



REPORT TO THE MADERA CITY COUNCIL AND THE MADERA PUBLIC FINANCING AUTHORITY

Approved by:



Department Director



City Manager

Council Meeting of: December 18, 2019

Agenda Number: D-2

SUBJECT:

Consideration of Resolutions of the City of Madera and the Madera Public Financing Authority Relating to Refunding of Water Revenue Bonds (Report by Arnaldo Rodriguez):

- 1) Resolution of The City Council of the City Of Madera Approving the Issuance by the Madera Public Financing Authority of the Authority's Water Revenue Refunding Bond, Series 2019; Approving the Forms of and Authorizing Execution and Delivery of a Fourth Supplemental Installment Sale Agreement, and Related Documents; and Authorizing Necessary Related Actions; and
- 2) Resolution of the Board of Directors of the Madera Public Financing Authority Approving the Forms of and Authorizing Execution and Delivery of the Fourth Supplemental Installment Sale Agreement, the Trust Agreement, and The Escrow Agreement Related to the Madera Public Financing Authority Water Revenue Refunding Bond, Series 2019; Authorizing the Issuance of a Bond; and Approving Other Actions Related to the Bond

RECOMMENDATION:

Adopt the proposed Resolutions to approve the issuance and all related actions to refund prior outstanding bonds of the Authority for significant economic savings.

SUMMARY:

Earlier this year, the City's Municipal Advisor, Del Rio Advisors, LLC received a proposal from Hilltop Securities to refund, for significant economic savings, Water Revenue Bonds issued in 2010 (the "2010 Bonds"). The Municipal Advisor subsequently briefed the City Manager about the opportunity. However, because of rule changes passed as part of the Tax Cuts and Jobs Act of 2017, the 2010 Bonds cannot be called until within 90 days of March 1, 2020, meaning any bonds issued to refund the 2010 Bonds cannot close before December 1, 2019.

On October 16, 2019, City Staff and the Municipal Advisor briefed the City Council (Council) and the Authority Board on the opportunity to refund, for significant economic savings, the 2010 Bonds. In preparation for that meeting, the Municipal Advisor secured fee a proposal from Hilltop Securities to act in the role of Placement Agent or, if the bonds are to be publicly offered, serve as Underwriter. The Municipal Advisor also secured fee proposals from various public finance law firms to act in the role of Bond Counsel and, if the bonds are to be publicly offered, also act as Disclosure Counsel. The Council and the Madera Public Financing Authority approved the resolution formally appointed the financing team of Hilltop Securities as Placement Agent/Underwriter, Kronick, Moskovitz, Tiedemann & Girard as Bond/Disclosure Counsel, and directed the team to begin work on the transaction and to bring the item back to the City Council and Authority Board for formal approval.

On October 16, 2019, the Municipal Advisor informed the Council/Authority Board that the preferred sale type had yet to be determined. The Authority could:

- A. Sell the bonds in either a public offering or
- B. A direct placement.

A public offering is the sale of bonds to retail and institutional investors in a publicly advertised sale process on a date and time certain. The public offering requires an official statement, a rating from one or more rating agencies and generally the issuer will be required to fund a reserve fund, either with cash or a surety policy. Depending on the underlying rating of the issuer, bond insurance may also be purchased to raise the rating on the bonds. A direct placement is the sale of the bonds to a single financial institution, usually at a single interest rate, and the obligation will generally be held by the institution in their own portfolio.

The benefits of a direct placement include much less costs of issuance (no rating fee, disclosure counsel fee and no reserve fund required), a lender will often lock the interest rate for a period of time (eliminates interest rate risk) and a direct placement takes much less staff time to prepare (no official statement or process to get the bonds rated). However, while the costs of issuance are generally lower on a direct placement, the interest rate is often higher than those for a public offering. The question is whether the lower costs of issuance on a direct placement more than outweighs the lower interest rates for the public offering.

On October 28, 2019, the Placement Agent sent out requests for term sheets to 19 different financial institutions. On November 12, 2019, the Placement Agent received proposals from 8 financial institutions with interest rates ranging from 2.45 to 3.30 percent. Please refer to Table 1.

Table 1: Summary of Request for Bid Terms due November 12, 2019

| Bank | Bid | Rate Lock | Call Feature | Bank Counsel | Legal Fees | Bank Loan Fees (other than legal) | DSRF | Reporting Requirements | Other |
|---------------------|----------------|--|---|--|------------|--|------|---|--|
| Muni Financial Corp | 2.45% or 2.75% | Yes. 60 Day Rate Lock | Non-Callable; Callable 3/1/26 at 100 | | none | \$7,500 | None | | |
| Opus | 2.640% | Yes | for 10yr - 5-5-5-5-4-4-4-4-3-3-2-2-1-1-0-0% or Non-callable for the initial 10 years and then callable at par . 10% annual prepayment allowed | | \$10k | The City will be responsible for all COI, including CDIAC and legal fees. If lender processes COI wires, there will be \$1,000 fee | None | | rate covenant 1.20x and Additional Debt Test of 1.20x |
| BBVA | 2.650% | Rate is indicative - with credit approval rate may be locked up to 30 days prior to closing (60 days at 3 bps premium to the rate) | Callable at par after 10 years. Option to prepay prior to 10 years available at a premium | Scott W. Shaver, Stradling Yocca Carlson & Rauth, P.C. | \$10k | Borrower will pay all expenses | None | District to provide Annual audited financial statements due within 210 days of FYE and approved Budget within 30 days | Parity debt test: 1.20x; Rate and Coverage covenant of 1.20x |
| Pinnacle | 2.680% | Rate lock through 12-20-19 | No prepayment prior to March 1, 2030. Payable after March 1, 2030 on any date at par. | Chapman and Cutler LLP | \$10k | The borrower will be responsible for any fees or expenses | None | CAFR to be provided within 210 days of the close of each fiscal year. | rate covenant 1.20x and Additional Bonds Test of 1.25x |
| BB&T | 2.720% | rate is locked through 12/31/19. | March 1, 2028 at 100 on any date. | | \$10k | Issuer responsible for normal COI | None | audited financial statement within 270 days of the fiscal year end of the District | rate covenant of 1.20x and ABT of 1.20x |

Table 1: Summary of Request for Bid Terms due November 12, 2019

| Bank | Bid | Rate Lock | Call Feature | Bank Counsel | Legal Fees | Bank Loan Fees (other than legal) | DSRF | Reporting Requirements | Other |
|------------------------|--------|---------------------------------|--|---------------------------------|------------|--|------|---|---|
| Capital One | 2.940% | rate is locked through 12/20/19 | Callable on 3/1/28 at 100 on any interest payment date | paid internally | none | Issuer responsible for normal COI | | audited financial statements when available | Customary coverage and ABT requirements |
| First Foundati on Bank | 3.080% | 60 day rate lock | 103 for years 1-3, 102 years 4-6, 101 in years 7-9 and par in years 10 and after | Nixon Peabody | \$10k | All other filing fees and related fees, including CDIAAC | None | Periodic financial reporting | |
| Western Alliance | 3.300% | Rate lock through 12-20-19 | Callable at par on March 1, 2025 | Stradling Yocca Carlson & Rauth | \$8.5k | | | On parity with outstanding Series 2015 with same covenants and reporting requirements | |

DISCUSSION:

The lowest interest rate on the proposed responses came from Municipal Financial Corporation. However, the 2.45 percent rate was conditioned that the bond would be non-callable. Should the City ever wish to refund or restructure this obligation in the future, the Authority would be prevented from such a transaction. The next best alternative was Opus Bank which provided a 2.64 percent interest rate and the bonds would be callable on any date after 10 years without a prepayment penalty. In addition, up to 10 percent each year can be prepaid on any interest payment date without penalty. Should such prepayment occur, the prepayment would be applied to the end of the scheduled principal to shorten the term.

The team then prepared an analysis of current market conditions running a public offering and comparing it to the economics of the direct placement option from Opus Bank. Based on market conditions as of November 13, 2019, the savings under the two sale types are estimated as follows in Table 2:

| <i>Table 2: Estimated savings</i> | | |
|--|---------------------------------|--------------------------------|
| Estimated Refunding Results ⁽¹⁾ | Direct Placement ⁽²⁾ | Public Offering ⁽³⁾ |
| Amount Outstanding | \$9,530,000 | \$9,530,000 |
| Estimated Refunding Amount | \$9,034,959 | \$8,220,000 |
| Total Savings | \$2,573,028 | \$2,512,178 |
| Average Annual Savings ⁽⁴⁾ | \$143,032 | \$139,477 |
| Net Present Value Savings | \$2,036,818 | \$2,075,347 |
| Net Present Value Savings Percentage ⁽⁵⁾ | 21.37% | 21.78% |
| <i>(1) Assumes market interest rates as of November 13, 2019,</i> | | |
| <i>(2) Assumes Opus Bank term sheet response at 2.64%, rate locked through the end of 2019</i> | | |
| <i>(3) Assumes rating, bond insurance and a reserve surety policy for reserve fund</i> | | |
| <i>(4) FY 2020 to FY 2037</i> | | |
| <i>(5) As a percentage of the amount of bonds outstanding</i> | | |

The 2010 Bonds mature on March 1, 2038 and the proposed refunding is planned to mature on March 1, 2037, one year shorter than the 2010 Bonds. The reason to shorten the final maturity of the new bonds by one year is because the 2010 Bonds have a cash reserve fund that would normally be used to pay the final year of debt service thereby shortening the effective term of the 2010 Bonds from 2038 to 2037. The refunding is designed to match the same effective term of the 2010 Bonds.

While both the direct placement and public offering provide generally the same level of savings, the interest rate on the Opus Bank option is locked through the end of calendar year 2019. Interest rates in the public market vary each day. Should the Authority choose the public offering route, there would be the risk that the interest rates could move higher by the time the bonds get to market. It is estimated that a public offering would close in February of next year because of the additional time required to prepare an official statement and go through the rating process. Conversely, it is also possible interest rates could decline during this same period. The direct placement with a locked interest rate eliminates this risk all together.

FINANCIAL IMPACT:

Based on market interest rates of November 13, 2019, the estimated annual savings to the water fund are approximately \$143,000 per year. In addition, the net present value savings percentage is estimated at over 21 percent far exceeding the normal guideline for savings needing to exceed 3-5 percent to make a refinancing economical. In addition, the fees and expenses of the team members are fully contingent upon successful closing of the transaction and all fees and expenses are included in the numbers presented.

ALTERNATIVES:

Potential Council alternatives include:

- Direct staff to move forward on a public offering
- Direct staff to choose another direct placement lender
- Direct staff to forego the refinancing of the 2010 Bonds

ATTACHMENTS:

1. City of Madera Resolution
Exhibit A – Specified Financial Information
2. Madera Public Financing Authority Resolution
Exhibit A – Specified Financial Information
3. Fourth Supplemental Installment Sale Agreement
Exhibit A – 2019 Installment Payments
Exhibit B – Documents Delivered at Closing
4. Trust Agreement
Exhibit A – Form of Bond
Exhibit B – Form of Original Purchaser’s Letter of Representations
Exhibit C – Form of Subsequent Purchaser’s Letter of Representations
5. Escrow Agreement
Exhibit A – Notice of Defeasance
Exhibit B - Notice of Redemption

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 WATER REVENUE REFUNDING BOND, SERIES 2019; APPROVING THE FORMS OF AND AUTHORIZING EXECUTION AND DELIVERY OF A FOURTH SUPPLEMENTAL INSTALLMENT SALE AGREEMENT, AND RELATED DOCUMENTS; AND AUTHORIZING NECESSARY RELATED ACTIONS

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") between the City of Madera (the "City") and the City of Madera Redevelopment Agency;

WHEREAS, Article 4 of the Act and its Joint Powers Agreement authorize the Authority to acquire property and issue bonds to assist the City in financing public improvements and to issue bonds to refund prior bonds of the Authority;

WHEREAS, the Authority and the City have entered into a Master Installment Sale Agreement dated March 1, 2006, and a Second Supplemental Installment Sale Agreement dated November 1, 2010, pursuant to which the City purchased from the Authority facilities for the City's water supply and distribution system (the "2010 Water Project") in exchange for the installment payments described therein (the "2010 Installment Payments"), which are payable solely from the revenues of the City's water system;

WHEREAS, to finance the costs of the 2010 Water Project, the Authority issued its Madera Public Financing Authority Water Revenue Bonds, Series 2010 (the "Prior Bonds"), the debt service on which is payable from the 2010 Installment Payments;

WHEREAS, the City has determined that it is in best interests of the City to refund the Prior Bonds maturing on and after March 1, 2020 (the "Refunded Bonds"), and the City and the Authority intend to authorize the issuance of a refunding bond (the "Bond") and to amend and restate the 2010 Installment Payments, which restated and amended installment payments will be applied by the Authority to pay debt service on the Bond;

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

The fourth supplemental installment sale agreement (the "Fourth Supplemental Installment Sale Agreement"), between the Authority and the City, whereby the City will acquire the specific water system improvements described therein for the payments to be detailed therein with respect to the Bond;

WHEREAS, it appears to the City Council 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 Bond by the Authority, are desirable and in the best interests of the City;

WHEREAS, amendments to Government Code section 8855(i) made by SB 1029, effective January 1, 2017, impose upon local agencies a mandate to adopt local debt policies prior to their issuing any debt after January 1, 2017;

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. Approval of Financing. The City Council hereby approves the issuance of the Bond by the Authority in an amount not to exceed \$9,500,000 for the purpose of refunding the Refunded Bonds.

Section 3. 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 Fourth Supplemental Installment Sale Agreement, in substantially the form presented to the City Council at this meeting, which agreement is hereby approved, with such changes, insertions, revisions, corrections, or amendments as shall be approved by the officer or officers executing the agreement 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 form of agreement presented to the City Council at this meeting.

Section 4. Identification of Professionals Involved. The City Council has engaged the firm of Del Rio Advisors, LLC, to act as municipal advisor (the “Municipal Advisor”), the firm of Hilltop Securities Inc., as placement agent, and the firm of Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, to act as bond counsel with respect to the issuance of the Bond.

Section 5. Disclosure of Specified Financing Information. Pursuant to the requirements of Government Code section 5852.1, the City is required to disclose at a public meeting certain information related to the financing. The City Council 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 6. 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 Bond by the Authority as contemplated by this resolution are in compliance with the Debt Policy.

Section 7. 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 Bond 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 8. Effective Date. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the City of Madera this 18th day of December 2019, by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

APPROVED:

ANDREW J. MEDELLIN, Mayor

ATTEST:

ALICIA GONZALES, City Clerk

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 Bond. Such good faith estimates have been provided to the City and the Authority by Del Rio Advisors, LLC, as municipal advisor to the City and 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 Bond to be sold is \$9,035,000.

True Interest Cost. The estimated true interest cost of the Bond, 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 Bond, is 2.64%.

Finance Charge. The estimated finance charge for the Bond, which means the sum of all fees and charges paid to third parties (or costs associated with the Bond), is \$95,000.

Amount of Proceeds to be Received. The estimate of the amount of proceeds to be received by the Authority from the sale of the Bond, less the finance charge of the Bond, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Bond, is \$9,724,000. (No capitalized interest is expected to be funded with proceeds of the Bond.)

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 Bond, plus the finance charge for the Bond, as described above, not paid with the proceeds of the Bond, calculated to the final maturity of the Bond, is \$11,225,000.

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 Bond, the principal amount of Bond sold, the amortization of the Bond, and market interest rates at the time of sale of the Bond 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 BOARD OF DIRECTORS OF THE MADERA PUBLIC FINANCING AUTHORITY APPROVING THE FORMS OF AND AUTHORIZING EXECUTION AND DELIVERY OF THE FOURTH SUPPLEMENTAL INSTALLMENT SALE AGREEMENT, THE TRUST AGREEMENT, AND THE ESCROW AGREEMENT RELATED TO THE MADERA PUBLIC FINANCING AUTHORITY WATER REVENUE REFUNDING BOND, SERIES 2019; AUTHORIZING THE ISSUANCE OF A BOND; AND APPROVING OTHER ACTIONS RELATED TO THE BOND

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”) between the City of Madera (the “City”) and the City of Madera Redevelopment Agency;

WHEREAS, Article 4 of the Act and its Joint Powers Agreement authorize the Authority to acquire property and issue bonds to assist the City in financing public improvements and to issue bonds to refund prior bonds of the Authority;

WHEREAS, the Authority and the City have entered into a Master Installment Sale Agreement dated March 1, 2006, and a Second Supplemental Installment Sale Agreement dated November 1, 2010, pursuant to which the City purchased from the Authority facilities for the City’s water supply and distribution system (the “2010 Water Project”) in exchange for the installment payments described therein (the “2010 Installment Payments”), which are payable solely from the revenues of the City’s water system;

WHEREAS, to finance the costs of the 2010 Water Project, the Authority issued its Madera Public Financing Authority Water Revenue Bonds, Series 2010 (the “Prior Bonds”), the debt service on which is payable from the 2010 Installment Payments;

WHEREAS, the City has determined that it is in best interests of the City to refund the Prior Bonds maturing on and after March 1, 2020 (the “Refunded Bonds”), and the City and the Authority intend to authorize the issuance of a refunding bond (the “Bond”) and to amend and restate the 2010 Installment Payments, which restated and amended installment payments will be applied by the Authority to pay debt service on the Bond;

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

1. The fourth supplemental installment sale agreement (the “Fourth Supplemental Installment Sale Agreement”), between the Authority and the City whereby the City will acquire the specific water system improvements described therein for the payments to be detailed therein with respect to the Bond;

2. The trust agreement (the “Trust Agreement”) between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee, which will specify the terms of the Bond;
3. The escrow agreement (the “Escrow Agreement”) between the Authority and The Bank of New York Mellon Trust Company, N.A., as escrow agent, that provides for the deposit of funds sufficient to pay debt service on the Refunded Bonds through March 1, 2020, and to retire the Refunded Bonds on that date;

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 Bond in accordance with the Trust Agreement, are desirable and in the best interests of the Authority;

WHEREAS, amendments to Government Code section 8855(i) made by SB 1029, effective January 1, 2017, impose upon local agencies a mandate to adopt local debt policies prior to their issuing any debt after January 1, 2017;

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, Executive Director, the Vice-Chairman, the Secretary, and the Treasurer/Auditor of the Authority and their designees (the “Designated Officers”), for and in the name of the Authority, to approve, execute, and deliver the following agreements and documents:

- a. the Fourth Supplemental Installment Sale Agreement;
- b. the Trust Agreement;
- c. the Escrow Agreement;

in substantially the forms presented to the Board at this meeting, which documents are hereby approved, with such changes, insertions, revisions, corrections, or amendments as shall be approved by the officer or officers executing the document for the Authority. The execution of the foregoing documents 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 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 Bond, shall be as provided in the Trust Agreement, as finally executed.

