execute and deliver to Bond Trustee such additional instruments, in form and substance satisfactory to Bond Trustee, as hereafter may be requested by Bond Trustee further to evidence and confirm said assignment; provided, however, that acceptance of any such assignment shall not be

construed as a consent by Bond Trustee to any lease, tenant contract, rental agreement, franchise agreement, management contract, sales contract or other contract, license or permit, or to impose upon Bond Trustee any obligation with respect thereto. Grantor shall faithfully keep and perform, or cause to be kept and performed, all of the covenants, conditions and agreements contained in each of said instruments, now or hereafter existing, on the part of Grantor to be kept and performed and shall at all times do all things necessary to compel performance by each other party to said instruments of all obligations, covenants and agreements by the Lessor to be performed thereunder.

(b) Grantor shall not execute an assignment of the rents, issues or profits or any part thereof, from the Premises unless Bond Trustee shall first consent to such assignment, which consent shall not be unreasonably withheld, and unless such assignment shall expressly provide that it is subordinate to the assignment contained in this Deed of Trust and any assignment executed pursuant hereto.

(c) The Grantor shall pay all rent and other charges required under the Lease as and when the same are due and the Grantor shall keep, observe, and perform, or cause to be kept, observed, and performed, all of the other terms, covenants, provisions, and agreements of the Lease on the part of the tenant thereunder to be kept, observed, and performed, and shall not in any manner, cancel, terminate, or surrender, or permit any cancellation, termination, or surrender of the Lease, in whole or in part, or, without the written consent of the Issuer, either orally or in writing, modify, amend, or permit any modification or amendment of any of the terms thereof in any respect, and any attempt on the part of the Grantor to exercise any such right without such written consent of the Issuer shall be null and void ab initio and shall be of no force or effect.

(d) The Grantor shall do, or cause to be done, all things necessary to preserve and keep unimpaired the rights of the Grantor as tenant under the Lease and to prevent any default under the Lease or any termination, surrender, cancellation, forfeiture, or impairment thereof, and in the event of the failure of the Grantor to make any payment required to be made by the Grantor pursuant to the provisions of the Lease or to keep, observe, or perform, or cause to be kept, observed, or performed, any of the terms, covenants, provisions, or agreements of the Lease, the Grantor agrees that the Issuer may (but shall not be obligated to) take any action on behalf of the Grantor, to make or cause to be kept, observed, or performed any such terms, covenants, provisions, or agreements and to enter upon the Premises and take all such action thereof as may be necessary therefor to the end that the rights of the Grantor in and to the leasehold estate created by the Lease shall be kept unimpaired and free from default, and all money so expended by the Issuer, with interest thereon from the date of each such expenditure, shall be paid by the Grantor to the Issuer promptly upon demand by the Issuer and shall be added to the indebtedness and secured by this Deed of Trust, and the Issuer shall have, in addition to any other remedy thereof, the same rights and remedies in the event of non-payment of any such sum by the Grantor as in the case of a default by the Grantor in the payment of any sums due under the Loan Agreement and/or the Note.

(e) The Grantor shall enforce the obligations of the Lessor under the Lease to the end that it may enjoy all of the rights granted to it under the Lease; promptly notify the Issuer in writing of any default by the Lessor or by the Grantor in the performance or observance of any of the terms, covenants, or conditions on the part of the Lessor or the Grantor, as the case may be, to be performed or observed under the Lease; promptly advise the Issuer in writing of the occurrences of any of the events of default enumerated in the Lease and of the giving of any notice by the Lessor to the Grantor of any default by the Grantor in performance or observance of any of the terms, covenants, or conditions of the Lease on the part of the Grantor to be performed or observed; and promptly deliver to the Issuer a true and complete copy of each such notice. If, pursuant to the Lease, the Lessor shall deliver to the Issuer a copy of any notice of default given to the Grantor, such notice shall constitute full authority and protection to the Issuer for any action taken or omitted to be taken by the Issuer in good faith in reliance thereon.

(f) If any action or proceeding shall be instituted to evict the Grantor or to recover possession of the Premises or for any other purpose affecting the Lease or this Deed of Trust, the Grantor shall, immediately upon service thereof on or to the Grantor, deliver to the Issuer a true and complete copy of each petition, summons, complaint, notice of motion, order to show cause and of all other provisions, pleadings, and papers, however designated, served in any such action or proceeding.

(g) No release or forbearance of any of the Grantor’s obligations under the Lease, pursuant to the Lease or otherwise, shall release the Grantor from any of its obligations under this Deed of Trust, including its obligation with respect to the payment of rent as provided for in the Lease and the performance of all of the terms, provisions, covenants, conditions, and agreements contained in the Lease to be kept, performed, and complied with by the tenant therein.

(h) The Grantor shall not make any election or give any consent or approval (other than the exercise of a renewal right or extension right or other right conferring a benefit on the Grantor, provided that any such action has no adverse effect or consequence to the Issuer) for which a right to do so is conferred upon the Grantor as tenant under the Lease without the prior written consent of the Issuer. In case of any Event of Default under this Deed of Trust, all such rights, together with the right of termination, cancellation, modification, change, supplement, alteration, or amendment of the Lease, all of which have been assigned for collateral purposes to the Issuer, shall vest in and be exercisable solely by the Issuer.

(i) The Grantor shall give the Issuer prompt written notice of the commencement of any arbitration or appraisal proceeding under and pursuant to the provisions of the Lease, if and as required under the Lease. The Issuer shall have the right to intervene and participate in any such proceeding, and the Grantor shall confer with the Issuer to the extent which the Issuer deems necessary for the protection of the Issuer. Upon the written request of the Issuer, the Grantor shall exercise all rights of arbitration conferred upon it, if any, by the Lease. The Grantor shall select an arbitrator who is approved in writing by the Issuer; provided, however, that if at the time any such proceeding shall be commenced, the Grantor shall be in default in the performance or observance of any covenant, condition, or other requirement of the Lease, or of this Deed of Trust, on the part of the Grantor to be performed or observed, the Issuer shall have, and is hereby granted, the sole and exclusive right to designate and appoint on behalf of the Grantor the arbitrator or arbitrators, or appraiser or appraisers, in such proceeding.

