

REPORT TO CITY COUNCIL

Approved by:

Council Meeting of: April 17, 2019



Tim Przybyla, Director of Financial Services

Agenda Number: C-1



Arnaldo Rodriguez, City Manager

SUBJECT:

- A. RESOLUTION OF THE BOARD OF DIRECTORS OF THE MADERA PUBLIC FINANCING AUTHORITY (MPFA) APPROVING THE FORMS OF AND AUTHORIZING EXECUTION AND DELIVERY OF A SITE LEASE, A FACILITIES LEASE, AND A TRUST AGREEMENT; AUTHORIZING THE ISSUANCE OF SERIES 2019 BONDS IN AN AMOUNT NOT TO EXCEED \$5 MILLION; AND APPROVING OTHER ACTIONS RELATED TO THE MADERA PUBLIC FINANCING AUTHORITY LEASE REVENUE BONDS, SERIES 2019 **(MPFA ACTION)**

- B. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MADERA APPROVING THE ISSUANCE BY THE MADERA PUBLIC FINANCING AUTHORITY OF THE AUTHORITY'S LEASE REVENUE BONDS, SERIES 2019 IN AN AMOUNT NOT TO EXCEED \$5 MILLION; APPROVING THE FORMS OF AND AUTHORIZING EXECUTION AND DELIVERY OF A FACILITIES LEASE, A SITE LEASE, AND RELATED DOCUMENTS; AND AUTHORIZING NECESSARY RELATED ACTIONS **(CITY COUNCIL ACTION)**

RECOMMENDATION:

Adopt the two resolutions approving the issuance and the various documents for the Authority's Lease Revenue Bonds, Series 2019 in the estimated amount of \$4,430,000 and a "not-to-exceed" amount of \$5 million.

SUMMARY:

On June 6, 2018, staff and the City's Municipal Advisor presented various financing alternatives seeking direction as to the type of sale and the term of lease revenue bonds proposed to be sold to finance the fire station. The City Council (Council) directed staff to prepare the 30-year public offering of lease revenue bonds and approved hiring the following team of professionals to assist in the process along with City staff ("Financing Team"):

Municipal Advisor:	Del Rio Advisors, LLC
Bond / Disclosure Counsel:	Kronick
Underwriter:	Brandis Tallman LLC

The Financing Team began work on the various documents while the City prepared the design specifications for the new fire station, prepared project budgets and bid the project. In June 2018, it was anticipated that the project would require \$5.2 million to be financed through a bond sale. As the project evolved and was better defined, the amount required to be financed through a bond sale has been reduced to \$4.5 million.

On April 3, 2019, based on the time that transpired since the June 2018 discussion, the lower amount to be financed and differing market conditions, staff and the City’s Municipal Advisor once again presented various financing alternatives, seeking direction as to the type of sale and the term of lease revenue bonds. The Council directed the Financing Team to prepare for the sale of 20-year lease revenue bonds to be sold as a public offering and the bring the item back to the City Council for formal consideration.

Tonight, the Council and Authority Board are being asked to consider approval of the two Resolutions authorizing the issuance of the lease revenue bonds, approving as to form the various documents required to complete the transaction and authorizing all related actions.

DISCUSSION:

As the project budget has been better defined and the City has identified the amount of Measure K resources available, the remaining amount to be financed was determined per the following:

Table 1: New Fire Station Financing	
<i>Item</i>	<i>\$ Amount</i>
Construction Costs	\$8,368,369
Existing Funds Available per Measure K	\$3,868,369
Net Project Amount to be Financed	\$4,500,000

Under California Law, the sale of lease revenue bonds are how public agencies finance general fund infrastructure, like the City’s fire station project. Essentially, the City will lease assets to the Authority and then lease them back from the Authority over time. The lease payments paid by the City to the Authority are then paid to bondholders in the form of debt service. When the lease revenue bonds are paid off, the leased assets revert to the City. Therefore, the City needs to lease one or more essential assets to the Authority. The insured value of the leased asset needs to be at least equal to or greater than the principal amount borrowed, currently estimated at \$4,430,000

The Financing Team is recommending that the following assets be used as the leased assets for the financing:

Table 2: Insured Value of Leased Assets	
<i>Asset</i>	<i>Insured Value</i>
Fire Station #7	\$1,284,604
Police Facility Administration Building	\$4,028,045
Total Insured Value	\$5,312,649

Under California Law, the City covenants to appropriate lease payments in their annual budget. The lease is subject to “abatement” if the City no longer has “use and occupancy” of the leased asset, the lease payments must be equal to “fair rental value” and, in the event of default, the lease cannot be accelerated.

Federal tax law requires that the lease term cannot exceed the useful life of the improvements by more than 125 percent. In addition, 85 percent of the proceeds of the bonds must be spent within 3 years of closing.

In the aftermath of the “great recession,” lenders are now closely evaluating the “essentiality” of leased assets. The more essential the asset, the less likely an issuer will walk away in the event of fiscal distress.

To proceed, the City will need to secure both title insurance and rental interruption insurance. The title search will confirm that the leased asset is free and clear of any encumbrances and the rental interruption insurance will make the lease payments to the bondholders in the event the City loses “use and occupancy” of the leased asset for a period, usually up to two years.

The par amount of the lease revenue bonds, currently estimated at \$4,430,000, is lower than the proposed \$4,500,000 to be borrowed to finance the fire station. In this market environment, the bonds are expected to be sold at a premium generating enough proceeds to fund not only the project fund in the amount of \$4,500,000 but also fund the costs of issuance associated with issuing the lease revenue bonds.

The Council may not grant open-ended authority to issue bonds but rather must establish one or more parameters to govern the sale. The amount of the issuance can vary significantly depending on the City’s underlying rating, securing bond insurance, securing a surety policy for the reserve fund and general market conditions. For these reasons, the Financing Team is proposing a “not-to-exceed” issuance amount of \$5 million.

Public Offering

A public offering is the marketing and sale of bonds by an underwriter to both retail and institutional investors in a public sale. A public offering requires the preparation of an official statement, the primary marketing document used by the underwriter to sell the bonds. The document will describe not only the bonds, but also describes the City’s financial condition, the local economy, and demographics. A public offering also requires applying for and paying for a rating from Standard & Poor’s Corporation (“S&P”). The public market also requires a reserve fund or equivalent (surety policy) to act as the first line of defense in the event of default on bond payments. The City does not currently have a public rating on its General Fund. Public offerings generally have lower interest rates in comparison to a direct placement, however it takes longer (90-120 days) and costs more to bring to the market because of the need to prepare the official statement and the costs of the rating process.

Table 3 on the following page shows the estimated costs of issuance budget for a public offering and is included in the amount borrowed:

Table 3: Estimated Cost of Issuance

<i>Line Item</i>	<i>Amount</i>
Bond/Disclosure Counsel	\$40,500
Municipal Advisor	\$42,500
Municipal Advisor Expenses	\$750
Standard & Poor Rating Fee	\$15,000
Trustee	\$5,000
Trustee Counsel	\$2,500
Title Insurance	\$7,500
Printing	\$5,000
Miscellaneous	\$8,829
Underwriter's Discount ⁽¹⁾	\$25,694
Bond Insurance ⁽²⁾	\$28,445
Surety Policy (Reserve Fund) ⁽³⁾	\$12,859
Total	\$194,577

(1) Variable based on a percentage of the par amount of bonds

(2) Variable based upon a percentage of total debt service on the bonds

(3) Variable based upon a percentage of the reserve fund requirement

Worth noting is that the City may pay off the lease revenue bonds after 10 years without a prepayment penalty.

Documents for Consideration

- **Site Lease:** Document that governs the lease of the assets from the City to the Authority in consideration for the par amount of bonds sold.
- **Facilities Lease:** Document that governs the lease of the assets by the City from the Authority and assigns the lease payments received by the Authority to The Bank of New York Mellon Trust Company, N.A. for payment to bondholders.
- **Preliminary Official Statement (including the Continuing Disclosure Certificate):** The primary marketing document used by the Underwriter, Brandis Tallman LLC, for the sale of the lease revenue bonds to the public. The document describes the terms and conditions of the lease revenue bonds, describes the Authority and displays the financial and economic information about the City. The Continuing Disclosure Certificate governs the annual information to be provided by the City each year to the Electronic Municipal Market Access System ("EMMA") for

the benefit of bondholders. In addition, there are several listed material events that require immediate disclosure in the event they occur.

- Contract of Purchase: The document that governs the terms and conditions whereby the Underwriter, Brandis Tallman LLC, purchases the bonds in an “arms-length” transaction from the Authority. This document is executed on the sale date once the bonds are either sold to investors or the Underwriter determines to underwrite (retain) any unsold balances.

Financing Schedule (Subject to Change)

If the Council and MPFA approve the Resolutions tonight, Table 4 below shows the financing schedule with the estimated dates and items to be completed before the closing date of the bonds:

Table 4: Tentative Financing Schedule	
<i>Date</i>	<i>Task</i>
April 17, 2019	City Council Consideration
Week of April 22, 2019	<ul style="list-style-type: none"> ▪ Documents Sent to Rating Agency ▪ Documents Sent to Bond Insurers
Week of April 29, 2019	Rating Presentation
Week of May 13, 2019	<ul style="list-style-type: none"> ▪ Rating Released ▪ Bond Insurance Commitment ▪ Due Diligence Call ▪ Print and Post Preliminary Official Statement
Week of June 3, 2019	Sell Bonds
Week of June 10, 2019	Print and Post Final Official Statement Documents Executed
Week of June 17, 2019	Closing and Transfer of Funds

FINANCIAL IMPACT:

It is estimated that the City’s General Fund will pay approximately \$319,074 per year and the internal source of repayment will be Measure K sales tax dollars.

The costs of issuance are fully contingent upon the transaction closing except the rating fee and the fee for title insurance. The rating fee is currently estimated at \$15,000 and the fee for title insurance is currently estimated at \$7,500. Both the rating fee and the fee for title insurance can be paid from the costs of issuance. If the transaction fails to close, these fees would be due and payable by the City. The entire estimated costs of issuance are assumed paid from the bond issue and are fully accounted for in all the numbers presented above and in the good faith estimates shown below.

SB 450 Compliance (Good Faith Estimates)

In compliance with SB 450, the good faith estimates set forth herein are provided with respect to the bonds. Such good faith estimates have been provided to the City by the Municipal Advisor. Each estimate is based on the City's financing plan and current market conditions, including the proposed interest rate prevailing at the time of preparation of the estimate.

- *Principal Amount:* The estimated aggregate principal amount of the bonds is \$4,430,000.
- *True Interest Cost:* The estimated true interest cost of the bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the bonds, is 3.146575%.
- *Finance Charge:* The estimated finance charge for the bonds, which means the sum of all fees and charges paid to third parties is \$127,578.11 for the fixed costs of issuance, \$25,694 for the underwriter's discount, a bond insurance premium of \$28,445.19 and a surety premium of \$12,859.25 for a total of \$194,576.55.
- *Amount of Proceeds to be Received:* The estimate of the amount of proceeds to be received by the City from the bonds, less the finance charge of the bonds, as estimated above, is \$4,500,000.
- *Total Payment Amount:* The estimated total payment amount, which means the sum of all payments the City will make to pay debt service on the bonds, plus the finance charge for the bonds not paid with the proceeds of the bonds, calculated to the final maturity of the bonds, is \$6,231.152.58.

The foregoing estimates are good faith estimates only. The actual figures may differ from the estimates owing to:

- a) Differences between assumptions regarding the date of the closing of the bonds, the principal amount of the bonds, the amortization of the bonds, the final interest rate of the bonds and actual facts;
- b) Other market conditions,
- c) Changes in the City's financing plan; or
- d) A combination of such factors.

ALTERNATIVES:

As an alternative the Council may wish to:

- A. Seek additional time to consider the Resolutions and the various documents and request the Financing Team bring back the item for future consideration
- B. Direct the Financing Team to consider other financing alternatives and bring the item back for future consideration
- C. Direct staff to find alternative ways to fund the \$4,500,000 needed to complete the fire station

ATTACHMENTS:

1. Resolution of the Madera Public Financing Authority
2. Resolution of the City Council of the City of Madera
3. Site Lease
4. Facilities Lease
5. Preliminary Official Statement (Including the Continuing Disclosure Certificate)
6. Contract of Purchase

RESOLUTION _____

RESOLUTION OF THE BOARD OF DIRECTORS OF THE MADERA PUBLIC FINANCING AUTHORITY APPROVING THE FORMS OF AND AUTHORIZING EXECUTION AND DELIVERY OF A SITE LEASE, A FACILITIES LEASE, A CONTRACT OF PURCHASE, AND A TRUST AGREEMENT; AUTHORIZING THE ISSUANCE OF SERIES 2019 BONDS IN AN AMOUNT NOT TO EXCEED FIVE MILLION DOLLARS; AND APPROVING OTHER ACTIONS RELATED TO THE MADERA PUBLIC FINANCING AUTHORITY LEASE REVENUE BONDS, SERIES 2019

WHEREAS, the Madera Public Financing Authority (the “Authority”) is a joint exercise of powers agency duly organized and operating pursuant to Chapter 5 of Division 7 of Title 1 of the California Government Code (the “Act”) and a joint exercise of powers agreement (the “Joint Powers Agreement”);

WHEREAS, the City of Madera (the “City”) is a member agency of the Authority;

WHEREAS, Article 4 of the Act and the Joint Powers Agreement authorize the Authority to lease property and issue bonds to assist the Authority in financing and refinancing public improvements for the City;

WHEREAS, to provide funds to finance the construction of a fire station (the “Project”), the Authority intends to issue its Madera Public Financing Authority Lease Revenue Bonds, Series 2019 (the “Bonds”);

WHEREAS, the Bonds will be issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, commencing with Section 6584 of the California Government Code (the “Marks-Roos Act”);

WHEREAS, the City and the Authority desire to provide for the negotiated sale of the Bonds;

WHEREAS, the City and the Authority have selected Brandis Tallman LLC to act as underwriter (the “Underwriter”) to purchase the Bonds from the Authority pursuant to a contract of purchase between the Authority, the City, and the Underwriter;

WHEREAS, the Project to be financed by the Bonds is located within the City’s boundaries;

WHEREAS, on April 17, 2019, the City Council held a public hearing, following the required notice by publication, and adopted a resolution approving the financing of the Project by the issuance of the Bonds and making a finding of significant public benefit;

WHEREAS, in accordance with Section 6586.5 of the Marks-Roos Act, notice of such hearing was published once at least five days prior to the hearing in the Madera Tribune, a newspaper of general circulation in the City;

WHEREAS, the following proposed agreements and documents relating to the issuance, sale and delivery of the Bonds by the Authority, which are incorporated herein by reference, have been presented to the Board for its review and approval:

1. The Site Lease (the “Site Lease”) between the City, as lessor, and the Authority, as lessee, whereby the City will lease to the Authority certain real property and any facilities located thereon (the “Leased Property”);
2. The Facilities Lease (the “Facilities Lease”) between the Authority, as lessor, and the City, as lessee, whereby the Authority will lease the Leased Property to the City for Rental Payments (as defined in the Facilities Lease), that are pledged to the owners of the Bonds by the Authority pursuant to the Trust Agreement (defined below);
3. The Trust Agreement (the “Trust Agreement”) between the Authority and The Bank of New York Mellon Trust Company, N.A. (the “Trustee”), which provides for the issuance, execution, and delivery of the Bonds, the proceeds of the sale of which will pay for the construction of the Project;
4. The Contract of Purchase (the “Purchase Contract”) between the Authority, the City, and the Underwriter, whereby the Underwriter will agree to purchase the Bonds when and as issued and delivered by the Authority; and
5. The Official Statement (the “Official Statement”) describing the Bonds, the Authority, and the City;

WHEREAS, it appears to the Board that the authorization, approval, execution, and delivery of the agreements and documents described above or contemplated thereby or incidental thereto and the issuance, sale, and delivery of the Bonds in accordance with the Trust Agreement are desirable and in the best interests of the Authority;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Madera Public Financing Authority, as follows:

Section 1. Recitals. The foregoing recitals are true and correct and the Board so finds and determines.

Section 2. Authorization of Officers to Execute and Deliver Documents. The Board hereby authorizes and directs the Chairman, the Vice-Chairman, the Secretary, and the Treasurer/Auditor of the Authority and their designees (the “Designated Officers”), and each of them individually, for and in the name of the Authority, to approve, execute, and deliver the following agreements and documents:

- a. the Site Lease,
- b. the Facilities Lease,
- c. the Trust Agreement,

- d. the Purchase Contract, and
- e. the Official Statement,

in substantially the forms presented to the Board at this meeting, which agreements and documents are hereby approved, with such changes, insertions, revisions, corrections, or amendments as shall be approved by the officer or officers executing the agreement or document for the Board. The execution of the foregoing by a Designated Officer or Officers shall constitute conclusive evidence of such officer's or officers' and the Board's approval of any such changes, insertions, revisions, corrections, or amendments to the respective forms of agreements and documents presented to the Board at this meeting. The date, respective principal amounts of each maturity, the interest rates, interest payment dates, denominations, forms, registration privileges, place or places of payment, terms of redemption, and other terms of the Bonds, shall be as provided in the Trust Agreement as finally executed.

Section 3. Authorization to Issue Bonds. The Board hereby authorizes the issuance of not to exceed \$5,000,000 principal amount of the Bonds in accordance with the terms of the Trust Agreement as finally executed.

Section 4. Authorization of Sale. The Board hereby authorizes the sale of the Bonds to the Underwriter pursuant to the Purchase Contract. The Designated Officers are hereby authorized and directed to negotiate with the Underwriter the final terms of the sale and its timing.

Section 5. Execution of the Bonds. The Designated Officers are hereby authorized and directed to execute each of the Bonds on behalf of the Authority.

Section 6. Distribution of Official Statement. The Board hereby authorizes the Underwriter to distribute copies of the Official Statement in preliminary form to persons who may be interested in the purchase of the Bonds and authorizes and directs the Underwriter to deliver copies of the final Official Statement to all purchasers of the Bonds.

Section 7. Identification of Professionals Involved. The Board hereby approves the firm of Del Rio Advisors, LLC, to act as municipal advisor (the "Municipal Advisor") and the firm of Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, to act as bond and disclosure counsel with respect to the issuance of the Bonds.

Section 8. Disclosure of Specified Financing Information. Pursuant to the requirements of Government Code section 5852.1, the Authority is required to disclose at a public meeting certain information related to the financing. The Board has obtained from the Municipal Advisor good faith estimates of this required information and hereby discloses the estimates information as shown in Exhibit A attached hereto and incorporated herein by reference.

Section 9. Debt Policy. On October 18, 2017, the Authority and the City approved their debt management policy (the "Debt Policy") as required by amendments to Government Code section 8855(i). The Debt Policy remains in full force and effect. The sale and issuance of the Bonds as contemplated by this resolution are in compliance with the Debt Policy.

Section 10. General Authorization. The Board hereby authorizes and directs the Designated Officers, and each of them individually, for and in the name of and on behalf of the Authority, to do any and all things and to execute and deliver any and all documents that they may deem necessary or advisable in order to complete the sale, issuance, and delivery of the Bonds and otherwise to carry out, give effect to, and comply with the terms and intent of this resolution. All actions heretofore taken by such officers and agents that are in conformity with the purposes and intent of this resolution are hereby ratified, confirmed and approved in all respects.

Section 11. Effective Date. This resolution is effective immediately upon adoption.

* * * * *

PASSED AND ADOPTED by the Madera Public Financing Authority at a regular meeting thereof this 17th day of April 2019, by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

APPROVED:

ANDREW J. MEDELLIN, Chairperson

ATTEST:

CLAUDIA MENDOZA, Secretary

APPROVED AS TO LEGAL FORM:

General Counsel

Exhibit A

Specified Financial Information

The good faith estimates set forth herein are provided with respect to the Bonds. Such good faith estimates have been provided to the Authority by Del Rio Advisors, LLC, as municipal advisor to the Authority. Each estimate is based on the Authority's financing plan and current market conditions, including market interest rates prevailing at the time of preparation of the estimate.

Principal Amount. The estimated aggregate principal amount of the Bonds to be sold is \$4,430,000.

True Interest Cost. The estimated true interest cost of the Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Bonds, is 3.146575%.

Finance Charge. The estimated finance charge for the Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Bonds), is \$194,576.55.

Amount of Proceeds to be Received. The estimate of the amount of proceeds to be received by the Authority from the sale of the Bonds, less the finance charge of the Bonds, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is \$4,500,000. (No capitalized interest is expected to be funded with proceeds of the Bonds.)

Total Payment Amount. The estimated total payment amount, which means the sum total of all payments the Authority will make to pay debt service on the Bonds, plus the finance charge for the Bonds, as described above, not paid with the proceeds of the Bonds, calculated to the final maturity of the Bonds, is \$6,231,152.58.

The foregoing estimates are good faith estimates only. The actual figures may differ from the estimates owing to (a) differences between assumptions regarding the date of the sale of the Bonds, the principal amount of Bonds sold, the amortization of the Bonds, and market interest rates at the time of sale of the Bonds and actual facts, (b) other market conditions, (c) changes in the Authority's financing plan, or (d) a combination of such factors.

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MADERA APPROVING THE ISSUANCE BY THE MADERA PUBLIC FINANCING AUTHORITY OF THE AUTHORITY'S LEASE REVENUE BONDS, SERIES 2019, IN AN AMOUNT NOT TO EXCEED FIVE MILLION DOLLARS; APPROVING THE FORMS OF AND AUTHORIZING EXECUTION AND DELIVERY OF A FACILITIES LEASE, SITE LEASE, AND RELATED DOCUMENTS; AND AUTHORIZING NECESSARY RELATED ACTIONS

WHEREAS, the City of Madera and the Redevelopment Agency of the City of Madera established, pursuant to the laws of the State of California, the Madera Public Financing Authority (the "Authority") for the purpose of, among other things, issuing bonds to finance and refinance public capital improvements, including, but not limited to, general municipal improvements;

WHEREAS, the Authority has proposed to issue bonds to finance the construction of a fire station (the "Project");

WHEREAS, the Authority and the City have determined that it would be in the best interests of the Authority, the City, and residents of the City to authorize the preparation, sale and delivery of Madera Public Financing Authority Lease Revenue Bonds, Series 2019 (the "Bonds"), for the purpose of financing the Project;

WHEREAS, the Bonds will be issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, commencing with Section 6584 of the California Government Code (the "Act");

WHEREAS, the City and the Authority desire to provide for the negotiated sale of the Bonds;

WHEREAS, the City and the Authority have selected Brandis Tallman LLC, to act as underwriter (the "Underwriter") to purchase the Bonds from the Authority pursuant to a contract of purchase between the City, the Authority, and the Underwriter;

WHEREAS, the City is a member of the Authority and the Project is located within the boundaries of the City;

WHEREAS, Section 6586.5 of the Act requires the City Council, after holding a public hearing, to approve the Authority's financing of public capital improvements that are to be located in the City and to make a finding of significant public benefit;

WHEREAS, in accordance with Section 6586.5 of the Act, notice of such hearing was published once at least five days prior to the hearing in *The Madera Tribune*, a newspaper of general circulation in the City;

WHEREAS, the City Council held a public hearing on April 17, 2019, at the meeting that commenced at 6:00 p.m., in the Council Chambers, City Hall, Madera, California, following duly published notice thereof, and all persons desiring to be heard have been heard;

WHEREAS, the following proposed agreements and document relating to the financing, which are incorporated herein by reference, have been presented to the City Council for its review and approval:

1. The Site Lease (the “Site Lease”) between the City, as lessor, and the Authority, as lessee, whereby the City will lease to the Authority certain real property and any facilities located thereon (the “Leased Property”); and
2. The Facilities Lease (the “Facilities Lease”) between the Authority, as lessor, and the City, as lessee, whereby the Authority will lease the Leased Property to the City;
3. The Contract of Purchase (the “Purchase Contract”) between the Authority, the City, and the Underwriter, whereby the Underwriter will agree to purchase the Bonds when and as issued and delivered by the Authority; and
4. The Official Statement (the “Official Statement”) describing the Bonds, the City, and the Authority;
5. The Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”), whereby the City undertakes to provide annual reports and material events notices as required under federal securities laws;

WHEREAS, information required by Government Code section 5852.1 to be disclosed by the Authority at a public meeting has been provided to the City in advance of this meeting;

WHEREAS, it appears to the City Council that the authorization, approval, execution, and delivery of the agreements described above or contemplated thereby or incidental thereto and the financing of the Project by the Authority are desirable and in the best interests of the City;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Madera as follows:

Section 1. Recitals. The foregoing recitals are true and correct and the City Council so finds and determines.

Section 2. Significant Public Benefit. The City Council hereby finds that the proposed financing of the Project by the Authority will produce more efficient delivery of local City services to its residents, which is of significant public benefit.

Section 3. Approval of Financing. The City Council hereby approves the issuance by the Authority of not to exceed \$5,000,000 aggregate principal amount of its Madera Public Financing Authority Lease Revenue Bonds, Series 2019.

Section 4. Authorization of Officers to Execute and Deliver Documents. The City Council hereby authorizes and directs the Mayor, the City Manager, the Director of Financial Services, and the City Clerk and their designees (the “Designated Officers”), and each of them individually, for and in the name of the City, to approve, execute, and deliver the following agreements:

- a. the Site Lease,
- b. the Facilities Lease,
- c. the Purchase Contract,
- d. the Official Statement, and
- e. the Continuing Disclosure Certificate,

in substantially the forms presented to the City Council at this meeting, which agreements and document are hereby approved, with such changes, insertions, revisions, corrections, or amendments as shall be approved by the officer or officers executing the agreement or document for the City. The execution of the foregoing by a Designated Officer or Officers shall constitute conclusive evidence of such officer's or officers' and the City Council's approval of any such changes, insertions, revisions, corrections, or amendments to the respective forms of agreements and document presented to the City Council at this meeting.

Section 5. Distribution of Official Statement. The City Council hereby authorizes the Underwriter to distribute copies of the Official Statement in preliminary form to persons who may be interested in the purchase of the Bonds and authorizes and directs the Underwriter to deliver copies of the final Official Statement to all purchasers of the Bonds.

Section 6. Identification of Professionals Involved. The City Council has engaged the firm of Del Rio Advisors, LLC, to act as municipal advisor (the "Municipal Advisor") and the firm of Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, to act as bond and disclosure counsel with respect to the issuance of the Bonds.

Section 7. Debt Policy. On October 18, 2017, the City and the Authority approved their debt management policy (the "Debt Policy") as required by amendments to Government Code section 8855(i). The Debt Policy remains in full force and effect. The execution of the Facilities Lease and the Authority's sale and issuance of the Bonds as contemplated by this resolution are in compliance with the Debt Policy.

Section 8. Authorization of Officers to Execute Documents. The City Council hereby authorizes and directs the Designated Officers and other officers and agents of the City, and each of them individually, for and in the name of and on behalf of the City, to do any and all things and to execute and deliver any and all documents that they may deem necessary or advisable in order to complete the sale, issuance, and delivery of the Bonds and otherwise to carry out, give effect to, and comply with the terms and intent of this resolution. All actions heretofore taken by such officers and agents that are in conformity with the purposes and intent of this resolution are hereby ratified, confirmed and approved in all respects.

Section 9. Effective Date. This resolution shall take effect immediately upon its adoption.

* * * * *

PASSED AND ADOPTED by the City of Madera this 17th day of April 2019, by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

APPROVED:

ANDREW J. MEDELLIN, Mayor

ATTEST:

CLAUDIA MENDOZA, City Clerk

APPROVED AS TO LEGAL FORM:

General Counsel

RECORDING REQUESTED BY:

Kronick, Moskovitz, Tiedemann & Girard
for the benefit of the Madera Public Financing Authority

WHEN RECORDED RETURN TO:

Kronick, Moskovitz, Tiedemann & Girard
400 Capitol Mall, 27th Floor
Sacramento, California 95814
Attention: Deborah Fields, Public Finance

This document is recorded for the benefit of the Madera Public Financing Authority, and recording is exempt from recording fees pursuant to Government Code §27383.

The term of this site lease is less than 35 years. This transaction is exempt from documentary transfer tax by Revenue & Taxation Code §11928.

SITE LEASE

between the

CITY OF MADERA

and the

MADERA PUBLIC FINANCING AUTHORITY

Dated May 1, 2019

Relating to

[\$[PAR AMOUNT]]
Madera Public Financing Authority
Lease Revenue Bonds, Series 2019

SITE LEASE

This Site Lease, dated May 1, 2019 (this “Site Lease”), between the City of Madera (the “City”), a general law city duly organized and validly existing under and pursuant to the Constitution and laws of the State of California (the “City”), as lessor, and the Madera Public Financing Authority (the “Authority”), a joint exercise of powers agency established pursuant to the laws of the State of California;

WITNESSETH:

WHEREAS, the City presently owns that certain real property located in the City of Madera, County of Madera, State of California, more particularly described in Exhibit A attached hereto and by this reference incorporated herein, together with the improvements thereon (the “Leased Property”);

WHEREAS, the City will lease the Leased Property to the Authority hereunder and the Authority will lease the Leased Property back to the City pursuant to a facilities lease of even date herewith (the “Facilities Lease”) to provide funds for the purpose of public capital improvements;

WHEREAS, the Authority will assign all of its right, title and interest in the Rental Payments due under the Facilities Lease to The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”) under a Trust Agreement dated the date hereof (the “Trust Agreement”), between the Authority and the Trustee, pursuant to which the Authority will issue its Madera Public Financing Authority Lease Revenue Bonds, Series 2019 (the “Bonds”); and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Site Lease do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Site Lease;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

Section 1. Leased Property. The City hereby leases to the Authority, and the Authority hereby hires from the City, on the terms and conditions hereinafter set forth, the Leased Property.

Section 2. Term. The term of this Site Lease shall commence on the Closing Date, as that term is defined in the Trust Agreement, and shall end on February 1, 2039, unless such term is extended or sooner terminated as hereinafter provided. If on February 1, 2039, the Bonds shall not be fully paid, or if the rental payable under the Facilities Lease shall have been abated at any time and for any reason, then the term of this Site Lease shall be extended for a period of ten (10) years. If the Bonds shall be fully paid, or provision therefor made, the term of this Site Lease shall end ten (10) days thereafter or ten (10) days after written notice by the City to the Authority, whichever is earlier.

Section 3. Rental. The Authority shall pay to the City as and for advance rental hereunder for the entire term hereof the sum of \$[PAR AMOUNT], on or before the date of commencement of the term of this Site Lease. The funds representing such rental shall be deposited or disbursed by the Trustee as provided in the Trust Agreement. The Authority hereby waives any right that it may have under the laws of the State of California to a rebate of such rental in full or in part in the event there is substantial interference with the use and right to possession by the Authority of the Leased Property or portion thereof as a result of material damage, destruction, or condemnation.

Section 4. Purpose. The Authority shall use the Leased Property solely for the purpose of leasing it to the City pursuant to the Facilities Lease and for such purposes as may be incidental thereto; provided that in the event of default by the City under the Facilities Lease the Authority may exercise the remedies provided in the Facilities Lease.

Section 5. Owner in Fee. The City covenants that it is the owner in fee of the Leased Property.

Section 6. Assignment and Subleases. The Authority may not assign its rights under this Site Lease, except pursuant to the Trust Agreement, or sublet the Leased Property, without the written consent of the City and the [INSURER] (the “Insurer”) for so long as the Bonds are outstanding.

Section 7. Right of Entry. The City reserves the right for any of its duly authorized representatives to enter upon the Leased Property at any reasonable time to inspect the same or to make any repairs, improvements, or changes necessary for the preservation thereof.

Section 8. Surrender of Possession. The Authority agrees, upon the termination of this Site Lease and on the first date on which the Bonds are no longer outstanding, to quit and surrender the Leased Property to the City, without warranty as to condition.

Section 9. Default. In the event the Authority shall be in default in the performance of any obligation on its part to be performed under the terms of this Site Lease, which default continues for thirty (30) days following notice and demand for correction thereof to the Authority, the City may exercise any and all remedies granted by law, except that no merger of this Site Lease and of the Facilities Lease shall be deemed to occur as a result thereof; provided, however, that the City shall have no power to terminate this Site Lease by reason of any default on the part of the Authority if any of the Bonds are Outstanding, or if such termination would affect or impair any assignment or sublease of all or any part of the Leased Property then in effect between the Authority and any assignee or subtenant of the Authority (other than the City under the Facilities Lease). So long as any such assignee or subtenant of the Authority shall duly perform the terms and conditions of this Site Lease and of its then existing sublease (if any), such assignee or subtenant shall be deemed to be and shall become the tenant of the City hereunder and shall be entitled to all of the rights and privileges granted under any such assignment; provided, further, that so long as any Bonds are outstanding and unpaid in accordance with the terms thereof, the rentals or any part thereof payable to the Trustee shall continue to be paid to the Trustee.

Section 10. Quiet Enjoyment. The Authority at all times during the term of this Site Lease, subject to the provisions of Section 9 (Default) hereof, shall peaceably and quietly have, hold and enjoy all of the Leased Property.

Section 11. Waiver of Personal Liability. All liabilities under this Site Lease on the part of the Authority shall be solely liabilities of the Authority as a joint exercise of powers agency, and the City hereby releases each and every member of the governing board and officer of the Authority of and from any personal or individual liability under this Site Lease unless such person acted outside of the scope of his or her duties. No member of the governing board or officer of the Authority shall at any time or under any circumstances be individually or personally liable under this Site Lease to the City or to any other party whomsoever for anything done or omitted to be done by the Authority hereunder.

Section 12. Taxes. The City covenants and agrees to pay any and all assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the Leased Property (including both land and improvements).

Section 13. Eminent Domain. In the event the whole or any part of the improvements on the Leased Property is taken by eminent domain proceedings the effect of such taking hereunder shall be in accord with the provisions of the Facilities Lease relating thereto.

Section 14. Partial Invalidity. If any one or more of the terms, provisions, covenants, or conditions of this Site Lease shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree of which becomes final, none of the remaining terms, provision, covenants and conditions of this Site Lease shall be affected thereby, and each provision of this Site Lease shall be valid and enforceable to the fullest extent permitted by law.

Section 15. Notices. All approvals, authorizations, consents, demands, designations, notices, offers, requests, statements or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States registered or certified mail, postage prepaid, and addressed as follows:

City:

City of Madera
205 West 4th Street
Madera, California 93637
Attn: City Manager

Authority:

Madera Public Financing Authority
205 West 4th Street
Madera, California 93637
Attention: Chairman

The City and the Authority may, by notice given hereunder, designate any further or different address to which subsequent notices shall be sent.

Section 16. Section Headings. All section headings contained herein are for convenience or reference only and are not intended to define or limit the scope of any provision of this Site Lease.

Section 17. Third Party Beneficiary. The Insurer is hereby declared to be a third-party beneficiary of this Site Lease.

Section 18. Execution in Counterparts. This lease may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same lease. It is also agreed that separate counterparts of this Site Lease may separately be executed by the City and the Authority, all with the same force and effect as though the same counterpart had been executed by both the City and the Authority.

[signature page follows]

IN WITNESS WHEREOF, the City and the Authority have caused this Site Lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

CITY OF MADERA, Lessor

By: _____
[NAME/TITLE]

**MADERA PUBLIC FINANCING AUTHORITY,
Lessee**

By: _____
[NAME/TITLE]

INSERT NOTARY ACKNOWLEDGMENTS

EXHIBIT A

DESCRIPTION OF LEASED PROPERTY

All that real property located within the City of Madera, County of Madera, State of California, described as follows:

PARCEL ONE:

Lots 2, 3, 4 and 5 in Block 87 of the City of Madera, according to the map entitled, "Blocks 87 and 88, Madera", filed and recorded in the Office of the County Recorder of the County of Madera, State of California, June 23, 1915 in Vol. 4 of Maps, at Page 25.

APN: 007-191-016

PARCEL TWO:

Parcel 2 of Parcel Map recorded November 26, 1984 in Book 30, Page 161 of Maps, being a portion of Lots 6 through 12, inclusive, of Block 87 of the City of Madera, according to the map entitled, "Blocks 87 and 88, Madera", filed and recorded in Book 4, Page 25 of Maps, Madera County Records.

APN: 007-191-018

PARCEL THREE:

Lots 27, 28, 29 and 30 in Block 87 of the City of Madera, according to map entitled, "Blocks 87 and 88, Madera", recorded June 23, 1915 in Book 4 of Maps, at Page 25, Madera County Records.

APN: 007-191-013

PARCEL FOUR:

Parcel 2 as shown on that certain Parcel Map recorded August 26, 1976 in Book 22 of Maps, at Page 37, Madera County Records.

APN: 007-191-010

PARCEL FIVE:

Lot 31 in Block 87 of the City of Madera, County of Madera, State of California, according to the map entitled, "Blocks 87 and 88, Madera", filed and recorded in the Office of the County Recorder of the County of Madera, State of California, June 23, 1915 in Book 4 of Maps, at Page 25.

APN: 007-191-014

Such property is commonly known as the Police Administration Building, located at 330 South "C" Street, Madera, California.

Parcel 1, as shown on Parcel Map filed by the City of Madera on March 25, 1978 in Book 24 of Maps, at Page 93, and corrected by that Certificate of Correction recorded May 26, 1978 in Book 1398, Page 606 of Official Records.

Excepting therefrom that portion thereof described in the Grant Deed to Bomanite Corporation, a California corporation, recorded April 15, 1996 as Instrument No. 9609932 of Official Records, described as follows:

All that portion of the Southeast quarter of the Northwest quarter of Section 26, Township 11 South, Range 17 East, Mount Diablo Base and Meridian, being more particularly described as follows:

Beginning at the Northeast corner of Parcel 2 of that certain Parcel Map recorded February 28, 1985 in Book 31 of Maps, at Page 11 of Madera County Records; thence S. 89° 56' 22" W., along the North line of said Parcel 2, a distance of 315.08 feet to the Northwest corner of said Parcel 2, said Northwest corner being on the East line of Parcel 1 of said Parcel Map; thence N. 00° 10' 24" W., along the East line of said Parcel 1, a distance of 299.99 feet to the Northeast corner of said Parcel 1; thence N. 89° 57' 00" E., along the South line of 100.00 foot right of way as shown on the Map of "Madera Industrial Park Subdivision in the City of Madera", recorded in Book 20 of Maps, Page 56, Madera County Records, a distance of 74.00 feet; thence S. 00° 10' 24" E., 74.00 feet East of and parallel to the East line of said Parcel 1, a distance of 211.03 feet; thence N. 89° 56' 22" E., 89.00 feet North of and parallel to the North line of said Parcel 2, a distance of 230.70 feet to the west line of Schnoor Avenue as shown on said Parcel Map; thence S. 06° 49' 40" E., along the said West line of Schnoor Avenue, a distance of 89.57 feet to the point of beginning.

APN: 009-270-054

Such property is commonly known as Fire Station No. 7, located at 200 S. Schnoor Avenue, Madera, California.

FACILITIES LEASE

between the

MADERA PUBLIC FINANCING AUTHORITY

and the

CITY OF MADERA

relating to the

[\$[PAR AMOUNT]
Madera Public Financing Authority
Lease Revenue Bonds, Series 2019

Dated May 1, 2019

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FACILITIES LEASE

This Facilities Lease (this “Facilities Lease”), dated May 1, 2019, between the MADERA PUBLIC FINANCING AUTHORITY (the “Authority”), a joint exercise of powers agency established pursuant to the laws of the State of California , and the CITY OF MADERA (the “City”), a general law city duly organized and validly existing under and pursuant to the Constitution and laws of the State of California;

W I T N E S S E T H:

WHEREAS, the City is authorized pursuant to the laws of the State of California to lease real property that is necessary and proper for public purposes; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Facilities Lease do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Facilities Lease;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

**ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION**

Section 1.01. Definitions. Unless the context otherwise requires, the capitalized terms used in this Facilities Lease shall have the meanings indicated in that certain Trust Agreement dated May 1, 2019 (the “Trust Agreement”), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”).

Section 1.02. Notices. All approvals, authorizations, consents, demands, designations, notices, offers, requests, statements or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States registered or certified mail, postage prepaid, with, in each case, a copy to the Trustee, and addressed as follows:

City: City of Madera
205 West 4th Street
Madera, California 93637
Attention: City Manager

Authority: Madera Public Financing Authority
205 West 4th Street
Madera, California 93637
Attention: Chairman

Insurer: [INSURER]]
[ADDRESS]
Attention: _____

Trustee: The Bank of New York Mellon Trust Company, N.A.
100 Pine Street, Suite 3100
San Francisco, CA 94111
Attention.: Corporate Trust
Facsimile: (415) 399-1647

Notices sent to the Trustee may also be sent by facsimile to (415) 399-1647 or by e-mail to: janette.sanluis@bnymellon.com. The City, the Authority, and the Trustee may, by notice given hereunder, designate any further or different address to which subsequent notices shall be sent.

Section 1.03. Successors and Assigns. Whenever in this Facilities Lease either the City or the Authority is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Facilities Lease contained by or on behalf of the City or the Authority shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 1.04. Benefits of Lease. Nothing in this Facilities Lease expressed or implied is intended or shall be construed to give to any person other than the City, the Authority, the Trustee, and the Insurer any legal or equitable right, remedy, or claim under or in respect of this Facilities Lease 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 City, the Authority, the Trustee, and the Insurer. The Trustee and the Insurer are hereby declared to be third-party beneficiaries of this Facilities Lease.

Section 1.05. Amendments. This Facilities Lease may be altered, amended, or modified in writing as may be mutually agreed by the Authority and the City, subject to the prior written approval of the Trustee, and further provided that any such alteration, amendment or modification shall be made only in compliance with the terms of the Trust Agreement.

Section 1.06. Effect of Headings and Table of Contents. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction, or effect of this Facilities Lease.

Section 1.07. Validity and Severability. If for any reason this Facilities Lease or any part thereof shall be held by a court of competent jurisdiction to be void, voidable, or unenforceable by the Authority or by the City, all of the remaining terms hereof shall nonetheless continue in full force and effect. If for any reason it is held by such a court that any of the agreements, conditions, covenants or terms required to be observed or performed by the City hereunder, including the covenant to pay rentals hereunder, is unenforceable for the full term hereof, then and in such event this Facilities Lease is and shall be deemed to be a lease from year to year under which the rentals are to be paid by the City annually in consideration of the right of the City to use and occupancy of

the Leased Property, and all the other agreements, conditions, covenants and terms hereof, except to the extent that such agreements, conditions, covenants and terms are contrary to or inconsistent with such holding, shall remain in full force and effect.