Section 3. Authorization to Issue the Bond. The Board hereby authorizes the issuance of the Bond 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 Bond to Opus Bank (the “Purchaser”). The Designated Officers are hereby authorized and directed to negotiate with the Purchaser the final terms of the sale and its timing. The Board hereby determines that the sale of the Bond by negotiation would result in an overall lower cost.

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

Section 6. Identification of Professionals Involved. The Board hereby approves the firm of Del Rio Advisors, LLC, to act as municipal advisor (the “Municipal Advisor”), Hilltop Securities Inc., to act as placement agent, and the firm of Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, to act as bond counsel with respect to the issuance of the Bond.

Section 7. 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 8. 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 Bond as contemplated by this resolution are in compliance with the Debt Policy.

Section 9. General Authorization. The Board hereby authorizes and directs the Designated Officers and other officers and agents of the Authority, 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 Bond 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 10. Effective Date. This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED this 18th day of December 2019, by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

APPROVED:

ANDREW J. MEDELLIN, Chairperson

ATTEST:

ALICIA GONZALES, 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 Bond. 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 Bond to be sold is \$9,035,000.

True Interest Cost. The estimated true interest cost of the Bond, 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 Bond, is 2.64%.

Finance Charge. The estimated finance charge for the Bond, which means the sum of all fees and charges paid to third parties (or costs associated with the Bond), is \$95,000.

Amount of Proceeds to be Received. The estimate of the amount of proceeds to be received by the Authority from the sale of the Bond, less the finance charge of the Bond, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Bond, is \$9,724,000. (No capitalized interest is expected to be funded with proceeds of the Bond.)

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 Bond, plus the finance charge for the Bond, as described above, not paid with the proceeds of the Bond, calculated to the final maturity of the Bond, is \$11,225,000.

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 Bond, the principal amount of Bond sold, the amortization of the Bond, and market interest rates at the time of sale of the Bond and actual facts, (b) other market conditions, (c) changes in the Authority's financing plan, or (d) a combination of such factors.

**FOURTH SUPPLEMENTAL
INSTALLMENT SALE AGREEMENT**

between the

CITY OF MADERA

and the

MADERA PUBLIC FINANCING AUTHORITY

Dated December 1, 2019

relating to

**[\$[PRINCIPAL AMOUNT]
MADERA PUBLIC FINANCING AUTHORITY
WATER REVENUE REFUNDING BOND, SERIES 2019**

**(supplemental to the Master Installment Sale Agreement dated March 1, 2006,
the First Supplemental Installment Sale Agreement dated March 1, 2006,
the Second Supplemental Installment Sale Agreement dated November 1, 2010, and the
Third Supplemental Installment Sale Agreement dated December 1, 2015)**

TABLE OF CONTENTS

| | <u>Page</u> |
|--|--------------------|
| Section 1. Definitions | 2 |
| Section 2. Amended and Restated Terms of Sale of the 2010 Water Project..... | 3 |
| Section 3. Defeasance of the Prior Bonds | 3 |
| Section 4. Restated Purchase Price | 3 |
| Section 5. Installment Payments | 3 |
| Section 6. Prepayment | 4 |
| Section 7. Federal Income Tax Covenants | 4 |
| Section 8. Additional Information..... | 4 |
| Section 9. Amendment to Master Installment Sale Agreement | 5 |
| Section 10. Provisions of the Installment Sale Agreement | 6 |
| Section 11. Separability of Invalid Provisions..... | 7 |
| Section 12. Documents to be Delivered at Closing..... | 7 |
| Section 13. Effect of Headings and Table of Contents | 7 |
| Section 14. Execution in Counterparts | 7 |
| | |
| EXHIBIT A: 2019 Installment Payments | A-1 |
| EXHIBIT B: Documents Delivered at Closing | B-1 |

**FOURTH SUPPLEMENTAL
INSTALLMENT SALE AGREEMENT**

This FOURTH SUPPLEMENTAL INSTALLMENT SALE AGREEMENT, dated December 1, 2019 (this “Fourth Supplemental Installment Sale Agreement”), between the CITY OF MADERA (the “City”), a municipal corporation duly organized and existing under and by virtue of the laws of the State of California, and the MADERA PUBLIC FINANCING AUTHORITY (the “Authority”), a joint exercise of powers agency established pursuant to the laws of the State of California;

W I T N E S S E T H:

WHEREAS, the Authority has heretofore assisted the City to finance and refinance improvements to the City’s water supply and distribution facilities pursuant to the Master Installment Sale Agreement dated March 1, 2006, as supplemented by the First Supplemental Installment Sale Agreement dated March 1, 2006, the Second Supplemental Installment Sale Agreement dated November 1, 2010, and the Third Supplemental Installment Sale Agreement dated December 1, 2015;

WHEREAS, pursuant to the Trust Agreement dated November 1, 2010 (the “2010 Trust Agreement”), between the Authority and The Bank of New York Mellon Trust Company, N.A. as trustee (the “Prior Trustee”), the Authority issued its Water Revenue Bonds, Series 2010 (the “Prior Bonds”), and assigned to the Prior Trustee without recourse all rights to receive installment payments under the Second Supplemental Installment Sale Agreement (the “2010 Installment Payments”) to secure the payment of the Prior Bonds;

WHEREAS, the City has determined that it is in best interests of the City to refund the Prior Bonds, and the City and the Authority intend to authorize the issuance of a refunding bond (the “2019 Bond”) pursuant to the Trust Agreement dated December 1, 2019 (the “2019 Trust Agreement”), between the Authority and The Bank of New York Mellon Trust Company, N.A. as trustee (the “Trustee”);

WHEREAS, the City and the Authority intend to amend and restate the 2010 Installment Payments pursuant to this Fourth Supplemental Installment Sale Agreement;

WHEREAS, the installment payments provided for herein will be applied by the Authority to secure and repay the 2019 Bond authorized pursuant to the 2019 Trust Agreement;

WHEREAS the Authority and the City have duly authorized the execution of this Fourth Supplemental Installment Sale Agreement;

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 delivery of this Fourth Supplemental Installment Sale Agreement 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 Fourth Supplemental Installment Sale Agreement;

NOW, THEREFORE, the parties hereto agree as follows:

Section 1. Definitions. For all purposes of this Fourth Supplemental Installment Sale Agreement and of any certificate, opinion, or other document herein mentioned, unless the context otherwise requires or unless otherwise defined herein, all defined terms have the meanings set forth in the Master Installment Sale Agreement dated March 1, 2006, between the Authority and the City.

Audited Financial Statements means the balance sheet of the City as of June 30 (which includes a separate balance sheet and statement of revenue for the Water System) and the related statement of revenues and expenses and changes in financial position for the year then ended and the auditors' reports with respect thereto, prepared in accordance with generally accepted accounting principles consistently applied, except as stated in the notes thereto.

Escrow Agent means The Bank of New York Mellon Trust Company, N.A.

Escrow Agreement means the Escrow Agreement dated December 1, 2019, between the Authority and the Escrow Agent.

Master Installment Sale Agreement means the Master Installment Sale Agreement dated March 1, 2006, between the Authority and the City, as originally executed and entered into and as it may from time to time be amended or supplemented in accordance with the terms thereof.

Prior Bonds means the Madera Public Financing Authority Water Revenue Bonds, Series 2010, issued pursuant to the 2010 Trust Agreement.

Restated Purchase Price means the principal amount plus interest thereon owed by the City to the Authority under the terms hereof as provided in Section 4 (Restated Purchase Price).

Second Supplemental Installment Sale Agreement means the Second Supplemental Installment Sale Agreement dated November 1, 2010, between the Authority and the City.

Trustee means The Bank of New York Mellon Trust Company, N.A. as trustee under the 2019 Trust Agreement.

2010 Trust Agreement means the Trust Agreement dated November 1, 2010, between the Authority and The Bank of New York Mellon Trust Company, N.A. as trustee.

2010 Water Project means the project as defined in the Second Supplemental Installment Sale Agreement.

2019 Bond means the Madera Public Financing Authority Water Revenue Refunding Bond, Series 2019, issued pursuant to the 2019 Trust Agreement.

2019 Installment Payments means the installment payments of interest and principal and the redemption premiums, if any, payable by the City under and pursuant to this Fourth Supplemental Installment Sale Agreement.

2019 Trust Agreement means the Trust Agreement dated December 1, 2019, between the Authority and the Trustee.

Section 2. Amended and Restated Terms of Sale of the 2010 Water Project. The Authority and the City hereby amend and restate the terms of the sale of the 2010 Water Project set forth in the Second Supplemental Installment Sale Agreement, and the City agrees to so purchase the 2010 Water Project from the Authority pursuant to the terms and conditions specified herein.

Section 3. Defeasance of the Prior Bonds. To permit the amendment and restatement of the 2010 Installment Payments as the 2019 Installment Payments, the Authority and the City shall cause to be deposited with the Escrow Agent the sum of \$_____, of which \$_____ will be deposited from the proceeds of the 2019 Bond, \$_____ will be transferred from the Reserve Fund established pursuant to the 2010 Trust Agreement, and \$_____ will be transferred from the City of Madera Parity Obligation Payment Fund. The amounts deposited in the Escrow Fund and/or the securities purchased therewith and the earnings thereon will be used to pay the interest on and the principal of the Prior Bonds that is due on March 1, 2020, and to pay on March 1, 2020, the Redemption Price of the Prior Bonds that mature on and after March 1, 2021.

Section 4. Restated Purchase Price.

A. Restated Purchase Price. The Restated Purchase Price to be paid by the City hereunder for the 2010 Water Project is the sum of principal amount of the City's obligation hereunder plus the interest to accrue on the unpaid balance of such principal amount from the effective date hereof over the term hereof, subject to prepayment as provided in Section 6 (Prepayment).

B. Principal Component. The principal amount of the 2019 Installment Payments to be made by the City for the 2010 Water Project hereunder is \$[PRINCIPAL AMOUNT].

C. Interest Component. The interest to accrue on the unpaid balance of such principal amount of 2019 Installment Payments is as specified in Exhibit A and shall be paid by the City as and constitutes interest paid on the principal amount of the City's obligations hereunder.

Section 5. Installment Payments. The Authority and the City hereby agree that the City shall pay the Restated Purchase Price to the Trustee in 2019 Installment Payments on each Installment Payment Date in the amounts shown on Exhibit A, subject to any rights of prepayment provided in Section 6 (Prepayment). The Trustee will apply the 2019 Installment Payments for the payment of principal (whether at maturity or upon redemption or acceleration) of and interest on the 2019 Bond, until all such amounts shall have been fully paid or provision for the payment thereof shall have been made in accordance with the 2019 Trust Agreement.

The City shall pay the 2019 Installment Payments to the Trustee in immediately available funds for deposit in the Revenue Fund established pursuant to the 2019 Trust Agreement. If the City will not have sufficient Net Water Revenues to make all Installment Payments due on an Installment Payment Date, the City shall so notify the Trustee and the Original Purchaser fifteen (15) Business Days before such Installment Payment Date. If the City fails to make any of the

payments required to be made by it under this section, such payment shall continue as an obligation of the City until such amount shall have been fully paid, and the City agrees to pay the same with interest accruing thereon at the rate or rates of interest then applicable to the remaining unpaid principal balance of the 2019 Installment Payments, respectively, if paid in accordance with their terms.

The obligation of the City hereunder shall constitute a Parity Obligation under the Master Installment Sale Agreement.

The obligation of the City to make the 2019 Installment Payments to the Authority hereunder is, subject to Section 7.01 (Liability of City Limited to Net Water Revenues) of the Master Installment Sale Agreement, absolute and unconditional, and until such time as the 2019 Installment Payments shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article VI (Discharge of Obligations) of the Master Installment Sale Agreement), the City shall not discontinue or suspend any 2019 Installment Payment required to be paid by it under this section when due, whether or not the Water System, or any part thereof is operating or operable, or its use is suspended, interfered with, reduced, curtailed or terminated in whole or in part, and such 2019 Installment Payments shall not be subject to reduction whether by offset, abatement or otherwise and shall not be conditional upon the performance or non-performance by any party to any agreement for any cause whatsoever.

Section 6. Prepayment. If the 2019 Bond is optionally redeemed prior to maturity in accordance with the terms and conditions of the 2019 Trust Agreement, the corresponding 2019 Installment Payments hereunder shall be deemed to have been prepaid.

Section 7. Federal Income Tax Covenants. The Authority and the City shall at all times do and perform all acts and things permitted by law and the Master Installment Sale Agreement that are necessary or desirable in order to assure that interest on the 2019 Bond is and continues to be excludable from gross income for federal income tax purposes and shall take no action that would result in such interest's not being so excludable. Without limiting the generality of the foregoing, the Authority and the City agree to comply with the provisions of the Tax Certificate delivered on the date of issuance of the 2019 Bond. This covenant survives the defeasance of this Fourth Supplemental Installment Sale Agreement or the 2019 Trust Agreement or payment in full of the 2019 Installment Payments or the 2019 Bond.

Section 8. Additional Information. The City agrees to furnish to the Original Purchaser (as defined in the 2019 Trust Agreement) its Audited Financial Statements within two hundred seventy days (270) of the end of the Fiscal Year. Not more than two hundred seventy (270) days after the close of each Fiscal Year, the City shall file with the Original Purchaser a Certificate of the City stating: (i) that it is in compliance with the covenants set forth in contained herein relating to the rates and charges for the Water System for each Fiscal Year; (ii) the number of accounts serviced by the Water System; (iii) the top 10 customers of the Water System; and (iv) the debt service calculation for such Fiscal Year, which shall be calculated by dividing the Net Revenues received in such Fiscal Year by the total payments made on the 2019 Installment Payments and all Parity Obligations in such Fiscal Year. Any audited financial statements furnished to the Bank shall be prepared in accordance with generally accepted accounting principles, consistently applied, and shall fairly present the City's financial condition as of the date

of the statements. Within thirty (30) days of adoption by the City Council, the City will provide the Original Purchaser with a copy of its annual budget and any interim updates or modifications to such budget.

Section 9. Amendment to Master Installment Sale Agreement. In accordance with Section 7.03 (Amendments to Master Installment Sale Agreement) of the Master Installment Sale Agreement, the following amendments are hereby made:

A. to the definition of “Water System” as found in the Master Installment Sale Agreement to correct a typographical error and which is hereby found by both the City and the Authority as to not materially adversely affect the interests of the holders of the Obligations or result in any material impairment of the security given for payment of the Obligations:

“Water System” means all facilities for providing domestic water service now owned by the City and all other facilities acquired and constructed by the City and determined to be a part of the Water System, together with all additions, betterments and improvements to such facilities or any part thereof hereafter acquired and constructed by the City, but excluding any separate utility system acquired or constructed by the City pursuant to Section 4.16 (Separate Utility Systems) of the Master Installment Sale Agreement.

B. the last paragraph of subsection (B) of Section 2.03 (Revenue Fund; Pledge of Net Water Revenues) is hereby amended to read as follows:

All money on deposit in the Parity Obligation Payment Fund shall be transferred by the Director of Finance to the Trustee or other third party payee thereof to make and satisfy the Parity Payments due on the next applicable Payment Dates on such dates and so the Trustee will be able to satisfy the requirements of each Issuing Document for the deposit of revenues for the payment of debt service on the Parity Obligations.