(j) Not more than three hundred sixty (360) and not less than two hundred seventy (270) days before any renewal or extension of the term of the Lease takes effect, the Grantor shall give the Issuer written notice of such renewal or extension.

(k) Upon the written demand of the Issuer, the Grantor shall exercise any rights under the Lease to extend the term of the Lease beyond the term of this Deed of Trust or to comply with any law affecting the Grantor or the Issuer or which is necessary, in the reasonable judgment of the Issuer, to preserve the value of the security intended to be afforded by this Deed of Trust. The Grantor shall promptly provide evidence of such exercise of such right to the reasonable satisfaction of the Issuer. In the event that the Grantor fails to so exercise any such right or upon the occurrence of an Event of Default, the Grantor hereby agrees and grants to the Issuer all right and authority to exercise such right in the name of the Grantor or in its own name. Nothing contained herein shall affect or limit any rights of the Issuer under the Lease.

1.08 Security Agreement/Assignment.

(a) Grantor hereby grants to Bond Trustee, as security for the Secured Indebtedness, a security interest in the Premises to the fullest extent that the Premises now or hereafter may be subject to a security interest under the Texas Uniform Commercial Code (the "UCC"). Grantor intends for this Deed of Trust to be a "security agreement" within the meaning of the UCC. Grantor hereby irrevocably authorizes Bond Trustee to prepare, execute and file all initial financing statements, and any restatements, extensions, continuations, renewals or amendments thereof, in such form as Bond Trustee may require to perfect or continue the perfection of this security interest or other statutory liens held by Bond Trustee. Unless prohibited by applicable law, Grantor agrees to pay all reasonable expenses incident to the preparation, execution, filing and/or recording of any of the foregoing. With respect to any of the Premises in which a security interest is not perfected by the filing of a financing statement, Grantor consents and agrees to undertake, and to cooperate fully with Bond Trustee, to perfect the security interest hereby granted to Bond Trustee in the Premises. Without limiting the foregoing, if and to the extent any of the Premises is held by a bailee for the benefit of Grantor, Grantor shall promptly notify Bond Trustee thereof and, if required by Bond Trustee, promptly obtain an acknowledgment from such bailee that is satisfactory to Bond Trustee and confirms that such bailee holds the Premises for the benefit of Bond Trustee as secured party and shall only act upon instructions from Bond Trustee with respect to the Premises.

(b) THIS INSTRUMENT IS A PRESENT ASSIGNMENT OF THE GRANTOR'S RIGHTS IN ANY LEASES AND THE RENTS ASSOCIATED THEREWITH. The Grantor hereby appoints the Issuer or its assignee as the Grantor's irrevocable attorney in fact to appear in any action and/or to collect all rents and any award made to the Grantor in any court proceeding involving any tenant under any lease in bankruptcy, insolvency or reorganization proceedings in any state or federal court, and any and all payments made by any tenant under any lease in lieu of rent; provided,

however, that so long as no Event of Default (hereinafter defined) or event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, has occurred and is continuing, the Grantor shall have a license to collect the rents and to use and enjoy the same (subject to the terms of the Indenture), but such license to collect the rents shall not operate or permit the collection by the Grantor of any installment of rent in advance of the date prescribed in the applicable lease or leases for the payment thereof.

(c) The provisions hereunder shall not in any way impair or diminish any obligation of the Grantor under the Loan Agreement and the Note, nor shall any of such obligations be imposed on the Bond Trustee or the Issuer. Upon payment of the Note and of all other sums required to be paid under the Loan Agreement, the Note and this Deed of Trust and the performance and observance of the provisions thereof, the assignment of leases hereunder shall cease and terminate and all of the right, title, interest, claim and demand of the Issuer in such leases shall revert to the Grantor or to such other person as may be legally entitled thereto, and the Issuer shall at the request of the Grantor or any such person deliver to the Grantor or any such person an instrument, in recordable form if requested, canceling and discharging such assignment.

(d) The Grantor represents and warrants that it has full right and title to assign any leases and the rents and other payments due and to become due thereunder, that no other assignment of any interest therein has been made.

(e) The Grantor agrees that the assignment of any leases is irrevocable and that the Grantor will not, while such assignment is in effect, take any action which is inconsistent with such assignment, or make or suffer to be made any other assignment, designation or direction of the subject matter of the assignment made in this section, and that any such assignment shall be void and of no effect as against the Issuer. The Grantor will from time to time, upon request of the Issuer, execute all instruments of further assurance of the assignment made in this section as the Issuer may request.

1.09 Further Assurances: After-Acquired Property. At any time, and from time to time, upon request by Bond Trustee, Grantor will make, execute and deliver or cause to be made, executed and delivered, to Bond Trustee and, where appropriate, cause to be recorded and/or filed and from time to time thereafter to be rerecorded and/or reified at such time and in such offices and places as shall be deemed desirable by Bond Trustee, any and all such other and further deeds of trusts, security agreements, financing statements, continuation statements, instruments of further assurance, certificates and other documents as may, in the opinion of Bond Trustee, be necessary or desirable in order to effectuate, complete or perfect, or to continue and preserve (a) the obligations of Grantor under the Note, the Loan Agreement, and under this Deed of Trust, and (b) the security interest created by this Deed of Trust as a first and prior security interest upon and security title in and to all of the Premises, whether now owned or hereafter acquired by Grantor. Upon any failure by Grantor so to do, Bond Trustee may make, execute, record, file, rerecord and/or refile any and all such deeds of trust, security agreements, financing statements, continuation statements, instruments, certificates, and documents for and in the name of Grantor, and Grantor hereby irrevocably appoints Bond Trustee the agent and attorney-in-fact of Grantor so to do. The security title of this Deed of Trust will automatically attach, without further act, to all after-acquired property attached to and/or used in the operation of the Premises or any part thereof.