Section 1.08. Law Governing. This Facilities Lease shall be construed and governed in accordance with the laws of the State of California.

Section 1.09. Execution in Counterparts. This Facilities Lease may be executed and entered into in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

**ARTICLE II
REPRESENTATIONS AND COVENANTS OF THE CITY;
REPRESENTATIONS AND COVENANTS OF THE AUTHORITY**

Section 2.01. Representations and Covenants of City. The City represents and covenants for the benefit of the Insurer, the Authority and its assignees as follows:

(A) Valid Existence. The City is a general law city duly organized and validly existing as a municipal corporation under the Constitution and laws of the State of California.

(B) Authority to Enter into Lease. The City is authorized under the laws of the State of California to enter into this Facilities Lease and perform all of its obligations hereunder.

(C) Due Authorization. The City has been duly authorized to execute and deliver this Facilities Lease under the terms and provisions of a resolution of the City Council approving the form and authorizing the execution of this Facilities Lease.

(D) Enforceability of Lease. The City represents, covenants, and warrants that all requirements have been met and procedures have occurred in order to ensure the enforceability of this Facilities Lease (except as such enforceability may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights generally and by the application of equitable principles).

(E) Limitation on Use of Leased Property. During the term of this Facilities Lease, the Leased Property will be used by the City only for the purpose of performing one or more governmental functions of the City consistent with the permissible scope of the City's authority. City hereby further agrees and covenants during the term hereof as to the Leased Property, except as otherwise provided herein, that it will not abandon or vacate the Leased Property.

(F) Essential Facilities. The City represents and warrants that the Leased Property is essential for performing its governmental functions.

(G) Compliance with Ordinances. The City represents and warrants that the Leased Property is in compliance with all applicable zoning, environmental and safety ordinances.

(H) Leased Property Subject to Title Insurance. The City represents and warrants that the Leased Property is the same property described in the title insurance policy provided required herein and delivered on the Closing Date.

Section 2.02. Representations of Authority. The Authority hereby represents to the City and the Insurer as follows:

(A) Authority Status. The Authority is a joint exercise of powers agency duly organized, validly existing, and in good standing under and by virtue of the laws of the State of California.

(B) Power to Enter into Lease. The Authority has all requisite power and authority to enter into this Facilities Lease and perform all of its obligations hereunder.

(C) Due Authorization. This Facilities Lease has been duly authorized by all necessary action on the part of the Authority.

(D) Enforceability of Lease. The Authority represents, covenants, and warrants that this Facilities Lease is a valid and binding obligation of the Authority, enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by the application of equitable principles.

ARTICLE III LEASE OF PROPERTY

Section 3.01. Lease of Property. The Authority hereby leases the Leased Property to the City and the City hereby hires the Leased Property from the Authority on the conditions and terms hereinafter set forth, and subject to all easements, encumbrances and restrictions that existed at the commencement of the term hereof. In exchange for the Rental Payments herein provided, the Authority agrees to provide only the Leased Property. Exhibit A hereto describes the real property component of the Leased Property.

Section 3.02. No Merger of Estates. The leasing by the Authority to the City of the Leased Property pursuant to this Facilities Lease shall not effect or result in a merger of the City's leasehold estate pursuant hereto and its fee estate. The Authority shall continue to have and hold a leasehold estate in the Leased Property pursuant to the Site Lease throughout the term thereof and the term of this Facilities Lease. As to the Leased Property, this Facilities Lease shall be deemed and constitute a sublease.

Section 3.03. Lease Term; Occupancy.

(A) Term. The term of this Facilities Lease shall commence on the Closing Date and shall end on February 1, 2039, unless such term is extended or sooner terminated as hereinafter provided. If on February 1, 2039, the Bonds shall not be fully paid or if the rental payable hereunder shall have been abated at any time and for any reason, then the term of this Facilities Lease shall be extended for a period of ten (10) years. If the Bonds shall be fully paid, or provision therefor made, the term of this Facilities Lease shall end ten (10) days thereafter or ten (10) days after written notice by the City to the Authority, whichever is earlier.

(B) Occupancy. The City will take possession of the Leased Property upon commencement of the term of the Lease. If the Authority, for any reason whatsoever, cannot deliver possession of the Leased Property or any part thereof to the City on this date, this Facilities Lease shall not be void or voidable, nor shall the Authority be liable to the City for any loss or damage

resulting therefrom; but in that event, the rent payable hereunder and attributable to the Leased Property shall be abated as provided in Section 4.07 (Abatement of Rental).

Section 3.04. Substitution. The City may substitute alternate property for any property that constitutes all or any portion of the Leased Property for purposes of the Site Lease and this Facilities Lease, but only after the City shall have filed with the Trustee all of the following:

(A) Documents. Executed copies of the amended Site Lease and Facilities Lease containing the amended description of the Leased Property.

(B) Recording. A Certificate of the City stating that the amended Site Lease and Facilities Lease, or memoranda thereof, have been duly recorded in the official records of the County of Madera.

(C) Appraisal. An MAI fair market appraisal demonstrating that the value of the substituted property is at least equal to the property being released;

(D) Title Insurance. A California Land Title Association leasehold title policy or policies or a commitment for such policy or policies or an amendment or endorsement to an existing policy or policies in an amount or amounts such that the amount of title insurance coverage with respect to the Leased Property after the substitution is at least equal to the amount of such insurance with respect to the Leased Property prior to the substitution. Each such policy or endorsement, when issued, shall name the Trustee as the insured and shall insure the leasehold estate of the Authority in such substituted property, subject only to the following exceptions: (1) Permitted Encumbrances as defined in Section 7.05 (Title Insurance), (2) exceptions that do not substantially interfere with the City's right to use and occupy the substituted property, and (3) exceptions that will not result in an abatement of Rental Payments. Prior to the release of any of the Leased Property, the City shall also provide evidence that the existing title policy is not affected by the substitution;

(E) No Effect on Occupancy; Useful Life. A Certificate of the City certifying to the Trustee that the substituted real property has (i) similar or greater essentiality of use than the portion of the Leased Property being substituted and (i) equivalent or greater useful life than the period remaining until the last maturity of the Bonds;

(F) No Prior Liens. A Certificate of the City certifying that the property that will constitute the Leased Property after the substitution is not subject to any liens securing monetary obligations (other than Permitted Encumbrances), unless such liens are subordinate to the interests of the Authority created by this Facilities Lease.

(G) Opinion of Counsel. An Opinion of Counsel to the effect that the amendments to the Site Lease and this Facilities Lease that implement the substitution (1) are authorized or permitted by and comply with the Constitution and laws of the State of California and the Trust Agreement; and (2) upon execution and delivery will be valid obligations of the City and the Authority; and that (3) such substitution will not, in and of itself, cause the interest on the Bonds to be included in gross income for federal income tax purposes;

(H) Notice to Rating Agencies. Evidence of delivery of written notice of the proposed substitution to each Rating Agency then rating the Bonds.

(I) Consent of Insurer. So long as the Bond Insurance Policy is in effect and the Insurer is not in default with respect to its payment obligations thereunder, the written consent of the Insurer to the substitution.

Section 3.05. Release of Property. The City may release a portion of the property that constitutes the Leased Property for purposes of the Site Lease and the Facilities Lease, but only after the City has filed with the Trustee with copies to each rating agency then providing a rating for the Bonds, all of the following:

(A) Documents. Executed copies of the amended Site Lease and Facilities Lease containing the amended description of the Leased Property;

(B) Recording. A Certificate of the City stating that the amended Site Lease and Facilities Lease, or memoranda thereof, have been duly recorded in the official records of the County of Madera;

(C) Appraisal. An MAI fair market appraisal demonstrating that the value of the property that will constitute the Leased Property after the substitution or release will be at least equal to the value of the Leased Property originally leased;

(D) Opinion of Counsel. An Opinion of Counsel to the effect that the amendments to the Site Lease and the Facilities Lease that implement the release (1) are authorized or permitted by and comply with the Constitution and laws of the State of California and the Trust Agreement; and (2) upon execution and delivery will be valid obligations of the City and the Authority;

(E) Notice to Rating Agencies. Evidence of delivery of written notice of the proposed release to each Rating Agency then rating the Bonds; and

(F) Consent of Insurer. So long as the Bond Insurance Policy is in effect and the Bond Insurer is not in default with respect to its payment obligations thereunder, the written consent of the Bond Insurer to the release.

Section 3.06. Title to Leased Property. During the term of this Facilities Lease, the Authority shall have a leasehold estate in the Leased Property pursuant to the Site Lease.

Section 3.07. Modifications to the Leased Property. The City shall, at its sole cost, have the right during the term hereof to make improvements to the Leased Property or to attach any fixtures, structures or signs to the Leased Property if such improvements, fixtures, structures or signs are necessary or beneficial for the use of the Leased Property by the City for public purposes; provided, that such actions by the City shall not materially adversely affect the value of the Leased Property or operation of the Leased Property for the purpose intended.

Section 3.08. Installation of City Equipment. The City and any sublessee may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment in or upon the Leased Property. All such items shall remain the sole property of such party, in which neither the Authority nor the Trustee shall have any interest, and may be removed or modified by such party at any time, provided that such party shall repair and

restore any and all damage to the Leased Property resulting from the installation, modification, or removal of any such items.

Nothing in this Facilities Lease shall prevent the City from purchasing items to be installed pursuant to or subject to a vendor's lien or security agreement as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Leased Property.

ARTICLE IV RENTAL PAYMENTS

Section 4.01. Rental Payments. The City agrees to pay to the Authority, its successor or assigns as annual rental for the use of the Leased Property the following amounts, at the following times, in the manner hereinafter set forth:

(A) Amount and Timing. The City shall pay Rental Payments, comprising principal and interest components, in semiannual installments of the amounts and on the fifteenth day of the month preceding the respective payment dates set forth in the Schedule of Rental Payments attached as Exhibit B hereto. The semiannually paid interest components of the Rental Payments shall be paid by the City as and constitute interest paid on the annually paid principal components of the Rental Payments.

(B) Extension of Lease Term. If the term of this Facilities Lease shall have been extended pursuant to Section 3.03 (Lease Term; Occupancy) hereof, Rental Payments shall continue to be due as described herein. Rental Payments shall be calculated on an annual basis, for the twelve-month periods commencing on February 2 and ending on February 1. Rental Payment installments shall continue to be payable in installments on January 15 (interest and principal) and July 15 (interest) in each year (the "Rental Payment Dates"), continuing to and including the date of termination of this Facilities Lease, in an aggregate amount equal to the amount of Rental Payments payable for the twelve-month period commencing February 2, 2038. Upon such extension of this Facilities Lease, the principal and interest components of the Rental Payments shall be established so that the principal components will, in the aggregate, be sufficient to pay all unpaid principal components and the interest components will be sufficient to pay all unpaid interest components plus interest on the extended principal components at a rate equal to the rate of interest on the principal component of the Rental Payment payable on July 15, 2038, computed on the basis of a 360-day year composed of twelve 30-day months.

(C) Credits Against Rental Payments. Any amount held in the Revenue Fund on any Rental Payment Date (other than any amounts required for payment of past due principal or interest on any Bonds not yet presented for payment) shall be credited towards the Rental Payment then due and payable.

(D) Rental Period. Each aggregate annual payment of Rental Payments shall be for the use of the Leased Property for the twelve-month period (or shorter, in the case of the first rental period, which commences on the closing date) ending on the February 1 on which the principal component of such annual Rental Payment is due.

(E) **Medium and Place of Payment.** Each Rental Payment installment payable hereunder shall be paid in lawful money of the United States of America to or upon the order of the Trustee, as assignee of the Authority, at the Corporate Trust Office or such other place as the Trustee shall designate.

(F) **Rate on Overdue Payments.** Any Rental Payment installment or Additional Payment accruing hereunder that shall not be paid when due shall, to the extent permitted by law, bear interest at a rate equal to the rate of interest on the respective principal components to which such Rental Payment relates or with respect to Additional Payments at the rate on the principal component of the Rental Payment due January 15, 2039, plus two percent (2%) per annum from the date when the same is due hereunder until the same shall be paid. All such delinquent installments of Rental Payments and the interest thereon shall be deposited in the Reserve Fund and all such delinquent installments of Additional Payments and interest thereon shall be paid to the order of the Authority and the Trustee, with respect to the amounts owed to each of them by the City.

Section 4.02. Allocation of Rental Payments. All Rental Payments received shall be applied first to the interest components of the Rental Payments due hereunder and then to the principal components of the Rental Payments due hereunder, but no such application of any payments that are less than the total Rental Payment due and owing shall be deemed a waiver of any default hereunder.

Section 4.03. Fair Rental Value. The Rental Payments and Additional Payments for each rental period during the term of this Facilities Lease shall constitute the total rental for such rental period, and shall be paid by the City on or before the due dates thereof for and in consideration of the right to the use and occupancy, and the continued quiet enjoyment, of the Leased Property during the rental period for which such rental is paid. The parties hereto have agreed and determined that such rental represents the fair rental value of the Leased Property. In making such determination, consideration has been given to the historical value of the Leased Property, other obligations of the parties hereunder, the uses and purposes that may be served by the Leased Property and the benefits therefrom which will accrue to the City, its residents and the general public.

Section 4.04. No Offsets. Notwithstanding any dispute between the Authority and the City, the City shall make all Rental Payments and Additional Payments when due hereunder without deduction or offset of any kind and shall not withhold any Rental Payments and Additional Payments pending the final resolution of such dispute. In the event of a determination that the City was not liable for such Rental Payments or Additional Payments or any portion thereof, such payments or excess of payments, as the case may be, shall be credited against subsequent Rental Payments or Additional Payments due hereunder.

Section 4.05. Net Lease. This Facilities Lease shall be deemed and construed to be a “net-net lease” and the City hereby agrees that the Rental Payments shall be an absolute net return to the Authority free and clear of any expenses, charges, or setoffs whatsoever.

Section 4.06. Covenant to Budget and Appropriate. The City agrees and covenants to take such action as may be necessary to include all Rental Payments and Additional Payments due hereunder in its annual budgets and to make the necessary annual appropriations for all such Rental Payments and Additional Payments. Annually within thirty days of the adoption of the budget, the

City will furnish to the Trustee a Certificate of the City certifying that such budget contains the necessary appropriation for all Rental Payments and Additional Payments. If requested in writing by the Trustee, the City will furnish a copy of such budget.

The City's obligation hereunder to appropriate funds to pay Rental Payments and Additional Payments is not limited to any particular source of funds; and the City shall pay the Rental Payments and Additional Payments due hereunder from any lawfully available funds of the City including, without limitation, amounts available from the City's General Fund.

The agreements and covenants on the part of the City contained in this Section shall be deemed to be and shall be construed to be ministerial and non-discretionary duties imposed by law and it shall be the duty of each and every public official of the City to take such actions and do such things as are required by law in the performance of the official duties of such officials to enable the City to carry out and perform the agreements and covenants required to be carried out and performed by it contained in this Section.

Section 4.07. Abatement of Rental. Except to the extent of amounts held in the Reserve Fund or otherwise available to the City for payments hereunder, during any period in which, by reason of damage to, destruction of, taking under the power of eminent domain (or sale to any entity threatening the use of such power) of, or title defect with respect to any portion of the Leased Property there is substantial interference with the use and occupancy by the City of any portion of the Leased Property, Rental Payments due hereunder shall be abated proportionately. The amount of abatement shall be such that the resulting Rental Payments and Additional Payments represent no more than fair consideration for the use and possession of the portion of the Leased Property (i) available for occupancy or (ii) not so interfered with, as certified by the City based either on the proportion in which the historical cost of that portion of the Leased Property that remains usable bears to the entire historical cost of the Leased Property or an MAI fair rental value appraisal. Such abatement shall commence with the date of such interference and shall end only with cure of the interference with use and possession of the Leased Property.

The City waives the benefits of California Civil Code Sections 1932(2) and 1933(4) and of Title 11 of the United States Code, Section 365(h) and any and all other rights to terminate this Facilities Lease by virtue of any such interference and this Facilities Lease shall continue in full force and effect.

Section 4.08. Additional Payments.

(A) Amount. The City shall pay to the Authority as Additional Payments hereunder such amounts in each year as shall be required:

(1) Costs and Expenses: by the Authority for the payment in full of all costs and expenses incurred by the Authority in connection with the execution, performance or enforcement hereof or any assignment hereof, of the Trust Agreement, of the ownership of the Leased Property and the lease of the Leased Property to the City, including but not limited to payment of all fees, costs and expenses and all administrative costs of the Authority in connection with the Site Lease, the Leased Property, and this Facilities Lease; all taxes, assessments and governmental charges of any nature whatsoever hereafter levied or

imposed by any governmental authority against the Leased Property or the rentals and the other payments required to be made by the City hereunder; and all expenses, compensation, and indemnification of the Trustee payable under the Trust Agreement, fees of auditors, accountants, attorneys, engineers, or architects, and all other necessary administrative costs of the Authority or charges required to be paid by it in order to comply with the terms of the Bonds or of the Trust Agreement.

(2) Reserve Fund Valuation Deficiencies: for the restoration of the amount on deposit in the Reserve Fund to the Reserve Fund Requirement if the deficiency was due to the valuation of investments (rather than a withdrawal of funds from the Reserve Fund) in accordance with the schedule described in Section 7.07(C) (Replenishment of the Reserve Fund) of the Trust Agreement;

(3) Reserve Fund Replenishment: for the restoration of the amount on deposit in the Reserve Fund to the Reserve Fund Requirement and for reimbursement to the issuer of a Reserve Facility delivered by the City to satisfy the Reserve Fund Requirement in accordance with the schedule described in Section 7.07(C) (Replenishment of Reserve Fund) of the Trust Agreement, of amounts drawn under a Reserve Facility, but only if there has been delivered to the City and the Trustee, at the request of the credit instrument issuer, an appraisal showing that the annual fair rental value of the Leased Property during the period the reimbursements provided for in this subsection would be paid is at least equal to the amount of the Rental Payments and Additional Payments (including such reimbursements) during such reimbursement period;

(4) Rebate Amounts: for deposit into the Rebate Fund as required under Section 7.09 (Rebate Fund) of the Trust Agreement;

(5) Insurer Costs: all reasonable expenses, including attorneys' fees and expenses, incurred by the Insurer in connection with (i) the enforcement by the Insurer of the Authority's obligations, or the preservation or defense of any rights of the Insurer, under the Trust Agreement, this Facilities Lease, and any other document executed in connection with the issuance of the Bonds, and (ii) any consent, amendment, waiver or other action with respect to the Trust Agreement, this Facilities Lease, or any related document, whether or not granted or approved, together with interest on all such expenses from and including the date incurred to the date of payment at _____ or the maximum interest rate permitted by law, whichever is less. In addition, the Insurer reserves the right to charge a fee in connection with its review of any such consent, amendment or waiver, whether or not granted or approved; and

(6) Other Amounts. for the payment of any other amounts owed by the Authority to the Insurer hereunder or under the Trust Agreement.

(B) Billing. Such Additional Payments shall be billed to the City by the Authority from time to time, together with a statement certifying that the amount so billed has been paid by the Authority for one or more of the items above described, or that such amount is then payable by the Authority for one or more of such items, and all amounts so billed shall be due and payable by the City to or upon the order of the Authority within thirty (30) days after receipt of the bill by the City.

The City hereby consents to and agrees to pay, as Additional Payments, directly to the Trustee, within thirty (30) days of a receipt of a bill therefore, the fees and expenses of the Trustee payable under the Trust Agreement.

Section 4.09. Contributions/Advances. Nothing contained in this Facilities Lease shall prevent the City from making contributions or advances to the Authority from time to time for any purpose now or hereafter authorized by law, including the making of repairs to, or the restoration of, the Leased Property in the event of damage to or the destruction of the Leased Property.

Section 4.10. Prepayment.

(A) Casualty/Condemnation. The City shall prepay from net insurance proceeds (including title insurance) and eminent domain proceeds, to the extent provided in and in accordance with Article VII (Insurance; Eminent Domain) hereof, all or a proportionate amount of each (such that the remaining Rental Payments are substantially equal in each year thereafter) of the principal components of the Rental Payments then unpaid, at a prepayment amount equal to the sum of the principal components prepaid plus the interest component of such Rental Payments accrued to the date of prepayment.

(B) Optional Prepayment. The City may prepay, from any source of available funds, such part of the Rental Payments as specified by the City by depositing with the Trustee moneys or securities as provided in Article V (Defeasance) of the Trust Agreement sufficient to make such Rental Payments when due. The City agrees that, if following such prepayment the Leased Property is damaged or destroyed or taken by eminent domain, it is not entitled to, and by such prepayment waives the right of, abatement of such prepaid Rental Payments and shall not be entitled to any reimbursement of such Rental Payments. Any such prepayment shall be applied by the Trustee to pay the principal of and interest on the Bonds and to redeem Bonds if such Bonds are subject to redemption pursuant to the terms of the Trust Agreement. Exercise of the City's option to prepay all of the Rental Payments shall constitute the City's purchasing of the Leased Property and the Authority's leasehold estate created under the Site Lease.

(C) Notice of Prepayment. Before making any prepayment pursuant to this Section, the City shall, within five (5) days following the event creating such right or obligation to prepay, give written notice to the Authority describing such event and specifying the date on which the prepayment will be made, which date shall not be less than thirty (30) days from the date such notice is given. The City shall also give such notice as is required to the Trustee under the Trust Agreement.

Section 4.11. Discharge of Obligations.

When:

(i) in accordance with the Trust Agreement there shall have been deposited, with the Trustee at or prior to the due dates of the Rental Payments, in trust for the benefit of the Owners and irrevocably appropriated and set aside to the payment of the Rental Payments, sufficient moneys and Defeasance Securities as described in the Trust Agreement, the principal of and interest on which when due will provide money sufficient to pay all principal components and interest

components of the Rental Payments to the due date or dates of the Rental Payments (or the Redemption Price plus the principal of and interest on all the Bonds to the date fixed for their redemption),

(ii) an agreement shall have been entered into with the Trustee for the payment of its fees and expenses so long as any of the Bonds shall remain unpaid; and

(iii) all other obligations of the City hereunder and under the Trust Agreement have been satisfied, including any amounts owed to the Insurer;

then and in that event the right, title, and interest of the Authority herein and the obligations of the City hereunder shall thereupon cease, terminate, become void and be completely discharged and satisfied (except for the right of the Authority and the obligation of the City to have such moneys and such Defeasance Securities applied to the payment of the Rental Payments and the redemption of the Bonds).

In such event, if requested by the City, the Authority shall (i) cause an accounting for such period or periods to be prepared and filed with the City, (ii) prepare and deliver to the City all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and (iii) pay over to the City as an overpayment of Rental Payments all such moneys or such Permitted Investments held by it pursuant hereto other than such moneys and such Permitted Investments as are required for the payment or prepayment of the Rental Payments and all other amounts due under this Facilities Lease and the Trust Agreement and the fees and expenses of the Trustee, which moneys and Permitted Investments shall continue to be held by the Authority in trust for the payment of the Rental Payments and the fees and expenses of the Trustee, and shall be applied by the Authority to the payment of the Rental Payments and the fees and expenses of the Trustee.

ARTICLE V USE OF PROCEEDS

Section 5.01. Use of Proceeds. The City and the Authority agree that the proceeds of the Bonds will be used: (i) to construct a fire station; (ii) to [fund the Reserve Fund as provided in the Trust Agreement] [purchase a municipal bond insurance policy and a debt service reserve insurance policy for the Bonds] and (iii) to pay the costs of issuing the Bonds and incidental and related expenses.

Section 5.02. Disclaimer of Warranties. The Authority makes no agreement, warranty, or representation, either express or implied, as to the value, design, condition, habitability, merchantability, fitness for particular purpose, or fitness for use of the Leased Property, or warranty with respect thereto. The City acknowledges that the Authority has not constructed the Leased Property and is not a real estate broker, that the City leases the Leased Property as-is, its being agreed that all of the aforementioned risks are to be borne by the City. In no event shall the Authority or Trustee be liable for any incidental, indirect, special, or consequential damage in connection with or arising out of this Facilities Lease or the existence, furnishing, functioning, or the City's use of the Leased Property or any item or products or services provided for in this Facilities Lease.

ARTICLE VI COVENANTS

Section 6.01. Quiet Enjoyment. The City shall at all times during the term hereof peaceably and quietly have, hold and enjoy the Leased Property without suit, trouble or hindrance from the Authority, so long as the City observes and performs its covenants and agreements and is not in default hereunder.

Section 6.02. Right of Entry and Inspection. The officers and agents of the Authority shall have the right to enter the Leased Property during reasonable business hours (and in emergencies at all times) for any purpose connected with the Authority's rights or obligations hereunder and for all other lawful purposes.

Section 6.03. Maintenance of the Leased Property by City. The City agrees that, at all times during the term of this Facilities Lease, the City will, at the City's own cost and expense, maintain, preserve, and keep the Leased Property and every portion thereof in good repair, working order, and condition and that the City will from time to time make or cause to be made all necessary and proper repairs, replacements, and renewals.

Section 6.04. Taxes and other Governmental Charges; Utility Charges.

(A) Taxes and other Governmental Charges on the Leased Property. The parties to this Facilities Lease contemplate that the Leased Property will be used for governmental purposes of the City and, therefore, that the Leased Property will be exempt from all taxes presently assessed and levied with respect to property. In the event that the use, possession, or acquisition by the City or the Authority of the Leased Property is found to be subject to taxation in any form (except for income or franchise taxes of the Authority), the City will pay during the term of this Facilities Lease, as the same respectively become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Leased Property, and any equipment or other property acquired by the City in substitution for, as a renewal or replacement of, or a modification, improvement or addition to the Leased Property; provided that, with respect to any governmental charges or taxes that may lawfully be paid in installments over a period of years, the City shall be obligated to pay only such installments as are accrued during such time as this Facilities Lease is in effect.

(B) Lease-Related Taxes Imposed on Authority. The City shall also pay directly or pay as Additional Payments hereunder, such amounts, if any, in each year as shall be required by the Authority for the payment of all license and registration fees and all taxes (including, without limitation, income, excise, license, franchise, capital stock, recording, sales, use, value-added, property, occupational, excess profits and stamp taxes), levies, imposts, duties, charges, withholdings, assessments, and governmental charges of any nature whatsoever, together with any additions to tax, penalties, fines or interest thereon, including, without limitation, penalties, fines, or interest arising out of any delay or failure by the City to pay any of the foregoing or failure to file or furnish to the Authority for filing in a timely manner any returns, hereinafter levied or imposed against the Authority with respect to the Leased Property, this Facilities Lease, the Rental Payments, and other payments required hereunder or any parts thereof or interests of the City or the Authority therein by any governmental authority.

(C) Utility Charges. The City shall pay or cause to be paid all gas, water, steam, electricity, heat, power, air conditioning, telephone, utility, and other charges incurred in the operation, maintenance, use, occupancy, and upkeep of the Leased Property.

(D) Contest of Charges. The City may, at the City's expense and in its name, in good faith contest any such taxes, assessments, or other charges and, in the event of any such contest, may permit the taxes, assessments, or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority or the Trustee shall notify the City that, in the opinion of independent counsel, by nonpayment of any such items, the interest of the Authority in the Leased Property will be materially endangered or the Leased Property, or any part thereof, will be subject to loss or forfeiture, in which event the City shall promptly pay such taxes, assessments, or charges or provide the Authority with full security against any loss that may result from nonpayment, in form satisfactory to the Authority and the Trustee.

Section 6.05. Liens. If the City shall at any time during the term hereof cause any improvements to the Leased Property to be constructed or materials to be supplied in or upon or attached to the Leased Property, the City shall pay or cause to be paid when due all sums of money that may become due or purporting to be due for any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the City in, upon, about or relating to the Leased Property and shall keep the Leased Property free of any and all liens against any portion of the Leased Property or the Authority's interest therein, except for Permitted Encumbrances. In the event any such lien attaches to or is filed against any portion of the Leased Property or the Authority's interest therein, the City shall cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that if the City desires to contest any such lien it may do so. If any such lien shall be reduced to final judgment and such judgment or any process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and such stay thereafter expires, the City shall forthwith pay or cause to be paid and discharged such judgment. The City agrees to and shall, to the maximum extent permitted by law, indemnify and hold the Authority, the Trustee, their directors, agents, successors and assigns, harmless from and against, and defend each of them against, any claim, demand, loss, damage, liability or expense (including attorney's fees) as a result of any such lien or claim of lien against the Leased Property or the Authority's interest therein.

Section 6.06. Environmental Covenants.

(A) Compliance with Laws; No Hazardous Substances. The City will comply with all Applicable Environmental Laws with respect to the Leased Property and will not use, store, generate, treat, transport, or dispose of any Hazardous Substance thereon or in a manner that would cause any Hazardous Substance to later flow, migrate, leak, leach, or otherwise come to rest on or in the Leased Property. If the City breaches this provision, the City hereby agrees to indemnify the Insurer for any injury or loss associated therewith.

(B) Notification of Trustee. The City will transmit copies of all notices, orders, or statements received from any governmental entity concerning violations or asserted violations of Applicable Environmental Laws with respect to the Leased Property and any operations conducted thereon or any conditions existing thereon to the Trustee, and the City will notify the Trustee in writing immediately of any release, discharge, spill, or deposit of any Hazardous Substance that has

occurred or is occurring that in any way affects or threatens to affect the Leased Property, or the people, structures, or other property thereon, provided that no such notification shall create any liability or obligation on the part of the Trustee.

(C) Access for Inspection. The City will permit the Trustee, its agents, or any experts designated by the Trustee to have full access to the Leased Property during reasonable business hours for purposes of such independent investigation of compliance with all Applicable Environmental Laws, provided that the Trustee has no obligation to do so, or any liability for any failure to do so, or any liability should it do so.

Section 6.07. Assignment and Subleasing by City. Neither this Facilities Lease nor any interest of the City hereunder shall be mortgaged, pledged, assigned, sublet, or transferred by the City by voluntary act or by operation of law or otherwise, except with the prior written consent of the Authority and the Insurer, which, in the case of subletting, shall not be unreasonably withheld; provided such subletting shall not affect the tax-exempt status of the interest on the Bonds and the City provides an Opinion of Counsel to that effect. No such mortgage, pledge, assignment, sublease or transfer shall in any event affect or reduce the obligation of the City to make the Rental Payments and Additional Payments required hereunder, and any instrument creating such a mortgage, pledge, assignment, sublease, or transfer shall contain an explicit provision to that effect.

Section 6.08. City Consent to Assignment by Authority. Certain of the Authority's rights under this Facilities Lease, including the right to receive and enforce payment of the Rental Payments, are being assigned to the Trustee pursuant to the Trust Agreement. The City hereby consents to such assignment. The City agrees to execute all documents, including notices of assignment and chattel mortgages or financing statements, that may be reasonably requested by the Authority, its assignee, or any Owner to protect their interests in the Leased Property and in this Facilities Lease.

Section 6.09. Authority Not Liable; Indemnification of the Authority. The Authority shall not be liable to the City or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on, about or relating to the Leased Property.

The City shall to the full extent then permitted by law, indemnify, protect, hold harmless, save, and keep harmless the Authority and its assignees (including the Trustee) and their board members, directors, officers, and employees from and against any and all liability, obligations, losses, claims, and damages whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, without limitation, counsel fees and expenses, penalties and interest arising out of or as the result of the entering into of this Facilities Lease or the Trust Agreement or any other agreement entered into in connection herewith or therewith, the design or ownership of the Leased Property, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage, or return of any part of the Leased Property, or any accident in connection with the operation, use, condition, possession, storage, or return of any item of the Leased Property resulting in damage to property or injury to or death to any person including, without limitation, any claim alleging latent and other defects, whether or not discoverable by the City or the Authority; any claim for patent, trademark, or copyright infringement; and any claim arising out of strict liability in tort, the Trustee's exercise and performance of its powers and duties hereunder, under this Facilities Lease,

the Site Lease and any other document or transaction contemplated in connection herewith or therewith. The indemnification arising under this Section shall continue in full force and effect notwithstanding the full payment of all obligations under this Facilities Lease or the termination of the term of this Facilities Lease for any reason or, with regard to the Trustee, the resignation or removal of the Trustee. The City and the Authority mutually agree to promptly give notice to each other of any claim or liability hereby indemnified against following either's learning thereof.

Section 6.10. Further Assurances. The City and the Authority agree that they will, from time to time, execute, acknowledge, and deliver, or cause to be executed, acknowledged, and delivered such supplements hereto and such further instruments as may be necessary or proper to carry out the intention or to facilitate the performance of this Facilities Lease.

Section 6.11. Continuing Disclosure. The City hereby covenants and agrees to comply with and carry out all of the provisions of the Continuing Disclosure Certificate.

Section 6.12. Eminent Domain. The City hereby covenants and agrees, to the extent it may lawfully do so, that so long as any of the Bonds remain outstanding and unpaid, the City will not exercise the power of condemnation with respect to the Leased Property. The City further stipulates and agrees, to the extent it may lawfully do so, that if for any reason the foregoing covenant is determined to be unenforceable or if the City should fail or refuse to abide by such covenant and condemns the Leased Property, the value of the Leased Property is not less than the greater of (a) if the Bonds are then subject to redemption, the principal and interest components of the Bonds outstanding through the date of their redemption, or (b) if the Bonds are not then subject to redemption, the amount necessary to defease the Bonds to the first available redemption date in accordance with the Trust Agreement.

ARTICLE VII INSURANCE; EMINENT DOMAIN

Section 7.01. Fire and Extended Coverage Insurance.

(A) **Coverage.** The City shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of this Facilities Lease, insurance against loss or damage to the Leased Property and to any structures constituting any part of the Leased Property by fire and lightning, with extended coverage insurance, vandalism and malicious mischief insurance and sprinkler system leakage insurance. The extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke, flood and such other hazards as are normally covered by such insurance. The insurance required by this Section may be maintained as part of or in conjunction with any other insurance maintained by the City. Full payment of proceeds of such insurance up to the policy limit shall not be contingent on the degree of damage sustained at other property owned or leased by the City, provided, however, that such insurance may be subject to a limit of \$100,000,000 per occurrence.

(B) **Amount.** Such insurance shall be in an amount equal to the replacement cost (without deduction for depreciation) of all structures constituting any part of the Leased Property, excluding the cost of excavations, of grading and filling, and of the land (except that such insurance may be subject to deductible clauses for any one loss of not to exceed \$5,000, or \$25,000 in the case of a

loss due to flooding), or, in the alternative, shall be in an amount and in a form sufficient (together with moneys in the Reserve Fund as established by the Trust Agreement), in the event of total or partial loss, to enable all Bonds then Outstanding to be redeemed. The policy must explicitly waive any co-insurance penalty.

(C) Application of Net Proceeds.

(1) Repair or Replacement of Leased Property. In the event of any damage to or destruction of any part of the Leased Property caused by the perils covered by such insurance, the City, except as hereinafter provided, shall cause the proceeds of such insurance to be utilized for the repair, reconstruction, or replacement of the damaged or destroyed item or items. The Trustee shall hold the proceeds separate and apart from all other funds in a fund or account to be established by the Trustee, with such proceeds to be invested in the manner specified in the Trust Agreement, to the end that such proceeds shall be applied to the repair, reconstruction, or replacement of the Leased Property to at least the same good order, repair, and condition as they were in prior to the damage or destruction, insofar as the same may be accomplished by the use of the proceeds. If such net proceeds are insufficient, the City will use its best efforts to provide sufficient construction funds in order to ensure completion, repair, restoration, modification or improvement of the Leased Property.

Claims shall be adjusted in accordance with the terms of the insurance policy or memorandum of coverage. As loss payee, the Trustee's endorsement shall be required on all claims payments. The Trustee shall permit use of the proceeds of insurance from time to time upon receiving the Written Request of the City, stating that the City has expended moneys or incurred liabilities in an amount equal to the amount therein requested to be paid over to it for the purpose of repair, reconstruction or replacement, and specifying the items for which such moneys were expended or such liabilities were incurred. Each such Written Request of the City 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.

Any balance of the proceeds not required for repair, reconstruction, or replacement shall be treated by the Trustee as Rental Payments and applied in the manner provided by the Trust Agreement.

(2) Prepayment of Lease. Alternatively, the City, at its option, and if the proceeds of such insurance together with any other moneys then available for the purpose are at least sufficient to redeem an aggregate principal amount of the Outstanding Bonds plus accrued interest to the redemption date, equal to the amount of the Outstanding Bonds attributable to the item or items of the Leased Property so destroyed or damaged (determined by reference to the proportion that the acquisition and construction cost of such portion of the Leased Property bears to the acquisition costs of the Leased Property), may elect not to repair, reconstruct, or replace the damaged or destroyed portion of the Leased Property and thereupon shall cause the proceeds to be used for the redemption of outstanding Bonds pursuant to the Trust Agreement; provided, however, that the resulting Rental Payments subsequent to such redemption will be sufficient in amount to pay the Outstanding Bonds. If, however, the City has elected to acquire casualty insurance only in an amount sufficient to

redeem all the Outstanding Bonds, the City shall pay the proceeds of such insurance to the Trustee, and the Trustee shall use the proceeds (together with amounts available in the Reserve Fund and the Revenue Fund) to redeem the Outstanding Bonds plus accrued interest to the redemption date, unless such insurance proceeds are sufficient to fully rebuild or repair the Leased Property.

(D) Federal Disaster Relief. The City shall promptly apply for Federal disaster aid or State of California disaster aid in the event that the Leased Property is damaged or destroyed as a result of an earthquake occurring at any time. Any proceeds received as a result of such disaster aid shall be used to repair, reconstruct, restore, or replace the damaged or destroyed portions of the Leased Property or, at the option of the City, to redeem all Outstanding Bonds if such use of such disaster aid is permitted.

(E) Alternative Risk Management. As an alternative to providing the insurance required by subsection (a) of this Section or any portion thereof, but subject to Section 7.06(D) (General Provisions - Alternative Risk Management), the City may adopt an alternative risk management program, including, without limitation, (1) a self-insurance method or plan of protection, (2) a program involving captive insurance companies, (3) participation in state or federal insurance programs, (4) participation with other public agencies in mutual or other cooperative insurance or other risk management programs, including those made available through joint exercise of powers agencies, or (5) establishment or participation in other alternative risk management programs; if and to the extent such alternative risk management program shall afford reasonable coverage for the risks required to be insured against, in light of all circumstances, giving consideration to cost, availability, and similar plans or methods of protection adopted by public entities in the State of California other than the City.

Section 7.02. Public Liability and Property Damage Insurance.

(A) Coverage. Except as hereinafter provided, the City shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of this Facilities Lease, a standard comprehensive general liability insurance policy or policies insuring against all direct or contingent loss or liability for damages for personal injury, death, or property damage occasioned by reason of the operation of the Leased Property. The insurance required by this Section may be maintained as part of or in conjunction with any other insurance maintained by the City.

(B) Limits. The minimum liability limits of such insurance shall be \$1,000,000 for personal injury or death of each person and \$3,000,000 for personal injury or deaths of two or more persons in each accident or event and shall be \$1,000,000 (subject to a deductible clause of not to exceed \$10,000) for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of \$3,000,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance carried by the City.

(C) Alternative Risk Management. As an alternative to providing the insurance required by subsection (a) of this Section or any portion thereof, but subject to Section 7.06(D) (General Provisions - Alternative Risk Management), the City may adopt an alternative risk management program, including, without limitation, (1) a self-insurance method or plan of protection, (2) a

program involving captive insurance companies, (3) participation in state or federal insurance programs, (4) participation with other public agencies in mutual or other cooperative insurance or other risk management programs, including those made available through joint exercise of powers agencies, or (5) establishment or participation in other alternative risk management programs; if and to the extent such alternative risk management program shall afford reasonable coverage for the risks required to be insured against, in light of all circumstances, giving consideration to cost, availability, and similar plans or methods of protection adopted by public entities in the State of California other than the City.

Section 7.03. Rental Abatement Insurance.

(A) Coverage. The City shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of this Facilities Lease, rental abatement insurance to cover loss, total or partial, to the Authority of the Rental Payments due hereunder owing to an abatement of rental as the result of any of the hazards covered by the insurance required herein. The policy shall specifically cite the Leased Property. The City shall send a copy of the policy annually upon renewal to the Insurer.

(B) Amount. Such insurance shall be maintained in an amount sufficient to pay the Rental Payments hereunder during the twenty-four-month period in which the total of such Rental Payments is greatest.

(C) Payment of Net Proceeds. Any proceeds of such insurance shall be paid in accordance with the terms of the insurance policy or memorandum of coverage directly to the Trustee. The Trustee shall use the proceeds it receives to reimburse to the City any Rental Payments theretofore paid by the City under this Facilities Lease attributable to the damaged or destroyed Leased Property to the extent and for a period of time during which the payment of Rental Payments under this Facilities Lease is abated; and any proceeds of such insurance not so used shall be applied as Rental Payments (to the extent required for the payment of Rental Payments) and, as Additional Payments as provided hereunder (to the extent required for the payment of Additional Payments).

(D) Self-Insurance. If the Bond Insurance Policy is no longer in effect or the Insurer is in default with respect to its payment obligations thereunder, as an alternative to providing the insurance required by subsection (A) of this Section, the City may self-insure against the risk of rental abatement but only if the City sets aside in a separate trust fund held by an independent trustee the full amount described in subsection (B) of this Section in cash or cash equivalent. Amounts in the trust fund are not subject to non-appropriation or abatement.

Section 7.04. Workers' Compensation Insurance.

(A) Coverage. Except as provided in subsection (B) of this Section, the City shall maintain workers' compensation insurance covering all employees working at the Leased Property in the amounts as required by law. Such insurance may be maintained by the City as part of or in conjunction with any other insurance maintained by the City.

(B) Self-Insurance. As an alternative to providing the insurance described in subsection (A) of this Section, the City may file a resolution with the State Department of Industrial Relations, Division of Self-Insurance Plans, declaring the City to be legally self-insured against workers'

compensation claims and may maintain that status; provided that the City shall annually employ an actuary to review the City's workers' compensation claims experience and project future claims exposure. The City covenants to budget the amounts and comply with the other actions recommended by the actuary. The City further agrees to comply with any requirements made by the Division of Self-Insurance Plans as a result of any audit performed by that office.