C. Section 5.01 (Events of Default) is hereby amended to read as follows:

SECTION 5.01. Events of Default. If one or more of the following Events of Default happens, that is to say -

(1) if default is made in the due and punctual payment of any Payment under any Supplemental Installment Sale Agreement or any Parity Obligation when and as the same becomes due and payable;

(2) if default is made by the City in the performance of any other of the agreements or covenants contained herein or in any Supplemental Installment Sale Agreement required to be performed by it, and such default continues for a period of thirty (30) days after the City is given notice in writing of such default by the Authority or the Trustee; provided, however, that if such default is susceptible of cure but cannot reasonably be cured within such 30-day period, and the City commences to cure such default within such 30-day period and thereafter diligently proceeds to cure the same, such 30-day period shall be extended for an additional period of time as is reasonably necessary for the City in the exercise of due diligence to cure such default, such additional period not to exceed 30 days;

(3) if the City files a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction approves a petition filed with or without the consent of the City seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction assumes custody or control of the City or of the whole or any substantial part of its property;

(4) if payment of the principal of any Parity Obligations is accelerated in accordance with its terms;

(5) if any representation, warranty, or certification made by the City in connection with the delivery of any Supplemental Installment Sale Agreement proves to have been false or incorrect in any material respect when made; or

(6) there occurs a material adverse change in, or material adverse effect on, the financial condition of the City or its ability to perform its obligations hereunder;

then, and in each and every such case during the continuance of an Event of Default specified in clause (1), (3), or (4) above, the Authority shall and, for any other Event of Default, the Authority may, by notice in writing to the City given not later than three (3) Business Days after it receives notice of an Event of Default, declare the entire amount of the unpaid principal amount of the Payments and the accrued interest thereon to be due and payable immediately, and upon any such declaration the same are immediately due and payable, anything contained herein to the contrary notwithstanding; provided that, if, at any time after the entire amount of the unpaid principal amount of the Payments and the accrued interest thereon are so declared due and payable and before any judgment or decree for the payment of the money due is obtained or entered, the City deposits with the Authority a sum sufficient to pay the unpaid principal amount of the Payments due and payable prior to such declaration and the accrued interest thereon, with interest on such overdue installments at the rate or rates applicable to such unpaid principal amounts of the Payments if paid in accordance with their terms, and the reasonable expenses of the Authority, and any and all other defaults known to the Authority (other than in the payment of the entire amount of the unpaid Payments due and payable solely by reason of such declaration) are made good or cured to the satisfaction of the Authority or provision deemed by the Authority to be adequate is made therefor, then and in every such case the Authority, by written notice to the City, may rescind and annul such declaration and its consequences; but no such rescission and annulment extends to or affects any subsequent default or impairs or exhausts any right or power consequent thereon.

Section 10. Provisions of the Installment Sale Agreement. Except as in this Fourth Supplemental Installment Sale Agreement expressly provided, every term and condition contained in the Master Installment Sale Agreement shall apply to this Fourth Supplemental Installment Sale Agreement with the same force and effect as if the same were herein set forth at length, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to this Fourth Supplemental Installment Sale Agreement.

This Fourth Supplemental Installment Sale Agreement and all the terms and provisions herein contained shall form part of the Master Installment Sale Agreement as fully and with the

same effect as if all such terms and provisions had been set forth in the Master Installment Sale Agreement. The Master Installment Sale Agreement is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as supplemented and amended hereby.

Section 11. Separability of Invalid Provisions. If any one or more of the provisions contained in this Fourth Supplemental Installment Sale Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Fourth Supplemental Installment Sale Agreement and such invalidity, illegality, or unenforceability shall not affect any other provision of this Fourth Supplemental Installment Sale Agreement, and this Fourth Supplemental Installment Sale Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The City and the Authority each hereby declares that it would have adopted this Fourth Supplemental Installment Sale Agreement and each and every other Section, paragraph, sentence, clause, or phrase hereof irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Fourth Supplemental Installment Sale Agreement may be held illegal, invalid, or unenforceable.

Section 12. Documents to be Delivered at Closing. On or prior to the date of delivery of the Bond, the City and the Authority shall cause to be delivered to the Original Purchaser the documents listed in Exhibit B. The City and the Authority shall not deliver the Bond to the Original Purchaser until the Original Purchaser has executed and delivered to the District a Letter of Representations in the form as found attached as Exhibit B to the Trust Agreement.

Section 13. Effect of Headings and Table of Contents. The headings or titles of the several 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 Fourth Supplemental Installment Sale Agreement.

Section 14. Execution in Counterparts. This Fourth Supplemental Installment Sale Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Fourth Supplemental Installment Sale Agreement by their officers thereunto duly authorized as of the day and year first written above.

CITY OF MADERA

By: _____
City Manager

ATTEST:

City Clerk

**MADERA PUBLIC FINANCING
AUTHORITY**

By: _____
Chairperson

ATTEST:

Secretary

Consent By Trustee:

In accordance with the requirements of Section 7.03 (Amendments to Master Installment Sale Agreement), Trustee hereby consents to the revision found in Section 9 herein.

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

By: _____
Authorized Officer

EXHIBIT A

2019 Installment Payments

| <u>Installment Payment Dates</u> | <u>Amount Attributable to Principal</u> | <u>Amount Attributable to Interest</u> | <u>Total</u> |
|--------------------------------------|---|--|--------------|
|--------------------------------------|---|--|--------------|

EXHIBIT B

Documents Delivered at Closing

The following documents shall be delivered at or prior to the Closing Date, the date of delivery of the Bond to the Original Purchaser thereof (the “Closing Date”).

A. Certificate of the City. A certificate, dated the Closing Date, to the effect that:

(i) The City is a municipal corporation duly organized and existing under the Constitution and laws of the State of California, and the 2019 Installment Payments will constitute the obligations of a municipal entity within the meaning of Section 103(a) of the Tax Code, notwithstanding Section 103(b) of the Tax Code.

(ii) The City has full legal right, power and authority to enter into the Fourth Supplemental Installment Sale Agreement and to carry out its obligations thereunder.

(iii) The City is not currently, and has not been at any time, in default under any long-term debt obligations.

(iv) The City’s audited financial statements for the period ended June 30, 2018, and the draft audited financial statements for the period ended June 30, 2019, present fairly the financial condition of the City and the Water System as of the date thereof and the results of operation for the period covered thereby. Except as has been disclosed to the Trustee, there has been no change in the financial condition of the City or the Water System since June 30, 2018, that will in the reasonable opinion of the City materially impair its ability to perform its obligations under the Installment Sale Agreement. All information provided by the City to the Original Purchaser with respect to the financial performance of the Water System is accurate in all material respects as of its respective date and does not omit any information necessary to make the information provided not misleading.

(v) As currently conducted, the City’s activities with respect to the Water System are in all material respects in compliance with all applicable laws, administrative regulations of the State and of the United States and any agency or instrumentality of either, and any judgment or decree to which the City is subject.

(vi) By proper action, the City has duly authorized the execution, delivery and due performance of the Fourth Supplemental Installment Sale Agreement.

(vii) All information, reports and other papers and data furnished by the City to the Original Purchaser were, at the time the same were so furnished, complete and accurate in all material respects and insofar as necessary to give the Original Purchaser a true and accurate knowledge of the subject matter and were provided in expectation of the Original Purchaser’s reliance thereon in entering into the transactions contemplated by the Fourth Supplemental Installment Sale Agreement. No fact is known to the City which has had or, so far as the City can now reasonably foresee, may in the future have a material adverse effect, which has not been set forth in the financial statements previously furnished to the Original Purchaser or in other such information, reports, papers and data or otherwise

disclosed in writing to the Original Purchaser prior to the Closing Date. Any financial, budget and other projections furnished to the Original Purchaser by the City or its or their agents were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of the conditions existing at the time of delivery of such financial, budget or other projections, and represented, and as of the date of this representation, represent the City's best estimate of its future financial performance. No document furnished nor any representation, warranty or other written statement made to the Original Purchaser in connection with the negotiation, preparation or execution of the Fourth Supplemental Installment Sale Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state (as of the date made or furnished) any material fact necessary in order to make the statements contained herein or therein, in light of the circumstances under which they were or will be made, not misleading.

(viii) Neither the execution and delivery of the Fourth Supplemental Installment Sale Agreement nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the City is now a party or by which the City is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrances whatsoever upon any of the property or assets of the City, other than as set forth herein.

(ix) The City is empowered to set rates, fees and charges for the services and facilities furnished by the Water System without review or approval by any state or local government agency.

(x) There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the City after reasonable investigation, threatened against or affecting the City or the assets, properties or operations of the City which, if determined adversely to the City or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of the Fourth Supplemental Installment Sale Agreement or upon the financial condition, assets, properties or operations of the City or the City's ability to make the 2019 Installment Payments, and the City is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Fourth Supplemental Installment Sale Agreement, or the financial condition, assets, properties or operations of the City or the City's ability to make the 2019 Installment Payments.

(xi) The City acknowledges that (i) the Original Purchaser is acting solely for its own loan account and not as a fiduciary for the City or in the capacity of broker, dealer, municipal securities underwriter or municipal advisor, (ii) the Original Purchaser has not provided, and will not provide, financial, legal (including securities law), tax, accounting or other advice to or on behalf of the City with respect to the Fourth Supplemental Installment Sale Agreement, (iii) the Original Purchaser has expressed no view regarding

the legal sufficiency of its representations for purposes of compliance with any legal requirements applicable to any other party, if any, or the correctness of any legal interpretation made by counsel to any other party, if any, with respect to any such matters, and (iv) the City has sought and obtained financial, legal, tax, accounting and other advice (including as it relates to structure, timing, terms and similar matters) with respect to the financing effectuated through the Fourth Supplemental Installment Sale Agreement from its financial, legal and other advisors to the extent that the City desired to obtain such advice.

B. Opinion of City Attorney. The City will cause to be delivered an opinion of the City Attorney dated the Closing Date and addressed to the Original Purchaser to the effect that:

(i) the City is a municipal corporation duly organized and existing under the laws of the State of California, with power to adopt the Resolution, to enter into the Fourth Supplemental Installment Sale Agreement and perform the agreements on its part contained and to conduct its affairs and to own its properties.

(ii) Resolution No. _____ approving the transaction (the “Resolution”) was duly adopted at a meeting of the City Council that was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout and has not been amended, modified, or supplemented, and continues to be a legal, valid, and binding.

(iii) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or, to the best knowledge of such counsel after reasonable investigation, threatened against or affecting the City, to restrain or enjoin the payment of the 2019 Installment Payments under the Fourth Supplemental Installment Sale Agreement, or in any way contesting or affecting the validity of the Resolution or the Fourth Supplemental Installment Sale Agreement.

(iv) the City is not in material breach of or default under any applicable law or administrative regulation of the State of California or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject, which breach or default would materially adversely affect the City.

(v) the execution of the Fourth Supplemental Installment Sale Agreement, the adoption of the Resolution and compliance by the City with the provisions of the foregoing, under the circumstances contemplated thereby, do not and will not constitute on the part of the City a breach or default under any agreement or other instrument to which the City is a party or by which it is bound (that are known to the City Attorney) or any existing law, regulation, court order or consent decree to which the City is subject.

(vi) no authorization, approval, consent or other order of the State or any other government entity, other than such authorizations, approvals and consents which have been obtained, is required for the valid authorization, execution and delivery by the City of the Fourth Supplemental Installment Sale Agreement.

- C. IRS Form 8038-G. Form 8038-G together with evidence of its filing.
- D. Tax Certificate. The Tax Certificate of the Authority in form and substance acceptable to Bond Counsel and the Original Purchaser.
- E. Opinion of Authority Counsel. The Authority will cause to be delivered an opinion of the Authority Counsel dated the Closing Date and addressed to the Original Purchaser in form and substance acceptable to the Original Purchaser.
- F. Final Opinion of Bond Counsel. The final opinion of Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation (“Bond Counsel”), dated the Closing Date, substantially in the form set forth in the Form of Bond attached as part of Exhibit A to the Trust Agreement, together with a letter dated the date of delivery of the Bonds (the “Closing Date”) to the Original Purchaser, and addressed to the Trustee and the Original Purchaser authorizing each of them to rely on said opinion.
- G. CDIAC Statements. Copies of the statements with respect to the sale of the Bond required to be delivered to the California Debt and Investment Advisory Committee pursuant to Sections 53583 and 8855 of the California Government Code.
- H. Resolutions. Copies of the resolutions adopted by the City and the Authority authorizing the issuance of the Bond, certified by the City Clerk and Clerk of the Authority respectively.
- I. Verification Letter. A letter addressed to the City and Authority, dated on or before the Closing Date, from _____ (the “Verification Agent”), verifying the accuracy of the mathematical computations concerning the adequacy of the moneys to be deposited in the Escrow Fund under the Escrow Agreement to pay when due pursuant to the stated maturity or call for redemption the principal of and interest with respect to the Prior Bonds.
- J. Defeasance Opinion of Bond Counsel. A defeasance opinion of Bond Counsel, dated the Closing Date, with respect to the Prior Bonds.
- K. Opinion of Counsel to the Escrow Agent and Fiscal Agent. An opinion of counsel to The Bank of New York Mellon Trust Company, N.A. (the “Bank”), dated the Closing Date, and addressed to the City, the Authority and the Original Purchaser to the effect that:
- (i) the Bank is a national banking association, duly organized and validly existing under the laws of the United States, having full power to enter into and perform its obligations under the Trust Agreement and the Escrow Agreement (collectively, the “Bank Agreements”);
 - (ii) assuming due execution by the other parties thereto, the Bank Agreements have been duly authorized, executed, and delivered by the Bank and constitute the legal, valid, and binding obligations of the Bank enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, or other laws affecting the enforcement of creditors’ rights generally and by the application of equitable principles, if equitable remedies are sought;

(iii) no consent, approval, authorization, or other action by any governmental or regulatory authority having jurisdiction over the Bank that has not been obtained is or will be required for the execution and delivery of the Bank Agreements or the consummation of the transactions contemplated by the Bank Agreements.

L. Bank's Certificate. A certificate of the Bank, dated the Closing Date, to the following effect:

(i) the Bank is authorized to carry out corporate trust powers, and has full power and to perform its duties under the Bank Agreements;

(iv) the Bank is duly authorized to accept the obligations created by the Bank Agreements and to authenticate the Bonds pursuant to the terms of the Trust Agreement; and

(v) to the best knowledge of the Bank, after due inquiry, there is no action, suit, proceeding, or investigation, at law or in equity, before or by any court or governmental agency, public board or body pending against the Bank or threatened against the Bank which in the reasonable judgment of the Bank would affect the existence of the Bank or in any way contesting or affecting the validity or enforceability of the Bank Agreements or contesting the powers of the Bank or its authority to enter into and perform its obligations under the Bank Agreements.

M. Additional Documents. Such additional legal opinions, certificates, instruments or evidences thereof and other documents as Bond Counsel and Original Purchaser's counsel may reasonably deem necessary.