1.10 Indemnity: Expenses. **Grantor will pay or reimburse Trustee and Bond Trustee, upon demand therefor, for all reasonable attorney's fees, costs and expenses incurred by Trustee and/or Bond Trustee in any suit, action, legal proceeding or dispute of any kind in which Trustee and/or Bond Trustee is made a party or appears as party plaintiff or defendant, affecting the Secured Indebtedness, this Deed of Trust or the interest created herein, the Lease or the Premises, including, but not limited to, the exercise of the power of sale contained in this Deed of Trust, any condemnation action involving the Premises or any action to protect the security hereof, and any such amounts paid by Trustee and/or Bond Trustee shall be added to the Secured Indebtedness and shall be secured by this Deed of Trust. Grantor will indemnify and hold Trustee and Bond Trustee harmless from and against all claims, damages, and expenses, including attorney's fees and court costs, resulting from any action by a third party**

against Trustee or Bond Trustee relating to this Deed of Trust or the interest created herein, or the Premises, including, but not limited to, any action or proceeding claiming loss, damage or injury to person or property, or any action or proceeding claiming a violation of any national, state or local law, rule or regulation, including those relating to environmental standards or dangerous or hazardous wastes, provided Grantor shall not be required to indemnify Trustee or Bond Trustee for matters directly caused by Trustee's or Bond Trustee's gross negligence or willful misconduct.

1.11 Estoppel Affidavits. Either Bond Trustee or Grantor, upon thirty (30) days prior written notice, shall furnish the other a written statement, duly acknowledged, based upon its records, setting forth the unpaid principal of, and interest on, the Secured Indebtedness, stating whether or not to its knowledge any off-sets or defenses exist against the Secured Indebtedness, or any portion thereof, and, if such off-sets or defenses exist, stating in detail the specific facts relating to each such off-set or defense.

1.12 Subrogation. To the full extent of the Secured Indebtedness, Bond Trustee is hereby subrogated to the liens, claims and demands, and to the rights of the owners and holders of each and every lien, claim, demand and other encumbrance on the Premises which is paid or satisfied, in whole or in part, out of the proceeds of the Secured Indebtedness and the respective liens claims, demands and other encumbrances shall be, and each of them is hereby preserved and shall pass to and be held by Bond Trustee as additional collateral and further security for the Secured Indebtedness, to the same extent they would have been preserved and would have been passed to and held by Bond Trustee had they been duly and legally assigned, transferred, set over and delivered unto Bond Trustee by assignment, notwithstanding the fact that the same may be satisfied and canceled of record.

1.13 Books, Records, Accounts and Annual Reports. Grantor shall keep and maintain or shall cause to be kept and maintained, at Grantor's cost and expense, and in accordance with standard accounting principles, and Grantor grants Bond Trustee a security interest in books, records and accounts reflecting all items of income and expense in connection with any services, equipment or furnishings provided in connection with the operation of the Premises. Bond Trustee, by Bond Trustee's agents, accountants and attorneys, shall have the right from time to

time to examine such books, records and accounts at the office of Grantor or such other person or entity maintaining such books, records and accounts, to make such copies or extracts thereof as Bond Trustee shall desire, and to discuss Grantor's affairs, finances and accounts with Grantor and with the officers and principals of Grantor, at such reasonable times as may be requested by Bond Trustee.

1.14 Limit of Validity. If from any circumstances whatsoever, fulfillment of any provision of this Deed of Trust or of the Note, at the time performance of such provision shall be due, shall involve transcending the limit of validity presently prescribed by any applicable usury statute or any other applicable law, with regard to obligations of like character and amount, then, ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity, so that in no event shall any exaction be possible under this Deed of Trust or under the Note that is in excess of the current limit of such validity, but such obligation shall be fulfilled to the limit of such validity. The provisions of this Section 1.14 shall control every other provision of this Deed of Trust and of the Note.

1.15 Legal Actions. In the event that Trustee and/or Bond Trustee is made a party, either voluntarily or involuntarily, in any action or proceeding affecting the Premises, the Note, the Secured Indebtedness or the validity or priority of this Deed of Trust (but excluding any action or proceeding involving a dispute solely between Bond Trustee and a participating lender, if any), Grantor shall immediately, upon demand, reimburse Trustee and/or Bond Trustee for all costs, expenses and liabilities incurred by Trustee and/or Bond Trustee by reason of any such action or proceeding, including reasonable attorney's fees, and any such amounts paid by Trustee and/or Bond Trustee shall be added to the Secured Indebtedness and shall be secured by this Deed of Trust.

1.16 Use and Management of Premises. Grantor shall at all times operate the Premises in the manner prescribed in the Lease.

1.17 Conveyance of Premises. Grantor shall not directly or indirectly encumber (by lien, junior mortgage, or otherwise), pledge, convey, transfer or assign any or all of its interest in the Premises without the prior written consent of Bond Trustee. Bond Trustee's consent to such a transfer, if given in Bond Trustee's sole discretion, shall not release or alter in any manner the liability of Grantor or anyone who has assumed or guaranteed the payment of the Secured Indebtedness or any portion thereof. At the option of Bond Trustee the Secured Indebtedness shall be immediately due and payable in the event that Grantor conveys all or any portion of the Premises or any interest therein, or in the event that Grantor's equitable title thereto or interest therein shall be assigned, transferred or conveyed in any manner, without obtaining Bond Trustee's prior written consent thereto, and any waiver or consent for any prior transfer shall not preclude Bond Trustee from declaring the Secured Indebtedness due and payable for any subsequent transfer. A change in control of Grantor shall constitute a transfer in violation of this restriction.