Section 7.05. Title Insurance. The City shall provide a title insurance policy with respect to the Leased Property in an amount equal to the principal amount of the Bonds. Such title insurance policy shall be payable to the Trustee for the use and benefit of the Owners of the Bonds. Such policy shall be in the form of a CLTA leasehold title policy issued by a company of recognized standing duly authorized to issue the same, subject only to Permitted Encumbrances, as defined below. The City agrees to deliver to the Trustee all proceeds received by the City pursuant to any policy of title insurance with respect to the Leased Property under which the City is beneficiary. All proceeds received by the Trustee under such title insurance policies shall be applied and disbursed by the Trustee in the same order and priority and for the same purposes as are provided in Section 7.07 (Eminent Domain) relating to proceeds received in eminent domain proceedings except that the term "eminent domain proceedings" as used in Section 7.07 (Eminent Domain) shall be read as "proceedings affecting the title of the Authority."

"Permitted Encumbrances" means (1) liens for general ad valorem taxes and assessment, if any, not then delinquent, or that the City may, pursuant to this Facilities Lease, permit to remain unpaid, (2) easements, rights of way, mineral rights, drilling rights, and other rights, reservations, covenants, conditions, or restrictions that exist of record as of the date of recordation of this Facilities Lease and that the City certifies in writing will not materially impair the use of the Leased Property, (3) the Site Lease, this Facilities Lease, and the Trust Agreement, as they may be amended from time to time, (4) any right or claim of any mechanic, laborer, materialman, supplier, or vendor not filed or perfected in the manner prescribed by law, (5) easements, rights of way, mineral rights, drilling rights, and other rights, reservations, covenants, conditions, or restrictions established following the date of recordation of this Facilities Lease and to which the City, the Authority, and the Insurer consent in writing and that the City certifies in writing will not materially impair the use of the Leased Property, and (6) liens relating to special assessments levied with respect to the Leased Property.

Section 7.06. General Provisions.

(A) Form of Policies. All policies of insurance required by Sections 7.01 (Fire and Extended Coverage Insurance), 7.02 (Public Liability and Property Damage Insurance), 7.03 (Rental Abatement Insurance), and 7.05 (Title Insurance) hereof shall name the Authority and the Trustee as additional insureds. All policies of insurance required by Sections 7.01 (Fire and Extended Coverage Insurance), 7.03 (Rental Abatement Insurance), and 7.05 (Title Insurance) hereof shall provide that all proceeds thereunder shall be payable to the Trustee pursuant to a lender's loss payable endorsement substantially in accordance with the form approved by the Insurance Services Office and the California Bankers Association. The Trustee shall collect and receive all moneys that may become due and payable under any such policies, may compromise any and all claims thereunder, and shall apply the proceeds of such insurance as provided in this Article. All policies of insurance required by this Facilities Lease shall provide that the Trustee shall be given thirty (30)

days' notice of each expiration thereof or any intended cancellation thereof or reduction of the coverage provided thereby.

(B) Ratings. All policies of insurance shall be obtained from companies rated "A" or better by A.M. Best Co., or be rated in one of the two highest Rating Categories by Standard & Poor's and Moody's.

(C) Payment of Premiums. The City shall pay when due the premiums for all insurance policies required by this Facilities Lease, and shall promptly furnish evidence of such payments in the form of a certificate of insurance to the Trustee.

(D) Alternative Risk Management. So long as the Bond Insurance Policy is in effect and the Insurer is not in default with respect to its payment obligations thereunder, the City shall not self-insure for the risk of rental abatement. So long as the Bond Insurance Policy is in effect and the Insurer is not in default with respect to its payment obligations thereunder, the City shall not self-insure for the risks described in Sections 7.01 (Fire and Extended Coverage Insurance) and 7.02 (Public Liability and Property Damage Insurance), unless the Insurer approves such self-insurance in writing. Before any alternative risk management program permitted by this Article may be provided by the City, there shall be filed with the Trustee a certificate of an Independent Insurance Consultant stating that, in the opinion of the signer, the substitute method or plan of protection is in accordance with the requirements of the respective Section and, when effective, would afford reasonable coverage for the risks required to be insured against. The self-insurance reserve fund or funds created under such method shall be held by an independent trustee (or by a joint powers authority that is not controlled by the City). In the event of loss covered by any such self-insurance method, the liability of the City hereunder shall be limited to the amounts in the self-insurance reserve fund or funds created under such method. If the self-insurance program is discontinued, the City shall maintain the actuarial soundness of the self-insurance reserve fund.

(E) Protection of Trustee. The Trustee shall not be responsible for the sufficiency of any insurance herein required and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Trustee.

(F) Evidence of Insurance. The City will deliver annually, within thirty days of purchase or renewal of insurance, (i) to the Trustee, a written certificate of an officer of the City stating that such policies satisfy the requirements of this Facilities Lease, setting forth the insurance policies then in force pursuant to this Article, the names of the insurers that have issued the policies, the amounts thereof, and the property and risks covered thereby, and (ii) to the Insurer, a copy of each policy. So long as any alternative risk management program is being used to satisfy the requirements of this Facilities Lease, the City shall deliver at the same time the report and certificate of an Independent, Insurance Consultant that states the levels of resources available under such alternative risk management program and certifies with respect to the method or plan of protection (i) that it is in accordance with the requirements of this Facilities Lease and is maintained on an actuarially sound basis, (ii) that the self-insurance reserve fund or funds are held by an independent trustee (or by a joint powers authority that is not controlled by the City), (iii) that, in the event the method or plan of protection is discontinued, the claim reserve is actuarially sound, and (iv) the current level of funding in the self-insurance account. Delivery to the Trustee of the certificates and report under the provisions of this Section shall not confer responsibility upon the Trustee as to the sufficiency of

coverage or amounts of such policies and alternative risk management programs, and the Trustee may conclusively rely thereon. If so requested in writing by the Trustee, the City shall also deliver to the Trustee certificates or duplicate originals or certified copies of each insurance policy described in the City officer's certificate.

(G) Reserves Against Deductibles. The City shall provide adequate reserves to fund the amount of any deductible allowed under this Article.

(H) Cooperation. The Authority shall cooperate fully with the City in filing any proof of loss with respect to any insurance policy maintained pursuant to this Article and in the defense of any proceeding in eminent domain with respect to the Leased Property.

(I) Advances. In the event the City shall fail to maintain the full insurance coverage required by this Facilities Lease or shall fail to keep the Leased Property in good repair and operating condition, the Authority may (but shall be under no obligation to) purchase the required policies of insurance and pay the premiums on the same or may make such repairs or replacements as are necessary and provide for payment thereof; and the City agrees to reimburse the Authority all amounts so advanced within thirty (30) days of a written request therefor.

Section 7.07. Eminent Domain. So long as any of the Bonds shall be outstanding, any award made in eminent domain proceedings for taking the Leased Property or any portion thereof shall be applied to the prepayment of Rental Payments as provided herein. Any such award made after all of the Bonds have been fully paid and retired shall be paid to the City.

If all of the Leased Property (or portions thereof such that the remainder is not usable for public purposes by the City) shall be taken under the power of eminent domain, the term hereof shall cease as of the day that possession shall be so taken. If the award on a partial or complete taking, together with other funds available therefor, is insufficient to redeem all of the Outstanding Bonds, the City shall use all reasonable efforts to appeal such award to obtain an award that will be sufficient in amount to redeem the Bonds in full for a complete taking, or, in the event of a partial taking, an amount sufficient such that remaining Rental Payments will be sufficient to pay the remaining Outstanding Bonds. If less than the entire Leased Property shall be taken under the power of eminent domain and the remainder is usable for public purposes by the City at the time of such taking, then this Facilities Lease shall continue in full force and effect as to such remainder, and the parties waive the benefits of any law to the contrary, and in such event there shall be a partial abatement in an amount equivalent to the amount by which the annual payments of principal and interest on the Bonds then Outstanding will be reduced by the application of the award in eminent domain to the redemption of Outstanding Bonds, but subject to the limitation regarding fair consideration as provided in Section 4.07 (Abatement of Rental).

ARTICLE VIII LEASE DEFAULT EVENTS AND REMEDIES

Section 8.01. Lease Default Events. The following events shall be Lease Default Events:

(A) Payment Default. Failure of the City to pay any Rental Payment or Additional Payment payable hereunder when the same becomes due and payable, time being expressly declared to be of the essence of this Facilities Lease;

(B) Breach of Covenant. Failure of the City to keep, observe, or perform any other term, covenant or condition contained herein to be kept or performed by the City for a period of thirty (30) days after notice of the same has been given to the City by the Authority, the Insurer, or the Trustee;

(C) Transfer of City's Interest. Assignment or transfer of the City's interest in this Facilities Lease or any part hereof without the written consent the Authority, either voluntarily or by operation of law or otherwise;

(D) Bankruptcy or Insolvency. Institution of any proceeding under the United States Bankruptcy Code or any federal or state bankruptcy, insolvency, or similar law or any law providing for the appointment of a receiver, liquidator, trustee, or similar official of the City or of all or substantially all of its assets, by or with the consent of the City, or institution of any such proceeding without its consent that is not permanently stayed or dismissed within sixty days, or agreement by the City with the City's creditors to effect a composition or extension of time to pay the City's debts, or request by the City for a reorganization or to effect a plan of reorganization, or for a readjustment of the City's debts, or a general or any assignment by the City for the benefit of the City's creditors;

(E) Abandonment of the Leased Property. Abandonment by the City of any part of the Leased Property. Property released from the lien of this Facilities Lease hereof shall not be deemed abandoned by the City.

Notwithstanding Section 8.01(B) (Breach of Covenant), failure of the City to comply with the Continuing Disclosure Certificate shall not be considered a Lease Default Event. Nevertheless, any Participating Underwriter or any Beneficial Owner (as these terms are defined in the Continuing Disclosure Certificate) may take such actions as may be necessary and appropriate, including mandate or specific performance by court order, to cause the City to comply with its obligations under the Continuing Disclosure Certificate.

Section 8.02. Remedies on Default. Upon the occurrence and during the continuance of a Lease Default Event, it shall be lawful for the Authority to exercise any and all remedies available pursuant to law or granted pursuant to this Facilities Lease. Upon a Lease Default Event, the Authority shall have the option to do any of the following:

(A) Termination of Lease.

(1) Notice of Termination; Re-entry. By written notice to the City, to terminate this Facilities Lease and to re-enter the Leased Property and remove all persons in possession thereof and all personal property whatsoever situated upon the Leased Property and place such personal property in storage in any warehouse or other suitable place in Madera County, State of California. In the event of such termination, the City agrees to surrender immediately possession of the Leased Property, without let or hindrance, and to pay the Authority all damages recoverable at law that the Authority may incur by reason of default by the City, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the Leased Property and removal or storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained.

(2) No Termination Except by Notice. Neither (a) notice to pay rent or to deliver up possession of the Leased Property given pursuant to law, nor (b) any entry or re-entry by the Authority, nor (c) any proceeding brought by the Authority to recover possession of the Leased Property, nor (d) the appointment of a receiver upon initiative of the Authority to protect the Authority's interests under this Facilities Lease shall of itself operate to terminate this Facilities Lease. No termination of this Facilities Lease on account of default by the City shall be or become effective by operation of law or acts of the parties hereto, unless and until the Authority shall have given written notice to the City of the election on the part of the Authority to terminate this Facilities Lease. The City covenants and agrees that no surrender of the Leased Property or of the remainder of the term hereof or any termination of this Facilities Lease shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Authority by such written notice.

(B) Continuation of Lease; Reletting.

(1) Continuation Remedies. Without terminating this Facilities Lease, (i) to collect each installment of rent as it becomes due and enforce any other term or provision hereof to be kept or performed by the City, regardless of whether or not the City has abandoned the Leased Property, and/or (ii) to enter, retake possession of, and re-let the Leased Property. The term "re-let" or "re-letting" as used in this Article shall include, but not be limited to, re-letting by means of the operation by the Authority of the Leased Property.

(2) City to Remain Liable. If the Authority does not elect to terminate this Facilities Lease in the manner provided for in subsection (A)(1) hereof, the City shall remain liable and agrees to keep or perform all covenants and conditions herein contained to be kept or performed by the City. If the Leased Property is not re-let, the City agrees to pay the full amount of the rent to the end of the term of this Facilities Lease; if the Leased Property is re-let, the City agrees to pay any deficiency in rent that results therefrom. The City further agrees to pay the rent punctually at the same time and in the same manner as for the payment of rent hereunder (without acceleration), notwithstanding the fact that the Authority may have received in previous years or may receive thereafter in subsequent years rental in excess of the rental herein specified and notwithstanding any entry or re-entry by the Authority or proceeding brought by the Authority to recover possession of the Leased Property.

(3) Agency. Should the Authority elect to enter or re-enter the Leased Property as herein provided, the City hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the City to re-let the Leased Property, or any item or part thereof, from time to time, either in the Authority's name or otherwise, upon such terms and conditions and for such use and period as the Authority may deem advisable. The City further appoints the Authority as its agent to remove all persons in possession of the Leased Property and all personal property whatsoever situated upon the Leased Property and to place such personal property in storage in any warehouse or other suitable place in Madera County, State of California, for the account of and at the expense of the City. The City hereby exempts and agrees to save harmless the Authority from any costs, loss, or damage whatsoever arising out of, in connection with, or incident to any such retaking of possession and re-letting of the

Leased Property and removal and storage of such property by the Authority or its duly authorized agents in accordance herewith.

(4) Adequate Notice. The City agrees that the terms of this Facilities Lease constitute full and sufficient notice of the right of the Authority to re-let the Leased Property and to do all other acts to maintain or preserve the Leased Property as the Authority deems necessary or desirable in the event of such retaking or re-entry without effecting a surrender of this Facilities Lease, and further agrees that no acts of the Authority in attempting such re-letting shall constitute a surrender or termination of this Facilities Lease, irrespective of the use or the term for which such re-letting is made or the terms and conditions of such re-letting, or otherwise, but that, on the contrary, in the event of such default by the City the right to terminate this Facilities Lease shall vest in the Authority to be effected in the sole and exclusive manner provided for in subsection (A) hereof.

(5) Waiver of Right to Excess Rent; Agreement to Pay Costs. The City further waives the right to rental obtained by the Authority in excess of the rental herein specified and hereby conveys and releases such excess to the Authority as compensation to the Authority for its services in re-letting the Leased Property or any items or part thereof. The City further agrees to pay the Authority the cost of any alterations or repairs or additions to the Leased Property or any items or part thereof necessary to place the Leased Property or any items or part thereof in condition for re-letting immediately upon notice to the City of the completion and installation of such additions or repairs or alterations.

The City hereby waives any and all claims for damages caused or that may be caused by the Authority in entering or re-entering and taking possession of the Leased Property as herein provided and all claims for damages that may result from the destruction of or injury to the Leased Property and all claims for damages to or loss of any property belonging to the City, or any other person, that may be in or upon the Leased Property.

Section 8.03. No Acceleration. Notwithstanding anything herein or in the Trust Agreement to the contrary, there shall be no right under any circumstance to accelerate the Rental Payments or otherwise declare any Rental Payments not yet due to be immediately due and payable.

Section 8.04. No Remedy Exclusive. Each and all of the remedies given to the Authority hereunder or by any law now or hereafter enacted are cumulative and the exercise of one right or remedy shall not impair the right of the Authority to any or all other remedies. If any statute or rule of law validly shall limit the remedies given to the Authority hereunder, the Authority nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law.

Section 8.05. Authority Defaults; City Remedies.

(A) Authority Defaults. The Authority shall in no event be in default in the performance of any of its obligations hereunder or imposed by any statute or rule of law unless and until the Authority shall have failed to perform such obligation within thirty (30) days or such additional time as is reasonably required to correct any such default after notice by the City to the Authority properly specifying wherein the Authority has failed to perform any such obligation.

(B) City Remedies. The Authority's failure to perform any of its obligations hereunder shall not be an event permitting the nonpayment of rent or termination of this Facilities Lease by the City. The parties hereto agree that the performance of the Authority is unique, that the remedies at law for the Authority's nonperformance would be inadequate, and that the City shall institute a suit for specific performance by the Authority upon any default by the Authority.

Section 8.06. Attorneys' Fees. If the Authority prevails in any action brought to enforce any of the terms and provisions of this Facilities Lease, the City agrees to pay a reasonable amount as and for attorneys' fees incurred by the Authority in attempting to enforce any of the remedies available to the Authority hereunder, whether or not a lawsuit has been filed and whether or not any lawsuit culminates in a judgment.

Section 8.07. No Additional Waiver. Failure of the Authority to take advantage of any default on the part of the City shall not be, or be construed as, a waiver thereof, nor shall any custom or practice that may grow up between the parties in the course of administering this Facilities Lease be construed to waive or to lessen the right of the Authority to insist upon performance by the City of any term, covenant or condition hereof, or to exercise any rights given the Authority on account of such default. A waiver of a particular default shall not be deemed to be a waiver of the same or any subsequent default. The acceptance of rent hereunder shall not be, nor be construed to be, a waiver of any term, covenant or condition of this Facilities Lease.

Section 8.08. Application of Amounts Collected. All amounts collected by the Authority under this Article, other than or provided in Section 8.02(B) (Remedies on Default - Continuation of Lease; Reletting), shall be deposited by the Trustee in the Revenue Fund and credited towards the Rental Payments in order of Rental Payment Dates.

Section 8.09. Trustee and Owners to Exercise Rights. Such rights and remedies as are given to the Authority under this Article have been assigned by the Authority to the Trustee under the Trust Agreement, to which assignment the City hereby consents. Such rights and remedies shall be exercised by the Trustee and the Owners as provided in the Trust Agreement; provided, however, that the Trustee shall have no obligation to act as agent or attorney-in-fact of the City to re-let the Leased Property or remove person or property situated in the Leased Property.

Section 8.10. Insurer Control of Remedies. Notwithstanding anything to the contrary contained in this Lease, so long as the Insurer is not in default in its payment obligations under the Bond Insurance Policy, no remedy shall be exercised hereunder without the prior written consent of the Insurer and the Insurer shall have the right to direct the exercise of any remedy hereunder.

[signature page follows]

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

MADERA PUBLIC FINANCING AUTHORITY

By: _____
[NAME/TITLE]

CITY OF MADERA

By: _____
[NAME/TITLE]

EXHIBIT A

DESCRIPTION OF LEASED PROPERTY

All that real property located within the City of Madera, County of Madera, State of California, described as follows:

PARCEL ONE:

Lots 2, 3, 4 and 5 in Block 87 of the City of Madera, according to the map entitled, "Blocks 87 and 88, Madera", filed and recorded in the Office of the County Recorder of the County of Madera, State of California, June 23, 1915 in Vol. 4 of Maps, at Page 25.

APN: 007-191-016

PARCEL TWO:

Parcel 2 of Parcel Map recorded November 26, 1984 in Book 30, Page 161 of Maps, being a portion of Lots 6 through 12, inclusive, of Block 87 of the City of Madera, according to the map entitled, "Blocks 87 and 88, Madera", filed and recorded in Book 4, Page 25 of Maps, Madera County Records.

APN: 007-191-018

PARCEL THREE:

Lots 27, 28, 29 and 30 in Block 87 of the City of Madera, according to map entitled, "Blocks 87 and 88, Madera", recorded June 23, 1915 in Book 4 of Maps, at Page 25, Madera County Records.

APN: 007-191-013

PARCEL FOUR:

Parcel 2 as shown on that certain Parcel Map recorded August 26, 1976 in Book 22 of Maps, at Page 37, Madera County Records.

APN: 007-191-010

PARCEL FIVE:

Lot 31 in Block 87 of the City of Madera, County of Madera, State of California, according to the map entitled, "Blocks 87 and 88, Madera", filed and recorded in the Office of the County Recorder of the County of Madera, State of California, June 23, 1915 in Book 4 of Maps, at Page 25.

APN: 007-191-014

Such property is commonly known as the Police Administration Building, located at 330 South "C" Street, Madera, California.

Parcel 1, as shown on Parcel Map filed by the City of Madera on March 25, 1978 in Book 24 of Maps, at Page 93, and corrected by that Certificate of Correction recorded May 26, 1978 in Book 1398, Page 606 of Official Records.

Excepting therefrom that portion thereof described in the Grant Deed to Bomanite Corporation, a California corporation, recorded April 15, 1996 as Instrument No. 9609932 of Official Records, described as follows:

All that portion of the Southeast quarter of the Northwest quarter of Section 26, Township 11 South, Range 17 East, Mount Diablo Base and Meridian, being more particularly described as follows:

Beginning at the Northeast corner of Parcel 2 of that certain Parcel Map recorded February 28, 1985 in Book 31 of Maps, at Page 11 of Madera County Records; thence S. $89^{\circ} 56' 22''$ W., along the North line of said Parcel 2, a distance of 315.08 feet to the Northwest corner of said Parcel 2, said Northwest corner being on the East line of Parcel 1 of said Parcel Map; thence N. $00^{\circ} 10' 24''$ W., along the East line of said Parcel 1, a distance of 299.99 feet to the Northeast corner of said Parcel 1; thence N. $89^{\circ} 57' 00''$ E., along the South line of 100.00 foot right of way as shown on the Map of "Madera Industrial Park Subdivision in the City of Madera", recorded in Book 20 of Maps, Page 56, Madera County Records, a distance of 74.00 feet; thence S. $00^{\circ} 10' 24''$ E., 74.00 feet East of and parallel to the East line of said Parcel 1, a distance of 211.03 feet; thence N. $89^{\circ} 56' 22''$ E., 89.00 feet North of and parallel to the North line of said Parcel 2, a distance of 230.70 feet to the west line of Schnoor Avenue as shown on said Parcel Map; thence S. $06^{\circ} 49' 40''$ E., along the said West line of Schnoor Avenue, a distance of 89.57 feet to the point of beginning.

APN: 009-270-054

Such property is commonly known as Fire Station No. 7, located at 200 S. Schnoor Avenue, Madera, California.

EXHIBIT B
RENTAL PAYMENT SCHEDULE*

Date	Principal Component	Interest Component	Total Rental Payments
February 1, 2020			
August 1, 2020			
February 1, 2021			
August 1, 2021			
February 1, 2022			
August 1, 2022			
February 1, 2023			
August 1, 2023			
February 1, 2024			
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February 1, 2034			
August 1, 2034			
February 1, 2035			
August 1, 2035			
February 1, 2036			
August 1, 2036			
February 1, 2037			
August 1, 2037			
February 1, 2038			
August 1, 2038			
February 1, 2039			
Total			

*Rental Payments are payable on the fifteenth (15th) day of the month before the dates indicated above.

PRELIMINARY OFFICIAL STATEMENT DATED APRIL __, 2019

NEW ISSUE -- FULL BOOK-ENTRY

RATING:

[_____ "____"]
See "Rating."

In the opinion of Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, Sacramento, California, Bond Counsel, based upon an analysis of existing statutes, regulations, rulings, and court decisions and assuming, among other things, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is exempt from State of California personal income taxes and is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS."

[\$[PAR AMOUNT]]*
MADERA PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2019

Dated: Date of Delivery**Due: February 1, as set forth on inside cover**

The Madera Public Financing Authority (the "Authority") is issuing its Lease Revenue Bonds, Series 2019 (the "Bonds"), in the aggregate principal amount of \$[PAR AMOUNT] to provide funds to (i) construct a fire station, (ii) [fund a reserve fund with respect to the Bonds][purchase a municipal bond insurance policy and a debt service reserve insurance policy for the Bonds]; and (iii) pay costs of issuance of the Bonds.

The Bonds are being issued pursuant to a Trust Agreement (the "Trust Agreement"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Bonds are limited obligations of the Authority payable solely from certain revenues of the Authority, consisting primarily of Rental Payments (as defined herein) to be made by the City of Madera, California (the "City"), to the Authority pursuant to a Facilities Lease dated May 1, 2019 (the "Facilities Lease"), pursuant to which the City will lease the Leased Property (defined herein) from the Authority. The City has covenanted in the Facilities Lease to take such action as may be necessary to include Rental Payments in its annual budgets and to make necessary annual appropriations therefor. The City has agreed in the Facilities Lease to make all Rental Payments, subject to abatement in the event of damage to or destruction or condemnation of the Leased Property results in substantial interference with the City's use and occupancy of the Leased Property, and except as otherwise described therein.

Interest on the Bonds will be payable on February 1 and August 1 of each year, commencing February 1, 2020. The Bonds will be issued in book-entry form, without coupons, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), who will act as securities depository for the Bonds. Ownership interests in the Bonds may initially be purchased, in denominations of \$5,000 or any integral multiple thereof, in book-entry only form as described herein. So long as Cede & Co is the registered owner of the Bonds, payments of principal and interest will be made to Cede & Co., as nominee for DTC. DTC is required in turn to remit such payments to DTC Participants for subsequent disbursements to Beneficial Owners. Disbursement of such payments to the DTC Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants as more fully described herein. See APPENDIX F—"DTC AND THE BOOK-ENTRY-ONLY SYSTEM." The Bonds are subject to optional, mandatory and extraordinary redemption as described herein. See "THE BONDS—Redemption Provisions."

[The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by _____]. See "BOND INSURANCE."]

[Insurer Logo]

The Bonds are limited obligations of the Authority and are not secured by a legal or equitable pledge of, or charge or lien upon, any property of the Authority or the City or any of their income or receipts, except as described herein. Neither the faith and credit nor the general taxing power of the City, the State of California, or any political subdivision thereof is pledged to the payment of the Bonds. Neither the payment of the principal of or interest on the Bonds nor the obligation to make rental payments under the Facilities Lease constitutes a debt, liability or obligation of the Authority or the City for which either entity is obligated to levy or pledge any form of taxation or for which either entity has levied or pledged any form of taxation. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The Authority has no taxing power.

This cover page contains information for quick reference only. It is not a complete summary of the Bonds. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision. See "CERTAIN RISK FACTORS" for a discussion of factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Bonds.

MATURITY SCHEDULE
(on inside front cover)

The Bonds will be offered when, as and if executed and delivered and received by the Underwriter, subject to the approval as to their legality by Kronick, Moskovitz, Tiedemann & Girard, A Professional Corporation, Sacramento, California, Bond Counsel to the City. Kronick, Moskovitz, Tiedemann & Girard, A Professional Corporation, has also served as Disclosure Counsel. Certain legal matters will be passed upon for the Authority and for the City by the City Attorney. Stradling Yocca Carlson & Rauth, P.C., San Francisco, California, is serving as counsel to the Underwriter. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of The Depository Trust Company on or about May __, 2019.

[Brandis Tallman LLC]

This Official Statement is dated May __, 2019

* Preliminary, subject to change

MATURITY SCHEDULE

MADERA PUBLIC FINANCING AUTHORITY LEASE REVENUE BONDS, SERIES 2019

MATURITY SCHEDULE*

\$ _____ * Serial Bonds

Maturity (February 1)	Principal Amount	Interest Rate	Yield	CUSIP®†
----------------------------------	-----------------------------	--------------------------	--------------	----------------

** Preliminary, subject to change*

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright© 2019 CUSIP Global Services. All rights reserved. CUSIP® numbers are provided for convenience of reference only. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. None of the Underwriter, the City, the Authority, Bond Counsel, Disclosure Counsel, or the Municipal Advisor are responsible for the selection or correctness of the CUSIP® numbers set forth above.

Stabilization of and Changes to Offering Prices. The Underwriter may over allot or take other steps that stabilize or maintain the market price of the Bonds at levels above those that might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the Bonds to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated above, and those public offering prices may be changed from time to time by the Underwriter.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract between any bond owner and the City, the Authority, or the Underwriter.

No Offering Except by This Official Statement. No dealer, broker, salesperson or other person has been authorized by the City, the Authority, or the Underwriter to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the City, the Authority, or the Underwriter.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Information in Official Statement. The information set forth in this Official Statement has been furnished by the City and other sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness.

Estimates and Forecasts. When used in this Official Statement and in any press release and in any oral statement made with the approval of an authorized officer of the City or the Authority, the words or phrases “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “project,” “forecast,” “expect,” “intend” and similar expressions identify “forward-looking statements.” Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

Statement of Underwriter. The Underwriter has provided the following sentence for inclusion in this Official Statement: “The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or the completeness of such information.”

Document Summaries. All summaries of documents referred to in this Official Statement are made subject to the provisions of such documents and qualified in their entirety to reference to such documents and do not purport to be complete statements of any or all of such provisions. Copies of documents referred to herein and information concerning the Bonds are available from the Director of Financial Services of the City, 205 W. 4th Street, Madera, California 93637; telephone: 559-661-5400. The City may impose a charge for copying, mailing and handling.

No Securities Laws Registration. The Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The Bonds have not been registered or qualified under the securities laws of any state.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, give rise to any implication that there has been no change in the affairs of the City, the Authority, the other parties described in this Official Statement, or the condition of the property within the City since the date of this Official Statement.

Website. The City maintains an Internet website, but the information on the website is not incorporated in this Official Statement.

CITY OF MADERA, CALIFORNIA

City Council and Madera Public Financing Authority Governing Board

Andrew J. Medellin, Mayor
Steve Montes, Mayor Pro Tem
Cecelia Gallegos, Council Member
Jose Rodriguez, Council Member
Derek O. Robinson Sr., Council Member
Santos Garcia, Council Member
Donald E. Holley, Council Member

City and Authority Staff

Arnoldo Rodriguez, City Manager
Tim Przybyla, Director of Financial Services
David Merchen, Director of Community Development
Hilda Cantú Montoy, City Attorney

Municipal Advisor

Del Rio Advisors, LLC
Modesto, California

Bond Counsel and Disclosure Counsel

Kronick, Moskovitz, Tiedemann & Girard, A Professional Corporation
Sacramento, California

Trustee

The Bank of New York Mellon Trust Company, N.A.
San Francisco, California

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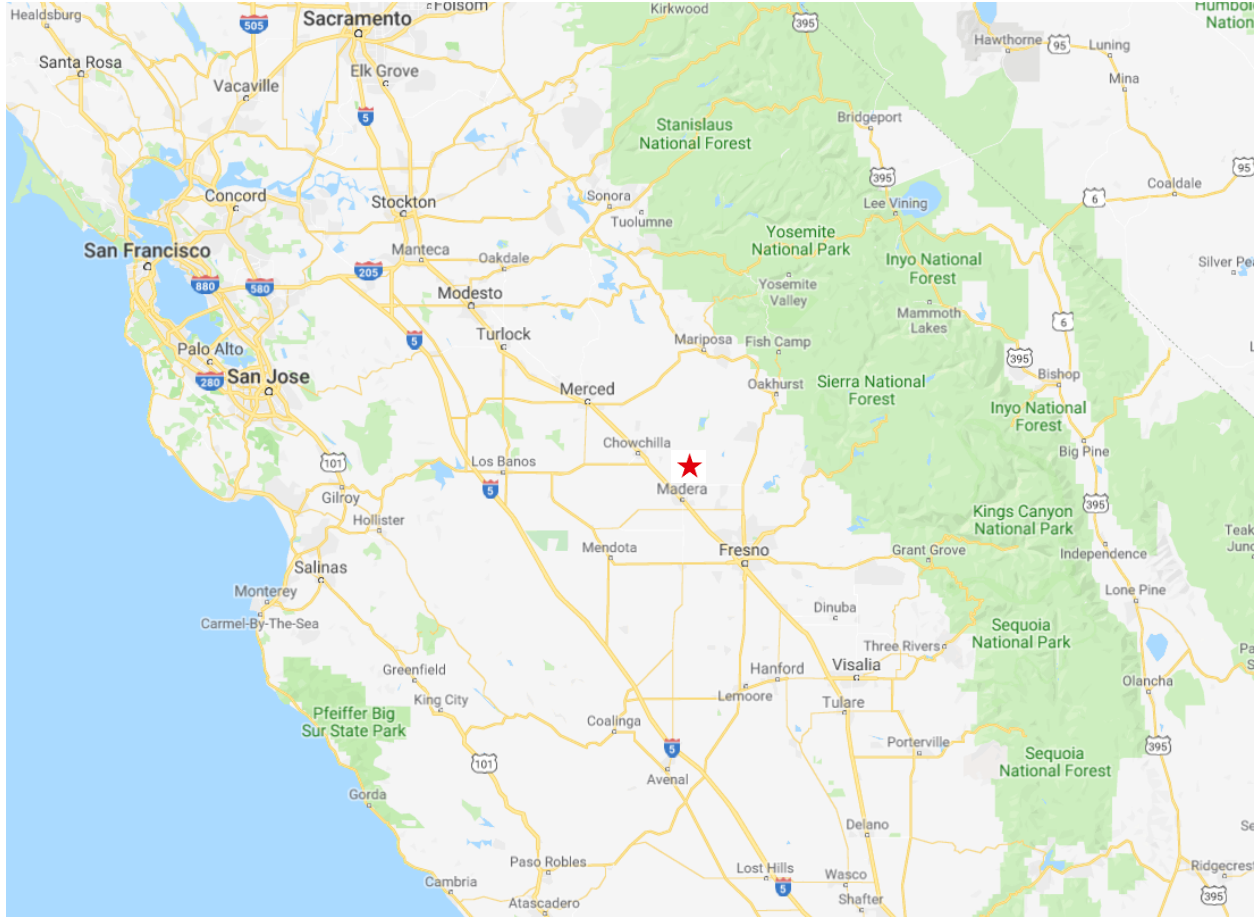
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Area Map

Madera, California



[\$[PAR AMOUNT]]*
MADERA PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2019

INTRODUCTION

The purpose of this Official Statement, which includes the cover page, the inside cover page, and the attached appendices, is to provide information concerning the Madera Public Financing Authority Lease Revenue Bonds, Series 2019 (the “Bonds”), to be issued by the Madera Public Financing Authority (the “Authority”) in the aggregate principal amount specified above. This Official Statement speaks only as of its date, and the information herein is subject to change.

The Bonds are being issued pursuant to the Trust Agreement dated May 1, 2019 (the “Trust Agreement”) between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). The Bonds are limited obligations of the Authority payable solely from Revenues (as defined herein) consisting primarily of certain payments (the “Rental Payments”) made by the City of Madera, California (the “City”), to the Authority for the beneficial use and occupancy of certain essential facilities (collectively, the “Leased Property”).

The Leased Property will be leased by the City to the Authority pursuant to the Site Lease dated May 1, 2019 (the “Site Lease”), in exchange for the deposit of proceeds of the Bonds in various funds and accounts created under the Trust Agreement, including a project construction fund, from which the City may withdraw funds to pay for the construction of a fire station. The Authority will lease the Leased Property back to the City pursuant to the Facilities Lease dated May 1, 2019 (the “Facilities Lease”), in exchange for the payment of the Rental Payments.

All capitalized terms used in this Official Statement and not otherwise defined herein have the same meaning as in the Trust Agreement. See APPENDIX C—“SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS—DEFINITIONS.”

THE PROJECT

A portion of the proceeds of the Bonds will be used to pay a portion of the costs of the construction of a fire station (the “Project”). On October 17, 2018, the City Council voted to award the construction contract for the Project to Davis Moreno Construction, Inc., of Fresno, California, at a base price of \$6,468,365. The total construction budget for the Project is \$8,219,369, the elements of which are listed in the table below:

Project Budget	
Expenditure	Budgeted Amount
Construction, contract amount	\$6,568,365
Construction contingency	656,836
Construction management	363,418
Utilities and permits	80,000
Furnishings, fixtures and equipment	<u>550,750</u>
Total	<u>\$8,219,369</u>

* Preliminary, subject to change

The City has hired Jerry Martinez as its construction manager for the Project. The City has obtained all permits necessary for construction to commence. The City issued a notice to proceed for the project in January 2019, and expects that construction will be completed within 12 months.. The construction contract includes provisions for the payment of liquidated damages if the Project is not completed as scheduled.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Bonds and the City’s equity contribution are expected to be applied as follows:

Sources:

- Principal amount of Bonds
- Net original issue premium
- City equity contribution

Total Sources: _____

Uses:

- Project Costs
- [Deposit to Reserve Fund]
- Underwriter’s Discount
- Costs of Issuance ⁽¹⁾

Total Uses: _____

⁽¹⁾ Includes fees of Bond Counsel, Disclosure Counsel, Municipal Advisor, [bond insurance and debt service reserve policy premiums,] rating agency fees, printing costs, and other costs of issuance.

THE BONDS

Legal Authority for Issuance

The Authority was established as a separate governmental entity pursuant to a Joint Exercise of Powers Agreement dated July 17, 1989 (the “Joint Powers Agreement”), entered into by the City and the Redevelopment Agency of the City of Madera in accordance with the provisions of the Joint Exercise of Powers Act (the “Act”), which comprises Articles 1 through 4 (commencing with section 6500) of Chapter 5, Division 7, Title 1 of the California Government Code. The Joint Powers Agreement authorizes the Authority to finance the acquisition of public capital improvements necessary or convenient for the operation of the City. Both the Joint Powers Agreement and the Act authorize the Authority to lease property and to issue bonds for that purpose. The Bonds are being issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, which constitutes Article 4 of the Act.

Purpose of the Bonds

The Authority will use proceeds of the Bonds to provide funds to (i) construct a fire station, (ii) [fund a reserve fund with respect to the Bonds][purchase a municipal bond insurance policy and a debt service reserve insurance policy for the Bonds]; and (iii) pay costs of issuance of the Bonds.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if delivered and received by the Underwriter, subject to the approval as to their legality by Bond Counsel and the satisfaction of certain other conditions. It is anticipated that the Bonds in book-entry form will be available for delivery to Cede & Co., as nominee of DTC in New York, New York, on or about May __, 2019.

Description of the Bonds

Form and Registration. The Bonds will be issued in fully registered form only, registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, New York, which will act as securities depository for the Bonds. Beneficial owners of the Bonds will not receive physical certificates representing their interests in the Bonds but will receive a credit balance on the books of the nominees for such beneficial owners.

Book-Entry Only System. As long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the registered owners mean Cede & Co. and do not mean the beneficial owners of the Bonds. See APPENDIX F–“DTC AND THE BOOK-ENTRY-ONLY SYSTEM” for more information about DTC. If the book-entry-only system described below is no longer used with respect to the Bonds, the Bonds will be registered as described under the caption “DISCONTINUANCE OF BOOK-ENTRY-ONLY SYSTEM - REGISTRATION, TRANSFER AND EXCHANGE OF BONDS.”

Principal and Interest Payments. The Bonds bear interest from their date of delivery at the rates shown on the inside cover page hereof. Interest on the Bonds is payable on February 1, 2020, and semiannually thereafter on February 1 and August 1 of each year (each an “Interest Payment Date”) until maturity or earlier redemption. The Bonds mature on February 1, in the years and amounts set forth on the inside cover page hereof. The Bonds are issuable in denominations of \$5,000 principal amount or any integral multiple thereof. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Payments on Bonds. Debt service on the Bonds will be paid by the Trustee to DTC, which will in turn remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein.

The Trustee, the Authority, the City, and the Underwriter of the Bonds have no responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership, of interests in the Bonds.

Redemption Provisions

Optional Redemption. The Bonds are subject to redemption prior to their respective stated maturities at the option of the Authority at the direction of the City, from any source of available funds, as a whole or in part (in such maturities as may be specified by the City and at random within a maturity), on any date on or after February 1, 20__, at a redemption price equal to 100% of the principal amount of Bonds called for redemption, together with accrued interest to the date fixed for redemption.

Mandatory Sinking Account Redemption. The Bonds maturing on February 1, 20__, are subject to redemption prior to their stated maturity, in part, at random from amounts deposited into the 20__ Sinking Account, in the following amounts and on the following dates, at the principal amount thereof, without premium:

\$_____ Term Bonds Maturing on February 1, 20__	
Redemption Date (February 1)	Principal Amount
_____	_____

*

*Final Maturity

The amount of each such redemption will be reduced proportionately in the event and to the extent of any optional redemptions of the term Bonds, as set forth in a schedule produced by the City.

Extraordinary Redemption-Casualty Loss, Material Title Defect or Governmental Taking. The Bonds are subject to redemption prior to their respective stated maturities, as a whole on any date or in part (in such maturities as may be specified by the City and at random within a maturity) on any Interest Payment Date from prepaid Rental Payments made by the City from funds received by the City due to a casualty loss, material title defect or governmental taking of the Leased Property or portions thereof by eminent domain proceedings, at a redemption price equal to the sum of the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium. See APPENDIX C—"SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS—FACILITIES LEASE—Prepayments—Casualty/Condemnation."

Selection of Bonds for Redemption. If less than all of the Bonds are to be redeemed at any one time, the City will select the maturities of the Bonds to be redeemed in its sole and absolute discretion. If less than all the Bonds of a maturity are to be redeemed, the Trustee will select the particular Bonds of such maturity to be redeemed (in whole or in part, in minimum denominations of \$5,000) at random.

Notice of Redemption. When redemption is required, the Trustee will give notice (the "Redemption Notice") of the redemption of the Bonds. Such Redemption Notice will specify: (i) the date of the Redemption Notice, (ii) the date of issue of the Bonds, (iii) the redemption date, (iv) the amount of any redemption premium, (v) the place or places where the redemption will be made, including the name and appropriate address or addresses of the Trustee, (vi) the CUSIP numbers (if any) of the maturity or maturities of the Bonds to be redeemed and, if less than all Bonds of a maturity are to be redeemed, the distinctive certificate numbers of the Bonds of the maturity to be redeemed, and (viii) in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each Redemption Notice will further state that, on the specified date, there will become due and payable upon each such Bond the principal amount thereof or specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with premium (if any) and interest thereon accrued to the date fixed for redemption, and that from and after such redemption date interest thereon will cease to accrue. The notice will also state that such Bonds are required to be surrendered at the address or addresses of the Trustee specified in the Redemption Notice.

The notice is required to be mailed by first class mail to each registered owner at the address appearing on the records of the Trustee not fewer than 30 nor more than 60 days before the redemption date.

Failure of any owner to receive a Redemption Notice or any defect in any such Redemption Notice does not affect the sufficiency of the proceedings for redemption. Failure by the Trustee to mail Redemption Notice to any one or more of the respective owners of any Bonds designated for redemption does not affect the sufficiency of the proceedings for redemption with respect to the owner or owners to whom such Redemption Notice was mailed. Neither the Authority, the City, nor the Trustee has responsibility for a defect in the CUSIP number appearing on a Bond or in the Redemption Notice.

So long as Cede & Co., as nominee of DTC, continues to be the registered owner of the Bonds, any Redemption Notices will be given only to Cede & Co., as nominee of DTC, and not to DTC, DTC Participants, or Beneficial Owners. See APPENDIX F—"DTC AND THE BOOK-ENTRY-ONLY SYSTEM."