TRUST AGREEMENT

between the

MADERA PUBLIC FINANCING AUTHORITY

and

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

Dated December 1, 2019

Relating to
Madera Public Financing Authority
Water Revenue Refunding Bond, Series 2019

TABLE OF CONTENTS

| | <u>Page</u> |
|--|--------------------|
| ARTICLE I DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICABILITY..... | 2 |
| Section 1.01. Definitions..... | 2 |
| Section 1.02. Equal Security..... | 10 |
| Section 1.03. Acts of The Owner | 10 |
| Section 1.04. Notices, etc., to Authority and Trustee..... | 10 |
| Section 1.05. Notices to the Owner; Waiver..... | 11 |
| Section 1.06. Form and Content of Documents Delivered to Trustee..... | 11 |
| Section 1.07. Effect of Headings and Table of Contents..... | 11 |
| Section 1.08. Successors and Assigns | 11 |
| Section 1.09. Benefits of the Trust Agreement | 11 |
| Section 1.10. Payments/Actions Otherwise Scheduled on Non-Business Days..... | 12 |
| Section 1.11. No Personal Liability For Debt Service..... | 12 |
| Section 1.12. Separability Clause | 12 |
| Section 1.13. Governing Law..... | 12 |
| Section 1.14. Execution in Several Counterparts | 12 |
| ARTICLE II ISSUANCE OF THE BOND | 12 |
| Section 2.01. Terms and Form of the Bond | 12 |
| Section 2.02. Execution, Authentication, Delivery, and Dating | 15 |
| Section 2.03. Transfer of Bond | 15 |
| Section 2.04. Bond Register..... | 16 |
| Section 2.05. Mutilated, Destroyed, Stolen or Lost Bond | 16 |
| Section 2.06. Payment of Interest on Bond; Interest Rights Preserved..... | 16 |
| Section 2.07. Person Deemed the Owner..... | 17 |
| Section 2.08. Cancellation | 17 |
| Section 2.09. Validity of Bond..... | 17 |
| ARTICLE III APPLICATION OF PROCEEDS OF THE BOND; ESTABLISHMENT OF FUNDS..... | 17 |
| Section 3.01. Application of Bond Proceeds and Other Funds..... | 17 |
| Section 3.02. Establishment and Application of Costs of Issuance Fund..... | 18 |
| ARTICLE IV REDEMPTION OF THE BOND | 18 |
| Section 4.01. Notice to Trustee | 18 |

| | |
|--|----|
| Section 4.02. Notice of Redemption..... | 18 |
| Section 4.03. Deposit of Redemption Price | 19 |
| Section 4.04. Bond Payable on Redemption Date..... | 19 |
| Section 4.05. Bond Redeemed in Part | 19 |
| Section 4.06. Right to Rescind Notice..... | 19 |
| ARTICLE V DEFEASANCE | 19 |
| Section 5.01. Discharge of Trust Agreement | 19 |
| Section 5.02. Discharge of Liability on the Bond | 20 |
| Section 5.03. Deposit of Money or Securities with Trustee | 21 |
| ARTICLE VI AUTHORITY REVENUES..... | 22 |
| Section 6.01. Liability of Authority Limited to Authority Revenues..... | 22 |
| Section 6.02. Pledge of Authority Revenues; Assignment of Installment Sale Agreement..... | 22 |
| Section 6.03. Receipt and Deposit of Authority Revenues in the Revenue Fund..... | 23 |
| Section 6.04. Allocation of Authority Revenues..... | 23 |
| Section 6.05. Application of Interest Fund | 24 |
| Section 6.06. Application of Principal Fund..... | 24 |
| Section 6.07. Application of Redemption Fund..... | 24 |
| Section 6.08. Rebate Fund | 24 |
| Section 6.09. Investments of Money in Accounts and Funds..... | 24 |
| Section 6.10. Funds and Accounts | 25 |
| Section 6.11. Money Held for the Bond | 25 |
| ARTICLE VII COVENANTS OF THE AUTHORITY | 26 |
| Section 7.01. Power to Issue the Bond and Make Pledge and Assignment..... | 26 |
| Section 7.02. Punctual Payment and Performance | 26 |
| Section 7.03. Against Encumbrances | 26 |
| Section 7.04. Amendments to Installment Sale Agreement | 26 |
| Section 7.05. Extension of Time for Payment of the Bond | 26 |
| Section 7.06. Preservation of Rights of Owner..... | 26 |
| Section 7.07. Federal Income Tax Covenants..... | 26 |
| Section 7.08. Further Assurances | 27 |
| ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES OF OWNERS | 27 |
| Section 8.01. Events of Default..... | 27 |
| Section 8.02. Acceleration of Maturities | 27 |

| | |
|--|----|
| Section 8.03. Application of Funds Upon Acceleration | 28 |
| Section 8.04. Trustee to Represent the Owner | 28 |
| Section 8.05. Trustee May Enforce Claims without Possession of the Bond | 28 |
| Section 8.06. Limitation on Suits | 29 |
| Section 8.07. Unconditional Right of the Owner to Receive Principal, Redemption Price, and Interest | 29 |
| Section 8.08. Rights and Remedies Cumulative | 29 |
| Section 8.09. Delay or Omission Not Waiver | 29 |
| ARTICLE IX THE TRUSTEE | 30 |
| Section 9.01. Appointment of the Trustee | 30 |
| Section 9.02. Certain Duties and Responsibilities | 30 |
| Section 9.03. Notice of Defaults | 32 |
| Section 9.04. Certain Rights of Trustee; Liability of Trustee | 32 |
| Section 9.05. Trustee Not Responsible for Recitals, Validity of the Bond, or Application of Proceeds..... | 33 |
| Section 9.06. Trustee May Hold the Bond..... | 34 |
| Section 9.07. Compensation and Indemnification of Trustee | 34 |
| Section 9.08. Corporate Trustee Required; Eligibility | 34 |
| Section 9.09. Removal and Resignation; Appointment of Successor. | 35 |
| Section 9.10. Acceptance of Appointment by Successor | 36 |
| Section 9.11. Merger or Consolidation | 36 |
| Section 9.12. Preservation and Inspection of Documents | 37 |
| Section 9.13. Accounting Records and Reports..... | 37 |
| ARTICLE X AMENDMENT OF THE TRUST AGREEMENT | 37 |
| Section 10.01. Supplemental Trust Agreements With Consent of Owner | 37 |
| Section 10.02. Notice of Amendment | 37 |
| Section 10.03. Execution of Supplemental Trust Agreements | 37 |
| Section 10.04. Effect of Supplemental Trust Agreements..... | 37 |
| Section 10.05. Endorsement of the Bond; Preparation of New Bond | 38 |
| Section 10.06. Amendment of Bonds | 38 |
| ARTICLE XI MISCELLANEOUS | 38 |
| Section 11.01. Notices | 38 |
| Section 11.02. No Fiduciary Relationship | 39 |
| Section 11.03. Additional Provisions and Rights so long as Bond held by the Original Purchasers | 39 |

Section 11.04. Waiver of Jury Trial; Agreement for Judicial Reference; No
Sovereign Immunity40

EXHIBIT A: Form of BondA-1
EXHIBIT B: Form of Original Purchaser’s Letter of Representations..... B-1
EXHIBIT C: Form of Subsequent Purchaser’s Letter of Representations..... C-1

TRUST AGREEMENT

THIS TRUST AGREEMENT, dated December 1, 2019 (the “Trust Agreement”), between 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”) and the MADERA PUBLIC FINANCING AUTHORITY (the “Authority”), a joint exercise of powers agency duly created and existing pursuant to the laws of the State of California and an agreement entitled “Joint Exercise of Powers Agreement” between the City of Madera (the “City”) and the City of Madera Redevelopment Agency (the “Joint Powers Agreement”);

WITNESSETH:

WHEREAS, 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 Government Code of the State of California (the “Act”);

WHEREAS, Article 4 of the Act and its Joint Powers Agreement authorize the Authority to acquire property and issue bonds to assist the City in financing public improvements and to issue bonds to refund prior bonds of the Authority;

WHEREAS, the Authority and the City have entered into a Master Installment Sale Agreement dated March 1, 2006, and a Second Supplemental Installment Sale Agreement dated November 1, 2010, pursuant to which the City purchased from the Authority facilities for the City’s water supply and distribution system (the “2010 Water Project”) in exchange for the installment payments described therein (the “2010 Installment Payments”), which are payable solely from the revenues of the City’s water system;

WHEREAS, to finance the costs of the 2010 Water Project, the Authority issued its Madera Public Financing Authority Water Revenue Bonds, Series 2010 (the “Prior Bonds”), the debt service on which is payable from the 2010 Installment Payments;

WHEREAS, the City has determined that it is in best interests of the City to refund the Prior Bonds, and the City and the Authority intend to authorize the issuance of a refunding bond (the “Bond”) pursuant to this Trust Agreement and to amend and restate the 2010 Installment Payments pursuant to a Fourth Supplemental Installment Sale Agreement, which restated and amended installment payments will be applied by the Authority to pay debt service on the Bond;

WHEREAS, in order to provide for the authentication and delivery of the Bond, to establish and declare the terms and conditions upon which the Bond 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 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 the Bond issued and outstanding under this Trust Agreement, according to its 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 Bond is 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 Bond by the owners 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 owners from time to time of the Bond, 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 have the meanings herein specified for all purposes hereof and of any Supplemental Trust Agreement and of any certificate, opinion, request or other document herein or therein mentioned:

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.

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

Authority Revenues means all payments made by the City and received by the Authority pursuant to the Fourth Supplemental Installment Sale Agreement 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 6.09 (Investments of Money in Accounts and Funds) hereof.

Bond means the Madera Public Financing Authority Water Revenue Refunding Bond, Series 2019, executed, issued and delivered in accordance with Article II (Issuance of the Bond).

Business Day means any day (other than a Saturday or a Sunday) on which banks in New York, New York, are open for business and on which the Trustee is open for business at its Corporate Trust Office.

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 Chairperson, Vice Chairperson, Treasurer, or Executive Director of the Authority or by any other officer of the Authority duly authorized by the Administrator for that purpose and, in the case of the City, by the Mayor, Mayor Pro Tem, City Administrator or Director of Finance of the City or by any other officer of the City duly authorized by the City 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 the date of delivery of the Bond to the Original Purchaser.

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

Corporate Trust Office means the corporate trust office of the Trustee located at 400 South Hope Street, Suite 500, Los Angeles, California 90071, Attention: Corporate Trust Services, provided that for registration, transfer, exchange, payments and surrender of the Bond, Corporate Trust Office means the office or agency of the Trustee which, at any particular time, its corporate trust agency business shall be conducted, or such other office or offices as the Trustee designates from time to time.

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 Bond, 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, fees and charges for preparation, execution, transportation, and safekeeping of the Bond, costs of Original Purchaser's counsel, and any other cost, charge, or fee in connection with the original delivery of the Bond.

Default Rate has the meaning set forth in Section 2.01(C) herein.

Defeasance Securities means the following:

1. U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series – (SLGs)).
2. Direct obligations of the U.S. Treasury that have been stripped by the U.S. Treasury itself, CATS, TIGRS and similar securities.
3. 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
4. Pre-refunded municipal bonds rated “Aaa” by Moody’s and “AAA” by Standard & Poors. If, however, the issue is only rated by S&P (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.
5. Obligations issued by the following agencies that are backed by the full faith and credit of the U.S.:
 - a. *U.S. Export-Import Bank (Eximbank)*
Direct obligations or fully guaranteed certificates of beneficial ownership
 - b. *Farmers Home Administration (FmHA)*
Certificates of beneficial ownership

- c. *Federal Financing Bank*
- d. *General Services Administration*
Participation Certificates
- e. *U.S. Maritime Administration*
Guaranteed Title XI financing
- f. *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

Escrow Agent means The Bank of New York Mellon Trust Company, N.A.

Escrow Agreement means the Escrow Agreement dated December 1, 2019, between the Authority and the Escrow Agent.

Event of Default means any of the events described in Section 8.01 (Events of Default) hereof as an “Event of Default.”

Event of Taxability means a determination, decision, or decree made by the Commissioner or any District Director of the Internal Revenue Service, or by any court of competent jurisdiction, that the interest on the Bond is includable in gross income for federal income tax purposes because of an action or omission of the Authority or the City.

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 City as its Fiscal Year in accordance with applicable law.

Fourth Supplemental Installment Sale Agreement means the Fourth Supplemental Installment Sale Agreement dated December 1, 2019, between the City and the Authority, supplemental to the Master Installment Sale Agreement.

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 City, 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 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 member, officer or employee of the City, but who may be regularly retained to audit the accounting records of and make reports thereon to the City.

Installment Sale Agreement means the Master Installment Sale Agreement as supplemented by the Fourth Supplemental Installment Sale Agreement, as originally executed and as they may from time to time be amended or supplemented pursuant to the provisions thereof.

Interest Payment Date means the date interest on the Bond is due and payable, being March 1 and September 1 of each year, commencing March 1, 2020.

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

Letter of Representations means a letter substantially (i) in the form attached hereto as Exhibit B delivered to the Authority by the Original Purchaser of the Bond, and (ii) in the form attached hereto as Exhibit C delivered to the Authority by any subsequent purchasers of the Bond.

Master Installment Sale Agreement means the Master Installment Sale Agreement for the City of Madera Water Project dated March 1, 2006, between the City and the Authority.

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.

Original Purchaser means Opus Bank, a California commercial bank, and any other successor or any other entity to whom the rights of the Bond hereunder are assigned.

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 5.01(A) (Discharge of Trust Agreement -- Payment of Bond); and

(3) Bonds in lieu of or in substitution for which other Bonds have been executed, issued and delivered by the Authority pursuant hereto.

Owner means the person in whose name the Bond is registered, which shall be the Original Purchaser so long as the Original Purchaser owns the Bond and thereafter shall include any successor to the Original Purchaser or entity to whom the Bond has been transferred by the Original Purchaser.

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 Permitted Investments):

- (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, including funds of the Trustee or any affiliate that receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise, 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.
- (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 and loan associations or mutual savings banks which may include the Trustee and its affiliates. The collateral must be held by a third party and the Trustee must have a perfected first security interest in the collateral.
- (6) Certificates of deposit, savings accounts, 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.
- (7) Investment Agreements, including guaranteed investment contracts, forward purchase agreements, and reserve fund put agreements.
- (8) Commercial paper rated, at the time of purchase, “Prime-1” by Moody’s and “A-1+” or better by Standard & Poor’s and which matures not more than 270 calendar days after the date of purchase.
- (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, which may include the Trustee and its affiliates, 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 must satisfy the following criteria:

a. Repurchase agreements must be between the municipal entity and a dealer bank or securities firm:

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

(2) Banks rated "A" or above by Standard & Poor's and Moody's.

b. The written repurchase agreement contract must include the following:

(1) Securities that are acceptable for transfer are:

(a) Direct U.S. governments

(b) Federal agencies backed by the full faith and credit of the U.S. government (and FNMA & FHLMC)

(2) The term of the repo may be up to 30 days

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

(4) The trustee has a perfected first priority security interest in the collateral.

(5) Valuation of Collateral

(a) The securities must be valued weekly, marked-to-market at current market price plus accrued interest.

(b) 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 municipality, 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) Any state administered pool investment fund in which the City is statutorily permitted or required to invest.

Principal Fund means the fund by that name established pursuant to Section 6.04 (Allocation of Authority Revenues).

Principal Payment Date means the date or dates specified in the Bond on which installments of principal of the Bond are due and payable.

Redemption Fund means that means the fund by that name established pursuant to Section 6.07 (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 means the fifteenth day of the month immediately preceding an Interest Payment Date, whether or not such day is a Business Day.

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 6.03 (Receipt and Deposit of Authority Revenues in the Revenue Fund) hereof.

Special Record Date for the payment of any defaulted interest on the Bond means a date fixed by the Trustee pursuant to Section 2.06 (Payment of Interest on the Bond; Interest Rights Preserved).

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 at the time of the issuance and delivery of the Bond, as the same may be amended or supplemented in accordance with its terms.

Taxability Rate has the meaning set forth in Section 2.01(D).

Trust Agreement means this Trust Agreement, dated December 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 9.09 (Removal and Resignation; Appointment of Successor) hereof.

2019 Installment Payments means the installment payments of interest and principal and the redemption premiums, if any, payable by the City under and pursuant to the Fourth Supplemental Installment Sale Agreement.

Section 1.02. Equal Security. In consideration of the acceptance of the Bond by the Owner thereof, the Trust Agreement shall be deemed to be and constitute a contract between the Authority and the Owner from time to time of the Bond 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 the Bond, 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 are for the equal and proportionate benefit, protection and security of the Owner of the Bond without distinction, preference or priority as to security or otherwise of any Bond 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 The Owner. Any request, consent or other instrument required or permitted by this Trust Agreement to be signed and executed by the Owner may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by the Owner 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 shall be sufficient for any purpose of this Trust Agreement and is 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 binds 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: _____ (or such other address as may have been filed in writing by the Authority with the Trustee).

Section 1.05. Notices to the Owner; Waiver. 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 is the equivalent of such notice. Waivers of notice by the Owner shall be filed with the Trustee, but such filing is not 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, are solely for convenience of reference and do 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 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 and the

Owner 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 Owner of the Bond.

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 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 is individually or personally liable for the payment of the interest on or principal of or redemption premiums, if any, on the Bond by reason of its issuance, but nothing herein contained relieves 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 is contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof is null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and in no way affect the validity hereof or of the Bond, and the Owner retains all the benefit, protection and security afforded to it 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 Bond 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 is governed by, and shall be 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, together constitute but one and the same instrument.

ARTICLE II ISSUANCE OF THE BOND

Section 2.01. Terms and Form of the Bond.

(A) Authorization and Title of the Bond. The Authority hereby authorizes the issuance of the “Madera Public Financing Authority Water Revenue Refunding Bond, Series 2019” in the principal amount of \$[PRINCIPAL AMOUNT]. At any time after the execution and delivery of this Trust Agreement, the Authority may execute and the Trustee shall authenticate and deliver the Bond upon the Order of the Authority.

The Bond shall be issued in the form of a single, fully-registered installment bond in substantially the form attached hereto as Exhibit A. The Bond shall be registered initially in the name of the Original Purchaser of the Bond and shall not be delivered in book-entry form.

(B) Date; Interest Accrual; Maturity Dates; Interest Rates. The Bond shall be dated its date of delivery, and, subject to subsections (C) (Default Rate) and (D) (Interest Rate Following an Event of Taxability) of this Section, shall bear interest on the unpaid principal amount thereof from its date to March 1, 2037, at the rate of 2.64% per annum. The Authority shall pay installments of principal on the Bond in the following amounts on the following dates (subject to prior redemption as described below) and installments of interest in the following amounts (subject to increase as provided in subsections (C) (Default Rate) and (D) (Interest Rate Following an Event of Taxability) of this Section and reduction in the case of a partial redemption of the Bond) on the following dates:

| Date | Principal Amount | Interest | Total |
|-------------|-------------------------|-----------------|--------------|
|-------------|-------------------------|-----------------|--------------|

| Date | Principal Amount | Interest | Total |
|-------------|-----------------------------|-----------------|--------------|
|-------------|-----------------------------|-----------------|--------------|

Interest on the Bond shall be calculated on the basis of a 360-day year comprising twelve 30-day months.