1.18 Compliance with Applicable Environmental Law. The term "Applicable Environmental Law" shall be defined as any statutory law or case law pertaining to health or the environment, or petroleum products, or oil, or hazardous substances, including without limitation the Comprehensive Environmental Response, Compensation and Liability Act of 1980

("CERCLA") as codified at 42 U.S.C. § 9601 et. seq.; the Resource Conservation and Recovery Act of 1976, as amended, as codified at 42 U.S.C. § 6901 et seq.; and the Superfund Amendments and Reauthorization Act of 1986, as codified at 42 U.S.C. § 9671, et seq.; the terms "hazardous substance" and "release" shall have the meanings specified in CERCLA; provided, in the event CERCLA is amended to broaden the meaning of any term defined thereby, such broader meaning shall apply subsequent to the effective date of such amendment; and provided, to the extent that the laws of the State of Texas establish a meaning for "hazardous substance" or "release" which is broader than that specified in CERCLA, such broader meaning shall apply. The Grantor represents and warrants to the Bond Trustee that, to the best of its knowledge, the Premises and the Grantor are not in violation of or subject to any existing, pending or threatened investigation or inquiry by any governmental authority or any response costs or remedial obligations under any Applicable Environmental Law and this representation and warranty would continue to be true and correct following disclosure to the applicable governmental authorities of all relevant facts, conditions and circumstances, if any, pertaining to the Premises; that, to the best of its knowledge, the Grantor has taken all steps necessary to determine and has determined that no petroleum products, oil, hazardous substances, or solid wastes have been disposed of or otherwise released on the Premises subject to certain exceptions (if any) as identified on Schedule 1.18 attached hereto; and that, to the best of its knowledge, the use which the Grantor has made, makes or intends to make of the Premises will not result in the location on or disposal or other release of any petroleum products, oil, hazardous substances or solid waste on or to the Premises. As between the Grantor and the Bond Trustee, the Grantor hereby agrees to pay any fines, charges, fees, expenses, damages, losses, liabilities, or response costs arising from or pertaining to the application of any such Applicable Environmental Law to the Premises and to indemnify

and forever save the Trustee and the Bond Trustee harmless from any and all judgments, fines, charges, fees, expenses, damages, losses, liabilities, response costs, or attorneys' fees and expenses arising from the application of any such Applicable Environmental Law to the Premises or the Bond Trustee; and this indemnity shall survive any payment of the Note or foreclosure of this Deed of Trust or the taking by the Bond Trustee of a deed in lieu of foreclosure. The Grantor agrees to notify the Bond Trustee in the event that any governmental agency or other entity notifies the Grantor that it may not be in compliance with any Applicable Environmental Laws. Subject to the terms of the Lease, the Grantor agrees to permit the Bond Trustee to have access to the Premises at all reasonable times in order to conduct, at the Bond Trustee's expense, any tests which the Bond Trustee deems are necessary to ensure that the Grantor and the Premises are in compliance with all Applicable Environmental Laws.

ARTICLE II

2.01 Events of Default. The terms "default," "Event of Default" or "Events of Default," wherever used in this Deed of Trust, shall mean any one or more of the following events:

(a) Failure by Grantor to pay any portion of the Secured Indebtedness as and when the same comes due, which failure is not cured within five (5) days after written notice thereof; or

(b) Failure of the Grantor to observe and perform any covenant, condition or agreement on its part required to be observed or performed by this Deed of Trust other than as provided in (a), which continues for a period of sixty (60) days after written notice delivered by the Bond Trustee to the Company which notice shall specify such failure and request that it be remedied, unless the Trustee shall agree in writing to an extension of such time; provided, however, that such period shall be extended if either corrective action is instituted within such period and diligently pursued until the default is corrected or if the failure stated in the notice cannot be corrected within such period, the Bond Trustee will not unreasonably withhold their consent to an extension of such time if corrective action is instituted within such period and diligently pursued until the default is corrected; or

(c) The occurrence of a default, Loan Default Event or Event of Default under the Note, the Loan Agreement or any instrument or agreement now or hereafter evidencing or securing the Note or the Secured Indebtedness, after allowing for the expiration of all applicable grace periods; or

(d) Any representation, statement or warranty of Grantor contained in this Deed of Trust, the Loan Agreement, or in any other instrument, document, transfer, conveyance, assignment or loan agreement given by Grantor with respect to the Secured Indebtedness, proving to be untrue or misleading in any material respect, whether or not the falsity of such representation, statement or warranty was known to Grantor at the time of the making thereof, and whether or not such representation, statement or warranty was limited to the best knowledge or belief of Grantor; or

(e) The Premises are subjected to actual or threatened waste by Grantor, or any part thereof is removed, demolished or altered without the prior written consent of Bond Trustee; or

(f) Any material adverse claim relating to the Land or the Premises, by title, lien or otherwise is established in any legal or equitable proceeding; or

(g) Unless the written consent of Bond Trustee is first obtained (which consent may be withheld in Bond Trustee's sole discretion) there occurs any transfer of the Premises, or any interest therein; or

(h) A default occurs under the Lease and continues beyond any cure period thereunder or the Lessor or any sublessor thereunder commences any action to terminate the Lease or to evict Grantor from the Premises and such action or eviction is uncontested.

Provided that with respect to any of the foregoing, such Event of Default will be deemed to have occurred upon the occurrence of such event without notice being required if Bond Trustee is prevented from giving notice by bankruptcy or other applicable law.