Conditional Notice of Redemption; Rescission of Redemption. The Authority, if so directed by the City at its option, shall specify in any notice of optional redemption that redemption is conditional upon the availability of money sufficient to pay the redemption price of all the Bonds that are to be redeemed on

the date fixed for redemption. The Authority, if so directed by the City at its option, prior to the date fixed for optional redemption in any notice of redemption, rescind and cancel such notice of optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption will be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation will not constitute a default under the Trust Agreement. Neither the Authority, the City, nor the Trustee will have any liability to the owners of the Bonds or any other party as a result of the Authority's failure to redeem Bonds as a result of insufficient money.

Effect of Redemption. If notice of redemption is given as provided in the Trust Agreement and the amount necessary for the payment of the redemption price is held by the Trustee, then the Bonds, or portion thereof, designated for redemption become due and payable at the redemption prices thereof and interest thereon ceases to accrue.

Upon surrender of a Bond to be redeemed in part, there will be issued, in lieu of the unredeemed portion of principal, one or more new Bonds of the same maturity date and of authorized denominations, equal in aggregate principal amount to the unredeemed portion.

Discontinuance of Book-Entry-Only System

If the Bonds are no longer registered in book-entry form, the following provisions will apply:

Payments on Bonds. If the book-entry-only system is discontinued, the provisions in the Trust Agreement summarized below will govern payments on the Bonds.

Payment of interest on any Bond on any Interest Payment Date will be made to the person appearing on the registration books of the Trustee as the owner thereof as of the Record Date immediately preceding such Interest Payment Date, such interest to be paid by check mailed to such owner on the Interest Payment Date at the owner's address as it appears on the registration books or at such other address as the owner may have filed with the Trustee for that purpose on or before the Record Date. The owner of \$1,000,000 or more in aggregate principal amount of Bonds may request in writing to the Trustee that such owner be paid interest by wire transfer to the bank and account number on file with the Trustee as of the Record Date. "Record Date" means the fifteenth day of the month immediately preceding the Interest Payment Date. The principal of the Bonds is payable upon maturity or redemption upon surrender at the principal office of the Trustee. The interest on and principal of the Bonds is payable in lawful money of the United States of America.

Registration, Transfer and Exchange of Bonds. So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, transfers and exchanges of Bonds will be made in accordance with DTC procedures. See APPENDIX F – "DTC AND THE BOOK ENTRY SYSTEM." If the book-entry-only system is discontinued, the provisions in the Trust Agreement summarized below will govern the registration, exchange and transfer of the Bonds.

The Trustee will keep or cause to be kept, at the Trustee's Office, the Bond Register to provide for the registration and transfer of the Bonds. Any Bond may, in accordance with its terms, be transferred or exchanged by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form approved by the Trustee. Whenever any Bonds are surrendered for transfer or exchange, the Authority will execute and the Trustee will authenticate and deliver new Bonds for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. The Trustee will collect from the

Owner requesting such transfer any tax or other governmental charge required to be paid with respect to such transfer or exchange.

No transfers or exchanges of Bonds will be required to be made (i) within the 15 days prior to the date designated by the Trustee as the date for selecting Bonds for redemption, or (ii) with respect to any Bond after such Bond has been selected for redemption, except the unredeemed portion of a Bond selected for redemption in part, from and after the day that such Bond has been selected for redemption in part.

Defeasance of Bonds

The Authority may pay and discharge any of the Bonds by depositing in trust with an escrow agent or other fiduciary at or before maturity, either (i) money in an amount equal to the principal amount or redemption price of such Bonds and all unpaid interest thereon to maturity or to the redemption date or (ii) non-callable direct obligations of the United States of America or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, in an amount that will, together with the interest to accrue thereon and any cash deposited therewith, be fully sufficient in the opinion of an independent certified public accountant to pay and discharge the indebtedness on such Bonds (including all principal, interest and premium) at or before their respective maturity dates.

If the Authority pays or causes to be paid all of the principal of, interest and premium, if any, on all of the outstanding Bonds, and the City pays or causes to be paid all other sums payable by the City under the Facilities Lease, then all agreements and covenants of the Authority to the owners of Bonds under the Trust Agreement and of the City under the Facilities Lease will terminate and be satisfied and discharged, except only that the Authority will remain liable for payment of all principal of and interest and premium, if any, on the Bonds from moneys deposited with the Trustee or escrow agent or other fiduciary.

Scheduled Debt Service

The following is the debt service schedule for the Bonds, assuming no optional or extraordinary redemption of the outstanding Bonds:

Year Ending February 1	Principal	Interest	Total
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

The Bonds are limited obligations of the Authority and are not secured by a legal or equitable pledge of, or charge or lien upon, any property of the Authority or the City or any of their income or receipts, except as described herein. Neither the faith and credit nor the general taxing power of the City, the State of California, or any political subdivision thereof is pledged to the payment of the Bonds. Neither the payment of the principal of or interest on the Bonds nor the obligation to make rental payments under the Facilities Lease constitutes a debt, liability or obligation of the Authority or the City for which either entity is obligated to levy or pledge any form of taxation or for which either entity has levied or pledged any form of taxation. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The Authority has no taxing power.

Pledge of Revenues

The Bonds are limited obligations of the Authority payable solely from the Revenues and other assets pledged under the Trust Agreement. The term “Revenues” is defined in the Trust Agreement to mean all Rental Payments paid by the City and received by the Authority pursuant to the Facilities Lease and all interest or other income from any investment of any money in any fund or account (other than the Rebate Fund established under the Trust Agreement). As rental for the beneficial use and occupancy of the Leased Property, the City covenants to pay Rental Payments to the Trustee. The Rental Payments, which are subject to abatement are calculated to be sufficient to pay principal of and interest on the Bonds when due.

In the Trust Agreement, the Authority assigns to the Trustee for the benefit of the Owners of Bonds all right, title, and interest of the Authority in the Rental Payments and in the Facilities Lease, except for its rights to receive certain fees, expenses, and indemnification.

Rental Payments

Rental Payments are calculated on an annual basis for 12-month periods commencing on February 2 and ending on February 1, and each annual Rental Payment will be divided into two installments, an interest installment due on July 15 and a principal and interest installment due January 15 (each a “Rental Payment Date”), continuing to and including the date of termination of the Facilities Lease. Each annual Rental Payment (to be payable in installments as aforesaid) will be for the use of the Leased Property for the twelve-month period commencing on February 2 of the period in which such installments are payable (except the first rental period which commences on the date of recording of the Facilities Lease).

The Trust Agreement requires that Rental Payments be deposited in the Revenue Fund maintained by the Trustee. In accordance with the Trust Agreement, the Trustee will transfer such amounts as are necessary to the Interest Fund or the Principal Fund, as the case may be, to pay principal of and interest on the Bonds as the same become due and payable. On each payment date, following the payment of principal of and/or interest on the Bonds, any excess amount in the Revenue Fund will be transferred to the Reserve Fund, to the extent that the amount therein is less than the Required Reserve, and then to the Rebate Fund, as necessary, and thereafter to the City. See APPENDIX C–“SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS–TRUST AGREEMENT–Establishment of Funds and Accounts.”

Deposit of Revenues; Funds and Accounts

The Trustee is required under the Trust Agreement to deposit the Rental Payments as received into the Revenue Fund. All moneys in the Revenue Fund are held in trust for the benefit of the Owners and will be disbursed, allocated, and applied solely for the uses and purposes set forth in the Trust Agreement.

If the Reserve Fund has been drawn upon as a result of a delinquency in the payment of Rental Payments, the Trustee will transfer the delinquent Rental Payments thereafter received to the Reserve Fund to replenish the amount therein to the Required Reserve.

Allocation of Rental Payments. So long as any Bonds are Outstanding, the Trustee will allocate the moneys in the Revenue Fund in the following respective funds or accounts (each of which is established, maintained and held in trust for the benefit of the Owners of the Bonds) in the following amounts, in the following order of priority, the requirements of each such fund (including the making up of any deficiencies in any such fund resulting from lack of moneys sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any deposit is made to any fund subsequent in priority:

- First:* Interest Fund
- Second:* Principal Fund; Sinking Accounts
- Third:* Redemption Fund
- Fourth:* Reserve Fund

Interest Fund. On each Interest Payment Date, commencing February 1, 2020, the Trustee will set aside in the Interest Fund an amount equal to the aggregate amount of interest becoming due and payable on the Outstanding Bonds on such Interest Payment Date. No deposit need be made into the Interest Fund if the amount contained therein is at least equal to the interest due and payable on such Interest Payment Date upon all of the Bonds then Outstanding (but excluding any moneys on deposit in the Interest Fund from the proceeds of the Bonds or other source and reserved as capitalized interest to pay interest on any future Interest Payment Dates following such Interest Payment Date).

All money in the Interest Fund will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it becomes due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity).

Principal Fund; Sinking Accounts. On each Principal Payment Date, commencing February 1, 2020, the Trustee will deposit in the Principal Fund an amount equal to (i) the aggregate amount of principal becoming due and payable on the Outstanding Serial Bonds and (ii) the aggregate principal amount of Bonds to be redeemed on such date from the respective Sinking Accounts for the Term Bonds.

No deposit need be made into the Principal Fund so long as there is in such fund moneys sufficient to pay the principal of all Serial Bonds then Outstanding and maturing by their terms on such Principal Payment Date *plus* the aggregate principal amount of all Term Bonds required to be redeemed on such Principal Payment Date, but less any amounts deposited into the Principal Fund during the preceding 12-month period and theretofore paid from the Principal Fund to redeem or purchase Term Bonds during such 12-month period.

All amounts in the Principal Fund will be used and withdrawn by the Trustee solely for the purposes of paying the principal of the Bonds when due and payable, except that all amounts in the Sinking Accounts will be used and withdrawn by the Trustee solely to purchase or redeem or pay Bonds at maturity, as provided in the Trust Agreement.

Any amounts remaining in a Sinking Account when all of the Term Bonds for which such account was established are no longer Outstanding will be withdrawn by the Trustee and transferred to the City to be used for any lawful purpose.

Redemption Fund. On the date specified in a Written Request of the City filed with the Trustee, at the time that any prepaid Rental Payment is paid to the Trustee, the Trustee will deposit in the Redemption Fund that amount of moneys representing the portion of the Rental Payments designated as prepaid Rental Payments. Except as provided in the Trust Agreement, moneys in the Redemption Fund will be used and withdrawn by the Trustee solely for the purpose of paying the interest and the redemption premiums, if any, on and principal of the Bonds to be redeemed.

All amounts deposited in the Redemption Fund will be used and withdrawn by the Trustee solely for the purpose of redeeming Bonds, in the manner, at the times and upon the terms and conditions specified in the Trust Agreement.

Surplus Amounts. Any moneys remaining in the Revenue Fund after the transfers described above will be deposited, in order of priority: (i) into the Reserve Fund to the extent that the amount therein is less than the Required Reserve, and (ii) into the Rebate Fund if so directed by the Authority. Amounts not required to be so deposited will be transferred on the same Business Day to the City, except that any amounts representing delinquent Rental Payments and any proceeds of rental abatement insurance shall remain on deposit in the Revenue Fund. The City may use and apply any moneys when received by it for any lawful purpose of the City, including the redemption of Bonds upon the terms and conditions set forth herein and the purchase of Bonds as and when and at such prices as it may determine.

Reserve Fund

General. Under the Trust Agreement, a Reserve Fund is established and held by the Trustee and pledged to payment of the Bonds in the amount of the Required Reserve. The term “Required Reserve” means, as of any date of calculation, an amount equal to the least of (i) maximum annual debt service in any Bond Year on all Bonds Outstanding, (ii) 125% of average annual debt service in any Bond Year on all Bonds Outstanding, and (iii) 10% of the original principal amount of the Bonds. On the date of delivery of the Bonds the Required Reserve will be \$_____ [and the Debt Service Reserve Policy issued by the Bond Insurer will be deposited into the Reserve Fund in such amount].

The Required Reserve may be satisfied at any time with the acquisition of a letter of credit, insurance policy, surety bond or other credit source deposited with the Trustee meeting the requirements of a “Reserve Facility.” See APPENDIX C–“SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS–TRUST AGREEMENT–Establishment of Funds and Accounts–*Application of Reserve Fund.*”

Replenishment of Reserve Fund. The Trustee will deposit in the Reserve Fund (from amounts received as Additional Payments due to Reserve Fund valuation deficiencies or for Reserve Fund replenishment, as described in the Facilities Lease) as soon as possible in each month, except as otherwise provided in the Trust Agreement, upon the occurrence of any deficiency therein, 1/12th of the aggregate amount of each unreplenished prior withdrawal from the Reserve Fund and 1/4 of the aggregate amount of any deficiency due to any required valuations of the investments in the Reserve Fund until the total of the cash balance in the Reserve Fund and the amount available under any Reserve Facility is at least equal to the Required Reserve.

Use of Amounts in the Reserve Fund. All amounts in the Reserve Fund (including all amounts that may be obtained from Reserve Facilities on deposit in the Reserve Fund) shall be used and withdrawn by the Trustee solely for the purpose of making up any deficiency in the Interest Fund or the Principal Fund,

or for the payment of the final principal and interest payment with respect to the Bonds if following such payment the amounts in the Reserve Fund (including the amounts that may be obtained from Reserve Facilities on deposit therein) will equal the Required Reserve. In such event, the Trustee shall first draw on the portion of the Reserve Fund held in cash or Permitted Investments and then, on a pro rata basis with respect to amounts held in the form of Reserve Facilities (calculated by reference to the maximum amounts of such Reserve Facilities), draw on or collect under each Reserve Facility issued with respect to the Reserve Fund, in a timely manner and pursuant to the terms of such Reserve Facility to the extent necessary in order to obtain sufficient funds on or prior to the date such funds are needed to pay the principal and interest represented by the Bonds when due.

Transfer of Excess Amounts. Any amounts in the Reserve Fund in excess of the Required Reserve (as calculated by the City) will be transferred by the Trustee to the City on the last Business Day of February and August of each year; provided that such amounts will be transferred only from the portion of the Reserve Fund held in the form of cash or Permitted Investments and further provided that the City is not then in default under the Facilities Lease.

Covenant to Budget and Appropriate

Budget and Appropriate. The City covenants in the Facilities Lease to include all Rental Payments in its annual budgets and to make the necessary annual appropriations therefor. The Authority will pledge the Rental Payments to the Trustee for the benefit of the Owners of the Bonds. By the 15th day of the month immediately preceding each Interest Payment Date, the City must pay to the Trustee Rental Payments (to the extent required under the Facilities Lease) that will be sufficient to pay, when due, the scheduled principal of and interest on the Bonds. Rental Payments are not subject to acceleration.

Under the Facilities Lease, the City agrees to pay Additional Payments for the payment of all expenses and all costs of the Authority and the Trustee related to the issuance of the Bonds, including expenses of the Trustee payable by the Authority under the Trust Agreement, and fees of accountants, attorneys and consultants. The City is responsible for repair and maintenance of the Leased Property during the term of the Facilities Lease.

The obligation of the City under the Facilities Lease to appropriate funds to pay Rental Payments and Additional Payments is not limited to any particular source of funds; and the City shall pay the Rental Payments and Additional Payments due thereunder from any lawfully available funds of the City including, without limitation, amounts available from the City's General Fund. See THE CITY; CITY FINANCES.

Insurance

Casualty Insurance. The Facilities Lease requires the City procure or cause to be procured and maintain or cause to be maintained, throughout the term of the Facilities Lease, insurance against loss or damage to the Leased Property and any structures constituting any part of the Leased Property by fire and lightning, with extended coverage insurance, vandalism and malicious mischief insurance and sprinkler system leakage insurance. The extended coverage insurance will, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke, flood and such other hazards as are normally covered by such insurance. The insurance may be maintained as part of or in conjunction with any other insurance maintained by the City. Full payment of the proceeds of such insurance up to the policy limit shall not be contingent on the degree of damage sustained at other property owned or leased by the City, provided, however, that such insurance may be subject to a limit of \$100,000,000 per occurrence for fire and extended coverage insurance.

Such insurance will be in an amount equal to the replacement cost (without deduction for depreciation) of all structures constituting any part of the Leased Property, excluding the cost of excavations, of grading and filling, and of the land (except that such insurance may be subject to deductible clauses for any one loss of not to exceed \$5,000 for fire and extended coverage and \$10,000 for public liability and property damage), or, in the alternative, will be in an amount and in a form sufficient (together with moneys in the Reserve Fund), in the event of total or partial loss, to enable all Bonds then Outstanding to be redeemed. Such policy is required to explicitly waive any co-insurance policy.

As an alternative to providing the fire and extended coverage insurance, or any portion thereof, required by the Facilities Lease, the City may adopt an alternative risk management program, including, without limitation, (i) a self-insurance method or plan of protection, (ii) a program involving captive insurance companies, (iii) participation in state or federal insurance programs, (iv) participation with other public agencies in mutual or other cooperative insurance or other risk management programs, including those made available through joint exercise of powers agencies, or (v) establishment or participation in other alternative risk management programs; if and to the extent such alternative risk management program shall afford reasonable coverage for the risks required to be insured against, in light of all circumstances, giving consideration to cost, availability, and similar plans or methods of protection adopted by public entities in the State of California other than the City. So long as such method or plan is being provided to satisfy the requirements of the Facilities Lease, there will be filed with the Trustee a statement of an actuary, insurance consultant or other qualified person, stating that, in the opinion of the signer, the substitute method or plan of protection is in accordance with the requirements of the Facilities Lease and, when effective, would afford reasonable coverage for the risks required to be insured against. There will also be filed a certificate of the City setting forth the details of such substitute method or plan. In the event of loss covered by any such self-insurance method, the liability of the City under the Facilities Lease will be limited to the amounts in the self-insurance reserve fund or funds created under such method.

Rental Abatement. The Facilities Lease also requires the City to maintain or cause to be maintained, rental abatement insurance to cover loss, total or partial, to the Authority of the Rental Payments owing to an abatement or rental as the result of any of the hazards covered by the insurance required by the Facilities Lease described in the preceding paragraphs, in an amount sufficient to pay Rental Payments during the twenty-four-month period in which the total Rental Payments are the greatest. Any proceeds of such insurance will be used by the Trustee to reimburse to the City any rental theretofore paid by the City under the Facilities Lease attributable to the damaged or destroyed Leased Property to the extent and for a period of time during which the payment of Rental Payments under the Facilities Lease is abated; and any proceeds of such insurance not so used will be applied to pay Rental Payments and Additional Payments. The City may self-insure against abatement-risk but only if funds equal to Rental Payments during the twenty-four-month period in which the total Rental Payments are the greatest are set aside in a separate trust fund held by an independent trustee.

Workers' Compensation Insurance. The City is required to maintain workers' compensation insurance covering all employees working at the Leased Property in the amounts as required by law. Such insurance may be maintained by the City as part of or in conjunction with any other insurance maintained by the City. As an alternative to providing this insurance, the City may file a resolution with the State Department of Industrial Relations, Division of Self-Insurance Plans, declaring the City to be legally self-insured against workers' compensation claims and may maintain that status; provided that the City annually employ an actuary to review the City's workers' compensation claims experience and project future claims exposure.

Title Insurance. The City is required to provide a CLTA leasehold title policy, subject only to Permitted Encumbrances, as defined in the Facilities Lease, issued by a company of recognized standing duly authorized to issue the same with respect to the Leased Property in an amount equal to the principal

amount of the Bonds. Such title insurance policy is required to be payable to the Trustee for the use and benefit of the Owners of the Bonds. The City agrees to deliver to the Trustee all proceeds received by the City pursuant to any policy of title insurance with respect to the Leased Property under which the City is beneficiary. All proceeds received by the Trustee under such title insurance policies will be applied and disbursed by the Trustee in the same order and priority and for the same purposes as provided in the Facilities Lease relating to proceeds received in eminent domain proceedings.

Public Liability and Property Damage. The City is also required to procure or cause to be procured and maintain or cause to be maintained, throughout the term of the Facilities Lease, a standard comprehensive general liability insurance policy or policies insuring against all direct or contingent loss or liability for damages for personal injury, death, or property damage, occasioned by reason of the operation of the Leased Property. This insurance may be maintained as part of or in conjunction with any other insurance maintained by the City.

Application of Net Proceeds. In the event of any damage to or destruction of any part of the Leased Property caused by the perils covered by insurance, the City, except as hereinafter described, will cause the proceeds of the insurance to be utilized for the repair, reconstruction or replacement of the damaged or destroyed portion of the Leased Property, to at least the same condition as they were in prior to the damage or destruction, insofar as the same may be accomplished by the use of the proceeds. The Trustee will hold the proceeds separate and apart from all other funds in a fund or account established by the Trustee with the proceeds invested as specified in the Trust Agreement. Any balance of the proceeds not required for repair, reconstruction or replacement will be treated by the Trustee as Rental Payments and applied in the manner provided by the Trust Agreement. Alternatively, if the proceeds of the insurance together with any other moneys then available for the purpose are at least sufficient to redeem an aggregate principal amount of Outstanding Bonds equal to the amount of Rental Payments attributable to the portion of the Leased Property so destroyed or damaged (determined by reference to the proportion which the acquisition and construction cost of such portion of the Leased Property bears to the acquisition and construction cost of the entire Leased Property), the City, may elect not to repair, reconstruct or replace the damaged or destroyed portion of the Leased Property and thereupon will cause the proceeds to be used for the redemption of Outstanding Bonds pursuant to the provisions of the Trust Agreement.

The City covenants to promptly apply for federal or State disaster aid in the event that the Leased Property is damaged or destroyed as a result of an earthquake occurring at any time. Any proceeds received as a result of such disaster aid will be used to repair, reconstruct, restore or replace the damaged or destroyed portions of the Leased Property, or, at the option of the City, to redeem Outstanding Bonds if such use of such disaster aid is permitted.

Abatement

Except to the extent of amounts held in the Reserve Fund or otherwise available to the City for payments thereof, during any period in which by reason of damage to, destruction of, taking under the power of eminent domain (or sale to any entity threatening the use of such power) of, or title defect with respect to any portion of the Leased Property, there is substantial interference with the use and occupancy of any portion of the Leased Property by the City, the Rental Payments will be abated proportionately. The amount of abatement shall be such that the resulting Rental Payments and Additional Payments represent no more than fair consideration for the use and possession of the portion of the Leased Property (i) available for occupancy or (ii) not so interfered with, as certified by the City based either on the proportion in which the historical cost of that portion of the Leased Property that remains usable bears to the entire historical cost of the Leased Property or an MAI fair rental value appraisal.

During any such period of abatement, except to the extent that amounts held by the Trustee in the Revenue Fund or the Reserve Fund are otherwise available to pay the Bonds, Revenues will not be available to pay the Bonds. Such abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, the Facilities Lease will continue in full force and effect and the City waives any right to terminate the Facilities Lease by virtue of any such damage or destruction. See “CERTAIN RISK FACTORS–Abatement of Rental Payments.”

Eminent Domain

If all of the Leased Property, or so much thereof as to render the remainder unusable, is taken under power of eminent domain, the term of the Facilities Lease will cease as of the day possession is so taken. If less than the entire Leased Property is taken by eminent domain, and the remainder is usable for public purposes by the City at the time of such taking, there will be a partial abatement of the rental due under the Facilities Lease in an amount equivalent to the amount by which the annual payments of principal of and interest on the Bonds then Outstanding will be reduced by the application of the award in eminent domain to the redemption of Outstanding Bonds.

Default

If the City defaults under the Facilities Lease, the Trustee may exercise any and all remedies available pursuant to law or granted pursuant to the Facilities Lease [as directed by the Bond Insurer]. In the event of default, the Trustee may (i) terminate the Facilities Lease and lease the Leased Property to another tenant or (ii) maintain the Facilities Lease in effect, lease the Leased Property to another tenant, and collect from the City the difference between the new tenant’s payments and the Rental Payments. See APPENDIX C–“SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS–FACILITIES LEASE.” See “CERTAIN RISK FACTORS–Limitations on Remedies” for a discussion on the limitations on the Trustee’s ability to exercise certain remedies if the City defaults under the Facilities Lease.

THE LEASED PROPERTY

Description

The City will lease the Leased Property to the Authority pursuant to the Site Lease. The Authority will lease the Leased Property back to the City pursuant to the Facilities Lease. The City represents and warrants in the Facilities Lease that the Leased Property is essential to the fulfillment of governmental purposes and that it will only be used for performing governmental functions consistent with the scope and authority of the City. The Leased Property consists of the Police Administration Building and Fire Station No. 7, each of which is owned by the City. The following is a summary of the location, completion date, size and structure value of the leased assets.

Facility	Address	Original Completion Date	Approx. Acreage of Site	Approx. Building Square Footage	Estimated Structure Value ⁽¹⁾
Police Administration Building	330 South “C” St.	2007	1.84	17,249	\$4,028,045
Parking Shelter		2007		5,840	263,457
Storage Building		2007		812	52,932
Fire Station No. 7	200 S. Schnoor Ave	1978	1.09	6,853	<u>1,284,604</u>
TOTAL					\$5,629,038

(1) Based on an independent insurance appraisal conducted in April 28, 2017, by the Central San Joaquin Valley Risk Management Authority (CSJVRMA).
Source: City of Madera.

The City may, upon satisfaction of certain requirements described in the Facilities Lease, substitute other real property for one or more of the Leased Property. See below “ – SUBSTITUTION [OR RELEASE] OF PROPERTY.”

Substitution [or Release] of Property

Substitution of Property. The City may substitute alternate property for any property that constitutes all or any portion of the Leased Property for purposes of the Site Lease and the Facilities Lease, but only after the City has filed with the Trustee with copies to each rating agency then providing a rating for the Bonds, all of the following:

- (i) Executed copies of the amended Site Lease and Facilities Lease containing the amended description of the Leased Property;
- (ii) A Certificate of the City stating that the amended Site Lease and Facilities Lease, or memoranda thereof, have been duly recorded in the official records of the County of Madera;
- (iii) An MAI fair market appraisal demonstrating that the value of the substituted property is at least equal to the property being released;
- (iv) A California Land Title Association leasehold policy or policies or a commitment for such policy or policies or an amendment or endorsement to an existing policy or policies in an amount or amounts such that the amount of title insurance coverage with respect to the Leased Property after the substitution is at least equal to the amount of such insurance with respect to the Leased Property prior to the substitution;
- (v) A Certificate of the City certifying to the Trustee that the substituted real property has similar or greater essentiality of use than the portion of the Leased Property being substituted and equivalent or greater useful life than the period remaining until the last maturity of the Bonds;
- (vi) A Certificate of the City certifying that the property that will constitute the Leased Property after the substitution is not subject to any liens securing monetary obligations (other than Permitted Encumbrances), unless such liens are subordinate to the interests of the Authority created by the Facilities Lease;
- (vii) An Opinion of Counsel to the effect that the amendments to the Site Lease and the Facilities Lease that implement the substitution (1) are authorized or permitted by and comply with the Constitution and laws of the State of California and the Trust Agreement; and (2) upon execution and delivery will be valid obligations of the City and the Authority; and that (3) such substitution will not, in and of itself, cause the interest on the Bonds to be included in gross income for federal income tax purposes;
- (vii) Evidence of delivery of written notice of the proposed substitution to each Rating Agency then rating the Bonds; and
- [(ix) So long as the Bond Insurance Policy is in effect and the Bond Insurer is not in default with respect to its payment obligations thereunder, the written consent of the Bond Insurer to the substitution.]

[Release of Property. The City may release a portion of the property that constitutes the Leased Property for purposes of the Site Lease and the Facilities Lease, but only after the City has filed with the Trustee with copies to each rating agency then providing a rating for the Bonds, all of the following:

- (i) Executed copies of the amended Site Lease and Facilities Lease containing the amended description of the Leased Property;

(ii) A Certificate of the City stating that the amended Site Lease and Facilities Lease, or memoranda thereof, have been duly recorded in the official records of the County of Madera;

(iii) An MAI fair market appraisal demonstrating that the value of the property that will constitute the Leased Property after the substitution or release will be at least equal to the value of the Leased Property originally leased;

(iv) An Opinion of Counsel to the effect that the amendments to the Site Lease and the Facilities Lease that implement the release (1) are authorized or permitted by and comply with the Constitution and laws of the State of California and the Trust Agreement; and (2) upon execution and delivery will be valid obligations of the City and the Authority;

(v) Evidence of delivery of written notice of the proposed release to each Rating Agency then rating the Bonds; and

[(vi) So long as the Bond Insurance Policy is in effect and the Bond Insurer is not in default with respect to its payment obligations thereunder, the written consent of the Bond Insurer to the release.]]

[BOND INSURANCE]

[The following information has been furnished by [INSURER] (the "Bond Insurer") for use in this Official Statement. Reference is made to APPENDIX G for a specimen of the Municipal Bond Insurance Policy. Neither the Authority, the City, nor the Underwriter makes any representation as to the accuracy or completeness of this information or as to the absence of material adverse changes in this information subsequent to the date hereof.]

[TO COME]

THE CITY; CITY FINANCES

The Bonds are limited obligations of the Authority payable solely from the Revenues, which consist primarily of the Rental Payments to be made by the City to the Authority pursuant to the Facilities Lease. The City is obligated to make such payments from any lawfully available funds of the City, including without limitation, amounts available from the City's General Fund. The ability of the City to pay the Rental Payments when due is dependent on the financial condition of the City. The following information addresses the governance of the City, its financial condition, and its sources of funds for payment of the Rental Payments.

General

The City of Madera is located in the Central Valley of California, approximately 240 miles northwest of Los Angeles, 166 miles southeast of San Francisco, and 22 miles northwest of Fresno on State Highway 99. The City is approximately 10.3 square miles in total area and, as of January 2018, had a population estimated by the State Department of Finance of 66,225 persons.

Municipal Government

The City was incorporated in 1907 and operates as a general law city under the council-manager form of government. Policy-making and legislative authority are vested in the City Council consisting of a seven elected Council members. The Mayor and Mayor Pro Tem are selected from among the City Council by the members. The Council is responsible for, among other matters, passing ordinances, adopting the City budget, appointing committees, and hiring the City Manager and the City Attorney. The Council

is elected on a non-partisan basis. The City Council members are elected by the voters of the City to serve overlapping four-year terms at elections held every 2 years.

Members of the City Council and key administrative personnel of the City are listed at the front of this Official Statement.

Municipal functions include police and fire protection, water service, sewer service, drainage service, solid waste disposal, highways and streets, youth services, public improvements, parks and recreation services, community redevelopment and general administrative services. The City has approximately 236 full-time employees and 127 part-time employees.

Audited Financial Statements

The City's financial statements for the year ended June 30, 2018, are included in this Official Statement as Appendix B. The financial statements should be read in their entirety. The City's financial statements were audited by the independent accounting firm of Price Paige & Company, Accountancy Corporation (the "Auditor").

The Auditor has not reviewed this Official Statement, and the City has not sought the consent of the Auditor to the inclusion of the Auditor's report in this Official Statement. The City did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

Copies of the City's audited financial statements for prior years are available upon written request directed to: Director of Financial Services, City of Madera, 205 W. 4th Street, Madera, California 93637.

General Fund Revenues and Expenditures

The General Fund is used to account for all financial transactions not restricted for specific uses by resolution, ordinance, or general laws and accounted for in another fund. The following table presents a summary of revenues, expenditures and fund balances of the City's General Fund for fiscal years 2014-15 through 2017-18, as reported in the City's annual financial statements[, and budgeted amounts for fiscal year 2018-19].

CITY OF MADERA
Summary of General Fund Revenues, Expenditures and Changes in Fund Balances
for Fiscal Years 2014-15 through 2017-18 (Audited) [and 2018-19 (Budget)]

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>[Budget 2018-19]</u>
REVENUES					
Property Taxes	\$ 3,087,520	\$ 3,115,740	\$ 3,696,995	\$ 3,467,163	\$3,692,000
Sales and Use Taxes†	5,638,847	6,506,004	8,741,373	13,262,908	13,200,000
Other Taxes	1,222,063	1,231,995	1,321,157	1,298,932	
Use of money and property	175,354	551,138	205,668	233,178	
Franchise Taxes	612,474	678,438	649,415	666,238	
Licenses and permits	595,255	646,800	701,825	1,049,103	
Fines	960,889	912,398	734,193	578,255	
Intergovernmental	8,971,429	7,672,196	6,892,226	6,913,636	
Charges for current services	4,130,662	1,155,445	1,360,859	1,378,363	
Miscellaneous	375,143	336,475	604,836	634,370	
TOTAL REVENUES	25,769,636	22,806,629	24,908,547	29,482,146	
EXPENDITURES					
Current:					
General government	4,873,445	2,959,739	1,659,616	2,010,569	
Public protection	13,452,053	14,549,630	14,833,735	16,842,253	
Social services	--	--	405,251	309,121	
Public ways and facilities	1,958,448	2,229,821	2,687,550	2,863,024	
Community development	4,046,573	3,795,507	2,709,786	2,937,494	
Culture and recreation	3,425,208	3,392,870	3,831,163	3,800,416	
Capital outlay	91,429	1,417,918	829,037	1,422,672	
Debt service					
Principal	73,898	222,577	400,658	1,276,749	
Interest	59,614	78,223	87,410	57,429	
TOTAL EXPENDITURES	27,980,668	28,646,285	27,444,206	31,519,727	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,211,032)	(5,839,656)	(2,535,659)	(2,037,581)	
OTHER FINANCING SOURCES (USES)					
Transfers in	4,916,541	6,371,060	4,194,996	4,128,980	
Transfers out	(1,539,579)	(1,613,901)	(854,610)	(772,244)	
Sales of capital assets	--	9,969	37,027	41,691	
Capital lease	--	1,540,065	--	--	
Proceeds from long-term debt	--	--	--	895,900	
TOTAL OTHER FINANCING SOURCES (USES)	3,376,962	6,307,193	3,377,413	4,294,327	
NET CHANGE IN FUND BALANCES	1,165,930	467,537	841,754	2,256,746	
Fund balance - beginning	12,849,813	--	--	--	
Prior period adjustments	(57,334)	--	--	--	
Fund balance – beginning (restated)	<u>12,792,479</u>	<u>13,980,413</u>	<u>14,598,348</u>	<u>15,791,602</u>	
Fund balance - ending	\$13,958,409	\$14,447,950	\$15,440,102	\$18,048,348	

† Includes a voter approved local ½ cent transactions and use tax (Measure K) collected for various general governmental services. Collection of this tax commenced April 1, 2017, and the authorization to levy and collect it continues until terminated by the voters. The amount of Measure K taxes collected in Fiscal Year 2017-18 was \$4,478,109 and is projected to be \$5,000,000 in Fiscal Year 2018-19. See also “– Sales and Use Taxes; Transactions and Use Taxes” below.

Source: City of Madera

Principal Sources of General Fund Revenues

For Fiscal Year 2018-19, the City projects property tax revenues of approximately \$9.2 million, or 24.9% of General Fund revenues; sales tax revenues of approximately \$8.2 million, or 22.1% of General Fund revenues; and transactions and use tax (Measure K) revenues of approximately \$4.2 million, or 11.4% of General Fund Revenues. Other significant sources of funding for the General Fund and their approximate percentage for Fiscal Year 2018-19, as projected by the City, are: administrative overhead charged to other City funds, 4.2%; transient occupancy taxes, 2.1%; gas tax, 1.8%; Measure T (a county transportation transactions and use tax), 2.3%; engineering department capital project management charges, 2.4%; Community Development Block Grant, 2.3%. All together, these sources are projected to provide approximately 73.5% of General Fund Revenues in Fiscal Year 2018-19.

Property Taxes

Tax Levies, Collections and Delinquencies. City property taxes are assessed and collected by the County of Madera (the “County”) at the same time and on the same rolls as are County, school and special district property taxes. Taxes are levied for each fiscal year on taxable real and personal property that is situated in the City as of the preceding January 1. A supplemental roll is developed when property changes hands or new construction is completed that produces additional revenue.

Secured property taxes are due on November 1 and March 1 and become delinquent, if not paid by December 10 and April 10, respectively. A 10% percent penalty attaches to any delinquent payment for secured roll taxes. In addition, property on the secured roll with respect to which taxes are delinquent becomes tax-defaulted. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to auction sale by the County Tax Collector.

In the case of unsecured property taxes, a 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue beginning November 1st of the fiscal year, and a lien is recorded against the assessee. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on specific property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder’s Office in order to obtain a lien on specified property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Teeter Plan. The County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”), as provided for in the California Revenue and Taxation Code. Under the Teeter Plan, each participating local agency levying property taxes is credited the amount of uncollected taxes in the same manner as if the amount credited had been collected. In return, the County receives and retains delinquent payments, penalties and interest as collected, which otherwise would have been due to the local agency.

The Teeter Plan is to remain in effect unless the County Board of Supervisors orders its discontinuance or unless, prior to the commencement of the County’s fiscal year, the Board of Supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in the County. The Board of Supervisors may, after holding a public hearing on the matter, discontinue the procedures with respect to any tax levying agency or assessment levying agency in the County if the rate of secured tax delinquency in that agency in any year exceeds three percent of the total of all taxes and assessments levied on the secured rolls in that agency.

The rate of tax that the City receives is determined by a formula prepared by the County Auditor, in accordance with the laws of the State. The City receives its proportionate share of property taxes in several installments commencing November 30 of each calendar year. As long as the Teeter Plan remains in effect, the City will receive 100% of the annual installments of tax levied on the secured roll without regard to the actual amount collected.

Assessed Valuation. The County Assessor values taxable property within the City, except unitary property, as of the January 1 lien date each year. Supplemental assessment of property occurs upon a change in ownership or completion of new construction after the lien date. Unitary property (consisting mostly of operational property owned by utility companies) is assessed by the State Board of Equalization.

Assessed valuations are reported at 100% of the “full cash value” of the property, as defined in Article XIII A of the California Constitution. In addition to adjustments because of change in ownership or new construction, the full cash value of property may be adjusted annually to reflect inflation at a rate not to exceed 2% per year or to reflect any reductions in the consumer price index or comparable local data or any reduction in the event of declining property value caused by damage, destruction or other factors, including a general economic downturn.

For assessment and collection purposes, property is classified either as “secured” or “unsecured” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State-assessed property and real property secured by a lien that is sufficient, in the opinion of the county assessor, to secure payment of the taxes. All other taxable property is assessed on the “unsecured roll,” which generally comprises all property not attached to land, such as personal property or business equipment not otherwise exempt from taxation.

The following table shows the assessed valuation of property within the City for the last twelve fiscal years.

CITY OF MADERA
Assessed Valuation
Fiscal Year 2007-08 through Fiscal Year 2018-19

Fiscal Year	Local Secured	Utility	Unsecured	Total	Annual % Change
2007-08	\$2,617,852,115	\$866,511	\$151,923,712	\$2,770,642,338	--
2008-09	2,838,003,560	866,511	172,495,696	3,011,365,767	8.69%
2009-10	2,418,644,149	757,205	199,005,115	2,618,406,469	(-13.05)
2010-11	2,211,212,326	769,547	187,886,779	2,399,868,652	(-8.35)
2011-12	2,192,769,707	769,547	197,479,259	2,391,018,513	(-0.37)
2012-13	2,186,888,703	769,547	205,647,538	2,393,305,788	0.10
2013-14	2,255,508,730	743,768	213,914,348	2,470,166,846	3.21
2014-15	2,383,285,195	743,768	200,566,825	2,584,595,788	4.63
2015-16	2,518,840,458	743,768	201,164,923	2,720,749,149	5.27
2016-17	2,622,651,945	743,768	221,973,452	2,845,369,165	4.58
2017-18	2,749,667,073	625,460	237,615,373	2,987,907,906	5.01
2018-19	2,936,557,354	625,460	280,734,337	3,217,917,151	7.70

Source: California Municipal Statistics, Inc.

Property Taxpayers. The following table shows the twenty largest secured tax payers in the City as determined by secured assessed valuation in fiscal year 2018-19:

CITY OF MADERA
Largest Local Secured Taxpayers
Fiscal Year 2018-19

	Property Owner	Primary Land Use	2018-19 Assessed Valuation	% of Total ⁽¹⁾
1.	David L. and Patricia R. Berry	Commercial and Residential	\$24,219,228	0.82%
2.	Oldcastle Precast Inc.	Industrial	19,672,228	0.67
3.	Sealed Air Corporation	Industrial	18,799,568	0.64
4.	John Bean Technologies Corp.	Industrial	15,693,763	0.53
5.	Eurodrip USA Inc.	Industrial	15,572,874	0.53
6.	Yosemite Point Partnership	Apartments	14,477,082	0.49
7.	HPC Hallmark Investors LP	Shopping Center	14,185,194	0.48
8.	Color Box LLC	Industrial	14,105,579	0.48
9.	Advanced Drainage Systems Inc.	Industrial	14,051,447	0.48
10.	CVS Caremark Corporation	Commercial	13,183,485	0.45
11.	DMP Development Corp.	Residential Properties	13,008,257	0.44
12.	BFP Partnership	Industrial	12,755,626	0.43
13.	Airport Drive Inv. LLC	Industrial	12,693,466	0.43
14.	Evapco Inc.	Industrial	12,200,637	0.42
15.	Q/S Tozer Avenue LLC	Commercial	11,960,384	0.41
16.	The Meadows MHC Holdings LP	Mobile Home Park	11,953,546	0.41
17.	Berry & Berry Inc.	Residential Properties	11,558,358	0.39
18.	Woodset Partners Inv. LLC	Assisted Living Facility	11,463,138	0.39
19.	HD Development of Maryland Inc.	Commercial	11,361,299	0.39
20.	Fawn Leong, Trustee	Apartments	11,043,871	0.38
Total			\$283,959,030	9.67%

⁽¹⁾ 2018-19 local secured assessed valuation: \$2,936,557,354

Source: California Municipal Statistics, Inc.

Property Tax Revenues. The following table shows the City's property tax revenues for Fiscal Years 2013-14 through 2017-18 and projected revenues for 2018-19:

PROPERTY TAX REVENUES
City of Madera
Fiscal Years 2013-14 through 2018-19
(In Rounded Thousands)

Fiscal Year	Total Revenue
2013-14	\$7,308,270
2014-15	7,409,000
2015-16	8,170,150
2016-17	9,003,653
2017-18	9,222,000
2018-19	9,222,000*

* Projected.

Source: City of Madera.

Sales and Use Taxes; Transactions and Use Taxes

Sales and Use Taxes. A sales and use tax is levied and collected statewide at the rate of 7.25%. Currently, of the 7.25% sales and use tax rate, 6.00% is levied for State purposes and 1.25% is levied for county and city general use. From that levy, the City receives an amount equal to what would be produced by a sales and use tax rate of 1.00%.

The following table shows the City’s sales and use tax revenues for Fiscal Years 2013-14 through 2017-18, together with projected revenues for Fiscal Year 2018-19.