(C) Default Rate. Upon the occurrence and continuation of an Event of Default, the unpaid principal balance of the Bond shall, if elected by the Owner, bear interest at a rate per annum not greater than 5.64% (the “Default Rate”), to the extent such increased rate is permitted by law. The Owner shall notify the Trustee of its election and the rate per annum to be applied as the Default Rate. If so imposed by the Owner, the Default Rate shall remain in effect until such time as the applicable Event of Default is cured to the satisfaction of the Owner. Any unpaid interest on the Bond, including Default Rate interest, shall accrue until paid.

(D) Interest Rate Following an Event of Taxability. Upon the occurrence of an Event of Taxability, the unpaid principal balance of the Bond shall, if elected by the Owner, bear interest at a rate per annum not greater than 3.65% (the “Taxability Rate”), to the extent such increased rate is permitted by law. The Owner shall notify the Trustee of its election and the rate per annum to be applied as the Taxability Rate.

(E) Principal and Interest Payments. The Authority shall pay each principal and interest payment on the Bond in lawful money of the United States of America by wire transfer to the Trustee no later than the fifth (5th) Business Day prior to each Payment Date. The Trustee shall wire transfer said payment to the Owner on each Payment Date, pursuant to wire instructions provided by the Owner. The Regular Record Date for the Bond shall be the fifteenth (15th) day of the calendar month immediately preceding the relevant Payment Date. Payments of principal of the Bond shall be made without the requirement for presentation and surrender of the Bond by the Owner, provided that principal of the Bond that is payable at final maturity shall be made only upon presentation and surrender of the Bond at the office of the Trustee. The Trustee shall make an appropriate notation in its records indicating the date and amount of each reduction in the outstanding principal amount of the Bond.

(F) Cessation of Interest Accrual. Interest on any portion of the principal of the Bond shall cease to accrue on the Payment Date of such portion, provided that such portion of the principal plus interest accrued thereon to such date has been paid to the Owner. Upon payment of all the principal and interest installments on the Bond, the Bond shall no longer be Outstanding and entitled to the benefits of this Trust Agreement.

(G) Redemption of Bond.

(1) General. The Bond is subject to redemption as provided in Article IV (Redemption of Bond).

(2) Optional Redemption with Premium. The Bond is subject to redemption prior to its stated maturity at the option of the Authority at the direction of the City, from moneys

deposited by the Authority or the City from any source of available funds, as a whole or in part, on any date on or after March 1, 2030, at a redemption price equal to the principal amount of the Bond called for redemption, together with accrued interest to the date fixed for redemption, without premium.

In the case of a partial redemption, the redeemed amount shall be allocated to the then unpaid principal installments in inverse order of due date.

(3) Optional Partial Redemption without Premium. Once each Fiscal Year, on any date, the Authority may redeem up to 10% of the outstanding principal of the Bond, without premium, provided that the Authority also pay the amount of any principal or interest installments then in default. Such redeemed amount shall be allocated to the then unpaid principal installments in inverse order of due date. At no time, shall the Authority use any funds derived from any public or private borrowing for the purposes of making the redemption permitted by this subsection.

Section 2.02. Execution, Authentication, Delivery, and Dating. The Bond shall be executed in the name and on behalf of the Authority by the Chairperson of the Authority and countersigned 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. The Bond shall then be delivered to the Trustee for authentication by it.

(A) In case any of the officers who shall have signed or attested the Bond shall cease to be such officer or officers of the Authority before the Bond so signed or attested shall have been authenticated, or delivered by the Trustee, or issued by the Authority, such Bond 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. The Bond may be signed and attested on behalf of the Authority by such persons as at the actual date of execution the Bond shall be the proper officers of the Authority although at the nominal date of the Bond any such person shall not have been such officer of the Authority.

(B) The Bond shall not be valid or obligatory for any purpose or entitled to the benefits of this Trust Agreement unless there appears on the 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 the Bond has been duly executed, authenticated, and delivered hereunder.

Section 2.03. Transfer of Bond. The Owner may transfer the Bond, in whole but not in part, but only to a proposed transferee that executes a Letter of Representations.

Transfer shall be made upon the books required to be kept pursuant to the provisions of Section 2.04 (Bond Register) hereof, in person or by the duly authorized attorney of such person, upon surrender of the Bond to the Authority for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Authority and the purchaser's duly executed Letter of Representations.

Whenever the Bond shall be surrendered for transfer, the designated Authority officials shall execute as provided in Section 2.02 (Execution, Authentication, Delivery, and Dating) hereof, and

deliver a new Bond. The Authority shall require the payment by the Owner requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

No transfer of the Bond shall be required to be made by the Authority during the period from the close of business on the Record Date next preceding any Payment Date to and including such Payment Date.

Prior to any transfer of the Bonds outside the book-entry system (including, but not limited to, the initial transfer outside the book-entry system) the transferor 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, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

Section 2.04. Bond Register. The Trustee will keep or cause to be kept at its Corporate Trust Office a record of the registration and transfer of the Bond (“Bond Register”). Upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such record, the Bond as hereinbefore provided.

Section 2.05. Mutilated, Destroyed, Stolen or Lost Bond. If (i) a 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 the 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 the same principal amount, bearing a number not contemporaneously outstanding.

Upon the issuance of a new Bond under this Section, the Authority may require payment of a sum sufficient to pay the cost of preparing the Bond, any tax or other governmental charge that may be imposed in relation thereto, and any other expenses connected therewith.

If, after the delivery of such replacement Bond, the original Bond in lieu of which the replacement Bond was issued is presented for payment or registration, the Trustee shall seek to recover such replacement Bond from the person to whom it was delivered or any person taking therefrom and shall be entitled to recover from the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Trustee or the Authority in connection therewith.

Section 2.06. Payment of Interest on Bond; Interest Rights Preserved. Interest on the 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 on the 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 and at the expense of the Authority, 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 the Owner at their 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, a new Bond delivered under this Trust Agreement upon transfer of or in exchange for or in lieu of the Bond shall carry all the rights to interest accrued and unpaid, and to accrue, that were carried by the Bond. The new 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. Person Deemed the Owner. The Authority and the Trustee shall be entitled to treat the person in whose name the 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 the Bond shall be proved by the Bond Register.

Section 2.08. Cancellation. If surrendered for payment, redemption, transfer, or exchange, if surrendered to the Trustee, the Bond 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 the Bond to the Trustee for cancellation if it acquired in any manner by the Authority, and the Trustee shall promptly cancel the Bond.

No Bond shall be authenticated in lieu of or in exchange for the Bond if cancelled as provided in this Section, except as expressly provided by this Trust Agreement. The Trustee shall destroy the cancelled Bond.

Whenever in this Trust Agreement provision is made for the cancellation by the Trustee of the Bond, the Trustee shall destroy the Bond, and, upon request, deliver a certificate of such destruction to the Authority.

Section 2.09. Validity of Bond. The recital in the Bond that is issued pursuant to the Constitution and statutes of the State shall be conclusive evidence of their validity and of compliance with provisions of law in its issuance.

ARTICLE III APPLICATION OF PROCEEDS OF THE BOND; ESTABLISHMENT OF FUNDS

Section 3.01. Application of Bond Proceeds and Other Funds. The proceeds of the sale of the Bond shall be deposited with the Trustee and shall be set aside or transferred by the Trustee as follows:

- (a) transfer \$_____ to the Escrow Agent for deposit into the Escrow Fund established pursuant to the Escrow Agreement;

- (b) deposit \$_____ into the Costs of Issuance Fund established pursuant to Section 3.02 (Establishment and Application of Costs of Issuance Fund) hereof.

The Trustee may establish a temporary account in its records to facilitate such transfers.

Section 3.02. Establishment and Application of Costs of Issuance Fund.

(A) The Trustee shall disburse funds from the Costs of Issuance Fund, which is hereby established, to pay Costs of Issuance only upon receipt of a signed requisition (stating the amount to be disbursed and the party or parties being paid) approved by the Authorized Officer of the Authority and accompanied by an invoice or statement for each such amount. 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.

(B) Upon payment of all Costs of Issuance, or upon the date occurring four (4) months after the Closing Date, whichever occurs first, the Trustee shall transfer all funds remaining in the Costs of Issuance Fund to the Revenue Fund, and the Costs of Issuance Fund shall thereupon be closed.

ARTICLE IV
REDEMPTION OF THE BOND

Section 4.01. Notice to Trustee. In the case of any redemption at the election of the Authority of the Outstanding Bond or any portion thereof as provided herein, 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 discretion of the Trustee), notify the Trustee of such redemption date, and the principal amount of the Bond to be redeemed.

Section 4.02. Notice of Redemption.

(A) Mailed Notice. The Trustee, on behalf of and at the expense of the Authority, shall mail notice of redemption not fewer than thirty (30) nor more than sixty (60) days prior to the redemption date, to each Owner at its address appearing on the Bond Register. Notice of redemption to each Owner shall be given by first class mail.

(B) Content of Notice. Each notice of redemption shall state (1) the date of such notice, (2) the date of issue of the Bond, (3) the redemption date, (4) the Redemption Price, (5) the place or places of redemption (including the name and appropriate address or addresses of the Trustee), and, (6) in the case of a redemption in part only, the portion of the principal amount thereof to be redeemed. Each such notice shall also (a) state that on said date there will become due and payable on the Bond the Redemption Price thereof or of said specified portion of the principal amount thereof in the case of a redemption in part only, together with interest accrued thereon to the date fixed for redemption, (b) state that from and after such redemption date interest thereon shall cease to accrue, and (c) shall require that the Bond be then surrendered at the address or addresses of the Trustee specified in the redemption notice. Such redemption notice may be conditional.

Section 4.03. Deposit of Redemption Price. Prior to any redemption date, the Authority shall deposit with the Trustee an amount of money sufficient to pay the Redemption Price of the Bond to be redeemed on that date plus interest accrued to the date of redemption. Such money shall be held for the benefit of the person entitled to such Redemption Price.

Section 4.04. Bond Payable on Redemption Date. Notice of redemption having been duly given as aforesaid and moneys for payment of the Redemption Price of the Bond or portion thereof to be redeemed plus interest accrued to the date of redemption being held by the Trustee, on the redemption date designated in such notice (i) the Bond or portions thereof to be redeemed shall become due and payable at the Redemption Price specified in such notice plus interest accrued to the date of redemption, (ii) interest on the Bond or portion thereof shall cease to accrue, (iii) the Bond or portion thereof shall cease to be entitled to any benefit or security under this Trust Agreement, and (iv) the Owner shall have no rights in respect thereof except to receive payment of said Redemption Price and accrued interest. Upon surrender of the Bond for redemption in accordance with said notice, the Bond or portion thereof shall be paid by the Trustee at the Redemption Price plus (if the redemption date is not an Interest Payment Date) interest accrued to the date of redemption. Installments of interest due on or prior to the Redemption Date shall be payable to the Owner on the relevant Regular Record Dates according to the term of the Bond and the provisions of Section 2.06 (Payment of Interest on the Bond; Interest Rights Preserved).

Section 4.05. Bond Redeemed in Part. Upon surrender of the 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 Authority, a new Bond of authorized denomination, and of the same maturity, equal in aggregate principal amount to the unredeemed portion of the Bond surrendered.

Section 4.06. Right to Rescind Notice. The Authority may rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the Owner. Any optional redemption and notice thereof shall be rescinded if, for any reason, on the date fixed for redemption monies are not available in the Redemption Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the Bond called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the Owner of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

ARTICLE V DEFEASANCE

Section 5.01. Discharge of Trust Agreement.

(A) Payment of Bond. The 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 5.03 (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 the Bond. If the Outstanding Bond has been paid and the Authority has also paid or caused to be paid all other sums payable hereunder and the City has paid or caused to be paid all other sums payable under the Installment Sale Agreement 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 the Bond has not 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 the Bond as provided in Section 2.03 (Transfer of Bond), and rights to payment from moneys deposited with the Trustee as provided in Section 5.02 (Discharge of Liability on Bond)) cease, terminate, become void, and are completely discharged and satisfied. Notwithstanding the satisfaction and discharge of this Trust Agreement, the obligations to the Trustee under Section 9.07 (Compensation and Indemnification of Trustee), the provisions of Section 9.09 (Removal and Resignation; Appointment of Successor), and the covenants of the Authority to preserve the exclusion of interest represented by the Bond from gross income for federal income tax purposes contained in Section 7.07 (Federal Income Tax Covenants) survive.

(C) Delivery of Excess Funds. In such event, 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 the Bond not theretofore surrendered for such payment or redemption; subject to the provisions of Section 7.07 (Federal Income Tax Covenants) and the Tax Certificate with respect to moneys in the Rebate Fund.

(D) Notice of Defeasance. If moneys or Permitted Investments are deposited with and held by the Trustee as provided above, the Trustee shall within thirty (30) days after such money or Permitted Investments have been deposited with it mail a notice, first class postage prepaid, to the Owner at the address listed on the registration books kept by the Trustee pursuant to Section 2.04 (Bond Register) hereof, (a) setting forth the maturity date or date fixed for redemption, as the case may be, of the Bond, (b) giving a description of the Permitted Investments, if any, so held by it, and (c) stating that this Trust Agreement has been discharged in accordance with the provisions of this Section.

Section 5.02. Discharge of Liability on the Bond. 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 5.03 (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 has been given as in Article IV (Redemption of the Bond) provided or provision satisfactory to the Trustee has been made for the giving of such notice, then all liability of the Authority in respect of such Bond ceases, terminates, and be completely discharged, except that thereafter (i) the Owner thereof is entitled to payment of the principal of and interest on such Bond and premium, if any, thereon by the Authority, and the Authority remains 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 5.03(C) (Payment of the Bond after Discharge of Trust Agreement), and (ii) the Owner thereof retains its rights of transfer or exchange of the Bond as provided in Section 2.03 (Transfer of Bond).

Section 5.03. 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 the Bond, 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 the Bond to maturity, except that, in the case of the Bond that is to be redeemed prior to maturity and in respect of which notice of such redemption has been given as in Article IV (Redemption of the Bond) provided or provision satisfactory to the Trustee has 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 Bond to the redemption date and any redemption premium thereon; or

(B) Defeasance Securities. Defeasance Securities the principal of and interest on which when due will, together with the money (if any) deposited with or held by the Trustee at the same time, 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 Bond to be paid or redeemed, as such principal or Redemption Price and interest become due, provided that, in the case of the Bond that is to be redeemed prior to the maturity thereof, notice of such redemption has been given as in Article IV (Redemption of the Bond) provided or provision satisfactory to the Trustee.

(C) Payment of the Bond 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 the Bond and remaining unclaimed for two years after the principal of the Bond 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 the Bond 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 thereupon ceases; 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 Owner of the Bond 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 Bond 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 the Bond, whether at redemption or maturity, shall be held uninvested in trust for the account of the Owner thereof and the Trustee is not required to pay the Owner any interest on, or be liable to the Owner or any other person for any interest earned on, moneys so held.

ARTICLE VI AUTHORITY REVENUES

Section 6.01. Liability of Authority Limited to Authority Revenues. Notwithstanding anything to the contrary contained herein, the Authority is not required to advance any money derived from any source other than the Authority Revenues as provided herein for the payment of the interest on or principal of or redemption premiums, if any, on the Bond 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 6.02. Pledge of Authority Revenues; Assignment of Installment Sale Agreement.

(A) Pledge of Authority Revenues. In order to secure the payment of the principal of, premium, if any, and interest on the Bond in accordance with its 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 Authority Revenues and any other amounts (including proceeds of the sale of the Bond) held in any fund or account established pursuant to this Trust Agreement, other than amounts on deposit in the Rebate Fund. This pledge constitutes a first pledge of and charge and lien upon such assets for the payment of the Bond in accordance with their terms and is valid and binding from and after issuance of the Bond, without any physical delivery thereof or further act. The pledge herein made is irrevocable until the Bond is no longer Outstanding.

(B) Assignment of Installment Sale Agreement.

(1) The Authority hereby transfers, assigns, and sets over to the Trustee all of the 2019 Installment Payments and any and all rights and privileges it has under the Installment Sale Agreement, including, without limitation, the right to collect and receive directly all of such 2019 Installment Payments and the right to hold and enforce any security interest, and any such 2019 Installment 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.

(2) The Trustee shall take all steps, actions, and proceedings required to be taken, as provided in any Opinion of Counsel delivered to it, reasonably necessary to maintain in force for the benefit of the Owner the Trustee's rights in and priority to the following security granted to it for the payment of the Bond: the Trustee's rights as assignee of the 2019 Installment Payments under the Installment Sale Agreement and as beneficiary of any other rights to security for the Bond that the Trustee may receive in the future.

Section 6.03. Receipt and Deposit of Authority Revenues in the Revenue Fund. The Trustee shall forthwith deposit the Authority Revenues 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 Owner and shall be disbursed, allocated, and applied solely for the uses and purposes set forth in Section 6.04 (Allocation of Authority Revenues).

Section 6.04. Allocation of Authority Revenues.