2.02 Acceleration of Maturity. If an Event of Default shall have occurred, then the entire Secured Indebtedness shall, at the option of Bond Trustee, immediately become due and payable without notice or demand, time being of the essence of this Deed of Trust, and no omission on the part of Bond Trustee to exercise such option when entitled to do so shall be construed as a waiver of such right.

2.03 Right to Enter and Take Possession.

(a) If an Event of Default shall have occurred, Grantor, upon demand of Bond Trustee, shall forthwith surrender to Bond Trustee the actual possession of the Premises and, if and to the extent permitted by law, Bond Trustee itself, or by such officers or agents as it may appoint, may enter and take possession of all or any part of the Premises without the appointment of a receiver or an application therefor, and may exclude Grantor and its agents and employees wholly therefrom, and take possession of the books, papers and accounts of Grantor.

(b) If Grantor shall for any reason fail to surrender or deliver the Premises or any part thereof after such demand by Bond Trustee, Bond Trustee may obtain a judgment or decree conferring upon Bond Trustee the right to immediate possession or requiring Grantor to deliver immediate possession of the Premises to Bond Trustee. Grantor will pay to Bond Trustee, upon demand, all expenses of obtaining such judgment or decree, including reasonable compensation to Bond Trustee, its attorneys and agents, and all such expenses and compensation shall, until paid, become part of the Secured Indebtedness and shall be secured by this Deed of Trust.

(c) Upon every such entering upon or taking of possession, Bond Trustee may hold, store, use, operate, manage and control the Premises and conduct the business thereof, and, from time to time (i) make all necessary and proper maintenance, repairs, renewals, replacements, additions, betterments and improvements thereto and thereon and purchase or otherwise acquire additional fixtures, personalty and other property;

(ii) insure or keep the Premises insured; (iii) manage and operate the Premises and exercise all of the rights and powers of Grantor to the same extent as Grantor could in its own name or otherwise act with respect to the same; and (iv) enter into any and all agreements with respect to the exercise by others of any of the powers herein granted to Bond Trustee, all as Bond Trustee from time to time may determine to be in its best interest. Bond Trustee may collect and receive all the rents, issues, profits and revenues from the Premises, including those past due as well as those accruing thereafter, and, after deducting (A) all expenses of taking, holding, managing and operating the Premises (including compensation for the services of all persons employed for such purposes); (B) the cost of all such maintenance, repairs, renewals, replacements, additions, betterments, improvements, purchases and acquisitions; (C) the cost of such insurance; (D) such rent, taxes, assessments and other similar charges as Bond Trustee may at its option pay; (E) other proper charges upon the Premises or any part thereof or under the Lease; and (F) the reasonable compensation, expenses and disbursements of the attorneys and agents of Bond Trustee, Bond Trustee shall apply the remainder of the monies and proceeds so received by Bond Trustee, to pay all of the Secured Indebtedness and the Grantor's obligations under the Loan Agreement and this Deed of Trust. Anything in this Section 2.03 to the contrary notwithstanding, Bond Trustee shall not be obligated to discharge or perform the duties of a landlord to any tenant or incur any liability as a result of any exercise by Bond Trustee of its rights under this Deed of Trust, and Bond Trustee shall be liable to account only for the rents, incomes, issues and profits actually received by Bond Trustee.

(d) Whenever all such interest, deposits and principal installments and other sums due under any of the terms, covenants, conditions and agreements of this Deed of Trust shall have been paid and all Events of Default shall have been cured, Bond Trustee shall surrender possession of the Premises to Grantor, its successors or assigns. The same right of taking possession, however, shall exist if any subsequent Event of Default shall occur and be continuing.

2.04 Performance by Bond Trustee. If Grantor shall default in the payment, performance or observance of any term, covenant or condition of this Deed of Trust, Bond Trustee may, at its option, pay, perform or observe the same, and all reasonable payments made or reasonable costs or expenses incurred by Bond Trustee in connection therewith, with interest thereon at the then-current rate of the Bonds or at the maximum rate from time to time allowed by applicable law, whichever is less, shall be secured hereby and shall be, without demand, immediately repaid by Grantor to Bond Trustee. Bond Trustee shall be the sole judge of the necessity for any such actions and of the reasonableness of the amounts to be paid. Bond Trustee is hereby empowered to enter and to authorize others to enter upon the Premises or any part thereof for the purpose of performing or observing any such defaulted term, covenant or condition without thereby becoming liable to Grantor or any person in possession holding under Grantor. Notwithstanding anything to the contrary herein, Bond Trustee shall have no obligation, explicit or implied to pay, perform, or observe any term, covenant, or condition.

2.05 Receiver. If any Event of Default shall have occurred, Bond Trustee, upon application to a court of competent jurisdiction, shall be entitled as a matter of strict right, without notice and without regard to the occupancy or value of any security for the Secured Indebtedness or the solvency of any party bound for its payment, to the appointment of a receiver to take possession of and to operate the Premises, to exercise all rights of lessee under the Lease and to collect and apply the rents, issues, profits and revenues thereof. The receiver shall have all of the rights and powers permitted under the laws of the state wherein the Land is situated. Grantor will pay unto Bond Trustee upon demand all expenses, including receiver's fees, reasonable attorney's fees, costs and agent's compensation, incurred pursuant to the provisions of this Section 2.05, and any such amounts paid by Grantor shall be added to the Secured Indebtedness and shall be secured by this Deed of Trust.