SALES AND USE TAX REVENUES
City of Madera
Fiscal Years 2013-14 through 2018-19
(In Rounded Thousands)

Fiscal Year	Total Revenue
2013-14	\$7,149,903
2014-15	7,716,000
2015-16	8,175,967
2016-17	8,018,375
2017-18	8,457,260
2018-19	8,200,000*

* Projected.
Source: City of Madera.

Transactions and Use Taxes. Measure K. In November 2016, the voters of the City approved Measure K, which authorizes the levy of a local transactions and use tax at the rate of 0.50%. Measure K authorizes the City to use the taxes collected for improving and maintaining general governmental services, including police and fire protection. The City Council has adopted the policy to use half of the revenues for the support of fire protection services. The City has used Measure K funds to acquire land for a third fire station and expects to use them to pay debt service on the Bonds, which will finance the construction of the fire station. The City projects that Measure K will provide more than \$3.5 million in revenue per year.

The following table shows the City’s transactions and use tax revenues for Fiscal Years 2016-17 and 2017-18, together with projected revenues for Fiscal Year 2018-19.

TRANSACTIONS AND USE TAX REVENUES
(Measure K)
City of Madera
Fiscal Years 2016-17 through 2018-19
(In Rounded Thousands)

Fiscal Year	Total Revenue
2016-17	\$ 722,998
2017-18	4,478,109
2018-19	5,000,000*

* Projected.
Source: City of Madera.

Employee Relations

City employees are represented by four labor unions and associations, identified in the following table. Currently, 62% of City employees are represented by unions, with the General Bargaining Unit, which represents approximately 30% of all City employees, being the largest. The City has never experienced an employee work stoppage.

City employees are represented by employee bargaining units as follows:

**CITY OF MADERA
Employee Bargaining Units**

Bargaining Unit	Number of Members	Contract Expiration Date
General Bargaining Unit	111	June 30, 2019
Madera Police Officers' Association	75	June 30, 2019
Law Enforcement Mid Management Employee Group	5	June 30, 2019
Mid Management Employee Group	34	June 30, 2019

Source: City of Madera.

Pension Plans and Other Post-Employment Benefits

The City provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to its employees, retirees and other beneficiaries through its participation in the California Public Employees Retirement System (“CalPERS”). The City has two defined benefit pension plans, a Miscellaneous Plan and a Safety Plan. The Miscellaneous Plan is an Agent Multiple-Employer Plan, and the Safety Plan is a Cost-Sharing Multiple-Employer Plan. All qualified permanent and probationary employees are eligible to participate in either the City’s Safety Plan (police officers and fire fighters) or Miscellaneous Plan (all others), administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers.

Benefit provisions under the Plans are established by State statute and City resolution. Each Plan consists of individual rate plans (benefit tiers) within its risk pool (safety or miscellaneous). Plan assets may be used to pay benefits for any rate plan of the safety and miscellaneous pools. Accordingly, rate plans within each pool are not separate plans under GASB Statement No. 68. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

As of June 30, 2018, the City reported that its net pension liability for the Miscellaneous Plan was \$26,578,509 and that its Plan fiduciary net position as a percentage of the total pension liability was 68.24%. As of June 30, 2018, the City reported a net pension liability for its proportionate share of the net pension liability of the Safety Plan of \$18,807,385 and its Plan fiduciary net position as a percentage of the total pension as 68.95%. As of June 30, 2018, the City reported that the share of the combined net pension liability attributable to its governmental activities (and, therefore, payable out of its General Fund) was \$32,123,546.

For more information on the Plans and the risk pools, certain actuarial assumptions used, the annual pension cost, and the funded status, see “Note 8 – Pension Plans” and “Required Supplementary Information” to the City’s audited financial statements included in Appendix B.

As an employer, the City is required to contribute a percentage of payroll each year to CalPERS to fund the Plans based on actuarial valuations performed by CalPERS. For the fiscal year ended June 30, 2018, the City’s required employer contribution rate was 9.451% of covered payroll for the Miscellaneous Plan and was 19.723%, 16.842%, and 11.990%, respectively, of covered payroll for the three tiers of the Safety Plan. During the fiscal year ended June 30, 2018, the City contributed \$2,394,537 and \$1,942,249 to CalPERS for the Miscellaneous Plan and the Safety Plan, respectively. For the fiscal year ended June 30,

2019, the City is required to contribute ___% of covered payroll for the Miscellaneous Plan and __%, __%, and __%, respectively, of covered payroll for the three tiers of the Safety Plan. This results in an expected contribution by the City of \$_____ and \$_____ to the Miscellaneous Plan and the Safety Plan, respectively, for such fiscal year. \$4,163,451

The amount the City is required to contribute to CalPERS is expected to increase in the future. The actual amount of such increases will depend on a variety of factors, including but not limited to investment returns, actuarial methods and assumptions, experience and retirement benefit adjustments. While the City has some ability to adjust the retirement benefits provided to its employees, CalPERS determines the actuarial methods and assumptions used with respect to assets administered by CalPERS (including the City Plans assets) and makes the investment decisions with respect to such assets. For a description of such actuarial methods and assumptions (including the smoothing conventions used by CalPERS when setting employer contribution rates) and investments, see the comprehensive annual financial report of CalPERS available on its website at www.calpers.ca.gov. The City cannot guaranty the accuracy of such information. Actuarial assessments are “forward-looking” information that reflect the judgment of the fiduciaries of the pension plans and are based upon a variety of assumptions, one or more of which may prove to be inaccurate or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

The City also provides certain post-retirement health care benefits. The City funds such benefits on a pay-as-you-go basis. The City paid \$258,666 and \$111,633 for such health care benefits for the fiscal years ended June 30, 2018, and 2017, respectively. As of June 30, 2018, the City reported that its net OPEB obligation was \$3,169,504. For more information on the City’s post-retirement health care benefits, see “Note 9 -- Other Post-Employment Benefits (OPEB) Obligations” to the City’s audited financial statements included in Appendix B.

Long-Term General Fund Obligations

The City’s long-term liabilities attributable to its governmental activities (and, therefore, payable out of its General Fund) relate to the acquisition of capital assets. The following table lists the outstanding principal balances as of June 30, 2018, of the City’s long-term obligations that are payable from the General Fund.

**CITY OF MADERA
Long-Term General Fund Obligations
(As of June 30, 2018)**

Obligation	Principal Balance
Capital Leases	
Madera Youth Center	\$ 185,000
Police In-car Camera lease	42,331
ERP System and Fire Truck	795,933
Total capital leases	\$1,023,325
Loans Payable	
Police Facility Commercial Loan	\$841,400
PG&E Energy Efficiency Retrofit loan	22,154
Total loans payable	\$ 863,554
Total	\$1,886,879

Source: City of Madera.

The police facility lease terminates in fiscal year 2025-26. The other leases and loans terminate between fiscal years 2018-19 and 2020-21. The maximum annual debt service on all of the City's long-term General Fund obligations, excluding the Bonds, is \$690,922, which falls to \$130,497 in fiscal year 2021-22. See APPENDIX B—"AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2018—Notes to Financial Statements—Note 7—Long-Term Liabilities."

The City does not have any outstanding general obligation bonds or any authorized but unissued general obligation bonds.

Direct and Overlapping Debt

Set forth on the following page is a statement of direct and overlapping bonded debt (the "Debt Report") prepared by California Municipal Statistics, Inc. and dated April 1, 2019. The Debt Report is included for general information purposes only. The City has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the City in whole or in part. Such long-term obligations generally are not payable from revenues of the City (except as indicated) nor are they necessarily obligations secured by land within the City. In many cases, long-term obligations issued by a public agency are payable only from the General Fund or other revenues of such public agency. Self-supporting revenue bonds, tax allocation bonds and non-bonded capital lease obligations are excluded from the Debt Report.

CITY OF MADERA
Statement of Direct and Overlapping Bonded Debt
Dated as of April 1, 2019

2018-19 Assessed Valuation: \$3,217,917,151

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	% Applicable	Debt 4/1/2019
State Center Community College District	3.763%	\$6,565,871
Madera Unified School District	49.114	53,797,727
City of Madera Community Facilities District No. 2006-1	100.000	2,389,616
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$62,753,214
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Madera County Certificates of Participation	22.347	\$2,251,520
Madera County Office of Education Certificates of Participation	22.347	4,641,965
Madera Unified School District Certificates of Participation	49.114	43,456,067
City of Madera Certificates of Participation	100.000	2,298,900 ⁽¹⁾
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$52,648,452
OVERLAPPING TAX INCREMENT DEBT		35,510,000
COMBINED TOTAL DEBT:		\$150,911,666 ⁽²⁾

(1) Excludes the Bonds described in this Official Statement.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations

Ratios to 2018-19 Assessed Valuation:

Total Direct and Overlapping Tax and Assessment Debt.....	1.95%
Combined Direct Debt	0.07
Combined Total Debt	4.69

Ratios to Redevelopment Incremental Valuation (\$1,048,468,466)

Total Overlapping Tax Increment Debt.....	3.39%
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Source: California Municipal Statistics, Inc.

Future Financings

The City may from time to time issue additional obligations payable from the General Fund, however, the City does not anticipate issuing any lease revenue bonds, certificates of participation or other indebtedness that would be payable from General Fund revenues in Fiscal Year 2019-20.

Risk Management

The City is a member of the Central San Joaquin Valley Risk Management Authority (CSJVRMA), a public entity risk pool for workers' compensation and general liability insurance. With respect to general liability, the City is responsible for the first \$100,000 of any loss and CSJVRMA is responsible for losses above that amount up to \$1,000,000. CSJVRMA carries a purchased excess commercial liability policy of \$28,000,000 in excess of its \$1,000,000 retention limit to cover losses up to \$29,000,000. CSJVRMA also provides \$_____ aggregate per occurrence property coverage to its members with such coverage provided by purchased insurance. CSJVRMA will also provide the builder's risk insurance for the Project and will provide the rental abatement insurance required by the Facilities Lease.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS

Article XIII A of the California Constitution

On June 6, 1978, California voters approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the California Constitution. This amendment, which added Article XIII A to the California Constitution, among other things affects the valuation of real property for the purpose of taxation in that it defines the full cash property value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value," or thereafter, the appraised value of real property newly constructed, or when a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or a reduction in the consumer price index or comparable local data at a rate not to exceed 2% per year, or reduced in the event of declining property value caused by damage, destruction or other factors including a general economic downturn. The amendment further limits the amount of any *ad valorem* tax on real property to one percent of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the votes cast by the voters voting on the proposition.

Legislation enacted by the California Legislature to implement Article XIII A provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100% of assessed value and all general tax rates reflect the \$1 per \$100 of taxable value. Tax rates for voter approved bonded indebtedness and pension liability are also applied to 100% of assessed value.

Since its adoption, Article XIII A has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be assessed when purchased, newly constructed or a change in ownership has occurred. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property has been destroyed in a declared disaster and certain improvements to accommodate disabled persons and for seismic upgrades to property. These amendments have resulted in marginal reductions in the property tax revenues of the City.

Both the California State Supreme Court and the United States Supreme Court have upheld the validity of Article XIII A.

Article XIII B of the California Constitution

On November 6, 1979, California voters approved Proposition 4, the Gann Initiative, which added Article XIII B to the California Constitution. In June 1990, Article XIII B was amended by the voters through their approval of Proposition 111. Article XIII B of the California Constitution limits the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population and services rendered by the governmental entity. The “base year” for establishing such appropriation limit is fiscal year 1978-79. Increases in appropriations by a governmental entity are also permitted (1) if financial responsibility for providing services is transferred to the governmental entity, or (2) for emergencies so long as the appropriations limits for the three years following the emergency are reduced to prevent any aggregate increase above the Constitutional limit. Decreases are required where responsibility for providing services is transferred from the government entity.

Appropriations subject to Article XIII B include generally any authorization to expend during the fiscal year the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. Appropriations subject to limitation pursuant to Article XIII B do not include debt service on indebtedness existing or legally authorized as of January 1, 1979, on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose, appropriations required to comply with mandates of courts or the Federal government, appropriations for qualified outlay projects, and appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. “Proceeds of taxes” include, but are not limited to, all tax revenues and the proceeds to any entity of government from (1) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation, (2) the investment of tax revenues and (3) certain State subventions received by local governments. As amended by Proposition 111, the appropriations limit is tested over consecutive two-year periods. Any excess of the aggregate “proceeds of taxes” received by the City over such two-year period above the combined appropriations limits for those two years is to be returned to taxpayers by reductions in tax rates or fee schedules over the subsequent two years.

As amended in June 1990, the appropriations limit for the City in each year is based on the limit for the prior year, adjusted annually for changes in the costs of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to or from another unit of government. The change in the cost of living is, at the City’s option, either (1) the percentage change in California per capita personal income, or (2) the percentage change in the local assessment roll for the jurisdiction due to the addition of nonresidential new construction. The measurement of change in population is a blended average of statewide overall population growth, and change in attendance at local school and community college (“K-14”) districts.

Article XIII B permits any government entity to change the appropriations limit by vote of the electorate in conformity with statutory and Constitutional voting requirements, but any such voter-approved change can only be effective for a maximum of four years.

The City’s appropriations limit for Fiscal Year 2005-06 was \$41,154,806, and the amount shown in the final budget for that year as the appropriations subject to limitation was \$37,699,436. The City’s appropriations limit for Fiscal Year 2006-07 is \$43,418,321, and the amount shown in the final budget as the appropriations subject to limitation is \$40,932,913.

Proposition 218

On November 5, 1996, the voters of the State approved Proposition 218, known as the “Right to Vote on Taxes Act.” Proposition 218 added Articles XIII C and XIII D to the California Constitution, which contain a number of provisions affecting the ability of cities and counties to levy and collect both existing and future taxes, assessments, fees and charges.

Article XIII C requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the City require a majority vote and taxes for specific purposes, even if deposited in the City’s General Fund, require a two-thirds vote. The voter approval requirements of Proposition 218 reduce the flexibility of the City Council to raise revenues for the General Fund, and no assurance can be given that the City will be able to impose, extend or increase such taxes in the future to meet increased expenditure requirements. In addition, Article XIII D contains new provisions relating to how local agencies may levy and maintain “assessments” for municipal services and programs. “Assessment” is defined to mean any levy or charge upon real property for a special benefit conferred upon the real property. This definition applies to landscape and maintenance assessments for open space areas, street medians, street lights and parks.

Article XIII D also contains several provisions affecting “fees” and “charges,” defined for purposes of Article XIII D to mean “any levy other than an *ad valorem* tax, a special tax, or an assessment, imposed by a local government upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service.” All new and existing property related fees and charges must conform to requirements prohibiting, among other things, fees and charges which (i) generate revenues exceeding the funds required to provide the property related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) are for a service not actually used by, or immediately available to, the owner of the property in question, or (iv) are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The City must then hold a hearing upon the proposed imposition or increase, and if written protests against the proposal are presented by a majority of the owners of the identified parcels, the City may not impose or increase the fee or charge. Moreover, except for fees or charges for sewer, water and refuse collection services, or fees for electrical and gas service, which are not treated as “property related” for purposes of Article XIII D, no property related fee or charge may be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the local agency, two-thirds voter approval by the electorate residing in the affected area.

In addition to the provisions described above, Article XIII C removed many of the limitations on the initiative power in matters of reducing or repealing any local tax, assessment, fee or charge. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City’s General Fund. “Assessment,” “fee” and “charge” are not defined in Article XIII C, and it is not clear whether the definitions of these terms in Article XIII D (which are generally property related as described above) would be applied to Article XIII C. If the Article XIII D definitions are not held to apply to Article XIII C, the initiative power could potentially apply to revenue sources that currently constitute a substantial portion of General Fund revenues. No assurance can be given that the voters of the City will not, in the future, approve initiatives which repeal, reduce or prohibit the future imposition or increase of local taxes, assessments, fees or charges.

In addition, Proposition 218 added several requirements making it generally more difficult for counties and other local agencies to levy and maintain assessments for municipal services and programs.

Finally, Proposition 218 requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general government purposes of the City require a majority vote and taxes for specific purposes only require a two-thirds vote. The voter approval requirements reduce the flexibility of the City Council to deal with fiscal problems by raising revenue and no assurance can be given that the City will be able to raise taxes in the future to meet increased expenditure requirements.

Proposition 1A

The California Constitution and existing statutes give the legislature authority over property taxes, sales taxes and the motor vehicle license fee (VLF). The legislature has authority to change tax rates, the items subject to taxation and the distribution of tax revenues among local governments, schools, and community college districts. The State has used this authority for many purposes, including increasing funding for local services, reducing State costs, reducing taxation, addressing concerns regarding funding for particular local governments, and restructuring local finance.

The California Constitution generally requires the State to reimburse local governments when the State “mandates” a new local program or higher level of service. During periods of economic downturn, the State did not provide reimbursements for many mandated costs. In other cases, the State “suspended” mandates, eliminating both responsibility of the local governments for complying with the mandate and the need for State reimbursements.

On November 3, 2004, the voters of the State approved Proposition 1A, which amended the California Constitution to, among other things, reduce the State Legislature’s authority over local government revenue sources by placing restrictions on the State’s access to local government’s property, sales and vehicle license fee revenues.

Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to a city, county, or special district for any fiscal year under the laws in effect as of November 3, 2004. The measure also specifies that any change in how property tax revenues are shared among local governments within a county must be approved by two-thirds of both houses of the Legislature (instead of by majority vote).

If the State reduces the VLF rate below its current level of 0.65% of the vehicle value, Proposition 1A requires the State to provide local governments with equal replacement revenues. Proposition 1A provides two significant exceptions to the above restrictions regarding sales and property taxes. *First*, beginning in Fiscal Year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues if: the Governor proclaims that the shift is needed due to a severe State financial hardship, the legislature approves the shift with a two-thirds vote of both houses and certain other conditions are met. The State must repay local governments for their property tax losses, with interest, within three years. *Second*, Proposition 1A allows the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county.

Proposition 1A amends the California Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. Beginning in Fiscal Year 2005-06, if the State does not provide funding for the activity that has been determined to be mandated, the requirement on cities, counties or special districts to abide by the mandate would be suspended. In addition, Proposition 1A expands the definition of what constitutes a mandate to encompass State action that transfers to cities, counties and special districts financial responsibility for a required program for which the State previously had complete or partial financial responsibility. This provision does not apply to mandates relating to schools or community colleges, or to those mandates relating to employee rights.

Proposition 1A restricts the State’s authority to reallocate local tax revenues to address concerns regarding funding for specific local governments or to restructure local government finance. For example, the State could not enact measures that changed how local sales tax revenues are allocated to cities and counties. In addition, measures that reallocated property taxes among local governments in a county would require approval by two-thirds of the members of each house of the legislature (rather than a majority vote). As a result, Proposition 1A could result in fewer changes to local government revenues than otherwise would have been the case.

Future Initiatives

Article XIII A, Article XIII B, Proposition 218 and Proposition 1A were each adopted as measures that qualified for the ballot pursuant to the State’s initiative process. From time to time, other initiative measures could be adopted, which may place further limitations on the ability of the State, the City or local districts to increase revenues or to increase appropriations, which may affect the City’s revenues or its ability to expend its revenues.

CERTAIN RISK FACTORS

The following factors, along with the other information in this Official Statement, should be considered by potential investors in evaluating the purchase of Bonds. However, the following does not purport to be an exhaustive listing of risks and other considerations, which may be relevant to investing in the Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

Limited Obligation

The Bonds are not City debt and are limited obligations of the Authority. Neither the full faith and credit of the Authority nor the City is pledged for the payment of the interest on or principal of the Bonds nor for the payment of Rental Payments. The Authority has no taxing power. The obligation of the City to pay Rental Payments when due is an obligation payable from amounts in the General Fund of the City. The obligation of the City to make Rental Payments under the Facilities Lease does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Neither the Bonds nor the obligation of the City to make Rental Payments under the Facilities Lease constitute a debt or indebtedness of the Authority, the City, the State or any of its political subdivisions, within the meaning of any constitutional or statutory debt limitation or restrictions.

Rental Payments Not a Debt of the City

The Rental Payments due under the Facilities Lease (and insurance, payment of costs of repair and maintenance of the Leased Property, taxes and other governmental charges and assessments levied against the Leased Property) are not secured by any pledge of taxes or any other revenues of the City but are payable from any funds lawfully available to the City. The City may incur other obligations in the future payable from the same sources as the Rental Payments. In the event the City’s revenue sources are less than its total obligations, the City could choose to fund other municipal services before making Rental Payments. The same result could occur if, because of State constitutional limits on expenditures, the City is not permitted to appropriate and spend all of its available revenues. The City’s appropriations, however, have never exceeded the limitations on appropriations under Article XIII B of the California Constitution. For information on the City’s current limitations on appropriations, see “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS—Article XIII B of the California Constitution.”

Valid and Binding Covenant to Budget and Appropriate

Pursuant to the Facilities Lease, the City covenants to take such action as may be necessary to include Rental Payments due in its annual budgets and to make necessary appropriations for all such payments. Such covenants are deemed to be duties imposed by law, and it is the duty of the public officials of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform such covenants. A court, however, in its discretion may decline to enforce such covenants. Upon issuance of the Bonds, Bond Counsel will render its opinion (substantially in the form of APPENDIX D–“PROPOSED FORM OF BOND COUNSEL OPINION”) to the effect that, subject to the limitations and qualifications described therein, the Facilities Lease constitutes a valid and binding obligation of the City. As to the Authority’s practical realization of remedies upon default by the City, see “–Limitations on Remedies.”

Abatement of Rental Payments

In the event of loss or substantial interference in the use and occupancy of the Leased Property by the City caused by damage or destruction or condemnation of the Leased Property, Rental Payments will be subject to abatement. In the event that the Leased Property or any component thereof, if damaged or destroyed by an insured casualty, could not be replaced during the period of time that proceeds of the City’s rental abatement insurance will be available in lieu of Rental Payments plus the period for which funds are available from the Reserve Fund or the Revenue Fund, or in the event that casualty insurance proceeds or condemnation proceeds are insufficient to provide for complete repair or replacement of the Leased Property or such component of the Leased Property or redemption of the Bonds, there could be insufficient funds to make payments to Owners in full. See APPENDIX C–“SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS–FACILITIES LEASE–Abatement of Rental.”

It is not possible to predict the circumstances under which such an abatement of rental may occur. In addition, there is no statute, case or other law specifying how such an abatement of rental should be measured. For example, it is not clear whether fair rental value is established as of commencement of the lease or at the time of the abatement. If the latter, it may be that the value of the Leased Property is substantially higher or lower than its value at the time of the execution and delivery of the Bonds. Abatement, therefore, could have an uncertain and material adverse effect on the security for and payment of the Bonds.

Limited Recourse on Default

Upon the occurrence of one of the “events of default” described below, the City will be deemed to be in default under the Facilities Lease and the Trustee, as the assignee of the Authority, may exercise any and all remedies available pursuant to law or granted pursuant to the Facilities Lease. Upon any such default, including a failure to pay Rental Payments, the Authority may either (1) terminate the Facilities Lease and seek to recover certain damages or (2) without terminating the Facilities Lease, (i) continue to collect rent from the City on an annual basis by seeking a separate judgment each year for that year’s defaulted Rental Payments and/or (ii) reenter the Leased Property and relet it. In the event of default, there is no right to accelerate the total Rental Payments due over the term of the Facilities Lease, and the Trustee has no possessory interest in the Leased Property and is not empowered to sell the Leased Property.

Events of default under the Facilities Lease include (i) the failure of the City to make rental payments under the Facilities Lease when the same become due and payable, (ii) the failure of the City to keep, observe or perform any term, covenant or condition of the Facilities Lease to be kept or performed by the City for a period of 30 days after notice of the same has been given to the City, and (iii) the bankruptcy or insolvency of the City.

Upon a default, the Trustee may elect to proceed against the City to recover damages pursuant to the Facilities Lease. Any suit for money damages would be subject to statutory and judicial limitations on lessors' remedies under real property leases, other terms of the Facilities Lease and limitations on legal remedies against public agencies in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest.

Limitations on Remedies

The rights of the Owners of Bonds are subject to the limitations on legal remedies against counties in the State, including applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights generally, now or hereafter in effect, and to the application of general principles of equity, including concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law.

Under Chapter 9 of the Bankruptcy Code (Title 11, United States Code), which governs the bankruptcy proceedings for public agencies such as the City, there are no involuntary petitions in bankruptcy. If the City were to file a petition under Chapter 9 of the Bankruptcy Code, the Owners of Bonds, the Trustee and the Authority could be prohibited from taking any steps to enforce their rights under the Facilities Lease, and from taking any steps to collect amounts due from the City under the Facilities Lease.

All legal opinions with respect to the enforcement of the Facilities Lease and the Trust Agreement will be expressly subject to a qualification that such agreements may be limited by bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting creditors' rights generally and by applicable principles of equity if equitable remedies are sought.

Risk of Earthquake and Other Natural Disasters

Earthquake. There are several active geologic faults in the State that have potential to cause serious earthquakes that could result in damage within the City and to the Leased Property, buildings, roads, bridges, and other property. While the City is not currently located in any existing special study zone, defined in the Alquist-Priolo Earthquake Zoning Act, which requires the State Division of Mines and Geology to delineate all known active faults and establish minimum set back distances for the construction of habitable structures near active fault zones, it is possible that new geologic faults could be discovered in the area and that an earthquake occurring on such faults could result in damage of varying degrees of seriousness to property and infrastructure in the City, including the Leased Property.

The Leased Property was designed to the seismic standards existing at the time of original construction. The Facilities Lease does not require the City to maintain insurance on the Leased Property against earthquakes. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Insurance" and "THE CITY; CITY FINANCES—Risk Management."

Risk of Flooding. Flood insurance rate maps ("FIRMs") for the City of Madera, with an effective date of September 26, 2008, available from the Federal Emergency Management Agency ("FEMA") Flood Map Service Center, indicated that, other than the channel of the Fresno River, land within the City is mapped either within the boundaries of the 500-year floodplain (the area that would be inundated during a flood event of the magnitude for which there is a 0.2% (or 1-in-500) probability in any year) or in areas of minimal flood hazard (at elevations higher than the 500-year floodplain).

The City has not been informed by FEMA that the issuance of updated flood maps is imminent. The City makes no representation that FEMA will not issue revised FIRMs that place the City within a higher risk zone.

The City is self-insured for risk of flooding for assets of the City.

Hazardous Substances

In general, the owners and operators of real property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as “CERCLA” or the “Superfund Act,” is the most well-known and widely applicable of these laws, but State laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) of the property is obligated to remedy a hazardous substance condition whether or not the owner (or operator) has anything to do with creating or handling the hazardous substance. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the finances of the City.

Further, it is possible that liabilities may arise in the future resulting from the existence, currently, on City owned property of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it.

Although the City handles, uses and stores and will handle, use and store certain hazardous substances, including but not limited to, solvents, paints, certain other chemicals on or near the Leased Property, the City knows of no existing hazardous substances which require remedial action on or near the Leased Property. However, it is possible that such substances do currently or potentially exist and that the City is not aware of them.

Limited Liability of Authority to the Owners

Except as expressly provided in the Trust Agreement, the Authority will not have any obligation or liability to the Owners of the Bonds with respect to the payment when due of the Rental Payments by the City, or with respect to the performance by the City of other agreements and covenants required to be performed by it contained in the Facilities Lease or the Trust Agreement, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Trust Agreement.

Risk of Tax Audit

In December 1999, as a part of a larger reorganization of the Internal Revenue Service (the “IRS”), the IRS commenced operation of its Tax Exempt and Government Entities Division (the “TE/GE Division”), as the successor to its Employee Plans and Exempt Organizations division. The new TE/GE Division has a subdivision that is specifically devoted to tax-exempt bond compliance. Public statements by IRS officials indicate that the number of tax-exempt bond examinations (which would include the issuance of securities such as the Bonds) is expected to increase significantly under the new TE/GE Division. There is no assurance that if an IRS examination of the Bonds was undertaken that it would not adversely affect the market value of the Bonds. See “TAX MATTERS.”

Effect of the State Budget on the City

In past years, the State experienced significant financial stress, with budget shortfalls in the billions of dollars. State revenues declined significantly as a result of economic conditions and other factors. While the State is not a significant source of City revenues, and the City does not anticipate that the State's financial condition will materially adversely affect the financial condition of the City, there can be no assurances that State financial pressures will not adversely affect the City.

Information about the State budget is available through various State-maintained websites. Historical State budgets can be found at http://www.dof.ca.gov/budget/historical_ebudgets, while the current budget can be found at <http://www.ebudget.ca.gov>. Additionally, budget analyses are regularly posted on the website of the Legislative Analyst's Office at www.lao.ca.gov.

The information referred to above is prepared by the State agency maintaining each website and not by the City, and the City takes no responsibility for the continued accuracy of the internet addresses or the accuracy, completeness, or timeliness of information posted there. Information on these websites is not incorporated by reference into this Official Statement.

Secondary Markets and Prices

The Underwriter will not be obligated to repurchase any of the Bonds, and no representation is made concerning the existence of any secondary market for the Bonds. No assurance can be given that any secondary market will develop following the completion of the offering of the Bonds, and no assurance can be given that the initial offering prices for the Bonds will continue for any period of time.

Changes in Law

There can be no assurance that the electorate of the State will not at some future time adopt additional initiatives or that the Legislature will not enact legislation that will amend the laws or the Constitution of the State resulting in a reduction of the General Fund revenues of the City and consequently, having an adverse effect on the security for the Bonds.

CERTAIN LEGAL MATTERS

The proceedings in connection with the issuance of the Bonds are subject to the approval as to their legality of Kronick, Moskovitz, Tiedemann & Girard, A Professional Corporation, Sacramento, California, Bond Counsel for the Authority. The opinion of Bond Counsel with respect to the Bonds will be delivered in substantially the form attached hereto as Appendix D. Certain legal matters will also be passed upon for the Authority by Kronick, Moskovitz, Tiedemann & Girard, A Professional Corporation, as Disclosure Counsel.

TAX MATTERS

In the opinion of Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, Sacramento, California, Bond Counsel, based upon the analysis of existing statutes, regulations, ruling and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is exempt from State of California personal income taxes and is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. A complete copy of the proposed form of Opinion of Bond Counsel is set forth in Appendix D.

The Internal Revenue Code of 1986, as amended, (the “Code”) imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Authority and the City have made certain representations and has covenanted to comply with certain restrictions designed to assure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in federal gross income, possibly from the date of issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after that date of issuance of the Bonds may adversely affect the tax status of interest on the Bonds.

Although Bond Counsel expects to render an opinion that interest on the Bonds is excludable from gross income for federal income tax purposes and exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Beneficial Owner’s federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the beneficial owner or the beneficial owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

In addition, no assurance can be given that any future legislation, including amendments to the Code, if enacted into law, or changes in interpretation of the Code, will not cause interest on the Bonds to be subject, directly or indirectly, to federal and/or state income taxation, or otherwise prevent Beneficial Owners of the Bonds from realizing the full current benefit of the tax status of such interest. Prospective purchasers of the Bonds should consult their own tax advisers regarding any pending or proposed federal and/or state tax legislation. Further, no assurance can be given that the introduction or enactment of any such future legislation, or any action of the Internal Revenue Service (“IRS”), including but not limited to regulation, ruling, or selection of the Bonds for audit examination, or the course or result of any IRS examination of the Bonds, or obligations that present similar tax issues, will not affect the market price or liquidity of the Bonds.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditor’s rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

ABSENCE OF MATERIAL LITIGATION

At the time of delivery of and payment for the Bonds, the Authority and the City will each certify that there is no action, suit, litigation, inquiry or investigation before or by any court, governmental agency, public board or body served, or to the best knowledge of the City or the Authority threatened, against the City or the Authority in any material respect affecting the existence of the City or the Authority or the titles of their officers to their respective offices or seeking to prohibit, restrain or enjoin the sale or delivery of the Bonds, the execution and delivery of the Trust Agreement, the Facilities Lease, the Site Lease, the Escrow Agreement or the payment of Rental Payments or challenging, directly or indirectly, or the proceedings to lease the Leased Property from the Authority.

Various legal actions are pending against the City. The aggregate amount of the uninsured liabilities of the City that may result from all legal claims currently pending against it will not, in the opinion of the City, materially affect the City’s finances or impair its ability to make Rental Payments under the Facilities Lease.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of holders and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the City (the “Annual Report”) not later than March 31 of each year commencing with the report due March 31, 2020 (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events. The Annual Report and event notices are to be filed by the City with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access System (EMMA). The specific nature of the information to be contained in the Annual Report and in the event notices is described in Appendix E – “Form of Continuing Disclosure Certificate.” These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the “Rule”). The City and its related governmental entities, including the City acting as the Successor Agency to the former Madera Redevelopment Agency, have previously entered into numerous disclosure undertakings under the Rule in connection with the issuance of long-term obligations. During the past five years, the City and/or its related governmental entities have failed to comply with their continuing disclosure undertakings under the Rule as follows:

- Audited financial statements required for certain undertakings for Fiscal Year 2012-13 were filed late;
- Certain operating/financial information required for certain undertakings for Fiscal Years 2012-13, 2013-14, and 2015-16 was not included in the applicable annual report (but later filed pursuant to a supplemental report) and/or the applicable annual report was filed late.

MUNICIPAL ADVISOR

The Authority has retained Del Rio Advisors, LLC of Modesto, California, as municipal advisor (the “Municipal Advisor”) in connection with the offering of the Bonds. All financial and other information presented in this Official Statement has been provided by the Authority and others from their records. Unless otherwise footnoted, the Municipal Advisor takes no responsibility for the accuracy or completeness of the data provided by the Authority or others and has not undertaken to make an independent verification or does not assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Municipal Advisor has assisted the Authority with the structure, timing and terms for the sale of the Bonds. The Municipal Advisor provides municipal advisory services only and does not engage in the underwriting, marketing, or trading of municipal securities or other negotiable instruments. The fee of the Municipal Advisor is contingent upon the successful closing of the Bonds.

RATINGS

[RATING AGENCY] (“_____”) is expected to assign its rating of “___” to the Bonds[, with the understanding that upon delivery of the Bonds, the policy insuring payment when due of the principal of and interest on the Bonds will be issued by the Bond Insurer. See “MUNICIPAL BOND INSURANCE” and APPENDIX G–“SPECIMEN MUNICIPAL BOND INSURANCE POLICY.” _____ has also assigned an underlying of “___.”] A rating reflects only the view of the agency giving such rating and is not a recommendation to buy, sell or hold the Bonds. An explanation of the significance of the rating may be obtained from [RATING AGENCY NAME AND ADDRESS]. Certain information was supplied by the Authority and the City to the rating agencies to be considered in evaluating the Bonds. Such ratings express only the views of the rating agencies and are not a recommendation to buy, sell or hold the Bonds.

There is no assurance that such ratings will continue for any given period of time or that they will not be reduced or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. The Authority, the City, and the Trustee undertake no responsibility to oppose any such revision or

withdrawal. Any such downward revision or withdrawal may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Bonds are being purchased by Brandis Tallman LLC (the “Underwriter”). The Underwriter has agreed to purchase the Bonds at the purchase price of \$_____ (representing the aggregate principal amount of the Bonds of \$_____, plus net original issue premium in the amount of \$_____, less an Underwriter’s discount of \$_____). The Bond Purchase Agreement provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions.

The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page. The offering prices may be changed from time to time by the Underwriter.

AUTHORIZATION

The preparation and distribution of this Official Statement have been authorized by the Authority and the City.

MADERA PUBLIC FINANCING AUTHORITY

By: _____
[NAME/TITLE]

CITY OF MADERA

By: _____
[NAME/TITLE]

APPENDIX A

GENERAL, ECONOMIC, AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY OF MADERA AND MADERA COUNTY

General

The City of Madera is located in the Central Valley of California, approximately 240 miles northwest of Los Angeles, 166 miles southeast of San Francisco, and 22 miles north of Fresno on State Highway 99. The City contains approximately 10.3 square miles in total area.

Population

The following table presents population estimates for the City of Madera, Madera County and the State of California for the years 2014 to 2018:

ESTIMATED POPULATION CITY OF MADERA, MADERA COUNTY, AND STATE OF CALIFORNIA 2014 through 2018

Year	City of Madera	Madera County	State of California
2014	62,699	153,224	38,568,628
2015	63,752	154,827	38,912,464
2016	64,169	154,906	39,179,627
2017	65,172	156,963	39,500,973
2018	66,225	158,894	39,809,693

Source: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2011-2018, with 2010 Census Benchmark

Industry and Employment

The following table provides information about employment rates and employment by industry type for Madera County for calendar years 2013 through 2017.

MADERA COUNTY
Civilian Labor Force, Employment and Unemployment
Calendar Years 2013 through 2017
Annual Averages

	2013	2014	2015	2016	2017 ⁽⁵⁾
Civilian Labor Force ⁽¹⁾	62,300	62,000	60,000	61,300	61,500
Employment	54,400	55,000	53,700	55,600	56,500
Unemployment	7,800	6,900	6,300	5,700	5,000
Unemployment Rate ⁽²⁾	12.6%	11.2%	10.5%	9.2%	8.1%
Wage and Salary Employment: ⁽³⁾					
Farm	12,100	11,800	11,300	12,100	11,800
Mining, Logging & Construction	1,200	1,300	1,500	1,800	1,800
Manufacturing	3,600	3,800	3,600	3,500	3,500
Wholesale Trade	800	800	800	800	800
Retail Trade	3,500	3,600	3,700	3,800	3,800
Transportation, Warehousing & Utilities	900	900	900	900	1,000
Information	400	400	400	300	300
Financial Activities	800	800	800	900	900
Professional and Business Services	2,800	2,500	2,200	2,300	2,300
Educational and Health Services	7,600	7,600	7,700	7,800	8,300
Leisure and Hospitality	2,900	3,000	3,100	3,300	3,400
Other Services	900	1,000	1,000	1,000	900
Federal Government	300	300	300	300	300
State Government	2,200	2,300	2,300	2,400	2,500
Local Government	7,200	7,200	6,500	7,700	8,000
Total all Industries ⁽⁴⁾	47,200	47,500	46,200	48,800	49,600

⁽¹⁾ Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

⁽²⁾ The unemployment rate is calculated using unrounded data.

⁽³⁾ Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

⁽⁴⁾ Data may not add due to rounding.

⁽⁵⁾ Latest data available.

Source: State of California Employment Development Department; *Industry Employment & Labor Force – by Annual Average, March 2017 Benchmark*.

Major Employers

Listed below are the major employers in Madera County.

MAJOR EMPLOYERS MADERA COUNTY

Employer Name	Location	Industry
Ardagh Group	Madera	Glass Containers (mfrs)
BAC	Madera	Assembly & Fabricating Service (mfrs)
Baltimore Aircoil Co	Madera	Refrigerating Equip-Commercial (whls)
Brake Parts Inc	Chowchilla	Brakes – Manufacturers
Central AG Labor Svc	Madera	Labor Contractors
Certain Teed Corp	Chowchilla	Building Materials – Manufacturers
Cherokee Freight Lines	Madera	Trucking-Motor Freight
Chukchansi Gold Resort & Casino	Coarsegold	Resorts
Country Villa Healthcare Ctr	Madera	Senior Citizens Service
EVAPCO Inc	Madera	Evaporative coolers Mfg & Wholesale
Georgia-Pacific Corp	Madera	Sawmills (mfrs)
Home Depot	Madera	Home Centers
JBT Food Tech	Madera	Food Processing Equipment & Supls-Mfrs
Lamanuzzi & Pantaleo Cold Stge	Madera	Fruits & Vegetables – Harvesting
Lion Brothers Farm – Newstone	Madera	Farming Service
Madera City Hall	Madera	Government Offices-City, Village & Twp
Madera Community Hospital	Madera	Hospitals
Madera High School	Madera	Schools
Madera South High School	Madera	School Districts
San Joaquin Wine Co	Madera	Wineries (mfrs)
Sierra Tel	Oakhurst	Telephone Companies
Span Construction Inc	Madera	Contractors-Equip/supls-Dirs/Svd (whls)
Valley Children’s Hospital	Madera	Hospitals
Valley State Prison for Women	Chowchilla	Government Offices – State
Walmart	Madera	Department Stores

Source: State of California Employment Development Department, extracted from The America’s Labor Market Information System (ALMIS) Employer Database, 2019 1st Edition.

Agriculture

The City's diversified economic base includes manufacturing, warehousing, retail, and agriculture. The following table lists the ten leading agricultural crops within Madera County for the past four calendar years.

TEN LEADING CROPS FOR YEARS 2014 TO 2017 COUNTY OF MADERA

	2014 Value	2015 Value	2016 Value	2017 Value
Almonds, Nuts & Hulls	\$771,134,000	\$787,609,000	\$593,487,000	\$723,518,000
Milk	414,678,000	254,996,000	271,816,000	306,228,000
Grapes	317,503,000	298,350,000	270,598,000	291,971,000
Pistachios	291,725,000	174,186,000	233,621,000	194,260,000
Cattle & Calves	61,203,000	72,881,000	62,377,000	63,176,000
Pollination	38,664,000	44,694,000	48,006,000	54,795,000
Replacement Heifers	37,257,000	37,674,000	32,400,000	35,500,000
Poultry	44,140,000	43,466,000	*	24,259,000
Corn, Grain & Silage	28,963,000	*	*	*
Alfalfa, Hay & Silage\$	26,553,000	*	*	*
Nursery Stock	*	26,725,000	29,977,000	29,382,000
Tomatoes, Fresh & Process	*	36,721,000	28,177,000	29,035,000
Oranges	*	*	21,746,000	*

* Not one of the ten leading crops in this year.

Source: Madera County Crop & Livestock Reports, 2014 through 2017

Personal Income

Total personal income is defined by the Bureau of Economic Analysis, an agency of the U.S. Department of Commerce as income received from all sources, including income received from participation in production as well as from government and business transfer payments. It represents the sum of compensation of received by employees , supplements to wages and salaries, proprietors' income with inventory valuation adjustment and capital consumption adjustment (the "CCAdj"), rental income of persons with the CCAdj, personal income receipts on assets, and personal current transfer receipts, less contributions for government social insurance. Per capita income is calculated as the personal income divided by the resident population based upon the Census Bureau's annual midyear population estimates.

Total personal income in the County increased by 21.23% between 2013 and 2017, representing an average annual compound growth rate of 4.93%. The following table summarizes personal income for the County for the period 2013 to 2017.