(A) Allocations for Debt Service. So long as the Bond is 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 Owner of the Bond) 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 or before the last Business Day of each Interest Payment Date, the Trustee shall deposit in the Interest Fund the aggregate amount of interest becoming due and payable on the Outstanding Bond on the next succeeding Interest Payment Date; provided that from the date of delivery of the Bond until the first Interest Payment Date, transfers to the Interest Fund shall be sufficient on a monthly pro rata basis to pay the interest coming due on such 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 the Outstanding Bond.

(2) Principal Fund. On or before the last Business Day of each Principal Payment Date, the Trustee shall deposit in the Principal Fund the aggregate amount of principal becoming due and payable on the Outstanding Bond on the next succeeding Principal Payment Date; provided that from the date of delivery of the Bond until the first Principal Payment Date, transfers to the Principal Fund shall be sufficient on a monthly pro rata basis to pay the principal payments coming due on such date.

No deposit need be made into the Principal Fund so long as there is in such fund (i) moneys sufficient to pay the principal of the Outstanding Bond and maturing by its terms on such Principal Payment Date.

(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 2019 Installment Payment under the Fourth Supplemental Installment Sale Agreement is paid to the Trustee, shall deposit in the Redemption Fund that amount of moneys representing the portion of the 2019 Installment Payments designated as prepaid 2019 Installment Payments. Except as provided in Section 7.07 (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 Bond to be redeemed.

(4) Surplus Amounts. The Trustee shall deposit into the Surplus Account any moneys remaining in the Revenue Fund on March 1 of each year after the foregoing transfers described in (1), (2), and (3) of Subsection (A) of this Section have been made. On June 30 of each year, beginning on June 30, 2021, the Trustee, if the Authority is not then in default hereunder, shall disburse the money in the Surplus Account to the City unless the City, in its discretion, determines that any money in the Surplus Account is or will be required for the payment of the principal of or interest on the Bond on the next succeeding Interest Payment Date, in which event such money shall be held in the Surplus Account for such purpose.

Section 6.05. Application of Interest Fund. All money in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bond as it becomes due and payable (including accrued interest on the Bond purchased or redeemed prior to maturity).

Section 6.06. Application of Principal Fund.

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 Bond when due and payable.

Section 6.07. 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 the Bond 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 the Bond, 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 the Bond 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 the Bond.

Section 6.08. Rebate Fund. 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 is not required to take any action with respect to the Rebate Fund or the Tax Certificate and has no liability or responsibility to enforce compliance by the City with the terms of the Tax Certificate.

Section 6.09. Investments of Money 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 Authority, solely in Permitted Investments filed with the Trustee at least two (2) Business Days in advance of the making of such investments. All Permitted Investments

shall, as directed by the Authority in writing, be acquired subject to the limitations set forth in Section 7.07 (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 Authority 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 Authority with respect to the moneys in the funds and accounts held by the Trustee pursuant to this Trust Agreement, such moneys shall be held uninvested.

(B) Maturity of Investments. Moneys in the funds and accounts established hereunder 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 Authority. 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) 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 Authority, may impose its customary charge therefor. The Authority acknowledges that, to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grants the Authority the right to receive brokerage confirmations or security transactions as they occur, the Authority specifically waives receipt of such confirmations to the extent permitted by law. The Trustee may sell or present for redemption, any Permitted Investments so purchased whenever it is 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 is not liable or responsible for any loss resulting from such investment.

Section 6.10. 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 Bond and the rights of every Owner thereof.

Section 6.11. Money Held for the Bond. The money held by the Trustee for the payment of the interest, principal, or Redemption Price due on any date with respect to the Bond 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 Owner of the Bond entitled thereto, subject, however, to the provisions of Section 5.03(C) (Payment of the Bond after Discharge of Trust Agreement).

ARTICLE VII COVENANTS OF THE AUTHORITY

Section 7.01. Power to Issue the Bond and Make Pledge and Assignment. The Authority is duly authorized pursuant to law to enter into the Trust Agreement, authorize the issuance of the Bond, and pledge the Authority Revenues under this Trust Agreement in the manner and to the extent provided in this Trust Agreement. The Bond 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 7.02. Punctual Payment and Performance. The Authority will punctually pay out of the Authority Revenues the interest on and the principal of and redemption premiums, if any, to become due on the Bond issued hereunder in strict conformity with the terms hereof and of the Bond, and will faithfully observe and perform all the agreements and covenants to be observed or performed by the Authority contained herein and in the Bond.

Section 7.03. Against Encumbrances. The Authority will not make any pledge of or place any charge or lien upon the Authority Revenues except as provided herein, and will not issue any bonds, notes or obligations payable from the Authority Revenues or secured by a pledge of or charge or lien upon the Authority Revenues except the Bond.

Section 7.04. Amendments to Installment Sale Agreement. The Authority shall not supplement, amend, modify or terminate any of the terms of the Installment Sale Agreement, or consent to any such supplement, amendment, modification or termination, without the written consent of the Trustee and the Owner.

Section 7.05. Extension of Time for Payment of the Bond. The Authority will not directly or indirectly extend or assent to the extension of the maturity of the Bond or the time of payment of any of the claims for interest by the purchase or funding of the Bond or claims for interest or by any other arrangement. If the maturity of the Bond or the time of payment of any such claims for interest is extended, the Bond or claims for interest are not entitled, in case of any default hereunder, to the benefits of this Trust Agreement, unless the principal represented by the Bond and of all claims for interest represented thereby that have not 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 the Bond for the purpose of refunding any Outstanding Bonds, and such delivery shall not be deemed to constitute an extension of maturity of the Bond.

Section 7.06. Preservation of Rights of Owner. The Authority shall at all times, to the extent permitted by law, defend, preserve, and protect the pledge and assignment of 2019 Installment Payments and other assets and all the rights of the Owner under this Trust Agreement against all claims and demands of all persons whomsoever.

Section 7.07. 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 Bond 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 survives the defeasance or payment in full of the Bond.

Section 7.08. Further Assurances. Whenever and so often as reasonably requested to do so by the Trustee 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 Owner all rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them hereby.

ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Section 8.01. Events of Default. The following events are Events of Default:

(A) 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 the Bond when and as the same become due and payable, whether at maturity as therein expressed or by proceedings for redemption when and as the same become due and payable;

(B) 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;

(C) Bankruptcy. A declaration of bankruptcy by the Authority.

Section 8.02. Acceleration of Maturities. If an Event of Default occurs, then, and in each and every such case during the continuance of such Event of Default, the Trustee may, and upon the written request of the Owner shall, by notice in writing to the Authority, declare the principal of the Bond then Outstanding and the interest accrued thereon to be due and payable immediately, and upon any such declaration the same become due and payable, anything contained herein or in the Bond to the contrary notwithstanding.

This provision, however, is subject to the condition that if, at any time after the principal of the Bond has been so declared due and payable and before any judgment or decree for the payment of the money due has been obtained or entered, the Authority deposits with the Trustee a sum sufficient to pay all matured interest on the Bond and all principal of the Bond matured prior to such declaration, with interest at the rate borne by the Bond on such overdue interest and principal, and the reasonable fees and expenses of the Trustee, including without limitation fees and expenses of its attorneys and agents, and any and all other defaults known to the Trustee (other than in the payment of interest on and principal of the Bond due and payable solely by reason of such declaration) is made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate has been made therefor, then and in every such case the Owner by written notice to the Authority and to the Trustee, may on behalf of the Owner of the Bond rescind and annul such declaration and its consequences; but no such rescission and annulment extends to or affects any subsequent default or impairs or exhausts any right or power consequent thereon.

Section 8.03. Application of Funds Upon Acceleration. All money in the Revenue Fund, the Interest Fund, and the Principal Fund upon the date of the declaration of acceleration by the Trustee and all Authority Revenues (other than Authority Revenues on deposit in the Rebate Fund) thereafter received by the Authority hereunder shall be transmitted to the Trustee and shall be applied by the Trustee in the following order--

First, to the payment of the fees, costs and expenses of the Trustee in providing for the declaration of such Event of Default, and in carrying out the provisions of this article, including reasonable compensation to the Trustee's accountants and counsel and then to the payment of the costs and expenses of the Owner, if any, in providing for the declaration of such Event of Default; and

Second, upon presentation of the Bond, and the stamping thereon of the amount of the payment if only partially paid or upon the surrender thereof if fully paid, to the payment of the whole amount then owing and unpaid upon the Bond for interest and principal, with (to the extent permitted by law) interest on the overdue interest and principal at the rate borne by the Bond, and in case such money is insufficient to pay in full the whole amount so owing and unpaid upon the Bond, then to the payment of such interest, principal and (to the extent permitted by law) interest on overdue interest and principal without preference or priority among such interest, principal and interest on overdue interest and principal ratably to the aggregate of such interest, principal and interest on overdue interest and principal.

Section 8.04. Trustee to Represent the Owner. The Trustee is hereby irrevocably appointed (and the Owner, by taking and holding the Bond, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owner for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to the Owner under the provisions of the Bond, this Trust Agreement and applicable provisions of law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Owner, the Trustee in its discretion may, and upon the written request of the Owner and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Owner by such appropriate action, suit, mandamus, or other proceedings as shall be deemed most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in the Owner under this Trust Agreement or any law.

Section 8.05. Trustee May Enforce Claims without Possession of the Bond. All rights of action under this Trust Agreement or the Bond or otherwise may be prosecuted and enforced by the Trustee without the possession of the Bond or the production thereof in any proceeding relating thereto, and any such suit, action, or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of the Owner, subject to the provisions of this Trust Agreement (including Section 8.06 (Limitation on Suits)).

Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment, or composition affecting the Bond or the rights of any Owner thereof, or to authorize the Trustee to

vote in respect of the claim of any Owner in any such proceeding without the approval of the Owner so affected.

Section 8.06. Limitation on Suits. The Owner shall not have the right to institute any suit, action, or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Trust Agreement or any applicable law with respect to the Bond, unless (1) the Owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (2) the Owner 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; (3) the Owner shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (4) the Trustee shall have refused or omitted to comply with such request for a period of thirty (30) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity, and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by the Owner of any remedy hereunder or under law; its being understood and intended that the Owner shall not have any right in any manner whatever by his action to affect, disturb or prejudice the security of this Trust Agreement or to enforce any right under this Trust Agreement or applicable law with respect to the Bond, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of the Owner, subject to the provisions of this Trust Agreement.

Section 8.07. Unconditional Right of the Owner to Receive Principal, Redemption Price, and Interest. Nothing contained in Section 8.06 (Limitation on Suits), in any other provision of this Trust Agreement, or in the Bond shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the principal or Redemption Price of and interest on the Bond to the Owner at its date of maturity, or upon call for redemption, as herein provided, or affect or impair the right of the Owner, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bond.

Section 8.08. Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Owner is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right or remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 8.09. Delay or Omission Not Waiver. No delay or omission of the Owner to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Trust Agreement or by law to the Owner may be exercised from time to time, and as often as may be deemed expedient, by the Owner.

ARTICLE IX THE TRUSTEE

Section 9.01. 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 9.02. 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,

(1) Duties Limited to Those Specified. the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Trust Agreement and no implied covenants or duties shall be read into this Trust Agreement against the Trustee;

(2) 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 is under a duty to examine the same to determine whether or not they conform to the requirements of the Trust Agreement.

(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) 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 is not liable for any error of judgment made in good faith by a Responsible Officer of the Trustee, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee is not liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owner 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 Bond 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 requires 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.

(5) 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 Authority 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 Authority whenever a person is to be added or deleted from the listing. If the Authority 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 Authority 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 Authority shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Authority 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 Authority. 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 Authority 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 Authority; (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.

(6) The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

(7) 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.

(D) 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 is subject to the provisions of this Article IX (The Trustee).

Section 9.03. Notice of Defaults. Within fifteen (15) days after the occurrence of any default hereunder, the Trustee shall transmit by mail to the Owner of the Bond as its name and address appears on the Bond Register notice of such default hereunder known to the Trustee, unless such default has been cured or waived. 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 9.04. Certain Rights of Trustee; Liability of Trustee. Except as otherwise provided in Section 9.02 (Certain Duties and Responsibilities):

(A) Reliance on Documents Believed Genuine. The Trustee may rely and is 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 is 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 deems 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 is 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 is 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 the Owner pursuant to the provisions of this Trust Agreement, including, without limitation, the provisions of Article VIII (Events of Default and Remedies of Owner) hereof, unless the Owner offers to the Trustee reasonable 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 is not 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 determines to make such further inquiry or investigation, it is 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 is entitled to advice of counsel concerning all matters of trust and its duty hereunder, but the Trustee is answerable for the negligence or misconduct of any such attorney-in-fact, agent, or receiver selected by it; provided that the Trustee is not 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 is not required to take any action with respect to, any Event of Default other than an Event of Default described in Section 8.01(A) (Events of Default – Payment Default) unless a Responsible Officer of the Trustee has actual knowledge of such event.

(I) No Responsibility for Disclosure Material. The Trustee has 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 Bond.

(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 Trust Agreement shall not be construed as a duty.

Section 9.05. Trustee Not Responsible for Recitals, Validity of the Bond, or Application of Proceeds.

(A) Trustee Makes No Representations. The recitals of facts herein and in the Bond contained (other than the Certificate of Authentication on the Bond) 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 Bond, as to the sufficiency of the 2019 Installment Payments or the priority of the lien of this Trust Agreement thereon, or as to the financial or technical feasibility of any project and incurs no responsibility in respect of any such matter, other than in connection with the duties or obligations expressly assigned to or imposed upon it herein or in the Bond.

(B) Trustee Not Responsible for City's Use of Certain Moneys and Other Actions. The Trustee is not 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 Installment Sale Agreement;

(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; or

(4) the construction, operation, or maintenance of any project or facilities by the City.

Section 9.06. Trustee May Hold the Bond. The Trustee and its directors, officers, employees or agents may in good faith buy, sell, own, hold and deal in the Bond and may join in any action that any Owner of the 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 9.07. Compensation and Indemnification of Trustee. The Authority agrees, but solely from Additional Payments received from the City and subject to the provisions of Section 6.01 (Liability of Authority Limited to Authority 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 Installment Sale Agreement.

The rights of the Trustee and the obligations of the Authority under this Section survive the discharge of the Bond and this Trust Agreement.

Section 9.08. Corporate Trustee Required; Eligibility. There shall at all times be a Trustee hereunder, which must be a national banking association, federally chartered savings association or institution, 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 national banking association, federally chartered savings association or institution, 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, 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 ceases 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 9.09. 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 becomes effective until the acceptance of appointment by the successor Trustee under Section 9.10 (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 Owner notice of such resignation by mail at the addresses shown on the Bond Register. If an instrument of acceptance by a successor Trustee is not 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, remove the Trustee at any time, unless an Event of Default has occurred and is then continuing, by giving written notice of such removal to the Trustee and the City.

(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 Owner of not less than a majority in aggregate principal amount of the Bond then Outstanding (or their attorneys duly authorized in writing),

(2) the Trustee ceases to be eligible in accordance with Section 9.08 (Corporate Trustee Required; Eligibility) and fails to resign after written request therefor by the Authority, or

(3) the Trustee becomes incapable of acting or is adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property is appointed or any public officer takes 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 thirty days prior written notice of such removal to the Trustee and the City.

(E) Appointment of Successor. If the Trustee resigns, is removed, or becomes incapable of acting, or if a vacancy occurs 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 is so appointed by the Authority and accepted appointment in the manner hereinafter provided within thirty (30) days after such resignation, removal, or incapability or the occurrence of such vacancy, the Owner may, by an instrument or instruments signed by the Owner of a majority in principal

amount of the Bond, appoint a successor Trustee, or the Owner 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 Owner.

(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 Owner as its name and address appears 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 9.10. 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, becomes 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 9.11. 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 is 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 is eligible under Section 9.08 (Corporate Trustee Required; Eligibility), becomes the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding. The successor Trustee shall mail written notice of such change of organization and the new name (if any) of the successor Trustee to the Authority and the City by first-class mail, postage prepaid, within three (3) Business Days of its effectiveness. In case the Bond has 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 Bond so executed with the same effect as if such successor Trustee had itself executed the Bond.

Section 9.12. Preservation and Inspection of Documents. So long as the Bond is Outstanding, all documents received by the Trustee under the provisions of this Trust Agreement shall be retained in its possession and are 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 9.13. 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 made by the Trustee relating to the receipts, disbursements, allocation and application of the Authority Revenues. Such books shall be made available for inspection by the Authority and the City at reasonable hours and under reasonable conditions upon reasonable notice.

ARTICLE X AMENDMENT OF THE TRUST AGREEMENT

Section 10.01. Supplemental Trust Agreements With Consent of Owner.

This Trust Agreement and the rights and obligations of the Authority, of the Trustee, and of the Owner of the Bond 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 with the consent of the Owner, which consent shall not be unreasonably withheld, and with the consent of the City and only to the extent permitted by law.

Section 10.02. 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, or attaching a copy thereof, to the Owner of the Bond at the addresses shown on the Bond Register. Any failure to give such notice, or any defect therein, does not, however, in any way impair or affect the validity of any such Supplemental Trust Agreement.