2.06 Enforcement.

(a) If an Event of Default shall have occurred, then at the option of Bond Trustee this Deed of Trust may be foreclosed in any manner now provided by Texas law, and the Trustee, or the agent or successor of Trustee, at the request of Bond Trustee, may sell the Premises or any part of the Premises at one or more public sales at the courthouse of the county in which the Land or any part of the Land is situated and otherwise at such place, time and date as provided by the statutes of the State of Texas then in force governing sales of real estate under powers of sale conferred by deed of trust. At any such public sale, Trustee may execute and deliver to the purchaser a conveyance of the Premises or any part of the Premises. Bond Trustee shall have the right to enforce any of its remedies set forth herein without notice to Grantor, except for such notice as may be required by law. In the event of any sale under this Deed of Trust by virtue of the

exercise of the powers herein granted, or pursuant to any order in any judicial proceedings or otherwise, the Premises may be sold as an entirety or in separate parcels and in such manner or order as Bond Trustee in its sole discretion may elect, and if Bond Trustee so elects, Trustee or Bond Trustee may sell the personal property covered by this Deed of Trust at one or more separate sales in any manner permitted by the Uniform Commercial Code of the state in which the Land is located, and one or more exercises of the powers herein granted shall not extinguish or exhaust such powers, until the entire Premises are sold or the Secured Indebtedness is paid in full. If the Secured Indebtedness is now or hereafter further secured by any chattel mortgages, pledges, contracts of guaranty, assignments of lease or other security instruments, Bond Trustee at its option may exhaust the remedies granted under any of said security instruments or this Deed of Trust either concurrently or independently, and in such order as Bond Trustee may determine.

Said sale may be adjourned by the Trustee, or his agent or successors, and reset at a later date without additional publication; provided that an announcement to that effect be made at the scheduled place of sale at the time and on the date the sale is originally set. Any sale or sales may be made by an agent acting for the Trustee and his appointment need not be in writing.

(b) In the event of any sale of the Premises as authorized by this Section 2.06, all prerequisites of such sale shall be presumed to have been performed, and in any conveyance given hereunder all statements of facts, or other recitals therein made, as to the non-payment of the Secured Indebtedness or as to the advertisement of sale, or the time, place and manner of sale, or as to any other fact or thing, shall be taken in all courts of law or equity as prima facie evidence that the facts so stated or recited are true.

(c) If an Event of Default shall have occurred, Bond Trustee may, in addition to and not in abrogation of the rights covered under subparagraph (a) of this Section 2.06, either with or without entry or taking possession as herein provided or otherwise, proceed by a suit or suits in law or in equity or by any other appropriate proceeding or remedy to pursue any other remedy available to it, all as Bond Trustee in its sole discretion shall elect.

2.07 Purchase by Bond Trustee. Upon any foreclosure sale or sale of all or any portion of the Premises under the power herein granted, Bond Trustee may bid for and purchase the Premises and shall be entitled to apply all or any part of the Secured Indebtedness as a credit to the purchase price.

2.08 Application of Proceeds of Sale. In the event of a foreclosure or other sale of all or any portion of the Premises, the proceeds of said sale shall be applied, first, to the expenses of such sale and of all proceedings in connection therewith, including reasonable fees of the attorney and trustee (and attorney and trustee fees and expenses shall become absolutely due and payable whenever foreclosure is commenced); then to rent, insurance premiums, liens, assessments, taxes and charges including utility charges advanced by Bond Trustee, and interest thereon; then to payment of the Secured Indebtedness and accrued interest thereon, in such order of priority as Bond Trustee shall determine, in its sole discretion; and finally the remainder, if any, shall be paid to Grantor, or to the person or entity lawfully entitled thereto.

2.09 Grantor as Tenant Holding Over. In the event of any such foreclosure sale or sale under the powers herein granted, Grantor (if Grantor shall remain in possession) shall be deemed a tenant holding over and shall forthwith deliver possession to the purchaser or purchasers at such sale or be summarily dispossessed according to provisions of law applicable to tenants holding over.

2.10 Waiver of Appraisement, Valuation, Etc. Grantor agrees, to the full extent permitted by law, that in case of a default on the part of Grantor hereunder, neither Grantor nor anyone claiming through or under Grantor will set up, claim or seek to take advantage of any appraisement, valuation, stay, extension, homestead, exemption or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of this Deed of Trust, or the absolute sale of the Premises, or the delivery of possession thereof immediately after such sale to the purchaser at such sale, and Grantor, for itself and all who may at any time claim through or under it, hereby waives to the full extent that it may lawfully so do, the benefit of all such laws, and any and all right to have the assets subject to the security interest of this Deed of Trust marshaled upon any foreclosure or sale under the power herein granted.

2.11 Waiver of Homestead. Grantor hereby waives and renounces all homestead and exemption rights provided for by the Constitution and the laws of the United States and of any state, in and to the Premises as against the collection of the Secured Indebtedness, or any part thereof.

2.12 Leases. Bond Trustee, at its option, is authorized to foreclose this Deed of Trust subject to the rights of any tenants of the Premises, and the failure to make any such tenants parties to any such foreclosure proceedings and to foreclose their rights will not be, nor be asserted to be by Grantor, a defense to any proceeding instituted by Bond Trustee to collect the sums secured hereby.

2.13 Discontinuance of Proceedings. In case Bond Trustee shall have proceeded to enforce any right, power or remedy under this Deed of Trust by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to Bond Trustee, then in every such case, Grantor, Trustee and Bond Trustee shall be restored to their former positions and rights hereunder, and all rights, powers and remedies of Bond Trustee shall continue as if no such proceedings had occurred.

2.14 Remedies Cumulative. No right, power or remedy conferred upon or reserved to Bond Trustee by this Deed of Trust is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or now or hereafter existing at law, in equity or by statute.