**COUNTY OF MADERA
PERSONAL INCOME⁽¹⁾
2013 - 2017
(in thousands)**

Year	Madera County	Annual Percent Change
2013	\$5,021,022	--
2014	5,495,393	9.45%
2015	5,601,678	1.93
2016	5,752,450	2.69
2017	6,087,194	5.82

⁽¹⁾ Estimates for 2013-2017 reflect County population estimates available as of March 2018.

⁽²⁾ Latest data available.

Source: U.S. Department of Commerce, Bureau of Economic Analysis

The following table summarizes per capita personal income for the County, State of California, and United States for the period 2013 to 2017. Per capita personal income in the County grew by 17.30% during this time, representing an average annual compound growth of 4.07%.

**PER CAPITA PERSONAL INCOME
MADERA COUNTY, STATE OF CALIFORNIA, AND THE UNITED STATES⁽¹⁾
2013 - 2017**

Year	Madera County	California	United States
2013	\$33,078	\$49,173	\$44,826
2014	35,661	52,237	47,025
2015	36,275	55,679	48,940
2016	37,121	57,497	49,831
2017	38,799	59,796	51,640

⁽¹⁾ Per capita personal income was computed using Census Bureau midyear population estimates. Estimates for 2013-2017 reflect County population estimates available as of March 2018.

⁽²⁾ Latest data available.

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Construction Activity

A summary of historic residential building permit valuation for the Madera Metropolitan Area during the past five years in which data are available is shown in the following table.

**MADERA METROPOLITAN AREA
Residential Building Permit Valuation
(in thousands)
2013 - 2017**

Year	Units	Valuation
2013	219	\$52,230
2014	214	56,883
2015	211	57,569
2016	300	52,021
2017	415	96,078

Source: U.S. Bureau of the Census

Transportation

Interstate Highway 5, which is 53 miles west of the City via State Route 152, State Route 145, and State Highway 99, which runs through the City, provide highway access to the City. The City is also served by the BNSF and Union Pacific Railroads, Amtrak, and Greyhound Bus Lines. The City is close (within 22 miles) to a regional commercial airport, the Fresno Yosemite International Airport, and is adjacent to the Madera Municipal Airport, a general aviation facility.

Education and Community Services

Primary and secondary education are provided by the Madera Unified School District, which had an enrollment of 20,956 students in fiscal year 2017-18.

The State Center Community College District operates its Madera Community College Center in the City. Located approximately 20 miles southeast of the City are California State University, Fresno; Fresno City College; San Joaquin College of Law; Fresno Pacific University; and California Christian College. Located approximately 35 miles northwest of the City is the University of California, Merced.

Utilities

The City provides water service, sewer service, and solid waste disposal to its residents. Pacific Gas & Electric Company supplies natural gas and electricity service throughout the City.

APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE CITY FOR
THE FISCAL YEAR ENDED JUNE 30, 2018**

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS

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PROPOSED FORM OF BOND COUNSEL OPINION

APPENDIX E
FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX F

DTC AND THE BOOK-ENTRY-ONLY SYSTEM

**[APPENDIX G
SPECIMEN MUNICIPAL BOND INSURANCE POLICY]**

[\$[PAR AMOUNT]]
MADERA PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2019

CONTINUING DISCLOSURE CERTIFICATE

Dated: [closing date], 2019

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Madera (the “City”) in connection with the issuance of \$[PAR AMOUNT] aggregate principal amount of Madera Public Financing Authority Lease Revenue Bonds, Series 2019 (the “Bonds”), pursuant to a Trust Agreement dated May 1, 2019 (the “Trust Agreement”), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee. Pursuant to the Facilities Lease dated May 1, 2019 (the “Facilities Lease”), between the Authority and the City, the City has covenanted to comply with its obligations hereunder and to assume all obligations for Continuing Disclosure with respect to the Bonds. The City agrees and covenants as follows:

Section 1. Purpose of the Disclosure Certificate. This Continuing Disclosure Certificate is being executed and delivered by the City for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c-12(b)(5).

Section 2. Definitions. Unless the context otherwise requires, the definitions set forth in the Trust Agreement apply to this Disclosure Certificate. The following additional capitalized terms shall have the following meanings:

Annual Report means any report provided by the City pursuant to, and as described in, Sections 3 (Provision of Annual Reports) and 4 (Content of Annual Reports) of this Disclosure Certificate.

Annual Report Date means March 31 each year.

Beneficial Owner means any person that (a) has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

Bondholders means either the registered owners of the Bonds, or, if the Bonds are registered in the name of The Depository Trust Company or another recognized depository, any Beneficial Owner or applicable participant in its depository system.

Dissemination Agent means [Fraser & Associates] or any successor Dissemination Agent designated in writing by the City and that has filed with the City a written acceptance of such designation.

EMMA System means the Electronic Municipal Market Access System of the MSRB or such other electronic system designated by the MSRB (as defined below) or the Securities and Exchange Commission (the “S.E.C.”) for compliance with S.E.C. Rule 15c2-12(b).

Financial Obligation means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB.

Listed Events means any of the events listed in subsection (a) or (b) of Section 5 (Reporting of Listed Events) of this Disclosure Certificate.

MSRB means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

Official Statement means the final Official Statement dated May __, 2019, relating to the Bonds.

Opinion of Bond Counsel means a written opinion of a law firm or attorney experienced in matters relating to obligations the interest on which is excludable from gross income for federal income tax purposes.

Participating Underwriter means the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

Repositories means MSRB and any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

Rule shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

State shall mean the State of California.

Section 3. Provision of Annual Reports.

a. Delivery of Annual Report to Repositories. The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2020, provide to the MSRB through the EMMA System an Annual Report that is consistent with the requirements of Section 4 (Content of Annual Reports) hereof. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference any other information (as provided in Section 4 (Content of Annual Reports) hereof); provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date.

b. Change of Fiscal Year. If the City’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(e) (Notice of Listed Events).

c. Delivery of Annual Report to Dissemination Agent. Not later than fifteen (15) Business Days prior to the Annual Report Date, the City shall provide the Annual Disclosure Report to the Dissemination Agent (if other than the City). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the City.

d. Report of Non-Compliance. If the City does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the City shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

e. Annual Compliance Certification. The Dissemination Agent shall, if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

Section 4. Content of Annual Reports. The City’s Annual Report shall contain or include by reference the following:

a. Financial Statements. The audited financial statements of the City for the prior fiscal year, prepared in accordance with the laws of the State and including all statements and information prescribed for inclusion therein by the Controller of the State. If the City’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a) (Delivery of Annual Report to Repositories), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available;

b. Annual Financial Information. An annual update of the following tables and information contained in the Official Statement (to the extent not included in the City’s audited financial statements):

- (1) Under the caption “The City; City Finances – General Fund Revenues and Expenditures,” the table entitled “City of Madera Summary of General Fund Revenues, Expenditures and Changes in Fund Balances”;
- (2) Under the caption “The City; City Finances – Principal Sources of General Fund Revenues,” the table entitled “City of Madera General Fund Revenues By Source”;
- (3) Under the caption “The City; City Finances – Property Taxes,” the tables entitled “City of Madera Assessed Valuation” and “City of Madera Secured Tax Charges”; and
- (4) Under the caption “The City; City Finances – Sales and Use Taxes; Transactions and Use Taxes,” the tables entitled “Sales and Use Tax Revenues” and “Transactions and Use Tax Revenues.”

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities that are available to the public on the EMMA System site or filed with the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so included by reference.

Section 5. Reporting of Listed Events.

a. Listed Events Reportable Without Regard to Materiality. Pursuant to the provisions of this Section, the City shall give, or cause to be given, notice pursuant to Sections 5(d) (Notice to Dissemination Agent) and 5(e) (Notice of Listed Events) of the occurrence of any of the following events with respect to the Bonds not later than ten (10) business days after the occurrence of the event:

- (1) principal and interest payment delinquencies;
- (2) unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) unscheduled draws on credit enhancements reflecting financial difficulties;
- (4) substitution of credit or liquidity providers, or their failure to perform;
- (5) defeasances;
- (6) rating changes;
- (7) adverse tax opinions or the issuance by the IRS of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701-TEB);
- (8) tender offers;
- (9) bankruptcy, insolvency, receivership or similar event of the City;
- (10) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

b. Listed Events Reportable if Material. Pursuant to the provisions of this Section, the City shall give, or cause to be given, notice pursuant to Sections 5(d) (Notice to Dissemination Agent) and 5(e) (Notice of Listed Events) of the occurrence of any of the following events with respect to the Bonds, if material, not later than ten (10) business days after the occurrence of the event:

- (1) except as otherwise provided in paragraph 5(a)(7) above, notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other events affecting the tax-exempt status of the Bonds;

- (2) non-payment related defaults;
- (3) modifications to rights of Bondholders;
- (4) bond calls;
- (5) release, substitution, or sale of property securing repayment of the Bonds;
- (6) the consummation of a merger, consolidation, or acquisition, or certain asset sales, involving the obligated person, or entry into or termination of a definitive agreement relating to the foregoing;
- (7) appointment of a successor or additional trustee or the change of name of a trustee;
- (8) incurrence of a Financial Obligation of the City or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect holders of the Bonds.

c. Determination of Materiality of Listed Events Reportable if Material. Whenever the City obtains knowledge of the occurrence of an event listed under Section 5(b) (Listed Events Reportable if Material), the City shall immediately determine if such event would be material under applicable federal securities laws.

d. Notice to Dissemination Agent. If the City learns of the occurrence of an event listed under Section 5(a) (Listed Events Reportable Without Regard to Materiality) or determines that an event listed under Section 5(b) (Listed Events Reportable if Material) would be material under applicable federal securities laws, the City shall promptly notify the Dissemination Agent (if other than the City) in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (e) (Notice of Listed Events).

e. Notice of Listed Events. The City shall file, or cause the Dissemination Agent to file with the MSRB, a notice of the occurrence of a Listed Event to provide notice of specified events in a timely manner not in excess of ten business days after the event's occurrence. Notwithstanding the foregoing, notice of Listed Events described in subsection (b)(4) (bond calls) need not be given under this subsection any earlier than the notice (if any) given to Bondholders of affected Bonds pursuant to the Trust Agreement.

Section 6. Filings with MSRB. All documents provided to MSRB under this Disclosure Certificate shall be filed in a readable PDF or other electronic format as prescribed by MSRB and shall be accompanied by identifying information as prescribed by MSRB.

Section 7. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate with respect to the Bonds shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds or upon the delivery to the City of an Opinion of Bond Counsel to the effect that continuing disclosure is no longer required. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(e) (Notice of Listed Events).

Section 8. Dissemination Agent.

a. Appointment of Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor Dissemination Agent. If the Dissemination Agent is not the City, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Certificate.

b. Compensation of Dissemination Agent. The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the City from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent may at any time resign by giving written notice of such resignation to the City.

c. Duties, Immunities and Liabilities of Dissemination Agent. Article IX of the Trust Agreement (The Trustee) is hereby made applicable to this Disclosure Certificate as if this Disclosure Certificate were (solely for this purpose) contained in the Trust Agreement. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent and its officers, directors, employees, attorneys, agents and receivers, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's respective negligence or willful misconduct. The obligations of the City under this section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

The Dissemination Agent may conclusively rely upon the Annual Report provided to it by the City as constituting the Annual Report required of the City in accordance with this Disclosure Certificate and shall have no duty or obligation to review such Annual Report. The Dissemination Agent shall have no duty to prepare the Annual Report nor shall the Dissemination Agent be responsible for filing any Annual Report not provided to it by the City in a timely manner in a form suitable for filing with the Repositories. In accepting the appointment under this Agreement, the Dissemination Agent is not acting in a fiduciary capacity to the Bondholders or Beneficial Owners of the Bonds, the City, the Participating Underwriter or any other party or person. No provision of this Disclosure Certificate shall require the Dissemination Agent to risk or advance or expend its own funds or incur any financial liability.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate (and the Dissemination Agent shall agree to any amendment so requested by the City that does not impose any greater duties or risk of liability on the Dissemination Agent), and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

a. Change in Circumstances. If the amendment or waiver relates to the provisions of Sections 3(a) (Delivery of Annual Report to Repositories), 4 (Content of Annual Reports), or subsection (a) or (b) of Section 5 (Listed Events), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or the type of business conducted;

b. Compliance as of Issue Date. This Agreement, as amended or taking into account such waiver, would have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and the City obtains an Opinion of Bond Counsel to that effect; and

c. Consent of Holders; Non-impairment Opinion. The amendment or waiver either (i) is approved by the Bondholders in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Bondholders, or (ii) does not materially impair the interests of the Bondholders and the City obtains an Opinion of Bond Counsel to that effect.

If this Disclosure Certificate is amended or any provision of this Disclosure Certificate is waived, the City shall describe such amendment or waiver in the next following Annual Report and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(e) (Notice of Listed Events), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the City or the Dissemination Agent fails to comply with any provision of this Disclosure Certificate any Bondholder of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City or the Dissemination Agent to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate if the City or the

Dissemination Agent fail to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter, and the Bondholders and shall create no rights in any other person or entity.

Section 13. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Signature page follows]

IN WITNESS WHEREOF the City of Madera has caused this Continuing Disclosure Certificate to be executed by its authorized officer as of the date first above written.

CITY OF MADERA

By _____
Director of Financial Services

EXHIBIT A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Madera

Name of Bond Issue: Madera Public Financing Authority (California)
Lease Revenue Bonds, Series 2019

Date of Issuance: May __, 2019

NOTICE IS HEREBY GIVEN that the City of Madera has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate executed on the date of issuance of the Bonds by the City, and the City anticipates that the Annual Report will be filed by _____.

Dated: [Date of Notice]

[Dissemination Agent]

By _____
Authorized Officer

TRUST AGREEMENT

between the

MADERA PUBLIC FINANCING AUTHORITY

and

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

Dated May 1, 2019

Madera Public Financing Authority
Lease Revenue Bonds, Series 2019

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TRUST AGREEMENT

THIS TRUST AGREEMENT dated May 1, 2019 (this “Trust Agreement”), by and between the MADERA PUBLIC FINANCING AUTHORITY (the “Authority”), a joint exercise of powers agency, duly organized and existing pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”) and an agreement entitled “Joint Exercise of Powers Agreement” by and between the City of Madera (the “City”) and the Redevelopment Agency of the City of Madera (the “Joint Powers Agreement”) and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as trustee (the “Trustee”);

W I T N E S S E T H:

WHEREAS, the City has determined to undertake the construction of a fire station (the “Project”) and may undertake to finance other public improvements from time to time;

WHEREAS, the Act and the Joint Powers Agreement authorize the Authority to lease property and issue bonds for the purpose of financing public improvements for the City;

WHEREAS, in order to finance public improvements, the Authority and the City have entered into a Site Lease dated May 1, 2019 (the “Site Lease”), pursuant to which the City will lease its Police Administration Building and Fire Station No. 7 to the Authority in exchange for advance rental payments; the City and the Authority have entered into a Facilities Lease dated May 1, 2019 (the “Facilities Lease”), pursuant to which the City will make rental payments to the Authority; and the Authority has authorized the issuance of its Lease Revenue Bonds, Series 2019 (the “Bonds”), in an aggregate principal amount of \$[PAR AMOUNT], to finance the Project, payable from such rental payments in order to fund the payment of the advance rentals to the City under the Site Lease;

WHEREAS, the City has approved the Authority’s financing of the construction of the Project and found that the consummation of the transactions contemplated in this Trust Agreement will result in significant public benefits;

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, premium, if any, and interest thereon, the Authority has authorized the execution and delivery of this Trust Agreement;

WHEREAS, all acts and proceedings required by law necessary to make the Bonds, when executed by the Authority, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal obligations of the Authority payable in accordance with their terms, and to constitute this Trust Agreement a valid and binding agreement of the parties hereto 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 Trust Agreement have been in all respects duly authorized;

NOW, THEREFORE, THIS TRUST AGREEMENT WITNESSETH that, in order to secure the payment of the principal of, premium, if any, and the interest on all Bonds at any time issued and outstanding under this Trust Agreement, according to their tenor, 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 thereof, and for other valuable considerations, the receipt whereof is hereby acknowledged, the Authority does hereby covenant and agree with the Trustee, for the benefit of the respective holders from time to time of the Bonds, as follows:

ARTICLE I DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICABILITY

Section 1.01 Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes hereof and of any Supplemental Trust Agreement and of any certificate, opinion, request or other document herein or therein mentioned have the meanings herein specified:

Act means the Joint Exercise of Powers Act (being Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended) and all laws amendatory thereof or supplemental thereto.

Additional Payments means the additional payments payable by the City under and pursuant to Section 4.08 (Additional Payments) of the Facilities Lease.

Annual Debt Service means the total of Debt Service with respect to the Bonds to which reference is made coming due in the specified annual period to which reference is made.

Applicable Environmental Laws means any local, state, and/or federal laws or regulations, whether currently in existence or enacted later, that govern (1) the existence, cleanup, and/or remedy of contamination on property; (2) the protection of the environment from spilled, deposited, or otherwise emplaced contamination; (3) the control of hazardous wastes; or (4) the use, generation, transport, treatment, removal, or recovery of Hazardous Substances, including building materials.

Authority means the Madera Public Financing Authority created pursuant to the Act and its successors and assigns in accordance herewith.

Average Annual Debt Service means the total of Debt Service for each specified annual period during which the Bonds to which reference is made are Outstanding divided by the number of such annual periods that such Bonds are Outstanding.

Bond Insurance Policy means the financial guaranty insurance policy insuring payment of the principal of and interest on the Bonds when due and issued by the Insurer.

Bonds, Serial Bonds, Term Bonds. The term “Bonds” means all bonds of the Authority authorized by and at any time Outstanding pursuant hereto and executed, issued and delivered in accordance with Article II (Issuance of Bonds). The term “Serial Bonds” means Bonds for which no scheduled mandatory redemptions are provided. The term “Term Bonds” means Bonds, which are subject to scheduled mandatory redemptions on or before their respective maturities calculated to retire such Bonds on or before their specified maturity dates.

Bond Year means the period ending on February 1 of each year with the first Bond Year ending on February 1, 2020, and the last Bond Year ending on the date on which none of the Bonds remain outstanding.

Business Day means any day on which the Trustee is open for business at its Corporate Trust Office.

Certificate, Statement, Request, Requisition, or Order. The terms “Certificate,” “Statement,” “Request,” “Requisition,” or “Order” of the Authority or the City mean, respectively, a written certificate, statement, request, requisition, or order signed in the name of the respective entity, in the case of the Authority, by the Chair, Vice-Chair, Treasurer/Auditor, or Secretary of the Authority or by any other officer of the Authority duly authorized by the Chair for that purpose and, in the case of the City, by the Mayor, City Manager, or Finance Director of the City or by any other officer of the City duly authorized by the City Manager for that purpose.

City means the City of Madera, a municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State.

Closing Date means [CLOSING DATE].

Code means the Internal Revenue Code of 1986, as amended, and the regulations issued thereunder.

Continuing Disclosure Certificate means the City’s continuing disclosure undertaking, dated the Closing Date, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

Corporate Trust Office means 100 Pine Street, Suite 3100, San Francisco, CA 94111. Notices sent to said office may be sent via facsimile to (415) 399-1647, and e-mail to: janette.sanluis@bnymellon.com. Additional offices and addresses as may be designated by the Trustee, except that with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted.

Costs of Issuance means all items of expense directly or indirectly payable by or reimbursable to the Authority or the City and related to the original authorization, issuance, sale, and delivery of the Bonds, including but not limited to advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, financial advisor fees and expenses, title insurance premiums, rating agency fees, municipal bond insurance premiums, fees and charges for preparation, execution, transportation, and safekeeping of Bonds, and any other cost, charge, or fee in connection with the original delivery of Bonds.

Costs of Issuance Fund means the fund by that name established and held by the Trustee pursuant to Section 3.05 (Establishment and Application of Costs of Issuance Fund).

Debt Service means, with respect to the Bonds, for any specified annual period, the sum of:

(1) the interest accruing during such annual period on all outstanding Bonds, assuming that all outstanding Serial Bonds are retired as scheduled and that all outstanding Term Bonds are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is to be paid from the proceeds of sale of any bonds),

(2) that portion of the principal amount of all outstanding Serial Bonds maturing on the next succeeding principal payment date that would have accrued during such annual period if such principal amount were deemed to accrue daily in equal amounts from the next preceding principal payment date or during the year preceding the first principal payment date, as the case may be, and

(3) that portion of the principal amount of all outstanding Term Bonds required to be redeemed or paid on the next succeeding redemption date (together with the redemption premiums, if any, thereon) that would have accrued during such annual period if such principal amount (and redemption premiums) were deemed to accrue daily in equal amounts from the next preceding redemption date or during the year preceding the first redemption date, as the case may be.

Defeasance Securities means the following:

(A) United States Treasury Certificates, Notes, and Bonds (including State and Local Government Series -- "SLGS").

(B) Direct obligations of the Treasury that have been stripped by the Treasury itself, CATS, TGRS, and similar securities.

(C) The interest component of Resolution Funding Corp. (REFCORP) strips that have been stripped by request to the Federal Reserve Bank of New York in book-entry form.

(D) Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by Standard & Poor's. If, however, the pre-refunded bonds are rated by Standard & Poor's but are not rated by Moody's, then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or Aaa-rated pre-refunded municipal bonds.

(E) Obligations issued or guaranteed by the following agencies that are backed by the full faith and credit of the U.S.:

- (1) U.S. Export-Import Bank (Eximbank)
Direct obligations or fully guaranteed certificates of beneficial ownership
- (2) Farmers Home Administration (FmHA)
Certificates of beneficial ownership
- (3) Federal Financing Bank
- (4) General Services Administration
Participation certificates
- (5) U.S. Maritime Administration

Guaranteed Title XI financing

- (6) U.S. Department of Housing and Urban Development (HUD)
Project Notes
Local Authority Bonds
New Communities Debentures - U.S. government guaranteed debentures
U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds.

Event of Default means any of the events described in Section 9.01 (Events of Default) hereof as an “Event of Default.”

Facilities Lease means the Facilities Lease dated May 1, 2019, between the Authority and the City, as originally executed and as it may from time to time be amended or supplemented pursuant to the provisions hereof and thereof.

Fiscal Year means the twelve-month period terminating on June 30 of each year, or any other annual accounting period hereafter selected and designated by the Authority as its Fiscal Year in accordance with applicable law.

Hazardous Substance means any substance that shall, at any time, be listed as “hazardous” or “toxic” in any Applicable Environmental Law or that has been or shall be determined at any time by any agency or court to be a hazardous or toxic substance regulated under Applicable Environmental Laws; and also means, without limitation, raw materials, building components, the products of any manufacturing, or other activities on the Leased Property, wastes, petroleum, and source, special nuclear, or by-product material as defined by the Atomic Energy Act of 1954, as amended (42 USC Sections 3011 et seq.).

Holder or Owner means any person who shall be the registered owner of any Outstanding Bond.

Independent Certified Public Accountant means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State or a comparable successor, appointed and paid by the Authority, and who, or each of whom --

- (1) is in fact independent according to the Statement of Auditing Standards No. 1 and not under the domination of the Authority or the City;
- (2) does not have a substantial financial interest, direct or indirect, in the operations of the Authority or the City; and
- (3) is not connected with the Authority or the City as a director of the Authority, a City Councilmember, or an officer or employee of the Authority or the City, but who may be regularly retained to audit the accounting records of and make reports thereon to the Authority or the City.

Information Service means the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access (“EMMA”) website, or, in accordance with then-

current guidelines of the Securities and Exchange Commission, such other addresses and or such other services providing information with respect to called bonds, or no such services, as the Authority may designate in a Certificate of the Authority delivered to the Trustee.

Independent Insurance Consultant means a licensed, independent actuary, insurance company or broker acceptable to the Insurer that has actuarial personnel experienced in the area of insurance for which the City is to self-insure, as may be specified by the City from time to time, and who:

- (1) is in fact independent and not under the domination of the City;
- (2) does not have a substantial financial interest, direct or indirect, in the operations of the City; and
- (3) is not connected with the City as a Councilmember, officer, or employee of the City, but may be regularly retained to make reports to the City.

Insurer means _____, a stock insurance company incorporated under the laws of the State of _____, or any successor thereto or assignee thereof, which has issued the Bond Insurance Policy insuring payment of the principal of and interest on the Bonds and the [Reserve Policy].

Interest Payment Date with respect to the Bonds means the date or dates on which installments of interest on the Bonds are due and payable. Interest Payment Date with respect to the Bonds means February 1 and August 1 of each year to which reference is made, commencing on February 1, 2020.

Joint Powers Agreement means the Joint Exercise of Powers Agreement dated as of July 17, 1989, by and between the City and the Redevelopment Agency of the City of Madera, as originally executed and as it may from time to time be amended or supplemented pursuant to the provisions hereof and thereof.

Lease Default Event means any of the events described in Section 8.01 (Lease Default Events) of the Facilities Lease as a “Lease Default Event.”

Leased Property means (i) that certain real property situated in the County of Madera, State of California, described in Exhibit A attached to the Facilities Lease, together with the improvements located thereon, (ii) real property substituted for all or a portion of the real property described in clause (i) above in accordance with the terms and conditions of Section 3.04 (Substitution) of the Facilities Lease, and/or (iii) any additional real property that may be leased under the Facilities Lease pursuant to a supplement thereto.

Maximum Annual Debt Service means the greatest amount of Debt Service with respect to the Bonds to which reference is made coming due in any specified annual period including the annual period in which the calculation is made or any subsequent such annual period.

Moody’s means Moody’s Investors Service, Inc., and its successors and assigns, except that if Moody’s no longer maintains a rating on the Bonds, any other nationally recognized bond rating

agency then maintaining a rating on the Bonds, but only so long as a nationally recognized rating agency then maintains a rating on the Bonds.

Net Proceeds means the amount remaining from the gross proceeds of any insurance claim or condemnation award made in connection with the Leased Property, after deducting all expenses (including attorneys' fees) incurred in the collection of such claim or award.

Opinion of Counsel means a written opinion of counsel experienced in the field of law relating to municipal bonds, appointed and paid by the Authority or the City.

Outstanding, when used as of any particular time with reference to Bonds, means all Bonds except

- (1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;
- (2) Bonds paid or deemed to have been paid within the meaning of Section 6.01(A) (Discharge of Trust Agreement - Payment of Bonds); and
- (3) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the Authority pursuant hereto.

Permitted Investments means any of the following to the extent permitted by the laws of the State (the Trustee is entitled to rely on any Written Request of the Authority directing investments as a certification to the Trustee that such investments are so permitted):

- (1) Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.
- (2) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

U.S. Export-Import Bank (Eximbank)

Direct obligations or fully guaranteed certificates of beneficial ownership

Farmers Home Administration (FmHA)

Certificates of beneficial ownership

Federal Financing Bank

Federal Housing Administration (FHA)

Debentures

General Services Administration
Participation Certificates

Government National Mortgage Association (GNMA or “Ginnie Mae”)
GNMA - guaranteed mortgage-backed bonds
GNMA - guaranteed pass-through obligations (participation certificates)

U.S. Maritime Administration
Guaranteed Title XI financing

U.S. Department of Housing and Urban Development (HUD)
Project Notes
Local Authority Bonds
New Communities Debentures – U.S. government guaranteed debentures
U.S. Public Housing Notes and Bonds – U.S. government guaranteed
public housing notes and bonds

(3) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

Federal Home Loan Bank System
Senior debt obligations

Federal Home Loan Mortgage Corporation (FHLMC or “Freddie Mac”)
Participation Certificates
Senior debt obligations

Federal National Mortgage Association (FNMA or “Fannie Mae”)
Mortgage-backed securities and senior debt obligations

Resolution Funding Corp. (REFCORP)
obligations

Farm Credit System
Consolidated systemwide bonds and notes.

(4) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by Standard & Poor’s of AAAM-G; AAAM; or AA-m and if rated by Moody’s rated Aaa, Aa1 or Aa2, including funds of the Trustee or any affiliate, or for which the Trustee or any affiliate receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise.

(5) Certificates of deposit secured at all times by collateral described in (1) and/or (2) above. Such certificates must be issued by commercial banks, savings associations or mutual savings banks. The collateral must be held by a third party and the Trustee, on behalf of Owners, must have a perfected first security interest in the collateral.

(6) Certificates of deposit, savings accounts, bank deposit products, deposit accounts or money market deposits, including deposits in the Trustee or any affiliate, that are fully insured by the Federal Deposit Insurance Corporation, including BIF and SAIF, or secured at all times by collateral described in (1) and/or (2) above.

(7) Investment Agreements, including guaranteed investment contracts, forward purchase agreements, and reserve fund put agreements acceptable to the Credit Providers.

(8) Commercial paper rated, at the time of purchase, “Prime-1” by Moody’s and “A 1” or better by Standard & Poor’s.

(9) Bonds or notes issued by any state or municipality that are rated by Moody’s and Standard & Poor’s in one of the two highest Rating Categories assigned by such agencies.

(10) Federal funds or bankers acceptances with a maximum term of one year of any bank that has an unsecured, uninsured and unguaranteed obligation rating of “Prime-1” or “A3” or better by Moody’s and “A-1” or “A” or better by Standard & Poor’s.

(11) Repurchase agreements that provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the Trustee (buyer/lender), and the transfer of cash from the Trustee to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the Trustee in exchange for the securities at a specified date. Repurchase Agreements (“repos”) with a term that exceeds 30 days must be acceptable to the Credit Providers. Repos with a term of 30 days or less must satisfy the following criteria:

Repos must be between the Trustee and a dealer bank or securities firm

Primary dealers on the Federal Reserve reporting dealer list that are rated A or better by Standard & Poor’s and Moody’s, or

Banks rated “A” or above by Standard & Poor’s and Moody’s.

The written repo contract must include the following:

Securities that are acceptable for transfer are:

Direct U.S. governments

Federal agencies backed by the full faith and credit of the

U.S. government (and FNMA & FHLMC)

The term of the repo may be up to 30 days

The collateral must be delivered to the Trustee (if Trustee is not supplying the collateral) or third party acting as agent for the Trustee before/simultaneous with payment (perfection by possession of certificated securities).

Valuation of Collateral

The securities must be valued weekly, marked-to-market at current market price plus accrued interest. The value of collateral must be equal to 104% of the amount of cash transferred by the Trustee to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by Trustee, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

Legal opinion that must be delivered to the Authority:

Repo meets guidelines under state law for legal investment of public funds.

(12) Pre-refunded municipal bonds rated “Aaa” by Moody’s and “AAA” by Standard & Poor’s. If, however, the issue is only rated by Standard & Poor’s (i.e., there is no Moody’s rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals to satisfy this condition.

(13) The Local Agency Investment Fund referred to in Section 16429.1 of the California Government Code.

(14) Shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California that invests exclusively in investments permitted by Section 53601 of Title 5, Division 2, Chapter 4 of the California Government Code, as it may be amended (California Asset Management Program).

Principal Payment Date means a date on which the principal of the Bonds is due, being February 1 of each year to which reference is made, commencing February 1, 2020.

Project Fund means the fund by that name established pursuant to Section 3.04 (Establishment and Application of Project Fund).

Rating Agencies means Standard & Poor’s and Moody’s or, in the event that Standard & Poor’s or Moody’s no longer maintains a rating on the Bonds, with Insurer’s consent, any other nationally recognized bond rating agency then maintaining a rating on the Bonds, but, in each instance, only so long as Standard & Poor’s, Moody’s or other nationally recognized rating agency then maintains a rating on the Bonds.

Redemption Fund means the fund by that name established pursuant to Section 7.08 (Application of Redemption Fund) hereof.

Redemption Price means, with respect to any Bond (or portion thereof) the principal amount of such Bond (or portion) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond and this Trust Agreement.

Regular Record Date for interest payable on any Interest Payment Date on the Bonds means the fifteenth (15th) day of the calendar month immediately preceding the relevant Interest Payment Date

Rental Payments means all the rental payments due and payable under the Facilities Lease.

Representation Letter means the blanket issuer letter of representations dated December 10, 1996, to The Depository Trust Company, New York, New York, from the Authority.

Required Reserve means, as of any date of calculation the least of (i) Maximum Annual Debt Service in any Bond Year on the Bonds Outstanding, (ii) 125% of Average Annual Debt Service in any Bond Year on the Bonds Outstanding, and (iii) 10% of the original principal amount of the Bonds.

Reserve Facility means any letter of credit, insurance policy, surety bond or other credit source deposited with the Trustee pursuant to Section 7.07 (Funding and Application of Reserve Fund).

Reserve Policy means the debt service reserve policy issued by the Insurer in the amount of the Required Reserve.

Reserve Fund means the fund by that name established pursuant to Section 7.07 (Funding and Application of Reserve Fund) hereof.

Responsible Officer of the Trustee means any Vice President, Assistant Vice President or Trust Officer of the Trustee having regular responsibility for corporate trust matters related to this Trust Agreement.

Revenue Fund means the fund by that name established pursuant to Section 7.03 (Receipt and Deposit of Rental Payments in the Revenue Fund) hereof.

Revenues means all Rental Payments paid by the City and received by the Authority and all interest or other income from any investment of any money in any fund or account (other than the Rebate Fund) pursuant to Section 7.10 (Investment of Moneys in Accounts and Funds) hereof.

Securities Depository means The Depository Trust Company located at 55 Water Street, 50th Floor, New York, NY 10041-0099, or such other addresses and/or such other securities depositories as the Authority may designate.

Site Lease means that certain Site Lease dated May 1, 2019, by and between the City and the Authority.

Special Record Date for the payment of any defaulted interest on the Bonds means a date fixed by the Trustee pursuant to Section 2.06 (Payment of Interest on the Bonds; Interest Rights Preserved).

Standard & Poor's means S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, and its successors and assigns, except that if Standard & Poor's no longer

maintains a rating on the Bonds, any other nationally recognized bond rating agency, but only so long as a nationally recognized rating agency then maintains a rating on the Bonds.

State means the State of California.

Supplemental Trust Agreement means any trust agreement then in full force and effect which has been duly executed and delivered by the Authority and the Trustee amendatory hereof or supplemental hereto; but only if and to the extent that such Supplemental Trust Agreement is specifically authorized hereunder.

Tax Certificate means the Tax Certificate delivered by the Authority and the City at the time of the issuance and delivery of the Bonds, as the same may be amended or supplemented in accordance with its terms.

Trust Agreement means this Trust Agreement, dated May 1, 2019, between the Authority and the Trustee, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Trust Agreements executed pursuant to the provisions hereof.

Trustee means The Bank of New York Mellon Trust Company, N.A., or any other association or corporation that may at any time be substituted in its place as provided in Section 10.09 (Removal and Resignation; Appointment of Successor).

Section 1.02 Equal Security. In consideration of the acceptance of the Bonds by the Holders thereof, the Trust Agreement shall be deemed to be and shall constitute a contract between the Authority, the Insurer, and the Holders from time to time of all Bonds authorized, executed, issued and delivered hereunder and then Outstanding to secure the full and final payment of the interest on and principal of and redemption premiums, if any, on all Bonds which may from time to time be authorized, executed, issued and delivered hereunder, subject to the agreements, conditions, covenants and provisions contained herein; and all agreements and covenants set forth herein to be performed by or on behalf of the Authority shall be for the equal and proportionate benefit, protection and security of the Insurer, all Holders of the Bonds without distinction, preference or priority as to security or otherwise of any Bonds over any other Bonds by reason of the number or date thereof or the time of authorization, sale, execution, issuance or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein.

Section 1.03 Acts of Owners. Any request, consent or other instrument required or permitted by this Trust Agreement to be signed and executed by Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Owners 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 Trust Agreement and shall be conclusive in favor of the Trustee and of the Authority if made in the manner provided in this Section.

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 him the execution

thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

Any request, consent, or other instrument or writing of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of every Bond delivered in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in accordance therewith or reliance thereon.

Section 1.04 Notices, etc., to Authority and Trustee. Any notice to or demand upon the Trustee may be served or presented, and such demand may be made, at the Corporate Trust Office. Any notice to or demand upon the Authority shall be deemed to have been sufficiently given or served for all purposes by being deposited, first-class mail postage prepaid, in a post office letter box, addressed, as the case may be, to the Authority at 205 West 4th Street, Madera, CA 93637, Attention: [Treasurer/Auditor] (or such other address as may have been filed in writing by the Authority with the Trustee).

Section 1.05 Notices to Owners; Waiver. In any case where notice to Owners is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Owners shall affect the sufficiency of such notice with respect to other Owners.

Where this Trust Agreement provides for notice in any manner, such notice may be waived in writing by the person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Owners shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 1.06 Form and Content of Documents Delivered to Trustee. Every certificate or opinion provided for in this Trust Agreement with respect to compliance by or on behalf of the City or the Authority 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 as to 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, he has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; and (4) a statement as to 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 Authority or the City may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel, an accountant, or an independent consultant, unless such officer knows, or 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 an independent consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Authority or the City, as the case may be) upon a certificate or opinion of or representation by an officer of the Authority or the City, unless such counsel, accountant, or independent 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 Authority or the City, or the same counsel, or accountant or independent consultant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Trust Agreement, but different officers, counsel, accountants, or independent consultants may certify to different matters, respectively.

Section 1.07 Effect of Headings and Table of Contents. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction, or effect of this Trust Agreement.

Section 1.08 Successors and Assigns. Whenever herein either the Authority or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all agreements and covenants required hereby to be performed by or on behalf of the Authority or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 1.09 Benefits of the Trust Agreement. Nothing contained herein, expressed or implied, is intended to give to any person other than the Authority, the City, the Trustee, the Insurer, and the Holders any right, remedy or claim under or by reason of this Trust Agreement or any covenant, condition or provision herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Authority, the City, the Trustee, and the Owners of the Bonds.

Section 1.10 Payments/Actions Otherwise Scheduled on Non-Business Days. Except as specifically set forth in a Supplemental Trust Agreement, any payments or transfers that would otherwise become due on any day that is not a Business Day shall become due or shall be made on the next succeeding Business Day. When any other action is provided for herein to be done on a day named or within a specified time period and the day named or the last day of the specified period falls on a day other than a Business Day, such action may be performed on the next succeeding Business Day with the same effect as though performed on the appointed day or within the specified period.

Section 1.11 No Personal Liability For Debt Service. No City Council member, governing board member, officer, or employee of the Authority or the City shall be individually or personally liable for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds by reason of their issuance, but nothing herein contained shall relieve any such member, officer or employee from the performance of any official duty provided by the Act or any other applicable provisions of law or hereby.

Section 1.12 Separability Clause. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the Authority or the Trustee shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof or of the Bonds, and the Holders shall retain all the benefit, protection and security afforded to them under the Act or any

other applicable provisions of law. The Authority and the Trustee hereby declare that they would have executed and delivered the Trust Agreement and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 1.13 Governing Law. This Trust Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State.

Section 1.14 Execution in Several Counterparts. This Trust Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

ARTICLE II ISSUANCE OF BONDS

Section 2.01 Title; General Limitations. The general title of the Bonds shall be “Madera Public Financing Authority Lease Revenue Bonds, Series 2019.”

Section 2.02 Forms and Denominations. The form of the Bonds shall be established by the provisions of this Trust Agreement. The Bonds shall be distinguished as may be determined by the officers of the Authority executing particular Bonds, as evidenced by their execution thereof. The Bonds may carry such legends as may be required to indicate restrictions on their transfer, if any.

The Authority may issue the Bonds (i) in such denominations as it specifies at the time of issuance thereof and (ii) in fully registered form without coupons or in fully registered book-entry form.

Section 2.03 Execution, Authentication, Delivery, and Dating. The Bonds shall be executed in the name and on behalf of the Authority by the Chair of the Authority and attested by its Secretary or an Assistant Secretary of the Authority. The signature of any of these officers on the Bonds may be facsimile or manual. Unless otherwise provided in any Supplemental Trust Agreement, 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 Authority before the Bonds so signed or attested shall have been authenticated, or delivered by the Trustee, or issued by the Authority, such Bonds may nevertheless be authenticated, delivered, and issued and, upon such authentication, delivery, and issue, shall be as binding upon the Authority as though those who signed and attested the same had continued to be such officers of the Authority. Any Bond may be signed and attested on behalf of the Authority by such persons as at the actual date of execution such Bond shall be the proper officers of the Authority although at the nominal date of such Bond any such person shall not have been such officer of the Authority.

Except as may be provided in any Supplemental Trust Agreement, no Bond shall be valid or obligatory for any purpose or entitled to the benefits of this Trust Agreement unless there appears on such Bond a certificate of authentication substantially in the form provided for herein, manually executed by the Trustee. Such certificate of authentication when manually executed by the Trustee shall be conclusive evidence, and the only evidence, that such Bond has been duly executed, authenticated, and delivered hereunder.

Section 2.04 Registration, Transfer, and Exchange. The Trustee will keep or cause to be kept a register (herein sometimes referred to as the “Bond Register”) in which, subject to such reasonable regulations as it may prescribe, the Trustee shall provide for the registration and transfer of Bonds. The Bond Register shall at all times be open to inspection during normal business hours by the Authority with reasonable notice.

Upon surrender of a Bond for transfer at the Corporate Trust Office, the Authority shall execute and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of the same tenor, and maturity and for an equivalent aggregate principal amount.

The Bonds may be exchanged for an equivalent aggregate principal amount of Bonds of other authorized denominations of the same tenor, and maturity, upon surrender of the Bonds for exchange at the Corporate Trust Office. Upon surrender of Bonds for exchange, the Authority shall execute and the Trustee shall authenticate and deliver the Bonds that the Owner making the exchange is entitled to receive.

All Bonds surrendered upon any exchange or transfer provided for in this Trust Agreement shall be promptly cancelled by the Trustee and thereafter disposed of as provided for in Section 2.08 (Cancellation).

All Bonds issued upon any transfer or exchange of Bonds shall be the valid obligations of the Authority, evidencing the same debt, and entitled to the same security and benefits under this Trust Agreement, as the Bonds surrendered upon such transfer or exchange.

Every Bond presented or surrendered for transfer or exchange shall be accompanied by a written instrument of transfer, in a form approved by the Trustee, that is duly executed by the Owner or by his attorney duly authorized in writing.

No service charge shall be made for any transfer or exchange of Bonds, but the Trustee shall require the Owner requesting such transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer or exchange shall be paid by the Authority.

The transferor shall also provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045. The Trustee may rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

The Trustee shall not be required to transfer or exchange (i) any Bond during the period established by the Trustee for the selection of Bonds for redemption or (ii) any Bond that has been selected for redemption in whole or in part, except the unredeemed portion of such Bond selected for redemption in part, from and after the day that such Bond has been selected for redemption in part.