Section 10.03. 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 is entitled to receive, and, subject to Section 9.02 (Certain Duties and Responsibilities), is 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 is not 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 10.04. 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 the Owner of the Bond 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 10.05. Endorsement of the Bond; Preparation of New Bond. Bond 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 so provides, new Bonds so modified as to conform, in the opinion of the Authority, to any modification or amendment contained in such Supplemental Trust Agreement, shall be prepared and executed by the Authority and, upon demand of the Owner of the Bond then Outstanding and upon surrender for cancellation of the Bond, shall be exchanged at the Corporate Trust Office, without cost to any Owner, for the Bond then Outstanding in equal aggregate principal amounts of the same tenor and maturity.

Section 10.06. Amendment of Bonds. The provisions of this Article do not prevent any Owner from accepting any amendment as to the particular Bond held by the Owner, provided that due notation thereof is made on such Bond.

ARTICLE XI MISCELLANEOUS

Section 11.01. Notices. All notices, certificates or other communications hereunder will be in writing and will be deemed to have been properly given on the earlier of (i) when delivered in person, (ii) the third Business Day following deposit in the United States Mail, with adequate postage, and sent by registered or certified mail, with return receipt requested to the appropriate party at the address set forth below, or (iii) the first Business Day following deposit with Federal Express, Express Mail or other overnight delivery service for next day delivery, addressed to the appropriate party at the address set forth below.

If to the Authority: Madera Public Financing Authority
 205 West 4th Street
 Madera, CA 93737
 Attention: Executive Director

If to Original Purchaser: Opus Bank
 131 W. Commonwealth Avenue
 Fullerton, CA 92832
 Attention: DL-LoanServiceDepartment@opusbank.com
 Loan #: to be provided separately

If to the Trustee: The Bank of New York Mellon Trust Company, N.A.
 100 Pine Street, Suite 3200
 San Francisco, CA 94111
 Attention: Corporate Trust Department

The Authority, the Original Purchaser and the Trustee, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

Section 11.02. No Fiduciary Relationship. Inasmuch as the Bond represents a negotiated transaction, the Authority understands, and hereby confirms, that the Original Purchaser is not acting as fiduciary of the Authority, but rather are acting solely in their capacity as lenders, for their own account. The Authority acknowledges and agrees that (i) the transaction contemplated herein are arm's length commercial transactions between the Authority and the Original Purchaser and their affiliates, if any, (ii) in connection with such transactions, the Original Purchaser and their affiliates, if any, are acting solely as principals and not as advisors including, without limitation, a "Municipal Advisor" as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules"), (iii) the Original Purchaser and its affiliates, if any, are relying on the purchaser exemption in the Municipal Advisor Rules, (iv) the Original Purchaser and its affiliates, if any, have not provided any advice or assumed any advisory or fiduciary responsibility in favor of the Authority with respect to the transactions contemplated hereby and the discussions, undertakings and procedures leading thereto (whether or not the Original Purchaser, or any affiliate of the Original Purchaser, have provided other services or advised, or is currently providing other services or advising the Authority on other matters), (v) the Original Purchaser and their affiliates, if any, have financial and other interests that differ from those of the Authority, and (vi) the Authority has consulted with its own financial, legal, accounting, tax and other advisors, as applicable, to the extent it deemed appropriate.

Section 11.03. Additional Provisions and Rights so long as Bond held by the Original Purchasers. The following provisions shall apply so long as the Original Purchaser is the Owner of 100% of the Bond:

(A) Notwithstanding any other provision of this Trust Agreement, the Original Purchaser shall have the right to consent to any amendment of this Trust Agreement and to the removal and replacement of the Trustee.

(B) The Authority shall inform the Original Purchaser promptly upon the occurrence of an Event of Taxability.

(C) The Original Purchaser is hereby expressly made a third party beneficiary of this Trust Agreement.

(D) The Authority shall notify the Original Purchaser of any failure of the Authority to provide relevant notices, certificates or other similar documents.

(E) The Authority shall pay or reimburse, the Original Purchaser for any and all charges, fees, costs and expenses that the Original Purchaser may reasonably pay or incur in connection with the following: (i) the administration, enforcement, defense, or preservation of any rights or security hereunder or under the Trust Agreement; (ii) the pursuit of any remedies hereunder, under the Trust Agreement, or otherwise afforded by law or equity; (iii) any amendment,

waiver, or other action with respect to or related to this Trust Agreement whether or not executed or completed; (iv) the violation by the Authority of any law, rule, or regulation or any judgment, order or decree applicable to it; or (v) any litigation or other dispute in connection with this Trust Agreement.

(F) The Bond shall not be rated, shall not have a CUSIP number, shall not be issued pursuant to an offering document, and shall be registered in the name of the Original Purchaser.

(G) Notwithstanding any provision in this Trust Agreement or the Bond to the contrary, so long as the Original Purchaser holds the Bond (i) notice of redemption shall not be required to be provided to the Original Purchaser of regularly scheduled principal payments, (ii) surrender of the Bond for payment of any principal payments other than for the final payment of principal thereof at maturity or earlier redemption in full, and (iii) all payments of interest, principal and otherwise under the Bond shall be made pursuant to wire instructions provided by the Original Purchaser to the Trustee.

Section 11.04. Waiver of Jury Trial; Agreement for Judicial Reference; No Sovereign Immunity. To the fullest extent permitted by law, the Authority hereby waives its right to trial by jury in any action, proceeding and/or hearing on any matter whatsoever arising out of, or in any way connected with, the Bond, this Trust Agreement or any documents relating to the Bond or this Trust Agreement, or the enforcement of any remedy under any law, statute, or regulation. To the extent such waiver is not enforceable, the Authority hereby consents to the adjudication of any and all such matters pursuant to Judicial Reference as provided in Section 638 of the California Code of Civil Procedure, and the judicial referee shall be empowered to hear and determine any and all issues in such Reference whether fact or law. The Authority hereby represents that it does not possess and will not invoke a claim of sovereign immunity for disputes arising out of contractual claims relating to the Bond or this Trust Agreement. The Trustee shall in no event be required to participate in any judicial reference proceeding as described in the foregoing sentence hereunder.

[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: _____
Chairperson

ATTEST:

Secretary

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

By: _____
Authorized Officer

EXHIBIT A

FORM OF BOND

Registered

No. R-1

THIS BOND MAY ONLY BE TRANSFERRED IN WHOLE TO A PERSON OR ENTITY SUBJECT TO THE CONDITIONS DESCRIBED IN THE TRUST AGREEMENT.

**MADERA PUBLIC FINANCING AUTHORITY
WATER REVENUE REFUNDING BOND, SERIES 2019**

| MATURITY DATE | INTEREST RATE PER ANNUM | ORIGINAL ISSUE DATE |
|----------------------|------------------------------------|--------------------------------|
| | | |

REGISTERED OWNER: OPUS BANK, a California commercial bank

PRINCIPAL SUM: \$ _____

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 Authority Revenues hereinafter referred to) to the registered owner identified above or registered assigns, the installments of principal in the amounts and on the dates stated below (subject to prior redemption as described below) and interest on the unpaid principal amount of this Bond calculated from the original issue date stated above at the interest rate per annum stated above (subject to increase to the Default Rate or the Taxability Rate upon an Event of Taxability, as described below) in installments in the amounts and on the dates stated below (subject to increase to the Default Rate or the Taxability Rate upon an Event of Taxability, as described below, or reduction in the case of a partial redemption of the Bond):

| <u>Date</u> | <u>Principal Amount</u> | <u>Interest</u> | <u>Total</u> |
|-------------|-----------------------------|-----------------|--------------|
|-------------|-----------------------------|-----------------|--------------|

| <u>Date</u> | <u>Principal Amount</u> | <u>Interest</u> | <u>Total</u> |
|-------------|-----------------------------|-----------------|--------------|
|-------------|-----------------------------|-----------------|--------------|

Interest on the unpaid principal amount of this Bond is calculated on the basis of a 360-day year comprising twelve 30-day months

The Authority has duly authorized the issuance of this Bond, has designated it as its Water Revenue Refunding Bond, Series 2019” (the “Bond”), and has issued it in the original principal amount stated above. The Bond is issued by the Authority pursuant to the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, and, specifically, Article 4 (commencing with Section 6584), and Section 8160 et seq. of the Government Code of the State of California (together, the Law) and pursuant to the provisions of a trust agreement dated December 1, 2019, between the Authority and the Trustee (copies of which are on file at the corporate trust office of the Trustee), to provide funds to refinance the cost of the acquisition, construction and equipping of water supply and distribution facilities for the City.

The Bond is a limited obligations of the Authority and is payable, as to interest thereon and principal thereof, solely from certain proceeds of the Bond held in certain funds and accounts pursuant to the Trust Agreement and the revenues (the “Authority Revenues”) derived from 2019 Installment Payments and other payments made by the City of Madera (the “City”) pursuant to the Master Installment Sale Agreement dated March 1, 2006, as supplemented by the Fourth Supplemental Installment Sale Agreement dated December 1, 2019 (as so supplemented, the “Installment Sale Agreement”), each between the Authority and the City. The Authority is not obligated to pay interest on and principal of the Bond except from the Authority Revenues. The Authority Revenues constitute a trust fund for the security and payment of the interest on and principal of the Bond 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 Bond. No tax shall ever be levied or collected to pay the interest on or principal of the Bond. The Bond is 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 Authority Revenues. Neither the payment of the interest on nor principal of the Bond 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 Bond is issued, the provisions with regard to the nature and extent of the Authority Revenues, and the rights of the registered owner of the Bond. 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.

The Bond is subject to redemption prior to its stated maturity at the option of the Authority at the direction of the City, from moneys deposited by the Authority or the City from any source of available funds, as a whole or in part, on any date on or after March 1, 2030, at a redemption price equal to the principal amount of the Bond called for redemption, together with accrued interest to the date fixed for redemption, without premium.

If an event of default, as defined in the Trust Agreement, occurs, the principal amount of the Bond 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, and the Default Rate shall apply.

This Bond is transferable or exchangeable for other authorized denominations by the registered owner hereof, in person or by its attorney duly authorized in writing, at the corporate trust office of the Trustee, but only in the manner, subject to the limitations, and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer, a new fully registered Bond for the same aggregate principal amount will be issued to the transferee in exchange herefor.

The Authority, the Trustee, and any paying agent may deem and treat the registered owner hereof as the absolute owner hereof for all purposes; and the Authority, the Trustee, and any paying agent shall not be affected by any notice to the contrary.

This Bond is not 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 has been executed and dated by the Trustee.

The rights and obligations of the Authority and of the registered owner of the Bond may be modified or amended at any time in the manner, to the extent, and upon terms provided in the Indenture, which provide, in certain circumstances, for modifications and amendments without the consent of or notice to the registered owner of the Bond.

The Authority hereby certifies and recites that any and 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 Bond 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 Chairperson 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: _____
Chairperson

Countersigned:

Secretary

CERTIFICATE OF AUTHENTICATION

This is the Bond described in the within mentioned Trust Agreement which has been authenticated on _____.

**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 Bond described therein. A signed copy is on file in my office.

Secretary of the Authority

KRONICK, MOSKOVITZ, TIEDEMANN & GIRARD
A Professional Corporation
400 Capitol Mall, 27th Floor
Sacramento, CA 95814-4417

Members of the Board
Madera Public Financing Authority
205 West 4th Street
Madera, California 93637

Re: Madera Public Financing Authority
Water Revenue Refunding Bond, 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 \$[PRINCIPAL AMOUNT] aggregate principal amount of its Water Revenue Refunding Bond, Series 2019 (the “Bond”). The Bond is 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 the Trust Agreement dated December 1, 2019 (the “Trust Agreement”), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). Capitalized terms not otherwise defined herein 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 Installment Sale Agreement, 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 Installment Sale Agreement and the Trust Agreement; to perform the other agreements on its part contained in the Trust Agreement; and to issue the Bond.

2. The Trust Agreement has been duly executed and delivered by the Authority and is a valid and binding obligation of the Authority. The aggregate principal amount of the Bond issued under the Trust Agreement does not exceed any limitation imposed by law or by the Trust Agreement.

3. The Trust Agreement creates a valid pledge, to secure the payment of the principal of and interest on the Bond, of the Authority 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 Authority 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 Bond, of the right, title and interest of the Authority in the Installment Sale Agreement, to the extent more particularly described in the Trust Agreement.

4. The Bond has been duly authorized, executed and delivered by the Authority and are valid and binding limited obligations of the Authority, payable solely from the Authority Revenues and other funds provided therefor in the Trust Agreement.

5. The Bond is 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 Bond. The Authority has no taxing power. The Bond is 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.

6. The Installment Sale Agreement, including the Fourth Supplemental Installment Sale Agreement, has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Authority and the City.

7. The obligation of the City to make 2019 Installment Payments pursuant to the Installment Sale Agreement is a limited obligation of the City payable solely out of the Net Water Revenues. The Installment Sale Agreement 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 or for which the City has levied or pledged any form of taxation.

8. Interest on the Bond 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 Authority and the City comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bond in order that interest on the Bond 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 Bond to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bond. 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 Bond.

9. Interest on the Bond 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 Bond and the enforceability of the Bond, the Installment Sale Agreement, 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 Installment Sale Agreement 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 Installment Sale Agreement.

e. We undertake no responsibility for the accuracy, completeness, or fairness of any offering materials relating to the Bond and express no opinion herein with respect thereto.

f. 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

EXHIBIT B

FORM OF ORIGINAL PURCHASER'S LETTER OF REPRESENTATIONS

[Closing Date]

Opus Bank
131 W. Commonwealth Avenue
Fullerton, CA 92832

The Bank of New York Mellon Trust Company, N.A.
400 South Hope Street, Suite 500
Los Angeles, CA 90071

Re: Madera Public Financing Authority
Water Revenue Refunding Bond, Series 2019

Ladies and Gentlemen:

The undersigned, Opus Bank, a California commercial bank (the "Purchaser"), hereby represents and warrants to you as follows:

1. On the date hereof, the Purchaser has made a loan to the Madera Public Financing Authority (the "Authority"), as evidenced by the above-referenced bond (the "Bond"), in the outstanding principal amount of \$[PRINCIPAL AMOUNT], issued pursuant to the Trust Agreement dated December 1, 2019 (the "Trust Agreement"), by and between The Bank of New York Mellon Trust Company, N.A., and the Authority.

2. The Purchaser has sufficient knowledge and experience in business and financial matters in general, and obligations such as the Bond in particular, to enable the Purchaser to evaluate the Bond, the credit of the Authority, the collateral, and the bond terms.

3. The Purchaser will make its own independent credit analysis and decision to purchase the Bond based on an independent examination and evaluation of the transaction and the information provided to the Purchaser by the Authority or its agents and deemed appropriate, without reliance on the Authority or its officers, employees, attorneys or agents.

4. The Purchaser acknowledges that no credit rating has been sought or obtained with respect to the Bond.

5. The Purchaser acknowledges that no official statement has been prepared for the Bond, and that the Authority will not be entering into a continuing disclosure agreement pursuant to SEC Rule 15c2-12 to provide ongoing disclosure respecting the Bond; however, the Purchaser is entitled to receive certain financial and operating information about the City of Madera and the Water System. The Purchaser has been offered copies of or full access to all documents relating to the Bond and all records, reports, financial statements and other information concerning the

Authority and pertinent to the source of payment for the Bond as deemed material by the Purchaser that the Purchaser has requested, and to which the Purchaser would attach significance in making a lending decision.

6. The Purchaser confirms that its purchase of the Bond constitutes acquisition of an asset that is suitable for its loan portfolio and consistent with its asset acquisition program and that the Purchaser is able to bear the economic risk of ownership of the Bond, including a complete loss of value.

7. The Purchaser is purchasing the Bond solely for its own loan account and not with a present intent to, or in connection with, any distribution, resale, pledging, fractionalization, subdivision or other disposition thereof (subject to the understanding that disposition of Purchaser's property will remain at all times within its control).

8. The Purchaser understands and agrees that ownership of the Bond may be transferred only in whole to a person or entity that executes a letter of representations substantially in the form of this letter.

9. The Purchaser understands that the Bond (i) has not been registered under the Securities Act of 1933, as amended (the "Act"), and (ii) has not been registered or qualified under any state securities or "Blue Sky" laws, and that the Trust Agreement has not been qualified under the Trust Indenture Act of 1939, as amended.

10. Inasmuch as the Bond represents a negotiated transaction, the Purchaser is not acting as a fiduciary of the Authority, but rather is acting solely in its capacity as Original Purchaser, for its own account. The Authority acknowledges and agrees that (i) the transaction contemplated herein is an arm's length commercial transaction between the Authority and the Purchaser and its affiliates, (ii) in connection with such transaction, the Purchaser and its affiliates are acting solely as a principal and not as an advisor including, without limitation, a "Municipal Advisor" as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules"), (iii) the Purchaser and its affiliates are relying on the purchaser exemption in the Municipal Advisor Rules, (iv) the Purchaser and its affiliates have not provided any advice or assumed any advisory or fiduciary responsibility in favor of the Authority with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (whether or not the Purchaser, or any affiliate of the Purchaser, has provided other services or advised, or is currently providing other services or advising the Authority on other matters) and (v) the Purchaser and its affiliates have financial and other interests that differ from those of the Authority.