2.15 Waiver.

(a) No delay or omission by Bond Trustee or by any holder of the Note to exercise any right, power or remedy accruing upon any default shall exhaust or impair any such right, power or remedy or shall be construed to be a waiver of any such default, or acquiescence therein, and every right, power and remedy given by this Deed of Trust

to Bond Trustee may be exercised from time to time and as often as may be deemed expedient by Bond Trustee. No consent or waiver expressed or implied by Bond Trustee to or of any breach or default by Grantor in the performance of the obligations of Grantor hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance of the same or any other obligations of Grantor hereunder. Failure on the part of Bond Trustee to complain of any act or failure to act or failure to declare an Event of Default, irrespective of how long such failure continues, shall not constitute a waiver by Bond Trustee of its rights hereunder or impair any rights, powers or remedies of Bond Trustee hereunder.

(b) No act or omission by Trustee or Bond Trustee shall release, discharge, modify, change or otherwise affect the original liability under the Note or this Deed of Trust or any other obligation of Grantor or any subsequent purchaser of the Premises or any part thereof, or any maker, co-signer, endorser, surety or guarantor, nor preclude Trustee and/or Bond Trustee from exercising any right, power or privilege herein granted or intended to be granted in the event of any default then existing or of any subsequent default, nor alter the lien of this Deed of Trust, except as expressly provided in an instrument or instruments executed by Bond Trustee, including the Indenture and the Loan Agreement. Without limiting the generality of the foregoing, Bond Trustee may (i) grant forbearance or an extension of time for the payment of all or any portion of the Secured Indebtedness; (ii) take other or additional security for the payment of any of the Secured Indebtedness; (iii) waive or fail to exercise any right granted herein or in the Note; (iv) release any part of the Premises from the security interest or lien of this Deed of Trust or otherwise change any of the terms, covenants, conditions or agreements of the Note or this Deed of Trust; (v) consent to the filing of any map, plat or replat affecting the Premises; (vi) consent to the granting of any easement or other right affecting the Premises; (vii) make or consent to any agreement subordinating the security title or lien hereof, or (viii) take or omit to take any action whatsoever with respect to the Note, this Deed of Trust, the Premises or any document or instrument evidencing, securing or in any way related to the Secured Indebtedness, all without releasing, discharging, modifying, changing or affecting any such liability, or precluding Bond Trustee from exercising any such right, power or privilege or affecting the lien of this Deed of Trust. In the event of the sale or transfer by operation of law or otherwise of all or any part of the Premises, Bond Trustee, without notice, is hereby authorized and empowered to deal with any such vendee or transferee with reference to the Premises or the Secured Indebtedness, or with reference to any of the terms, covenants, conditions or agreements hereof, as fully and to the same extent as it might deal with the original parties hereto and without in any way releasing or discharging any liabilities, obligations or undertakings.

2.16 Suits to Protect the Premises. Bond Trustee shall have power to institute and maintain such suits and proceedings as it may deem expedient (a) to prevent any impairment of the Premises by any acts which may be unlawful or constitute a default under this Deed of Trust; (b) to preserve or protect its interest in the Premises, the Lease and in the rents, issues, profits and revenues arising therefrom; and (c) to restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would materially impair the security hereunder or be prejudicial to the interest of Bond Trustee.

2.17 Proofs of Claim. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other proceedings affecting Grantor, its creditors or its property, Bond Trustee, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of Bond Trustee allowed in such proceedings for the entire amount due and payable by Grantor under this Deed of Trust at the date of the institution of such proceedings and for any additional amount which may become due and payable by Grantor hereunder after such date.

ARTICLE III

3.01 Successors and Assigns: Successor Trustee. This Deed of Trust shall inure to the benefit of and be binding upon Grantor, Trustee and Bond Trustee and their respective heirs, executors, legal representatives, successors, successors-in-title, and assigns. Whenever a reference is made in this Deed of Trust to "Grantor," "Trustee" or "Bond Trustee," such reference shall be deemed to include a reference to the heirs, executors, legal representatives, successors, successors-in-title and assigns of Grantor, Trustee or Bond Trustee, as the case may be, but shall not imply any permission to make or permit any transfer which is otherwise prohibited. In the event of the death, dissolution, absence, inability or refusal to act of Trustee, or for any other reason, Bond Trustee at any time and from time to time shall have the right to name and appoint, by instrument in writing recorded in the appropriate records in the office(s) in which this Deed of Trust is recorded, a successor or any number of successors to execute this trust, who shall be vested with all of the right, title, estate, powers, privileges and duties of the above named Trustee without the necessity of any conveyance from the above named Trustee or any successor.

3.02 Terminology. All personal pronouns used in this Deed of Trust, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural, and vice versa. Titles and Articles are for convenience only and neither limit nor amplify the provisions of this Deed of Trust, and all references herein to Articles, Sections or subparagraphs shall refer to the corresponding Articles, Sections or subparagraphs of this Deed of Trust unless specific reference is made to Articles, Sections or subparagraphs of another document or instrument.

3.03 Severability; Complete Agreement. If any provisions of this Deed of Trust or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Deed of Trust and the application of such provisions to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law. This Deed of Trust, the Note and the instruments executed in connection herewith constitute the full and complete agreement of the parties and supersede all prior negotiations, correspondence, and memoranda relating to the subject matter hereof, and this Deed of Trust may not be amended except by a writing signed by the parties hereto.

3.04 Applicable Law. This Deed of Trust, the Note, the Loan Agreement and all other documents evidencing or securing the Secured Indebtedness, and the rights and obligations of the parties thereto, shall be construed and interpreted in accordance with the laws of the State of Texas.

3.05 Notices. All notices provided for herein, or in the Note, or in any other instrument or document evidencing or securing the Loan, or required by applicable law, shall be given personally, by mail, or by Federal Express or other similar national overnight courier, and addressed to the appropriate party at the address designated for such party in the heading of this Deed of Trust, or such other single address as the party who is to receive such notice may designate in writing. Notice by mail shall be by registered or certified mail. All fees or expenses of mail or overnight courier shall be paid by the sender. Notice shall be deemed received at the earlier of the time actually received or three days following the time deposited when sent by mail and one day when sent by overnight courier in the manner aforesaid. Actual receipt of notice shall not be required to effect notice hereunder.