Section 2.05 Mutilated, Destroyed, Stolen or Lost Bonds. If (i) any mutilated Bond is surrendered to the Trustee, or the Authority and the Trustee receive evidence to their satisfaction of the destruction, loss, or theft of any Bond, and (ii) there is delivered to the Authority and the Trustee such security or indemnity as may be required by them to save each of them harmless, then the Authority shall execute, and upon its request the Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Bond, a new Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding.

Upon the issuance of any new Bond under this Section, the Authority may require payment of a sum sufficient to pay the cost of preparing such Bond, any tax or other governmental charge that may be imposed in relation thereto, and any other expenses connected therewith.

Every new Bond issued pursuant to this Section in lieu of any destroyed, lost, or stolen Bond shall constitute an original additional contractual obligation of the Authority, whether or not the destroyed, lost, or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the security and benefits of this Trust Agreement equally and ratably with all other Outstanding Bonds secured by this Trust Agreement. Neither the Authority nor the Trustee shall be required to treat both the new Bond and the Bond it replaces as being Outstanding for the purpose of determining the principal amount of Bonds that may be issued hereunder, but both the new Bond and the Bond it replaces shall be treated as one and the same.

Section 2.06 Payment of Interest on the Bonds; Interest Rights Preserved. Interest represented by any Bond that is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Owner thereof as of the close of business on the Regular Record Date for such interest specified in the provisions of this Trust Agreement.

Any interest represented by any Bond that is payable but is not punctually paid or duly provided for on any Interest Payment Date shall forthwith cease to be payable to the Owner on the relevant Regular Record Date. Such defaulted interest shall be paid to the Person in whose name the Bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee. In the name of the Authority and at the expense of the City, the Trustee shall cause notice of the payment of such defaulted interest and the Special Record Date to be mailed, first-class postage prepaid, to each Owner of a Bond at his address as it appears in the Bond Register not fewer than ten (10) days prior to such Special Record Date.

Subject to the foregoing provisions of this Section, each Bond delivered under this Trust Agreement upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, that were carried by such other Bond. Each such Bond shall bear interest from such date that neither loss nor gain in interest shall result from such transfer, exchange, or substitution.

Section 2.07 Persons Deemed Owners. The Authority and the Trustee shall be entitled to treat the person in whose name any Bond is registered as the owner thereof for all purposes of the Trust Agreement and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the Authority. The ownership of Bonds shall be proved by the Bond Register. The Trustee may establish a record date as of which to measure consent of the Owners in order to determine whether the requisite consents are received.

Section 2.08 Cancellation. All Bonds surrendered for payment, redemption, transfer, or exchange, if surrendered to the Trustee, shall be promptly cancelled by the Trustee and, if surrendered to any person other than the Trustee, shall be delivered to the Trustee and, if not already cancelled, shall be promptly cancelled by the Trustee.

The Authority shall deliver to the Trustee for cancellation any Bonds acquired in any manner by the Authority, and the Trustee shall promptly cancel such Bonds.

No Bond shall be executed in lieu of or in exchange for any Bond cancelled as provided in this Section, except as expressly provided by this Trust Agreement. The Trustee shall destroy all cancelled Bonds.

Section 2.09 Book-Entry Provisions. Notwithstanding any provision of this Trust Agreement to the contrary, if the Bonds are issued as book-entry only bonds, then the following provisions shall apply:

(A) **Limitations on Transfer.** Registered ownership of the Bonds, or any portions thereof, may not be transferred except:

(1) To any successor of The Depository Trust Company or its nominee, or to any substitute depository designated pursuant to clause (2) of this subsection (“substitute depository”); provided that any successor of The Depository Trust Company or substitute depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(2) To any substitute depository not objected to by the Trustee, upon (a) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository, or (b) a determination by the Authority that The Depository Trust Company or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; provided that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(3) To any person as provided below, upon (a) the resignation of The Depository Trust Company or its successor (or substitute depository or its successor) from its functions as depository if no substitute depository that is not objected to by the Trustee can be obtained, or (b) a determination by the Authority that it is in the best interests of the Authority to remove The Depository Trust Company or its successor (or any substitute depository or its successor) from its function as depository.

(B) Execution and Delivery of New Bonds. In the case of any transfer pursuant to clause (1) or clause (2) of subsection 2.09(A) (Book-Entry Provisions -- Limitations on Transfer) hereof, upon receipt of all Outstanding Bonds by the Trustee, together with a Certificate of the Authority to the Trustee, a single new Bond for each maturity of Bonds in the aggregate principal amount of the Bonds of such maturity then Outstanding shall be executed and delivered, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such Certificate of the Authority. In the case of any transfer pursuant to clause (3) of subsection 2.09(A) (Book-Entry Provisions -- Limitations on Transfer) hereof, upon receipt of all Outstanding Bonds by the Trustee together with a Certificate of the Authority to the Trustee, new Bonds shall be executed and delivered in such denominations and registered in the names of such persons as are requested in such Certificate of the Authority, subject to the limitations of Section 2.04 (Registration, Transfer, and Exchange) hereof; provided that the Trustee shall not be required to deliver such new Bonds within a period less than sixty (60) days from the date of receipt of such a Certificate of the Authority.

(C) Notation of Reduction of Principal. In the case of partial redemption, cancellation or a refunding of any Bonds evidencing all or a portion of the principal maturing in a particular year, The Depository Trust Company shall make an appropriate notation on the Bonds indicating the date and amounts of such reduction in principal, in form acceptable to the Trustee. No Responsibility to Persons Other Than Owners. The Authority and the Trustee shall be entitled to treat the person in whose name any book-entry only Bond is registered as the Owner thereof for all purposes of the Trust Agreement and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the Authority; and the Authority and the Trustee shall have no responsibility for transmitting payments to, communication with, notifying, or otherwise dealing with any beneficial owners of such Bonds. Neither the Authority nor the Trustee will have any responsibility or obligations, legal or otherwise, to the beneficial owners or to any other party including The Depository Trust Company or its successor (or substitute depository or its successor), except for the Owner of any Bond.

(E) Payments to Depository. So long as all the Outstanding Bonds are registered in the name of "Cede & Co." or its registered assign, the Authority and the Trustee shall cooperate with "Cede & Co.", as sole registered Owner of such Bonds, and its registered assigns in effecting payment of the principal of and redemption premium, if any, and interest on the Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

(F) In connection with any proposed transfer outside the Book-Entry Only system, the Authority or DTC shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045. The Trustee may rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

ARTICLE III THE BONDS

Section 3.01 Terms and Form of Bonds.

(A) Creation of Bonds. The Authority hereby creates the Bonds and additionally designates them “Series 2019” At any time after the execution and delivery of this Trust Agreement, the Authority may execute and the Trustee shall authenticate and deliver the Bonds in the aggregate principal amount of \$[PAR AMOUNT] upon the Order of the Authority.

(B) Form of Bonds. The form of the Bonds shall be substantially as set forth in Exhibit A with such insertions, omissions, substitutions, and variations as may be determined by the officers executing the same, as evidenced by their execution thereof, to reflect the applicable terms of the Bonds established by this Article.

(C) Book-Entry Form; Denominations. The Bonds shall be issued in fully registered form, in Authorized Denominations and shall be initially registered in the name of “Cede & Co.,” as nominee of The Depository Trust Company. The Bonds shall be evidenced by one Bond maturing on each of the maturity dates with respect to the Bonds in a denomination corresponding to the total principal amount represented by the Bonds payable on such date. Registered ownership of the Bonds, or any portion thereof, may not thereafter be transferred except as set forth in Section 2.09 (Book-Entry Provisions). The Bonds shall bear such distinguishing numbers and letters as may be specified by the Trustee.

(D) Date; Interest Accrual; Maturity Dates; Interest Rates. The Bonds shall be dated their date of delivery, shall mature in the following amounts on the following dates, and shall bear interest from their date at the following rates per annum:

Maturity Date (February 1)	Principal Amount	Interest Rate
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Interest on the Bonds shall be calculated on the basis of a 360-day year comprising twelve 30-day months.

(E) Principal and Interest Payments. The principal or Redemption Price of the Bonds shall be payable to the Owner thereof upon surrender thereof in lawful money of the United States of America at the Corporate Trust Office or, as provided in Section 2.09(E) (Book-Entry Provisions - Payments to Depository), by wire transfer on each principal and mandatory redemption payment date to “Cede & Co.” or its registered assign, as sole registered Owner. Interest on the Bonds shall be payable on February 1, 2020, and thereafter semiannually on February 1 and August 1 of each

year by check mailed on the Interest Payment Date or, as provided in Section 2.09(E) (Book-Entry Provisions - Payments to Depository) and upon the written request received by the Trustee at least five (5) days before the applicable Record Date of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds who has provided the Trustee with wire transfer instructions, by wire transfer on each Interest Payment Date to the Owner thereof at the close of business on the Regular Record Date. Any such written request shall remain in effect until rescinded in writing by the Owner. Any Owner that requests payment by wire transfer shall pay the associated wire charges. The Regular Record Date for the Bonds shall be the fifteenth (15th) day of the calendar month immediately preceding the relevant Interest Payment Date.

(F) Cessation of Interest Accrual. Interest on any Bond shall cease to accrue (i) on the maturity date thereof, provided that there has been irrevocably deposited with the Trustee an amount sufficient to pay the principal amount thereof, plus interest accrued thereon to such date; or (ii) on the redemption date thereof, provided there has been irrevocably deposited with the Trustee an amount sufficient to pay the principal thereof and premium thereon (if any), plus interest accrued thereon to such date. The Owner of such Bond shall not be entitled to any other payment, and such Bond shall no longer be Outstanding and entitled to the benefits of this Trust Agreement, except for the payment of the principal amount of such Bond and any premium and accrued interest thereon.

Section 3.02 Redemption of the Bonds.

(A) General. The Bonds shall be subject to redemption as provided in Article V (Redemption of Bonds).

(B) Casualty Loss or Governmental Taking. The Bonds shall be subject to redemption prior to maturity as a whole on any date or in part (in such maturities as may be specified by the City and at random within a maturity) on any Interest Payment Date, from prepaid Rental Payments made by the City from funds received by the City due to a casualty loss, material title defect, or governmental taking of the Leased Property or portions thereof by eminent domain proceedings, under the circumstances and upon the conditions and terms prescribed herein and in the Facilities Lease, at a redemption price equal to the sum of the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

(C) Optional Redemption. The Bonds are also subject to redemption prior to their respective stated maturities at the option of the Authority at the direction of the City, from any source of available funds, as a whole or in part (in such maturities as may be specified by the City and at random within a maturity) on any date, on or after February 1, 20__, at a redemption price equal to 100% of the principal amount of Bonds called for redemption, together with accrued interest to the date fixed for redemption.

In the event of a redemption pursuant to subsection (B) and (C) of this section, the City shall provide the Trustee with a revised sinking fund schedule giving effect to the redemption so completed.

(D) Mandatory Sinking Account Redemption. The Term Bonds maturing on February 1, 20__, are subject to redemption prior to their stated maturity, in part, at random from amounts deposited into the 20__ Sinking Account in the following amounts and on the following dates, at the

principal amount thereof on the date fixed for redemption, without premium, but which amounts will be proportionately reduced by the principal amount of all Term Bonds optionally redeemed, as set forth in a schedule produced by the City:

Mandatory Redemption Dates
(February 1)

Principal Amount

**Maturity*

Section 3.03 Application of Bond Proceeds. Upon receipt of the purchase price of the Bonds from the purchaser in the amount of \$ _____, the Trustee shall transfer or deposit said proceeds as follows:

(A) transfer to the City for deposit in the Project Fund established pursuant to Section 3.04 (Establishment and Application of Project Fund), the amount of \$ _____;

(B) [deposit into the Reserve Fund established pursuant to Section 7.07 (Funding and Application of Reserve Fund), the amount of \$ _____, which is equal to the initial Required Reserve]; and

(C) deposit into the Costs of Issuance Fund established pursuant to Section 3.05 (Establishment and Application of Costs of Issuance Fund), the amount of \$ _____.

The Trustee may establish a temporary account in its records to facilitate such transfers.

Section 3.04 Establishment and Application of Project Fund. The City shall establish and maintain a separate fund designated as the “Project Fund.” The City shall use the moneys in the Project Fund to pay the costs of acquiring, constructing, furnishing, and equipping the Project (or reimbursing the City for such costs). All earnings from the investment of moneys in the Project Fund shall be deposited therein. Upon completion of the Project, the City shall notify the Trustee in writing of such completion and transfer any amounts remaining in the Project Fund to the Trustee for deposit in the Revenue Fund.

Section 3.05 Establishment and Application of Costs of Issuance Fund. The Trustee shall establish, maintain, and hold a special fund designated as the “Costs of Issuance Fund.” The amounts in the Costs of Issuance Fund shall be held by the Trustee in trust and applied to the payment of the costs of issuance of the Bonds, upon a Requisition filed with the Trustee, 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. Any amounts remaining in the Costs of Issuance Fund three (3) months following the Closing Date shall be deposited into the Revenue Fund.

Section 3.06 Validity of Bonds. The recital contained in the Bonds that the same are issued pursuant to the Act and pursuant hereto shall be conclusive evidence of their validity and of the regularity of their issuance, and all Bonds shall be incontestable from and after their issuance. The Bonds shall be deemed to be issued, within the meaning hereof, whenever the definitive Bonds (or any temporary Bonds exchangeable therefor) shall have been delivered to the purchaser thereof and the proceeds of sale thereof received.

Section 3.07 Continuing Disclosure. The City hereby covenants that it will comply with and carry out all the provisions of the Continuing Disclosure Certificate.

ARTICLE IV NO ISSUANCE AND DELIVERY OF ADDITIONAL SERIES OF BONDS

Section 4.01 No Issuance of Additional Series of Bonds. Notwithstanding anything contained herein, the issuance of an additional series of Bonds under this Trust Agreement is not authorized.

ARTICLE V REDEMPTION OF BONDS

Section 5.01 General Applicability of Article. Bonds that are redeemable before their respective stated maturities shall be redeemable in accordance with their terms and (in accordance with this Article.

Section 5.02 Notice to Trustee. In the case of any redemption at the election of the Authority, the Authority shall, at least forty-five (45) days prior to the date fixed for redemption (unless a shorter notice shall be satisfactory to the Trustee in the sole determination of the Trustee) notify the Trustee of such redemption date and of the principal amount of Bonds to be redeemed.

Section 5.03 Selection by Trustee of Bonds to be Redeemed. If less than all the Outstanding Bonds of a maturity are to be redeemed, not more than sixty (60) days prior to the redemption date the Trustee shall select the particular Bonds of such maturity to be redeemed (in whole or in part) from the Outstanding Bonds that have not previously been called for redemption, in minimum denominations of \$5,000, at random in any manner that the Trustee in its sole discretion shall deem appropriate and fair. For purposes of selection, each \$5,000 portion of a Bond shall be deemed to be a separate Bond.

The Trustee shall promptly notify the Authority in writing of the Bonds so selected for redemption and, in the case of a Bond selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Trust Agreement, unless the context otherwise requires, all provisions relating to the redemption of Bonds shall relate, in the case of any Bond redeemed or to be redeemed only in part, to the portion of the principal of such Bond that has been or is to be redeemed.

Section 5.04 Notice of Redemption.

(A) Mailed Notice. Notice of redemption shall be mailed (first class postage prepaid) by the Trustee, not fewer than thirty (30) nor more than sixty (60) days prior to the redemption date, to (i) the respective Owners of any Bonds designated for redemption at their addresses appearing on the Bond Register, (ii) the Securities Depository (if such Bonds are not then in book-entry form), and (iii) the Information Service. Notice of redemption to the Securities Depository shall be given electronically to “redemptionnotification@dtcc.com.”

(B) Content of Notice. Each notice of redemption shall state the date of such notice, the date of issue of the Bonds, the redemption date, the amount of any redemption premium, the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity, the distinctive certificate numbers of the Bonds of such maturity 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. Each such notice shall also state that on said date there will become due and payable on each of said Bonds the principal amount thereof or specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with premium (if any) and interest thereon accrued to the date fixed for redemption, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice. Neither the Authority nor the Trustee shall have any responsibility for any defect in the CUSIP number that appears on any Bond or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Authority nor the Trustee shall be liable for any inaccuracy in such numbers.

(C) Defects in Notice or Procedure. Failure by the Trustee to give notice to the Information Service or the Securities Depository or failure of any Owner to receive notice or any defect in any such notice shall not affect the sufficiency of the proceedings for redemption. Failure by the Trustee to mail notice to any one or more of the respective Owners of any Bonds designated for redemption shall not affect the sufficiency of the proceedings for redemption with respect to the Owner or Owners to whom such notice was mailed.

(D) Conditional Notice of Redemption; Rescission of Redemption. The Authority, if so directed by the City at its option, shall specify in any notice of optional redemption that redemption is conditional upon the availability of money sufficient to pay the Redemption Price of all the Bonds that are to be redeemed on the date fixed for redemption. The Authority, if so directed by the City at its option, prior to the date fixed for optional redemption in any notice of redemption, rescind and cancel such notice of optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption will be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation will not constitute a default under this Trust Agreement. Neither the Authority, the City, nor the Trustee will have any liability to the Owners or any other party as a result of the Authority’s failure to redeem Bonds as a result of insufficient money.

Section 5.05 Deposit of Redemption Price. Prior to any date for redemption of Bonds, the Authority shall deposit with the Trustee an amount of money sufficient to pay the Redemption Price

of all the Bonds that are to be redeemed on that date. Such money shall be held in trust for the benefit of the persons entitled to such Redemption Price.

Section 5.06 Bonds Payable on Redemption Date. Notice of redemption having been duly given as aforesaid and moneys for payment of the Redemption Price of the Bonds so to be redeemed being held by the Trustee, on the redemption date designated in such notice (i) the Bonds so to be redeemed shall become due and payable at the Redemption Price specified in such notice, (ii) interest on such Bonds shall cease to accrue, (iii) such Bonds shall cease to be entitled to any benefit or security under this Trust Agreement, and (iv) the Owners of such Bonds shall have no rights in respect thereof except to receive payment of said Redemption Price. Upon surrender of any such Bond for redemption in accordance with said notice, such Bond shall be paid by Trustee at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable to the Owners of the Bonds on the relevant Record Dates according to the terms of such Bonds and the provisions of Section 2.06 (Payment of Interest on the Bonds; Interest Rights Preserved).

Section 5.07 Bonds Redeemed in Part. Upon surrender of any Bond redeemed in part only, the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the City, a new Bond or Bonds of authorized denominations, and of the same maturity, equal in aggregate principal amount to the unredeemed portion of the Bond surrendered.

ARTICLE VI DEFEASANCE

Section 6.01 Discharge of Trust Agreement.

(A) Payment of Bonds. Any Bond may be paid in any of the following ways:

(1) by paying or causing to be paid the principal of and interest on the Bond, as and when the same become due and payable;

(2) by depositing with the Trustee, an escrow agent or other fiduciary, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 6.03 (Deposit of Money or Securities with Trustee)) to pay or redeem the Bond; or

(3) by delivering the Bond to the Trustee for cancellation.

(B) Consequence of Payment of All Bonds. If all Bonds that are Outstanding have been paid and the Authority also pays or causes to be paid all other sums payable hereunder, and the City has paid or caused to be paid all other sums payable under the Facilities Lease by the City, then and in that case, at the election of the Authority, evidenced by a Statement of the Authority filed with the Trustee signifying the intention of the Authority to discharge all such obligations and this Trust Agreement, and notwithstanding that any Bonds shall not have been surrendered for payment, this Trust Agreement, the pledge of assets made hereunder, all covenants and agreements and other obligations of the Authority under this Trust Agreement, and the rights and interests created hereby (except as to any surviving rights of transfer or exchange of Bonds as provided in Section 2.04 (Registration, Transfer, and Exchange)) and rights to payment from moneys deposited with the Trustee as provided in Section 6.02 (Discharge of Liability on Bonds)) shall cease, terminate, become void, and be completely discharged and satisfied. Notwithstanding the satisfaction and

discharge of this Trust Agreement, the obligations to the Trustee under Section 10.07 (Compensation and Indemnification of Trustee), the provisions of Section 10.09 (Removal and Resignation; Appointment of Successor), and the covenants of the Authority to preserve the exclusion of interest represented by the Bonds from gross income for federal income tax purposes contained in Section 8.07 (Federal Income Tax Covenants) shall survive.

(C) Delivery of Excess Funds. If all Bonds have been paid as provided herein, upon Request of the Authority, the Trustee shall cause an accounting for such period or periods as may be requested by the Authority to be prepared and filed with the Authority and shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign, or deliver to the Authority all moneys or securities or other property held by it pursuant to this Trust Agreement that, as evidenced by a verification report (upon which the Trustee may conclusively rely) from an Independent Certified Public Accountant, are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption; subject to the provisions of Section 8.07 (Federal Income Tax Covenants) and the Tax Certificate with respect to moneys in the Rebate Fund.

Section 6.02 Discharge of Liability on Bonds. Upon the deposit with the Trustee, escrow agent, or other fiduciary, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 6.03 (Deposit of Money or Securities with Trustee)) 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 in Article V (Redemption of Bonds) provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the Authority in respect of such Bond shall cease, terminate, and be completely discharged, except that thereafter (i) the Owner thereof shall be entitled to payment of the principal of and interest on such Bond and premium, if any, thereon by the Authority and the Authority shall remain liable for such payment, but only out of such money or securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of Section 6.04 (Payment of Bonds After Discharge of Trust Agreement) and (ii) the Owner thereof shall retain its rights of transfer or exchange of Bonds as provided in Section 2.04 (Registration, Transfer, and Exchange).

The Authority may at any time surrender to the Trustee for cancellation by it any Bonds previously executed and delivered, which the Authority may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Section 6.03 Deposit of Money or Securities with Trustee. Whenever in this Trust Agreement 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 so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to this Trust Agreement and shall be:

(A) Cash. Lawful money of the United States of America in an amount equal to all unpaid principal of and interest on such Bonds to maturity, except that, in the case of Bonds that are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as in Article V (Redemption of Bonds) provided 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 all unpaid principal of and interest on the Bonds to the redemption date and any redemption premium thereon; or

(B) Defeasance Securities. Defeasance Securities the principal of and interest on which when due, together with any cash deposited at the same time, will, in the opinion of an Independent Certified Public Accountant delivered to the Trustee (upon which opinion the Trustee may conclusively rely), provide money sufficient to pay the principal of and all unpaid interest to maturity, or to the redemption date, as the case may be, on (and any redemption premium on) the Bonds to be paid or redeemed, as such principal or Redemption Price and interest become due, provided that, in the case of Bonds that are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article V (Redemption of Bonds) provided 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 Trust Agreement or by Request of the Authority) to apply such money to the payment of such principal or Redemption Price of and interest on such Bonds.

Section 6.04 Payment of Bonds After Discharge of Trust Agreement. Any moneys held by the Trustee in trust for the payment of the principal of or interest or redemption premium on any Bonds and remaining unclaimed for two years after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption as provided in this Trust Agreement), if such moneys were so held at such date, or two years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall be repaid to the Authority free from the trusts created by this Trust Agreement, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that, before the repayment of such moneys to the Authority as aforesaid, the Trustee shall (solely at the request and cost of the Authority) first mail to the Owners of any Bonds remaining unpaid at the addresses shown on the Bond Register a notice, in such form as may be deemed appropriate by the Trustee, with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Authority of the moneys held for the payment thereof. All moneys held by or on behalf of the Trustee for the payment of principal of or premium or interest on Bonds, whether at redemption, acceleration, or maturity, shall be held uninvested in trust for the account of the Owners thereof and the Trustee shall not be required to pay Owners any interest on, or be liable to the Owners or any other person for any interest earned on, moneys so held.

Section 6.05 Notice of Defeasance. If moneys or Permitted Investments are deposited as provided above with and held by the Trustee for the payment of any Bonds, and such Bonds are not by their terms subject to redemption within the next sixty-five (65) days, the Trustee shall within ten (10) Business Days after such money or Permitted Investments have been deposited with it mail a notice, first class postage prepaid, to the Owners of such Bonds at the addresses listed on the registration books kept by the Trustee pursuant to Section 2.04 (Registration, Transfer, and Exchange) hereof, (a) setting forth the maturity date or date fixed for redemption, as the case may be, of such Bonds, (b) giving a description of the Permitted Investments, if any, so held by it, and (c) stating that all liability of the Authority in respect of such Bonds has ceased, terminated, and been completely discharged, except that thereafter (i) the Owner of any such Bond is entitled to payment of the principal of and interest on such Bond and premium, if any, thereon by the Authority and that

the Authority remains liable for such payment, but only out of such money or securities deposited with the Trustee as aforesaid for their payment.

ARTICLE VII REVENUES

Section 7.01 Liability of Authority Limited to Revenues. Notwithstanding anything contained herein, the Authority shall not be required to advance any money derived from any source other than the Revenues as provided herein for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds or for the performance of any agreements or covenants herein contained. The Authority may, however, advance funds for any such purpose so long as such funds are derived from a source legally available for such purpose without incurring any indebtedness.

Section 7.02 Pledge of Revenues; Assignment of Leases.

(A) Pledge of Revenues. In order to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms and the provisions of this Trust Agreement, and subject only to the provisions of this Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein, the Authority hereby pledges 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 Trust Agreement, other than amounts on deposit in the Rebate Fund. This pledge shall constitute a first pledge of and charge and lien upon such assets for the payment of the Bonds in accordance with their terms and shall be valid and binding from and after issuance of the Bonds, without any physical delivery thereof or further act. The pledge herein made shall be irrevocable until all of the Bonds are no longer Outstanding.

(B) Assignment of Leases. The Authority hereby unconditionally transfers, assigns, and sets over to the Trustee for the benefit of the Owners, without recourse, (1) all of the Rental Payments and any and all rights and privileges it has under the Facilities Lease (excepting only the Authority's rights under Section 4.08 (Additional Payments) and Section 6.09 (Authority Not Liable; Indemnification of the Authority) of the Facilities Lease), including, without limitation, the right to collect and receive directly all of such Rental Payments and the right to hold and enforce any security interest created thereunder, and any such Rental Payments collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee, and shall forthwith be paid by the Authority to the Trustee, and (2) all of its right, title, and interest in the Site Lease.

Section 7.03 Receipt and Deposit of Rental Payments in the Revenue Fund.

(A) Deposit of Rental Payments. The Trustee shall forthwith deposit the Rental Payments into a trust fund, designated as the "Revenue Fund," which fund the Trustee shall establish and maintain, when and as received by the Trustee. All moneys at any time held in the Revenue Fund shall be held in trust for the benefit of the Owners and shall be disbursed, allocated, and applied solely for the uses and purposes set forth in subsection (B) (Reserve Fund Replenishment) and Section 7.04 (Allocation of Rental Payments).

(B) Reserve Fund Replenishment. If the Reserve Fund has been drawn upon as a result of a delinquency in the payment of Rental Payments, the Trustee shall transfer the delinquent Rental Payments thereafter received to the Reserve Fund to replenish the amount therein to the Required Reserve.

Section 7.04 Allocation of Rental Payments

(A) Allocations for Debt Service. So long as any Bonds are Outstanding, the Trustee shall set aside the moneys in the Revenue Fund in the following respective funds or accounts (each of which the Trustee shall establish, maintain and hold in trust for the benefit of the Owners of the Bonds) in the following amounts, in the following order of priority, the requirements of each such fund (including the making up of any deficiencies in any such fund resulting from lack of moneys sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any deposit is made to any fund subsequent in priority:

(1) Interest Fund. On each Interest Payment Date, commencing February 1, 2020, the Trustee shall set aside in the Interest Fund an amount equal to the aggregate amount of interest becoming due and payable on the Outstanding Bonds on such Interest Payment Date. No deposit need be made into the Interest Fund if the amount contained therein is at least equal to the interest due and payable on such Interest Payment Date upon all of the Bonds then Outstanding (but excluding any moneys on deposit in the Interest Fund from the proceeds of the Bonds or other source and reserved as capitalized interest to pay interest on any future Interest Payment Dates following such Interest Payment Date).

(2) Principal Fund; Sinking Accounts. On each Principal Payment Date, commencing February 1, 2020, the Trustee shall deposit in the Principal Fund an amount equal to (a) the aggregate amount of principal becoming due and payable on the Outstanding Serial Bonds and (b) the aggregate principal amount of Bonds to be redeemed on such date from the respective Sinking Accounts for the Term Bonds.

No deposit need be made into the Principal Fund so long as there shall be in such fund (i) moneys sufficient to pay the principal of all Serial Bonds then Outstanding and maturing by their terms on such Principal Payment Date plus (ii) the aggregate principal amount of all Term Bonds required to be redeemed on such Principal Payment Date, but less any amounts deposited into the Principal Fund during the preceding twelve-month period and theretofore paid from the Principal Fund to redeem or purchase Term Bonds during such twelve-month period.

(3) Redemption Fund. The Trustee, on the date specified in a Written Request of the City filed with the Trustee, at the time that any prepaid Rental Payment is paid to the Trustee, shall deposit in the Redemption Fund that amount of moneys representing the portion of the Rental Payments designated as prepaid Rental Payments. Except as provided in Section 8.07 (Federal Income Tax Covenants) hereof, moneys in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest and the redemption premiums, if any, on and principal of the Bonds to be redeemed.

(B) Surplus Amounts. Any moneys remaining in the Revenue Fund after the foregoing transfers described in (1), (2), and (3) of Subsection (A) above shall be deposited, in order of priority, (i) into the Reserve Fund to the extent that the amount therein is less than the Required Reserve, and (ii) into the Rebate Fund if so directed by the Authority. Amounts not required to be so deposited shall be promptly transferred to the City, except that any amounts representing delinquent Rental Payments and any proceeds of rental abatement insurance shall remain on deposit in the Revenue Fund. The City may use and apply any moneys when received by it for any lawful purpose of the City, including the redemption of Bonds upon the terms and conditions set forth herein and the purchase of Bonds as and when and at such prices as it may determine.

Section 7.05 Application of Interest Fund. All money in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity).

Section 7.06 Application of Principal Fund.

(A) Use of Amounts in Principal Fund. All amounts in the Principal Fund shall be used and withdrawn by the Trustee solely for the purposes of paying the principal of the Bonds when due and payable, except that all amounts in the Sinking Account shall be used and withdrawn by the Trustee solely to purchase or redeem or pay Bonds at maturity, as provided herein.

(B) Sinking Accounts. The Trustee shall establish and maintain within the Principal Fund a separate account for the Term Bonds of each maturity, designated as the “Sinking Account,” inserting therein the maturity designation of such Bonds. On any date upon which Term Bonds are subject to mandatory redemption, the Trustee shall transfer the amount of the principal then redeemable from the Principal Fund to the applicable Sinking Account. With respect to each Sinking Account, on each mandatory redemption date established for such Sinking Account, the Trustee shall apply the amount required on that date to the redemption (or payment at maturity, as the case may be) of Term Bonds of such maturity for which such Sinking Account was established, upon the notice and in the manner provided herein; provided that, at any time prior to giving such notice of such redemption, the Trustee shall, upon receipt of a Request of the City, apply moneys in such Sinking Account to the purchase (in whole or in part) of Term Bonds of such maturity at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Fund) as is directed by the City, except that the purchase price (excluding accrued interest) shall not exceed the principal amount represented thereby. If, during the twelve-month period immediately preceding said mandatory redemption date, the Trustee has purchased Term Bonds of such maturity with moneys in such Sinking Account, or, during said period and prior to giving said notice of redemption, the City has deposited Term Bonds of such maturity with the Trustee, or Term Bonds of such maturity were at any time purchased or redeemed by the Trustee from the Redemption Fund and allocable to said mandatory redemption, such Term Bonds so purchased or deposited or redeemed shall be applied, to the extent of the full principal amount represented thereby, to reduce the amount required for deposit on the mandatory redemption date in the Sinking Account.

Any amounts remaining in a Sinking Account when all of the Term Bonds for which such account was established are no longer Outstanding shall be withdrawn by the Trustee and transferred to the City to be used for any lawful purpose.

All Bonds purchased from a Sinking Account or deposited by the City with the Trustee in a twelve-month period ending February 1, shall be allocated first to the next succeeding mandatory redemption for such maturity of Term Bonds, then as a credit against such future mandatory redemptions for such maturity of Term Bonds as may be specified in a Request of the City. All Term Bonds redeemed by the Trustee from the Redemption Fund shall be credited to such future mandatory redemptions for such maturity of Term Bonds as may be specified in a Request of the City.

Section 7.07 Funding and Application of Reserve Fund.

(A) Funding of the Reserve Fund. Trustee shall maintain a Reserve Fund which is hereby established. On the Closing Date there shall be deposited in the Reserve Fund \$_____ [or Reserve Policy] which shall be in the amount of the Required Reserve.

(B) Substitution of Cash. The City may at any time substitute cash for all or part of the amount available to be paid to the Trustee under any Reserve Facility delivered pursuant to this Section to satisfy a Required Reserve.

(C) Replenishment of Reserve Fund. The Trustee shall deposit (from amounts received pursuant to Subsection 4.08(A)(2) (Additional Payments -- Reserve Fund Valuation Deficiencies) Subsection 4.08(A)(3) (Additional Payments -- Reserve Fund Replenishment) of the Facilities Lease) as soon as possible in each month in the Reserve Fund, except as otherwise provided in this Section, upon the occurrence of any deficiency therein, one-twelfth (1/12th) of the aggregate amount of each unreplenished prior withdrawal from the Reserve Fund and one-fourth (1/4) of the aggregate amount of any deficiency due to any required valuations of the investments in the Reserve Fund until the total of the cash balance in the Reserve Fund and the amount available under any Reserve Facility for the Bonds is at least equal to the Required Reserve.

(D) Letter of Credit.

(1) In lieu of making the Required Reserve replenishment deposits in compliance with subsection (C) herein, or in replacement of moneys then on deposit in the Reserve Fund (which shall be transferred by the Trustee to the City), the City may deliver to the Trustee an irrevocable letter of credit issued by a financial institution at the time of issuance having unsecured debt obligations rated in one of the two highest Rating Categories of Moody's and Standard & Poor's, in an amount, together with moneys, Permitted Investments, or Reserve Facilities (as described in subsection (E) of this Section) on deposit in the Reserve Fund, equal to the Required Reserve. Such letter of credit shall have a term no less than three (3) years or, if less, the maturity of the Bonds and shall provide by its terms that it may be drawn upon as provided in this Section. In addition, the letter of credit must be acceptable to the Insurer. If a drawing is made on the letter of credit, the City shall make such payments as may be required by the terms of the letter of credit or any obligations related thereto (but no less than quarterly pro rata payments) so that the letter of credit shall, absent the delivery to

the Trustee of a Reserve Facility satisfying the requirements contained in subsection (E) of this Section or the deposit in the Reserve Fund of an amount sufficient to increase the balance in the Reserve Fund to the Required Reserve, be reinstated in the amount of such drawing within one year of the date of such drawing.

(2) The issuer of the letter of credit shall be required to notify the Authority, the City, and the Trustee, not later than 12 months prior to the stated expiration date of the letter of credit, as to whether such expiration date shall be extended, and if so, shall indicate the new expiration date. If such notice indicates that the expiration date shall not be extended, the City shall deposit in the Reserve Fund an amount sufficient to cause the cash or Investment Securities on deposit in the Reserve Fund together with any other qualifying Reserve Facilities, to equal the Required Reserve, such deposit to be paid in equal installments on at least a quarterly basis over the remaining term of the letter of credit, unless the Reserve Facility is replaced by a Reserve Facility meeting the requirements of this Section. The letter of credit shall permit a draw in full not less than two weeks prior to the expiration or termination of such letter of credit if the letter of credit has not been replaced or renewed. The Trustee shall draw upon the letter of credit prior to its expiration or termination unless an acceptable replacement is in place or the Reserve Fund is fully funded in its required amount.

(E) Other Reserve Facility. In lieu of making the Required Reserve replenishment deposits in compliance with subsection (C) of this Section, or in replacement of moneys then on deposit in the Reserve Fund (which shall be transferred by the Trustee to the City), the City may also deliver to the Trustee an insurance policy, surety bond, or other Reserve Facility securing an amount, together with moneys, Permitted Investments or letters of credit on deposit in the Reserve Fund, no less than the Required Reserve issued by an insurance company whose unsecured debt obligations (or for which obligations secured by such insurance company's insurance policies or surety bonds) at the time of issuance are rated in one of the two highest Rating Categories of Moody's and Standard & Poor's. Such Reserve Facility shall have a term of no less than the maturity of the Bonds. In addition, the Reserve Facility must be acceptable to the Insurer. In the event that such Reserve Facility for any reason lapses or expires, the City shall immediately deliver to the Trustee either a letter of credit satisfying the requirements contained in subsection (D) of this Section or a Reserve Facility satisfying the requirements of this subsection (E) or make the required deposits to the Reserve Fund.

(F) Use of Amounts in Reserve Fund.

(1) Payment of Debt Service Deficiencies. All amounts in the Reserve Fund (including all amounts that may be obtained from Reserve Facilities on deposit in the Reserve Fund) shall be used and withdrawn by the Trustee, as hereinafter provided, solely for the purpose of making up any deficiency in the Interest Fund or the Principal Fund, or (together with any other moneys available therefor) for the payment or redemption of all Bonds then Outstanding, or for the payment of the final principal and interest payment with respect to such Bonds, if, following such payment the amounts in the Reserve Fund (including the amounts that may be obtained from Reserve Facilities on deposit therein) will equal the Required Reserve. The Trustee shall first draw on the portion of the Reserve Fund held in cash or Permitted Investments and then, on a pro rata basis with respect to amounts

held in the form of Reserve Facilities (calculated by reference to the maximum amounts of such Reserve Facilities), draw on or collect under each Reserve Facility issued with respect to the Reserve Fund, in a timely manner and pursuant to the terms of such Reserve Facility to the extent necessary in order to obtain sufficient funds on or prior to the date such funds are needed to pay the principal and interest represented by the Bonds when due.

(2) Repayment of Amounts Recovered as Preferences in Bankruptcy. If the Trustee has notice that any payment of principal or interest represented by a Bond has been recovered from an Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee, pursuant to and provided that the terms of the Reserve Facility, if any, securing the Bonds so provide, shall so notify the issuer thereof and draw on or collect under such Reserve Facility to the lesser of the extent required or the maximum amount of such Reserve Facility in order to pay to such Owners the principal and interest so recovered. If and to the extent that the Required Reserve is satisfied by a deposit of cash or Permitted Investments and one or more Reserve Facilities (or any combination thereof), the Trustee shall first draw on the portion of the Reserve Fund held in cash or Permitted Investments and then make drawings on or collect under such Reserve Facilities on a pro rata basis (calculated by reference to the maximum amounts of such Reserve Facilities).

(3) Reimbursement to Reserve Facility Providers. If the Trustee draws on or collects under a Reserve Facility, the Trustee shall use amounts deposited in the Reserve Fund by the City following such draw or collection first to make the payments required by the terms of the Reserve Facility or related reimbursement or loan agreement so that the Reserve Facility shall, absent the delivery to the Trustee of a substitute Reserve Facility acceptable to the Insurer that satisfies the requirements of this Section or the deposit in the Reserve Fund of an amount sufficient to increase the balance in the Reserve Fund to the Required Reserve, be reinstated in the amount of such draw or collection within one year of the date of the draw or collection. After such reinstatement, the Trustee shall use amounts deposited in the Reserve Fund by the City for the replenishment of the portion of the Reserve Fund held in cash or Permitted Investments.

(G) Transfer of Excess Amounts. Any amounts in the Reserve Fund in excess of the Required Reserve (as calculated by the City) shall be transferred by the Trustee to the City on the last Business Day of February and August of each year; provided that such amounts shall be transferred only from the portion of the Reserve Fund held in the form of cash or Permitted Investments and further provided that the City is not then in default under the Facilities Lease.

Section 7.08 Application of Redemption Fund. The Trustee shall establish, maintain and hold in trust a special fund designated as the “Redemption Fund.” All moneys deposited by the City with the Trustee for the purpose of redeeming Bonds shall, unless otherwise directed by the City, be deposited in the Redemption Fund. All amounts deposited in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of redeeming Bonds, in the manner, at the times and upon the terms and conditions specified herein; provided that, at any time prior to giving such notice of redemption, the Trustee shall, upon receipt of a Request of the City, apply such amounts to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Fund) as is

directed by the City, except that the purchase price (exclusive of such accrued interest) may not exceed the Redemption Price then applicable to such Bonds. All Term Bonds purchased or redeemed from the Redemption Fund shall be allocated to Mandatory Sinking Account Payments applicable to such maturity of Term Bonds as may be specified in a Request of the City.

Section 7.09 Rebate Fund. If the City so directs, the Trustee shall establish and maintain a fund designated as the “Rebate Fund” separate from any other fund held by the Trustee. The Trustee shall deposit moneys into and disburse moneys from the Rebate Fund pursuant to written instructions from the City. The Trustee shall be deemed conclusively to have complied with the provisions of this Section and the Tax Certificate if it follows the instructions of the City, including to supply all necessary information in the manner specified in the Tax Certificate. In the absence of written instructions from the City, the Trustee shall not be required to take any action with respect to the Rebate Fund or the Tax Certificate and shall have no liability or responsibility to enforce compliance by the City with the terms of the Tax Certificate.

Section 7.10 Investments of Moneys in Accounts and Funds.

(A) **Investment in Permitted Investments.** All moneys in any of the funds and accounts held by the Trustee and established pursuant to this Trust Agreement shall be invested solely as directed by the City, solely in Permitted Investments. All Permitted Investments shall, as directed by the City in writing, be acquired subject to the limitations set forth in Section 8.07 (Federal Income Tax Covenants), 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 City and not inconsistent with the duties of the Trustee under this Trust Agreement. If and to the extent the Trustee does not receive investment instructions from the City with respect to the moneys in the funds and accounts held by the Trustee pursuant to this Trust Agreement, such moneys shall be invested in Permitted Investments described in clause (7) (Money Market Funds) of the definition thereof; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a written direction from the City specifying a specific money market fund and, if no such written direction from the City is so received, the Trustee shall hold such moneys uninvested. The Trustee may rely conclusively upon the investment direction of the City as to the suitability and legality of the directed investments.

(B) **Maturity of Investments.** Moneys in the Reserve Fund shall be invested in Permitted Investments maturing within five years of the date of such investment, but in no event later than the final maturity of the Bonds, or, in the case of Investment Agreements, available by the terms thereof for withdrawal at the times and for the purposes required for the application of funds in the Reserve Fund. Moneys in the remaining funds and accounts shall be invested in Permitted Investments maturing or available on demand not later than the date on which it is estimated that such moneys will be required by the Trustee.