3.06 Replacement of Note. Upon receipt of evidence reasonably satisfactory to Grantor of the loss, theft, destruction or mutilation of the Note, and in the case of any such loss, theft or destruction, upon delivery of an indemnity agreement reasonably satisfactory to Grantor or, in the case of any such mutilation, upon surrender and cancellation of the Note, Grantor at Bond Trustee's expense will execute and deliver, in lieu thereof, a replacement note, identical in form and substance to such Note and dated as of the date of such Note, and upon such execution and delivery all references in this Deed of Trust to the Note shall be deemed to refer to such replacement note.

3.07 [Reserved].

3.08 Assignment by Bond Trustee. This Deed of Trust is assignable by Bond Trustee and any assignment hereof by Bond Trustee shall operate to vest in the assignee all rights and powers herein conferred upon and granted to Bond Trustee.

3.09 Time of the Essence. Time is of the essence with respect to each and every covenant, agreement and obligation of Grantor under this Deed of Trust, the Note and any and all other instruments now or hereafter evidencing, securing or otherwise relating to the Secured Indebtedness.

3.10 Release. Provided that no Event of Default then exists, Bond Trustee agrees to release this Deed of Trust upon payment in full by Grantor of all obligations on its part under the Loan Agreement, the Note and this Deed of Trust.

3.11 Future Advances. Upon request of Grantor, Bond Trustee, at Bond Trustee's option so long as this Deed of Trust secures indebtedness held by Bond Trustee, may make future advances to Grantor. Such future advances, with interest thereon, shall be secured hereby if made under the terms of this Deed of Trust, the Note, the Loan Agreement and the Indenture, or if made pursuant to any other promissory note, instrument or agreement stating that sums advanced thereunder are secured hereby.

3.12 Capitalized Terms. Any capitalized term used but not defined herein shall have the meaning given such term by the Indenture.

IN WITNESS WHEREOF, Grantor has caused this Deed of Trust to be executed under seal by its duly authorized principal officer as of the day and year first above written.

DALLAS CLEAN ENERGY
MCCOMMAS BLUFF, LLC

By: /S/ Harrison S. Clay
Name: Harrison S. Clay
Title: Manager

STATE OF CALIFORNIA

COUNTY OF ORANGE

On this 10th day of March, 2011, before me, Lisa M. Broman, Notary Public, personally appeared Harrison S. Clay, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity as a Manager of Dallas Clean Energy McCommas Bluff, LLC, a Delaware limited liability company, on behalf of such limited liability company.

I certify under penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

/S/ Lisa M. Broman
Lisa M. Broman, Notary Public

(Seal)

EXHIBIT "A"

LEGAL DESCRIPTION OF LAND

PROCESSING SITE

Being a tract of land situated in the Levi Dixon League, Abstract No. 380, Dallas County, Texas, and being in City Block No. 8003, and being part of a tract of land conveyed to City of Dallas by Deed recorded in Volume 80111, Page 2361, Deed Records, Dallas County, Texas, and being more particularly described as follows:

COMMENCING at an "X" found at the intersection of the center of Simpson Stuart Road (60 foot right of way) and in the center of Southern Pacific Railroad (200 foot right of way);

THENCE South 26 degrees 42 minutes 00 seconds East along the centerline of said railroad, a distance of 2,706.45 feet to a point for corner;

THENCE North 63 degrees 18 minutes 00 seconds East, a distance of 199.39 feet to a 1/2 inch iron rod set with yellow cap stamped DCA Inc. for corner, said corner being the POINT OF BEGINNING;

THENCE North 63 degrees 15 minutes 44 seconds East, a distance of 218.94 feet to a 1/2 inch iron rod set with yellow cap stamped DCA Inc. for corner;

THENCE South 26 degrees 46 minutes 21 seconds East, a distance of 397.23 feet to a 1/2 inch iron rod set with yellow cap stamped DCA Inc. for corner;

THENCE South 63 degrees 23 minutes 59 seconds West, a distance of 218.56 feet to a 1/2 inch iron rod set with yellow cap stamped DCA Inc. for corner;

THENCE North 26 degrees 49 minutes 36 seconds West, a distance of 396.70 feet to the POINT OF BEGINNING and containing 86,835.58 square feet or 1.9935 acres of land.

Exhibit 31.1

Certifications

I, Andrew J. Littlefair, certify that:

1. I have reviewed this Form 10-Q of Clean Energy Fuels Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2011

/s/ ANDREW J. LITTLEFAIR

Andrew J. Littlefair,
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Certifications

I, Richard R. Wheeler, certify that:

1. I have reviewed this Form 10-Q of Clean Energy Fuels Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2011

/s/ RICHARD R. WHEELER

Richard R. Wheeler,
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION REQUIRED BY
SECTION 1350 OF TITLE 18 OF THE UNITED STATES CODE

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned hereby certifies in his capacity as the specified officer of Clean Energy Fuels Corp. (the "Company") that, to the best of his knowledge, the quarterly report of the Company on Form 10-Q for the fiscal quarter ended March 31, 2011 fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods presented in the financial statements included in such report.

Dated: May 9, 2011

/s/ ANDREW J. LITTLEFAIR
Name: Andrew J. Littlefair
Title: *President and Chief Executive Officer*
(Principal Executive Officer)

Dated: May 9, 2011

/s/ RICHARD R. WHEELER
Name: Richard R. Wheeler
Title: *Chief Financial Officer*
(Principal Financial Officer)

This certification accompanies this Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.