(C) **Deposit of Earnings.** All interest, profits, and other income received from the investment of moneys in any fund or account held by the Trustee hereunder, other than the Rebate Fund, shall be transferred to the Revenue Fund when received. All interest, profits, and other income received from the investment of moneys in the Rebate Fund shall be deposited therein, except as otherwise directed by the City. Notwithstanding anything to the contrary contained in this

paragraph, an amount of interest received with respect to any Permitted Investment equal to the amount of accrued interest, if any, paid as part of the purchase price of such Permitted Investment shall be credited to the fund or account from which such accrued interest was paid.

(D) Valuation. All Permitted Investments credited to the Reserve Fund shall be valued as of each Interest Payment Date at their fair market value determined to the extent practical by reference to any financial publication or quotation service selected by the Trustee in its discretion, including such pricing services as may be available to the Trustee within the Trustee's regular accounting system.

(E) Accounting; Acquisition and Disposition. The Trustee may commingle any of the funds or accounts established pursuant to this Trust Agreement into a separate fund or funds for investment purposes only, provided that all funds or accounts held by the Trustee hereunder shall be accounted for separately as required by this Trust Agreement. The Trustee and its affiliates may act as sponsor, advisor, depository, principal, or agent in the making or disposing of any investment and, with the prior written consent of the City, may impose its customary charge therefor. The City acknowledges that, to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grants the City the right to receive brokerage confirmations or security transactions as they occur, the City specifically waives receipt of such confirmations to the extent permitted by law. The City further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker. The Trustee shall furnish the City periodic cash transaction statements which include detail for all investment transactions effected by the Trustee or brokers selected by the City. Upon the City's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request. The Trustee may sell or present for redemption, any Permitted Investments so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal, or disbursement from the fund or account to which such Permitted Investment is credited, and the Trustee shall not be liable or responsible for any loss resulting from such investment.

Section 7.11 Funds and Accounts. Any fund required by this Trust Agreement 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 shall at all times be maintained in accordance with customary standards of the corporate trust industry, to the extent practicable, and with due regard for the protection of the security of the Bonds and the rights of every Owner thereof.

Section 7.12 Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest, principal, or Redemption Price due on any date with respect to particular Bonds (or portions of Bonds in the case of 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 Owners of the Bonds entitled thereto, subject, however, to the provisions of Section 6.04 (Payment of Bonds After Discharge of Trust Agreement).

**ARTICLE VIII
COVENANTS OF THE AUTHORITY**

Section 8.01 Power to Issue Bonds and Make Pledge and Assignment. The Authority is duly authorized pursuant to law to enter into the Trust Agreement, authorize the issuance of the Bonds, and pledge the Rental Payments and assign the Facilities Lease and the Site Lease and its rights thereunder purported to be pledged and assigned, respectively, under this Trust Agreement, and in the manner and to the extent provided in this Trust Agreement. The Bonds and the provisions of this Trust Agreement are and will be the valid and binding limited obligations of the Authority in accordance with their terms.

Section 8.02 Punctual Payment and Performance. The Authority will punctually pay out of the Revenues the interest on and the principal of and redemption premiums, if any, to become due on every Bond issued hereunder in strict conformity with the terms hereof and of the Bonds, and will faithfully observe and perform all the agreements and covenants to be observed or performed by the Authority contained herein and in the Bonds.

Section 8.03 Against Encumbrances. The Authority will not make any pledge of or place any charge or lien upon the Revenues except as provided herein, and will not issue any bonds, notes or obligations payable from the Revenues or secured by a pledge of or charge or lien upon the Revenues except the Bonds.

Section 8.04 Amendments to Facilities Lease or Site Lease. The Authority shall not supplement, amend, modify or terminate any of the terms of the Facilities Lease or the Site Lease, or consent to any such supplement, amendment, modification or termination, without the written consent of the Insurer and the acknowledgment of the Trustee. The Trustee shall give such written acknowledgment and the Insurer shall give such written consent only if (a) such supplement, amendment, modification or termination will not materially adversely affect the interests of the Holders or result in any material impairment of the security hereby given for the payment of the Bonds, (b) such supplement, amendment, or modification is made pursuant to the terms of Section 3.04 (Substitution) of the Facilities Lease or is made to modify the legal description of the Leased Property to conform to the requirements of title insurance or otherwise to reflect accurately the description of the parcels intended to be included in the Site Lease and Facilities Lease, or (c) the Trustee first obtains the written consents of the Holders of a majority in principal amount of the Bonds then Outstanding to such supplement, amendment, modification or termination and; provided, that no such supplement, amendment, modification or termination shall reduce the amount of Rental Payments to be made to the Authority or the Trustee by the City pursuant to the Facilities Lease or extend the time for making such payments without the written consents of all of the Holders of the Bonds then Outstanding.

Section 8.05 Extension of Time for Payment of Bonds. The Authority will 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 of the claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement. If 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 Trust Agreement, unless the principal represented by all of the Bonds and of all claims for interest represented thereby that shall not have

been so extended have been paid in full. Nothing in this Section shall be deemed to limit the right of the Authority to cause the delivery of Bonds for the purpose of refunding any Outstanding Bonds, and such delivery shall not be deemed to constitute an extension of maturity of Bonds.

Section 8.06 Preservation of Rights of Owners. The Authority shall at all times, to the extent permitted by law, defend, preserve, and protect the pledge and assignment of Rental Payments and other assets and all the rights of the Owners under this Trust Agreement against all claims and demands of all persons whomsoever.

Section 8.07 Federal Income Tax Covenants. The Authority shall at all times do and perform all acts and things permitted by law and this Trust Agreement that are necessary and desirable in order to assure that interest paid on the Bonds will be excluded from gross income for federal income tax purposes and shall take no action that would result in such interest not being so excluded. Without limiting the generality of the foregoing, the Authority agrees to comply with the provisions of the Tax Certificate. This covenant shall survive the defeasance or payment in full of the Bonds.

Section 8.08 Further Assurances. Whenever and so often as reasonably requested to do so by the Trustee, the Insurer, or any Owner, the Authority will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments, and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Holders all rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them hereby.

ARTICLE IX EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Section 9.01 Events of Default. The following events shall be Events of Default:

(i) Payment Default. Default in the due and punctual payment of the interest on any Bond or the principal of or redemption premium, if any, on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed or by proceedings for redemption when and as the same shall become due and payable;

(ii) Breach of Covenant. Default by the Authority in the observance or performance of any covenant, condition, agreement, or provision in this Trust Agreement on its part to be observed or performed, for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, has been given to the Authority by the Trustee or the Insurer;

(iii) Facilities Lease Default. A Lease Default Event as defined under the Section 8.01 (Lease Default Events) of the Facilities Lease;

(iv) Bankruptcy. A declaration of bankruptcy by the Authority.

(v) Site Lease Default. A default as defined under Section 9 of the Site Lease.

Section 9.02 Application of Funds for Default. [to come]

Section 9.03 Institution of Legal Proceedings by Trustee. If one or more of the events of default shall happen and be continuing, the Trustee (a) may, with the consent of the Insurer, and (b) shall, at the direction of the Insurer or upon the written request of the Holders of a majority in principal amount of the Bonds then Outstanding with the consent of the Insurer, and upon being indemnified to its satisfaction therefor, proceed to protect or enforce its rights or the rights of the Holders of Bonds under this Trust Agreement and under the Facilities Lease 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 most effectual in support of any of its rights and duties hereunder or thereunder. The Trustee may exercise its rights under this Trust Agreement to collect its fees and expenses without the consent of the Holders of any Bonds so long as such exercise does not result in the acceleration of any Bonds.

Section 9.04 Application of Money Collected. If an Event of Default shall occur and be continuing, the Trustee shall apply all funds then held or thereafter received by the Trustee under any of the provisions of this Trust Agreement (except as otherwise provided in this Trust Agreement) 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 Owners of the Bonds, including the costs and expenses of the Trustee in declaring such Event of Default, and payment of reasonable fees and expenses of the Trustee (including reasonable fees and disbursements of its counsel and other agents) incurred in and about the performance of its powers and duties under this Trust Agreement, and then the costs and expenses of the Owners in declaring such Event of Default;

(B) To the payment of the whole amount of principal then due with respect to 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 Trust Agreement (including Section 8.05 (Extension of Time for Payment of Bonds)), with interest on such principal, at the rate or rates of interest with respect to the respective Bonds as follows:

(1) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Owners of the Bonds, including the costs and expenses of the Trustee and the Owners in declaring such Event of Default, and payment of reasonable fees and expenses of the Trustee (including reasonable fees and disbursements of its counsel and other agents) incurred in and about the performance of its powers and duties under this Trust Agreement;

(i) Unless the principal represented by all of the Bonds shall have become due and payable,

First: to the payment to the persons entitled thereto of all installments of interest then due in the order of their due dates, and, if the amount available shall not be sufficient to pay in full any installment or installments due on the same date, then to the payment thereof ratably, according to the amounts of principal or interest due on such

date, to the persons entitled thereto, without any discrimination or preference; and

Second: to the payment to the persons entitled thereto of all unpaid principal represented by or Redemption Price of any Bonds that shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the principal represented by the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or interest due on such date, to the persons entitled thereto, without any discrimination or preference.

(ii) If the principal represented by all of the Bonds shall have become due and payable, to the payment of the principal and interest then due and unpaid with respect to 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.

(C) Subject to Section 9.04(A), any discretion of the Trustee to apply moneys following an Event of Default shall not permit the Trustee to fail to liquidate investment obligations in the Revenue Fund and Reserve Fund and apply amounts credited to such funds to the payment of debt service on any Principal Payment Date.

Section 9.05 Non-Waiver. Nothing in this Article or in any other provision hereof or in the Bonds shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the interest on and principal of and redemption premiums, if any, on the Bonds to the respective Holders of the Bonds at the respective dates of maturity or upon prior redemption as provided herein from the Revenues as provided herein pledged for such payment, or shall affect or impair the right of such Holders, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein and in the Bonds.

A waiver of any default or breach of duty or contract by any Holder or the Insurer shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by any Holder or the Insurer to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Holders or the Insurer by the Act or by this Article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Holders and the Insurer.

Section 9.06 Restoration of Positions. If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned, the Authority and any Holder and the Insurer shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Section 9.07 Actions by Trustee as Attorney-in-Fact. Any action, proceeding or suit which any Holder shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Holders, whether or not the Trustee is a Holder, and the Trustee is hereby appointed (and the successive Holders, by taking and holding the Bonds issued hereunder, shall be conclusively deemed to have so appointed it) the true and lawful attorney-in-fact of the Holders for the purpose of bringing any such action, proceeding or suit and for the purpose of doing and performing any and all acts and things for and on behalf of the Holders as a class or classes as may be advisable or necessary in the opinion of the Trustee as such attorney-in-fact.

Section 9.08 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Holders or the Insurer is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

Section 9.09 Insurer's Direction of Proceedings. The Insurer shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable satisfaction, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder, provided that such direction shall be otherwise in accordance with law and the provisions of this Trust Agreement.

Section 9.10 Limitation on Holders' Right to Sue. No Holder of any Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or equity, for any remedy under or upon this Trust Agreement, unless (a) such Holder shall have previously given to the Trustee written notice of the occurrence of an event of default as defined in Section 9.01 (Events of Default) hereunder; (b) the Holders of at least a majority in aggregate principal amount of all 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) said Holders shall have tendered to the Trustee the consent of the Insurer and reasonable security or indemnity, 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 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; it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by his or their action to enforce any right under this Trust Agreement, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of the Trust Agreement shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Holders of the Outstanding Bonds.

**ARTICLE X
THE TRUSTEE**

Section 10.01 Appointment of the Trustee. The Bank of New York Mellon Trust Company, N.A. is hereby appointed as Trustee under this Trust Agreement and hereby accepts the trust imposed upon it as Trustee hereunder and to perform all the functions and duties of the Trustee hereunder, subject to the terms and conditions set forth in this Trust Agreement.

Section 10.02 Certain Duties and Responsibilities.

(A) When No Default is Continuing. Prior to an Event of Default, and after the curing or waiver of all Events of Default that may have occurred, . the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Trust Agreement and no implied covenants shall be read into this Trust Agreement against the Trustee.

(B) During Continuance of Default. During the existence of any Event of Default (that has not been cured or waived), the Trustee shall exercise such of the rights and powers vested in it by this Trust Agreement, and use the same degree of care and skill in their exercise, as a reasonable person would exercise or use under the circumstances in the conduct of such person's own affairs.

(C) Effect of Bond Insurance Policy. In determining whether any amendment, consent or other action to be taken, or any failure to act, under the Trust Agreement would adversely affect the security for the Bonds or the rights of the Holders, the Trustee shall consider the effect of any such amendment, consent or inaction as if there were no Bond Insurance Policy.

(D) Immunities of Trustee. No provision of this Trust Agreement shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

(1) this Subsection shall not be construed to limit the effect of Subsection A of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee shall not 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 Insurer or the Owners of not less than a majority (or any lesser amount that may direct the Trustee under this Trust Agreement) 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 exercising any trust or power conferred upon the Trustee under this Trust Agreement; and

(4) no provision of this Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers, if it shall have

reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(E) Immunities Applicable to All Provisions of Trust Agreement. Whether or not therein expressly so provided, every provision of this Trust Agreement relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article X (The Trustee).

Section 10.03 Notice of Defaults. Within forty-five (45) days after the occurrence of any default of which the Trustee has actual knowledge of or is deemed to have knowledge per Section 10.04(H) (Knowledge of Event of Default) hereunder, the Trustee shall transmit by mail to all Owners of Bonds as their names and addresses appear on the Bond Register notice of such default hereunder known to the Trustee, unless such default shall have been cured or waived; provided, however, that, except in the case of a default in the payment of the principal of or premium, if any, or interest on any Bond or in the payment of any sinking fund installment, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors and/or Responsible Officers of the Trustee in good faith determine that the withholding of such notice is in the interests of the Owners; and provided further that in the case of any default of the character specified in Section 9.01(ii) (Events of Default -- Breach of Covenant) no such notice to Owners shall be given until at least thirty (30) days after the occurrence thereof. For purposes of this Section, the term “default” means any event that is, or after notice or lapse of time or both would become, an Event of Default.

Section 10.04 Certain Rights of Trustee; Liability of Trustee. Except as otherwise provided in Section 10.02 (Certain Duties and Responsibilities):

(A) Reliance on Documents Believed Genuine. The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, requisition, consent, order, bond, note, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(B) Documentation of Authority’s or City’s Directions. Any request or direction of the Authority or the City mentioned herein shall be sufficiently evidenced by a Certificate, Statement, Request, Requisition, or Order of the Authority or the City, as the case may be;

(C) Reliance on Authority Statement. Whenever in the administration of the trusts imposed upon it by this Trust Agreement the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action hereunder, the Trustee (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a Statement of the Authority, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable;

(D) Reliance on Advice of Counsel. The Trustee may consult with counsel, including, without limitation, counsel of or to the Authority or the City, and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered, or omitted by the Trustee hereunder in good faith and in reliance thereon;

(E) Security for Costs. The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Trust Agreement at the request, order or direction of any of the Owners pursuant to the provisions of this Trust Agreement, including, without limitation, the provisions of Article IX (Events of Default and Remedies of Owners) hereof, unless such Owners shall have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities that may be incurred therein or thereby.

(F) Investigation of Factual Matters. 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, coupon 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 Authority or the City, personally or by agent or attorney.

(G) Performance of Duties by Agents. The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, but the Trustee shall be answerable for the negligence or misconduct of any such attorney-in-fact, agent, or receiver selected by it; provided that the Trustee shall not be answerable for the negligence or misconduct of any attorney-in-law or certified public accountant selected by it with due care.

(H) Knowledge of Event of Default. The Trustee shall not be deemed to have knowledge of, and shall not be required to take any action with respect to, any Event of Default other than an Event of Default described in 9.01(A) (Events of Default – Payment Default) unless a Responsible Officer of the Trustee shall have actual knowledge of such event.

(I) No Responsibility for Disclosure Material. The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

(J) Extension of Immunities. The immunities extended to the Trustee also extend to its directors, officers, employees and agents.

(K) No Duty. The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty.

(L) Reliance on Documents. in the absence of bad faith on its part the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Trust Agreement; but in the case of any such certificates or opinions that by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of the Trust Agreement.

(M) Electronic Communication. The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to this Indenture

and delivered using Electronic Means (“Electronic Means” shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the City whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee’s understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. 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 directions conflict or are inconsistent with a subsequent written instruction. The City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions 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; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

(N) Force Majeure. The Trustee shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term “force majeure” means an occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care. Force majeure shall include but not be limited to acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

(O) Standard of Care. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

Section 10.05 Trustee Not Responsible for Recitals, Validity of Bonds, or Application of Proceeds.

(A) Trustee Makes No Representations. The recitals of facts herein and in the Bonds contained shall be taken as statements of the Authority, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Trust Agreement or of the Bonds, as to the sufficiency of the Rental Payments or the priority of

the lien of this Trust Agreement thereon, or as to the financial or technical feasibility of any project and shall not incur any responsibility in respect of any such matter, other than in connection with the duties or obligations expressly herein or in the Bonds assigned to or imposed upon it.

(B) Trustee Not Responsible for City's Use of Certain Moneys and Other Actions. The Trustee shall not be responsible for:

(1) the application or handling by the City of any moneys transferred to or pursuant to any Requisition or Request of the City in accordance with the terms and conditions hereof;

(2) the application and handling by the City of any fund or account designated to be held by the City hereunder or under the Facilities Lease;

(3) any error or omission by the City in making any computation or giving any instruction pursuant to the Tax Certificate and the Trustee may rely conclusively on any computations or instructions furnished to it by the City in connection with the requirements of the Tax Certificate;

(4) the construction, operation, or maintenance of any project or facilities by the City.

Section 10.06 Trustee May Hold Bonds. The Trustee and its directors, officers, employees or agents may in good faith buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Owner of a Bond may be entitled to take, with like effect as if the Trustee was not the Trustee under this Trust Agreement. The Trustee may in good faith hold any other form of indebtedness of the Authority or the City, own, accept or negotiate any drafts, bills of exchange, acceptances or obligations of the Authority or the City and make disbursements for the Authority or the City and enter into any commercial or business arrangement therewith, without limitation.

Section 10.07 Compensation and Indemnification of Trustee. The Authority agrees, but solely from Additional Payments received from the City and subject to the provisions of Section 7.01 (Liability of Authority Limited to Revenues):

(A) Compensation. to pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder;

(B) Reimbursement. except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, disbursements, and advances incurred or made by the Trustee in accordance with any provision of this Trust Agreement (including the reasonable compensation and the expenses and disbursements of its agents and counsel (including internal counsel)), except any such expense, disbursement, or advance as be attributable to the Trustee's negligence or willful misconduct; and

(C) Indemnification. to indemnify the Trustee for, and to hold it harmless against, any loss, liability, or expense incurred without negligence or willful misconduct on its part, arising out of or in connection with the acceptance or administration of the trusts created hereby, including the costs and expenses (including attorneys' fees) of defending itself against any claim or liability in

connection with the exercise or performance of any of its powers or duties hereunder or with respect to the Facilities Lease.

The rights of the Trustee and the obligations of the Authority under this Section shall survive resignation and removal of the Trustee and the discharge of the Bonds and this Trust Agreement.

Section 10.08 Corporate Trustee Required; Eligibility. There shall at all times be a Trustee hereunder, which shall be a federally chartered savings association or institution, a national banking association, trust company, or bank having the powers of a trust company authorized to do business in the State, having a combined capital and surplus of at least fifty million dollars (\$50,000,000), and subject to supervision or examination by federal or state authority. If such federally chartered savings association or institution, 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, then for the purpose of this Section the combined capital and surplus of such federally chartered savings association or institution, 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. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, the Trustee shall resign immediately in the manner and with the effect specified in this Article.

Section 10.09 Removal and Resignation; Appointment of Successor.

(A) Effectiveness of Resignation or Removal. No removal or resignation of the Trustee and appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 10.10 (Acceptance of Appointment by Successor).

(B) Trustee's Right to Resign. The Trustee may resign at any time by giving written notice of such resignation to the Authority and the City and by giving the Owners notice of such resignation by mail at the addresses shown on the Bond Register. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within thirty (30) days after the giving of such notice of resignation, the resigning Trustee may 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.

(C) Authority's Right to Remove Trustee. The Authority may, and upon Request of the City shall, upon thirty (30) days' prior written notice, remove the Trustee at any time, unless an Event of Default shall have occurred and then be continuing, by giving written notice of such removal to the Trustee.

(D) Mandatory Removal of Trustee. The Authority shall remove the Trustee if at any time,

(1) requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing)

(2) the Trustee shall cease to be eligible in accordance with Section 10.08 (Corporate Trustee Required; Eligibility) and shall fail to resign after written request therefor by the Authority, or

(3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take 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.

(E) Appointment of Successor. If the Trustee shall resign, be removed, or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the Authority shall promptly appoint a successor Trustee by an instrument in writing. If no successor Trustee shall have been so appointed by the Authority and accepted appointment in the manner hereinafter provided within 30 days after such resignation, removal, or incapability or the occurrence of such vacancy, the Owners may, by an instrument or instruments signed by the Holders of a majority in principal amount of the Bonds, appoint a successor Trustee, or any Owner (on behalf of himself and all other Owners) may 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.

(F) Performance of Duties by Treasurer. If, by reason of the judgment of any court, the Trustee or any successor Trustee is rendered unable to perform its duties hereunder, and if no successor Trustee be then appointed, all such duties and all of the rights and powers of the Trustee hereunder shall be assumed by and vest in the Treasurer, or designee, of the Authority in trust for the benefit of the Owners.

(G) Notice of Removal or Resignation. The Authority, at the expense of the City, shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to the Owners as their names and addresses appear in the Bond Register. Each notice shall include the name of the successor Trustee and the address of its corporate trust office. If the Authority fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the City.

Section 10.10 Acceptance of Appointment by Successor. Any successor Trustee appointed under this Trust Agreement shall execute and deliver to the Authority, to the City and to its predecessor Trustee an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed, or conveyance, shall become vested with all the moneys, rights, powers, trusts, and duties of the predecessor Trustee; but, at the Request of the Authority or the request of the successor Trustee, the predecessor Trustee shall, upon payment of its charges, execute and deliver an instrument conveying and transferring to the successor Trustee all the right, title, and interest of such predecessor Trustee in and to any property held by it under this Trust Agreement and shall duly assign, transfer, and deliver to the successor Trustee all property and money held by the predecessor Trustee hereunder. Upon request of any successor Trustee, the Authority 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, properties, rights, powers, trusts, and duties.

Section 10.11 Merger or Consolidation. Any company or entity into which the Trustee may be merged or converted or with which it may be consolidated or any company or entity resulting from any merger, conversion, or consolidation to which it shall be a party or any company or entity to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company or entity shall be eligible under Section 10.08 (Corporate Trustee Required; Eligibility), 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. In case any Bonds shall have been executed, but not delivered, by the Trustee then in office, any successor by merger, conversion, or consolidation to such executing Trustee may adopt such execution and deliver the Bonds so executed with the same effect as if such successor Trustee had itself executed such Bonds.

Section 10.12 Preservation and Inspection of Documents. So long as any of the Bonds are Outstanding, all documents received by the Trustee under the provisions of this Trust Agreement shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Authority, the City and any Owner, and their agents and representatives duly authorized in writing, at reasonable times and under reasonable conditions.

Section 10.13 Accounting Records and Reports. The Trustee will keep or cause to be kept proper books of record and accounts prepared in accordance with corporate trust industry standards, in which complete and accurate entries shall be made of all transactions relating to the receipts, disbursements, allocation and application of the Revenues, and such books shall be available for inspection by the Authority and the City at reasonable hours and under reasonable conditions.

ARTICLE XI AMENDMENT OF THE TRUST AGREEMENT

Section 11.01 Supplemental Trust Agreements without Consent of Owners. This Trust Agreement and the rights and obligations of the Authority, of the Trustee, and of the Owners of the Bonds may be modified or amended from time to time and at any time by a Supplemental Trust Agreement, which the Authority and the Trustee may enter into without the consent of any Owners but only with the consent of the City and the Insurer (except for (C), (D), (F), and (G), for which no Insurer consent shall be required) and only to the extent permitted by law and only for any one or more of the following purposes:

(A) Additional Security: to add to the covenants and agreements of the Authority contained in this Trust Agreement other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the Authority;

(B) Curative Provisions: 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 Trust Agreement, or in regard to matters or questions arising under this Trust Agreement, or to make any other revisions or additions to this Trust Agreement as the Authority may deem

necessary or desirable, and that shall not materially and adversely affect the interests of the Owners of the Bonds;

(C) Trust Indenture Act Qualification: to modify, amend, or supplement this Trust Agreement 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, and that shall not materially and adversely affect the interests of the Owners of the Bonds;

(D) Redemption Notification: to modify or supplement the procedures for giving notice of redemption of Bonds in order to comply with regulations promulgated by the United States Securities and Exchange Commission;

(E) Credit Enhancement: to make modifications or adjustments necessary, appropriate, or desirable to accommodate credit enhancements including Reserve Facilities;

(F) Book-Entry Modifications: to amend, modify, or eliminate the book-entry registration system for the Bonds;

(G) Preservation of Tax-Exemption: to make such provisions as are necessary or appropriate to ensure the exclusion of interest on the Bonds from gross income for purposes of federal income taxation; and

(H) No Material Effect: for any other purpose that does not materially and adversely affect the interests of the Owners of the Bonds.

Section 11.02 Agreements with Consent of Owners or Credit Enhancers.

(A) Consent of Owners. This Trust Agreement and the rights and obligations of the Authority, the Owners of the Bonds, and the Trustee may be modified or amended from time to time and at any time by a Supplemental Trust Agreement, which the Authority and the Trustee may enter into when the written consent of the City, the Insurer, and the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have been filed with the Trustee; provided that, if such modification or amendment will, by its terms, not take effect so long as any Bonds of any particular maturity remain Outstanding, the consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Bonds Outstanding under this Section.

(B) Consent of Credit Enhancers. This Trust Agreement and the rights and obligations of the City and of the Owners of the Bonds and of the Trustee may also be modified or amended at any time by a Supplemental Trust Agreement entered into by the Authority and the Trustee, which shall become binding when the written consents of the City and each provider of a letter of credit or a policy of bond insurance for the Bonds shall have been filed with the Trustee, provided that at such time the payment of all the principal of and interest on all Outstanding Bonds shall be insured by a policy or policies of municipal bond insurance or payable under a letter of credit the provider of which be a financial institution or association having unsecured debt obligations rated, or insuring or securing other debt obligations rated on the basis of such insurance or letters of credit, in one of the two highest Rating Categories of Moody's and Standard & Poor's.

(C) Limitations on Amendments. No such modification or amendment shall (1) extend the fixed maturity of any Bond, or reduce the principal amount thereof, or extend the time of payment or reduce the amount of any mandatory redemption payment provided for any Bond, or reduce the rate of interest thereon, or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption thereof, without the consent of the Owner of each Bond so affected, or (2) reduce the aforesaid percentage of principal of Bonds the consent of the Owners 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 this Trust Agreement prior to or on a parity with the lien created by this Trust Agreement, or deprive the Owners of the Bonds of the lien created by this Trust Agreement on such assets (in each case, except as expressly provided in this Trust Agreement), without the consent of the Owners of all of the Bonds then Outstanding and the Insurer.

(D) Form of Consent. It shall not be necessary for the consent of the Owners to approve the particular form of any Supplemental Trust Agreement, but it shall be sufficient if such consent shall approve the substance thereof.

(E) Notice of Amendment. Promptly after the execution and delivery by the Trustee and the Authority of any Supplemental Trust Agreement pursuant to this Section, the Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Trust Agreement to the Owners of the Bonds at the addresses shown on the Bond Register. 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 Trust Agreement.

Section 11.03 Execution of Supplemental Trust Agreements. In executing, or accepting the additional trusts created by, any Supplemental Trust Agreement permitted by this Article or the modification thereby of the trusts created by this Trust Agreement, the Trustee shall be entitled to receive, and, subject to Section 10.02 (Certain Duties and Responsibilities), shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such Supplemental Trust Agreement is authorized or permitted by this Trust Agreement. The Trustee may, but shall not be obligated to, enter into any such Supplemental Trust Agreement that affects the Trustee's own rights, duties, or immunities under this Trust Agreement or otherwise.

Section 11.04 Effect of Supplemental Trust Agreements. From and after the time any Supplemental Trust Agreement becomes effective pursuant to this Article, this Trust Agreement shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties, and obligations under this Trust Agreement of the Authority, the Trustee, and all Owners 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 Trust Agreement shall be deemed to be part of the terms and conditions of this Trust Agreement for any and all purposes.

Section 11.05 Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after any Supplemental Trust Agreement becomes effective pursuant to this Article may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to any modification or amendment provided for in such Supplemental Trust Agreement, and, in that case, upon demand of the Owner of any Bond Outstanding at the time of such execution and presentation of his Bond for such purpose at the Corporate Trust Office 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 Trust Agreement shall so provide, new Bonds so modified as to conform, in the opinion of the Authority and the Trustee, to any modification or amendment contained in such Supplemental Trust Agreement, shall be prepared by the Authority and executed by the Trustee and, upon demand of the Owners of any Bonds then Outstanding and upon surrender for cancellation of such Bonds, shall be exchanged at the Corporate Trust Office, without cost to any Owner, for Bonds then Outstanding in equal aggregate principal amounts of the same tenor and maturity.

Section 11.06 Amendment of Particular Bonds. The provisions of this Article shall not prevent any Owner from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

ARTICLE XII BOND INSURANCE

[TO BE INSERTED]

[signature page follows]

IN WITNESS WHEREOF, the MADERA PUBLIC FINANCING AUTHORITY has caused this Trust Agreement to be signed in its name by its duly authorized officer and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., in token of its acceptance of the trusts created hereunder, has caused this Trust Agreement to be signed by one of the officers thereunder duly authorized, all as of the day and year first above written.

MADERA PUBLIC FINANCING AUTHORITY

By: _____
Authorized Officer

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

By: _____
Authorized Officer

**EXHIBIT A
FORM OF BOND**

**[\$[PAR AMOUNT]]
MADERA PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2019**

No. R- _____

\$ _____

MATURITY DATE	INTEREST RATE PER ANNUM	ORIGINAL ISSUE DATE	CUSIP:
February 1, 20__.	%	[CLOSING DATE]	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: _____ DOLLARS

The MADERA PUBLIC FINANCING AUTHORITY, a joint exercise of powers agency duly organized and validly existing under and pursuant to the laws of the State of California (the “Authority”), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from their original issue date specified above until the principal hereof shall have been paid at the interest rate per annum specified above, payable on February 1, 2020, and semiannually thereafter on each February 1 and August 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable by check mailed by first class mail to the registered owner hereof or, upon the written request of any owner of \$1,000,000 or more in aggregate principal amount of bonds (in accordance with the terms of the Trust Agreement described below), by wire transfer. The principal hereof is payable in lawful money of the United States of America at the corporate trust office of The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”).

This Bond is one of a duly authorized issue of bonds of the Authority designated as its “Lease Revenue Bonds, Series 2019” (the “Bonds”) in the aggregate principal amount of \$[PAR AMOUNT], all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, maturities and interest rates), and is issued under and pursuant to the provisions of the Joint Exercise of Powers Act (being Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended) and all laws amendatory thereof or supplemental thereto (the “Act”) and under and pursuant to the provisions of a trust agreement dated May 1, 2019 (the “Trust Agreement”), between the Authority and the Trustee (copies of which are on file at the corporate trust office of the Trustee).

The Bonds are issued to provide funds to finance the cost of construction of a fire station for the City. The Bonds are limited obligations of the Authority and are payable, as to interest thereon and principal thereof, solely from certain proceeds of the Bonds held in certain funds and accounts

pursuant to the Trust Agreement and the revenues (the “Revenues”) derived from Rental Payments and other payments made by the City of Madera (the “City”) pursuant to a facilities lease dated May 1, 2019 (the “Facilities Lease”), by and between the Authority and the City. The Authority is not obligated to pay interest on and principal of the Bonds except from the Revenues. All Bonds are equally and ratably secured in accordance with the terms and conditions of the Trust Agreement by a pledge of and charge and lien upon the Revenues. The Revenues constitute a trust fund for the security and payment of the interest on and principal of the Bonds as provided in the Trust Agreement.

The full faith and credit of the Authority and the City of Madera are not pledged for the payment of the interest on or principal of the Bonds. No tax shall ever be levied or collected to pay the interest on or principal of the Bonds. The Bonds are not secured by a legal or equitable pledge of or charge or lien upon any property of the Authority or any of its income or receipts except the Revenues. Neither the payment of the interest on nor principal of the Bonds is a debt, liability or general obligation of the Authority.

Reference is hereby made to the Act and to the Trust Agreement and any and all amendments thereof and supplements thereto for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Revenues, the rights of the registered owners of the Bonds, security for payment of the Bonds, remedies upon default and limitations thereon, and amendment of the Trust Agreement (with or without consent of the registered owners of the Bonds). All the terms of the Trust Agreement are hereby incorporated herein and constitute a contract between the Authority and the registered owner of this Bond. The registered owner of this Bond, by acceptance hereof, agrees and consents to all the provisions of the Trust Agreement.

[insert final redemption provisions after Bond sale]

Notice of redemption of this Bond shall be given by first class mail not less than thirty (30) days nor more than sixty (60) days before the redemption date to the registered owner hereof, subject to and in accordance with provisions of the Trust Agreement with respect thereto. If notice of redemption has been duly given as aforesaid and money for the payment of the above-described redemption price is held by the Trustee, then this Bond shall, on the redemption date designated in such notice, become due and payable at the above-described redemption price; and from and after the date so designated, interest on this Bond shall cease to accrue and the registered owner of this Bond shall have no rights with respect hereto except to receive payment of the redemption price hereof.

If an event of default, as defined in the Trust Agreement, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Trust Agreement; except that the Trust Agreement provides that in certain events such declaration and its consequences may be rescinded under the circumstances as provided therein.

This Bond is transferable by the registered owner hereof in person or by his duly authorized attorney upon payment of the charges provided in the Trust Agreement and upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon a new fully registered Bond or Bonds in the same aggregate principal amount in authorized denominations will be issued to the

transferee in exchange therefor. The Authority and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of the interest hereon and principal hereof and for all other purposes, whether or not this Bond shall be overdue, and neither the Authority nor the Trustee shall be affected by any notice or knowledge to the contrary; and payment of the interest on and principal of this Bond shall be made only to such registered owner, which payments shall be valid and effectual to satisfy and discharge liability on this Bond to the extent of the sum or sums so paid.

This Bond shall not be entitled to any benefit, protection or security under the Trust Agreement or become valid or obligatory for any purpose until the certificate of authentication attached hereto shall have been executed and dated by the Trustee.

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the Trustee for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

The rights and obligations of the Authority and of the registered owners of the Bonds may be modified amended at any time in the manner, to the extent, and upon terms provided in the Trust Agreement, which provide, in certain circumstances, for modifications and amendments without the consent of or notice to the registered owners of Bonds.

It is hereby certified that all acts, conditions and things required by law 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 law and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Constitution or laws of the State of California and is not in excess of the amount of Bonds permitted to be issued under the Trust Agreement.

IN WITNESS WHEREOF, the Madera Public Financing Authority has caused this Bond to be executed in its name and on its behalf by the Chair of the Authority and countersigned by the Secretary of the Authority, and has caused this Bond to be dated as of the original issue date specified above.

MADERA PUBLIC FINANCING AUTHORITY

By: _____
Chair of the Board

Countersigned:

Secretary of the Board

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within mentioned Trust Agreement which has been authenticated on [CLOSING DATE].

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

By: _____
Authorized Officer

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto _____ the within Bond and do(es) hereby irrevocably constitute and appoint _____ attorney, to transfer the same on the bond register of the Trustee, with full power of substitution in the premises.

Dated: _____

NOTE: The signature(s) to this Assignment must correspond with the name(s) on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature(s) Guaranteed by:

NOTE: Signature(s) must be guaranteed by an eligible guarantor institution (being banks, stock brokers, savings and loan associations, and credit unions with membership in an approved signature guarantee medallion program pursuant to Securities and Exchange Commission Rule 17A(d)15.

Social Security Number, Tax Identification Number, or other identifying number of Assignee: _____

LEGAL OPINION

The following is a true copy of the opinion rendered by Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, in connection with the issuance of, and dated as of the date of the original delivery of, the Bonds described therein. A signed copy is on file in my office.

Secretary of the Board

Members of the Board
Madera Public Financing Authority
205 West 4th Street
Madera, California 93637

Re: \$[PAR AMOUNT]
 Madera Public Financing Authority
 Lease Revenue Bonds, Series 2019
 (Final Opinion of Bond Counsel)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Madera Public Financing Authority (the “Authority”) of \$[PAR AMOUNT] aggregate principal amount of its Lease Revenue Bonds, Series 2019 (the “Bonds”). The Bonds are authorized to be issued pursuant to the provisions of the Marks-Roos Local Bond Pooling Act of 1985 (the “Act”) (Article 4, Chapter 5, Division 7, Title 1 of the California Government Code) and all laws of the State of California supplemental thereto and pursuant to the provisions of a trust agreement (the “Trust Agreement”) dated May 1, 2019, between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Trust Agreement.

We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the representations of the Authority and the City contained in the Trust Agreement, the Facilities Lease, and the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Authority has been duly created and is validly existing as a public agency of the State of California with full power and authority to enter into the Site Lease, the Facilities Lease, and the Trust Agreement; to perform the other agreements on its part contained in the Trust Agreement; and to issue the Bonds.

2. The Trust Agreement has been duly executed and delivered by the Authority and is a valid and binding obligation of the Authority.

3. The Trust Agreement creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Revenues, as such term is defined in the Trust Agreement, and all other amounts held in any fund or account (other than the Rebate Fund) established pursuant to the Trust Agreement, to the extent set forth in the Trust Agreement and subject to the provisions of the Trust Agreement that permit the Authority to apply the Revenues and other amounts for the purposes and on the terms and conditions set forth in the Trust Agreement. The Trust Agreement also creates a valid assignment to the Trustee, for the benefit of the holders from time to time of the Bonds, of the right, title and interest of the Authority in the Facilities Lease, to the extent more particularly described in the Trust Agreement.

4. The Bonds have been duly authorized, executed and delivered by the Authority and are valid and binding limited obligations of the Authority, payable solely from the Revenues and other funds provided therefor in the Trust Agreement.

5. The Site Lease and the Facilities Lease have been duly executed and delivered by, and constitute the valid and binding obligations of, the Authority and the City.

6. The Bonds are not a lien or charge upon the funds or property of the Authority except to the extent of the aforementioned pledge and assignment. Neither the faith and credit nor the taxing power of the City, the State of California, or any subordinate entity or political subdivision of either is pledged to the payment of the principal of or interest on the Bonds. The Authority has no taxing power. The Bonds are not a debt of the City, the State of California, or any other political subdivision of the State of California, none of which is liable for the payment thereof.

7. The obligation of the City to make Rental Payments pursuant to the Facilities Lease does not constitute a debt of the City or of the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction and does not constitute an obligation for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation.

8. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinion set forth in the preceding sentence is subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest on the Bonds be, and continue to be, excludable from gross income for federal income tax purposes. The Authority and the City have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences, arising with respect to the accrual or receipt of interest on, or the ownership or disposition of the Bonds.

9. Interest on the Bonds is exempt from State of California personal income taxes.

The opinions set forth above are further qualified as follows:

a. The rights of the holders of the Bonds and the enforceability of the Bonds, the Site Lease, the Facilities Lease, and the Trust Agreement are subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, and other similar laws affecting creditors' rights generally, the application of general principles of equity, including without limitation concepts of materiality, reasonableness, good faith, and fair dealing, the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law, and the limitations on legal remedies imposed on actions against public agencies in the State of California.

b. We express no opinion as to the enforceability under certain circumstances of contractual provisions respecting various summary remedies without notice or opportunity for hearing or correction, especially if their operation would work a substantial forfeiture or impose a substantial penalty upon the burdened party.

c. We express no opinion as to the effect or availability of any specific remedy provided for in the Trust Agreement or the Facilities Lease under particular circumstances, except that we believe such remedies are, in general, sufficient for the practical realization of the rights intended thereby.

d. We express no opinion as to the enforceability of any indemnification, contribution, choice of law, choice of forum, or waiver provisions contained in the Trust Agreement or the Facilities Lease.

e. We express no opinion as to the state or quality of title to any or the real or personal property described in the Site Lease or the Facilities Lease, nor do we express any opinion as to the accuracy or sufficiency of the description of any such property contained therein;

f. We express no opinion as to the enforceability of any remedies under the Facilities Lease with respect to environmental matters to the extent that the exercise or application of such remedies is inconsistent with or in violation of California Code of Civil Procedure section 726.5 or 736 or of California Civil Code section 2929.5;

g. We undertake no responsibility for the accuracy, completeness, or fairness of the Official Statement or any other offering materials relating to the Bonds and express no opinion herein with respect thereto;

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings, and court decisions and cover certain matters not directly addressed by such authorities. 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 disclaim any obligation to update this opinion for events occurring after the date hereof.

Very truly yours,

KRONICK, MOSKOVITZ, TIEDEMANN & GIRARD
A Professional Corporation

[FORM OF STATEMENT OF INSURANCE]

EXHIBIT B

FORM OF COSTS OF ISSUANCE FUND REQUISITION

**MADERA PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2019**

To: The Bank of New York Mellon Trust Company, N.A., Trustee:
100 Pine Street, Suite 3100
San Francisco, CA 94111

The undersigned is authorized to submit this requisition pursuant to the terms of the Trust Agreement dated May 1, 2019, between the Madera Public Financing Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trust Agreement"). Terms used herein have the meaning set forth in the Trust Agreement. The City of Madera hereby requests payment of the amounts to the parties as set forth on the attached Schedule I.

Obligations in the stated amounts have been incurred by the City and are presently due and payable. Each item is a proper charge against the Costs of Issuance Fund and has not been previously paid from the fund.

Attached hereto are invoices for each payment requested in Schedule I.

CITY OF MADERA

By: _____
[name]
[title]

SCHEDULE I

[Please see attached invoices for delivery and/or wire instructions]

Item	Payee	Amount	Purpose
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
	Total		