11. The Purchaser has been furnished with and has examined the Bond, the Trust Agreement, and other documents, certificates and the legal opinions delivered in connection with the issuance of the Bond.

12. The Purchaser understands that the Authority and its counsel will rely upon the accuracy and truthfulness of the representations and warranties contained herein and hereby consents to such reliance.

13. The signatory of this letter is a duly authorized officer of the Purchaser with the authority to sign this letter on behalf of the Purchaser, and this Certificate has been duly authorized, executed and delivered.

OPUS BANK, a California commercial bank

By: _____
Dmitry Semenov, Senior Vice President

EXHIBIT C

FORM OF SUBSEQUENT PURCHASER'S LETTER OF REPRESENTATIONS

[Date]

Madera Public Financing Authority
205 West 4th Street
Madera, CA 93637

Re: Madera Public Financing Authority
Water Revenue Refunding Bond, Series 2019

Ladies and Gentlemen:

The undersigned, [NAME OF TRANSFEREE] (the "Purchaser"), hereby represents and warrants to you as follows:

1. On the date hereof, the Purchaser has made a loan to the Madera Public Financing Authority (the "Authority"), as evidenced by the above-referenced bond (the "Bond"), in the outstanding principal amount of \$[PRINCIPAL AMOUNT], issued pursuant to the Trust Agreement dated December 1, 2019 (the "Trust Agreement"), by and between The Bank of New York Mellon Trust Company, N.A., and the Authority.

2. The Purchaser has sufficient knowledge and experience in business and financial matters in general, and obligations such as the Bond in particular, to enable the Purchaser to evaluate the Bond, the credit of the Authority, the collateral, and the bond terms.

3. The Purchaser will make its own independent credit analysis and decision to purchase the Bond based on an independent examination and evaluation of the transaction and the information provided to the Purchaser by the Authority or its agents and deemed appropriate, without reliance on the Authority or its officers, employees, attorneys or agents.

4. The Purchaser acknowledges that no credit rating has been sought or obtained with respect to the Bond.

5. The Purchaser acknowledges that no official statement has been prepared for the Bond, and that the Authority will not be entering into a continuing disclosure agreement pursuant to SEC Rule 15c2-12 to provide ongoing disclosure respecting the Bond. The Purchaser has been offered copies of or full access to all documents relating to the Bond and all records, reports, financial statements and other information concerning the Authority and pertinent to the source of payment for the Bond as deemed material by the Purchaser that the Purchaser has requested, and to which the Purchaser would attach significance in making a lending decision.

6. The Purchaser confirms that its purchase of the Bond constitutes acquisition of an asset that is suitable for its portfolio and consistent with its asset acquisition program and that the

Purchaser is able to bear the economic risk of ownership of the Bond, including a complete loss of value.

7. The Purchaser is purchasing the Bond solely for its own loan account and not with a present intent to, or in connection with, any distribution, resale, pledging, fractionalization, subdivision or other disposition thereof (subject to the understanding that disposition of Purchaser's property will remain at all times within its control).

8. The Purchaser understands and agrees that ownership of the Bond may be transferred only in whole to a person or entity that executes a letter of representations substantially in the form of this letter.

9. The Purchaser understands that the Bond (i) has not been registered under the Securities Act of 1933, as amended (the "Act"), and (ii) has not been registered or qualified under any state securities or "Blue Sky" laws, and that the Trust Agreement has not been qualified under the Trust Indenture Act of 1939, as amended.

10. The Purchaser has been furnished with and has examined the Bond, the Trust Agreement, and other documents, certificates and the legal opinions delivered in connection with the issuance of the Bond.

11. The Purchaser understands that the Authority and its counsel will rely upon the accuracy and truthfulness of the representations and warranties contained herein and hereby consents to such reliance.

12. The signatory of this letter is a duly authorized officer of the Purchaser with the authority to sign this letter on behalf of the Purchaser, and this Certificate has been duly authorized, executed and delivered.

[PURCHASER]

By: _____
[name, title]

ESCROW AGREEMENT

between the

MADERA PUBLIC FINANCING AUTHORITY

and

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
as Escrow Agent**

Dated December 1, 2019

relating to the

current refunding of the
Madera Public Financing Authority
Water Revenue Bonds, Series 2010
(Issued: November 10, 2010)

ESCROW AGREEMENT

This ESCROW AGREEMENT dated December 1, 2019 (this “Escrow Agreement”), between the MADERA PUBLIC FINANCING AUTHORITY (the “Authority”), a joint exercise of powers agency duly created and existing pursuant to the laws of the State of California and an agreement entitled “Joint Exercise of Powers Agreement” between the City of Madera (the “City”) and the City of Madera Redevelopment Agency (the “Joint Powers Agreement”), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A. (the “Bank”), a national banking association duly organized and existing under and by virtue of the laws of the United States of America and being qualified to accept and administer the escrow hereby created as escrow agent (the “Escrow Agent”),

WITNESSETH:

WHEREAS, the Authority issued \$11,215,000 principal amount of its Water Revenue Bonds, Series 2010 (the “Prior Bonds”), pursuant to the terms of the Trust Agreement dated November 1, 2010 (the “Prior Trust Agreement”), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee thereunder (the “Prior Trustee”), of which \$_____ principal amount is currently outstanding, to finance various capital improvements to the City’s water system;

WHEREAS, the Authority has determined to refund all of the outstanding Prior Bonds and has authorized the issuance of its Madera Public Financing Authority Water Revenue Refunding Bond, Series 2019 (the “Refunding Bond”), pursuant to the Trust Agreement dated December 1, 2019 (the “Trust Agreement”), between the Authority and the Bank, as trustee (the “Trustee”), to provide funds to redeem the Prior Bonds;

WHEREAS, the Authority has taken action to cause to be made available for purchase by the Escrow Agent, from amounts on deposit in the Escrow Fund (as that term is later defined) certain direct noncallable United States Treasury obligations listed on Schedule I attached hereto and made a part hereof, in an aggregate principal amount that, together with the money deposited in the Escrow Fund at the same time as such deposit and the income to accrue on such securities, will be sufficient to pay the redemption price of the outstanding Prior Bonds on the date fixed for redemption, March 1, 2020, together with the interest accrued thereon to the date fixed for redemption;

WHEREAS, the provisions of the Prior Trust Agreement are incorporated herein by reference as if set forth herein in full;

NOW, THEREFORE, the Authority and the Escrow Agent hereby agree as follows:

Section 1. Escrow Fund.

(a) Establishment and Funding of Escrow Fund. The Escrow Agent agrees to establish and maintain a fund for the Prior Bonds designated as the “Escrow Fund” until the Prior Bonds have been redeemed as provided herein. All money in the Escrow Fund is hereby irrevocably pledged to secure the redemption of the Prior Bonds as provided herein; provided that any money held in the

Escrow Fund that is not used for the redemption of the Prior Bonds shall be repaid to the Authority free from the trust created by this Escrow Agreement.

The Authority shall, on the date of execution and delivery of this Escrow Agreement, cause to be transferred to the Escrow Agent, a portion of the proceeds of the Refunding Bond in the amount \$ _____, and shall deposit that amount in the Escrow Fund. The Authority hereby directs The Bank of New York Mellon Trust Company, N.A., as Prior Trustee, on the date of execution and delivery of this Escrow Agreement, to transfer to the Escrow Agent for deposit into the Escrow Fund \$ _____ from the [Reserve Account, Interest Account, and Principal Account], established by the Prior Trust Agreement.

(b) Investment of Money in the Escrow Fund. The Authority hereby directs the Escrow Agent to purchase the Escrow Securities at the price of \$ _____ from the amounts in the Escrow Fund and retain the balance of such amounts, \$ _____, in cash uninvested.

Any receipts on investments made pursuant to this section in excess of the cost of such investments that are not needed for the redemption of the Prior Bonds shall be remitted to the Authority free from the trust created by the Escrow Agreement. The Escrow Agent shall not be liable or responsible for any loss resulting from any investment made pursuant to this section and in full compliance with the provisions hereof. The Escrow Agent shall not make substitutions or reinvestments of securities except as provided in this Escrow Agreement.

(c) Payment from the Escrow Fund. The Authority hereby irrevocably instructs the Escrow Agent, and the Escrow Agent hereby agrees, to collect and deposit in the Escrow Fund the interest on and principal of the Escrow Securities promptly as such interest and principal become due, and use such interest and principal, together with the money initially deposited in the Escrow Fund to pay redemption price of the Prior Bonds and accrued interest thereon to the date fixed for redemption as set forth in Schedule II attached hereto.

(d) Deficiencies in the Escrow Fund. If at any time it appears to the Escrow Agent that the money in the Escrow Fund will not be sufficient to make all payments required by Section 1 hereof, the Escrow Agent shall notify the Authority in writing as soon as reasonably practicable of such fact, stating the amount of such deficiency and the reason therefor (if known to it), and the Authority shall use its best efforts to obtain and deposit with the Escrow Agent for deposit in the Escrow Fund, from any legally available moneys, such additional money as may be required to provide for the timely making of all such payments. The Escrow Agent shall in no event or manner be responsible for the failure of the Authority to make any such deposit.

Section 2. Notices of Defeasance and Redemption. The Authority hereby irrevocably instructs the Escrow Agent, in accordance with the terms and conditions of the Prior Trust Agreement to provide notice of defeasance of the Prior Bonds and notice of redemption for the Prior Bonds, such notices to be provided in the time and manner specified in the Prior Trust Agreement and substantially in the forms shown in Exhibit A and Exhibit B.

Section 3. Termination. Upon the completion of the payments required from the Escrow Fund and the transfer of any moneys remaining in the Escrow Fund to the Authority, this Escrow Agreement shall be terminated and of no further force or effect.

Section 4. Compensation and Indemnification of the Escrow Agent. (a) Payment for Services. The Authority shall pay the Escrow Agent an annual for its services hereunder and shall reimburse the Escrow Agent for its out-of-pocket expenses (including but not limited to the fees and expenses, if any, of its counsel or accountants) incurred by the Escrow Agent in connection with these services, all as more particularly agreed upon by the Authority and the Escrow Agent; provided that these fees and expenses shall in no event be deducted from the Escrow Fund. Under no circumstances shall the Escrow Agent assert a lien on the Escrow Fund for any of its fees or expenses.

(b) Indemnification. The Authority agrees to indemnify the Escrow Agent, its directors, agents, and its officers or employees for, and hold the Escrow Agent, its directors, agents, and its officers or employees harmless from, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind (including, without limitation, reasonable fees and disbursements of counsel or accountants for the Escrow Agent) that may be imposed on, incurred by, or asserted against the Escrow Agent or such other party at any time by reason of its performance of Escrow Agent's services, in any transaction arising out of this Escrow Agreement or any of the transactions contemplated herein, unless due to the negligence or willful misconduct of the particular indemnified party.

(c) Survival of Obligations. The obligations of the Authority hereunder to the Escrow Agent shall survive the termination or discharge of this Escrow Agreement or the resignation or removal of the Escrow Agent.

Section 5. Functions of the Escrow Agent; Immunities.

(a) Application of Funds. Moneys held by the Escrow Agent hereunder are to be held and applied for the refunding of the Prior Bonds in accordance with the Prior Trust Agreement and this Escrow Agreement.

(b) No Implied Duties. The Escrow Agent undertakes to perform only such duties as are expressly and specifically set forth in this Escrow Agreement and no implied duties or obligations shall be read into this Escrow Agreement against the Escrow Agent.

(c) Reliance on Documents. The Escrow Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, and shall be protected and indemnified as stated in this Escrow Agreement, in acting, or refraining from acting, upon any written notice, instruction, request, certificate, document, report or opinion furnished to the Escrow Agent and reasonably believed by the Escrow Agent to have been signed or presented by the proper party, and it need not investigate any fact or matter stated in such notice, instruction, request, certificate, document, report or opinion.

(d) Escrow Agent's Immunities. The Escrow Agent shall not have any liability hereunder except to the extent of its own negligence or willful misconduct. In no event shall the Escrow Agent be liable for any special, indirect or consequential damages, even if parties know of the possibility of such damages. The Escrow Agent shall have no duty or responsibility under this Escrow Agreement in the case of any default in the performance of covenants or agreements contained in the Prior Trust Agreement, or in the case of the receipt of any written demand with

respect to such default. The Escrow Agent is not required to resolve conflicting demands to money or property in its possession under this Escrow Agreement.

(e) Reliance on Advice of Counsel. The Escrow Agent may consult with counsel of its own choice (which may be counsel to the Authority) and the opinion of such counsel shall be full and complete authorization to take or suffer in good faith any action in accordance with such opinion of counsel.

(f) Not Responsible for Authority's Representations. The Escrow Agent shall not be responsible for any of the recitals or representations by the Authority contained herein.

(g) Other Transactions. The Escrow Agent may engage or be interested in any financial or other transaction with the Authority.

(h) Not Responsible for Sufficiency. The Escrow Agent shall not be liable for the accuracy of the calculations as to the sufficiency of the moneys to make the payments of principal and interest with respect to the Prior Bonds in accordance with the terms and conditions herein.

(i) Not Responsible for Acts or Omissions of the Authority. The Escrow Agent shall not be liable for any action or omission of the Authority under this Escrow Agreement or the Prior Trust Agreement.

(j) Reliance On Authority Certification. Whenever in the administration of the trust of this Escrow Agreement, the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be deemed to be conclusively proved and established by a certificate of the Authority, and such certificate shall, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be full warrant to the Escrow Agent for any action taken or suffered by it under the provisions of this Escrow Agreement upon the faith thereof.

(k) Accounting. The Escrow Agent will provide the Authority with a final accounting of the funds maintained hereunder upon the redemption of the Prior Bonds.

(l) Bank's Funds Not at Risk. None of the provisions of this Escrow Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder.

(m) Use of Agents. The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

(n) Force Majeure. The Escrow Agent 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 Escrow Agent and could not have been avoided by exercising due care. Force majeure shall include

acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

(o) Communication of Instructions. The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, the Authority specifically waive receipt of such confirmations to the extent permitted by law. The Escrow Agent will furnish the Authority periodic cash transaction statements which include detail for all investment transactions made by the Escrow Agent hereunder.

(p) Funds Transfers Instructions. The Escrow Agent shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to this Escrow Agreement 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 Escrow Agent, or another method or system specified by the Escrow Agent as available for use in connection with its services hereunder); provided, however, that the Authority shall provide to the Escrow Agent 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 Authority whenever a person is to be added or deleted from the listing. If the Authority elects to give the Escrow Agent Instructions using Electronic Means and the Escrow Agent in its discretion elects to act upon such Instructions, the Escrow Agent’s understanding of such Instructions shall be deemed controlling. The Authority understands and agrees that the Escrow Agent cannot determine the identity of the actual sender of such Instructions and that the Escrow Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Agent have been sent by such Authorized Officer. The Authority shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Escrow Agent and that the Authority 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 Authority. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Authority agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Escrow Agent, including without limitation the risk of the Escrow Agent 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 Escrow Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Authority; (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 Escrow Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

(q) Resignation of Escrow Agent. The Escrow Agent may at any time resign by giving thirty (30) days written notice to the Authority of such resignation. The Authority shall promptly appoint a successor Escrow Agent by the resignation date. Resignation of the Escrow Agent will be

effective upon acceptance of appointment by a successor Escrow Agent. If the Authority does not appoint a successor within thirty (30) days of the resignation the Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor Escrow Agent which court may thereupon after such notice if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Escrow Agent.

Section 6. Merger or Consolidation of the Escrow Agent. Any company into which the Escrow Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business shall be the successor to the Escrow Agent and vested with all of the title to the Escrow Fund and all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 7. Amendment of this Escrow Agreement. This Escrow Agreement may not be revoked or amended by the parties hereto unless there shall first have been filed with the Authority and the Escrow Agent (i) an unqualified opinion of bond counsel that such amendment will not adversely affect the excludability from gross income for federal income tax purposes of interest evidenced by the refinancing or the Prior Bonds, and (ii) unless such amendment is not materially adverse to the interests of the registered owners of the Prior Bonds, as evidenced by an opinion of counsel, the written consent of the registered owners of all Prior Bonds then outstanding.

Section 8. Governing Law. This Escrow Agreement shall be construed and governed in accordance with the laws of the State of California.

Section 9. Notices. All notices and communications hereunder shall be in writing and shall be deemed to be duly given if received or sent by first class mail, as follows:

If to the Authority: Madera Public Financing Authority
205 West 4th Street
Madera, CA 93637
Attention: Executive Director

If to the Escrow Agent: The Bank of New York Mellon Trust Company, N.A.
100 Pine Street, Suite 3200
San Francisco, CA 94111
Attention: Corporate Trust Department

Section 10. Severability. If any section, paragraph, sentence, clause or provision of this Escrow Agreement is for any reason held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence, clause or provision shall not affect any of the remaining provisions of this Escrow Agreement.

Section 11. Definitions. Unless the context otherwise requires, capitalized terms used herein have the meanings specified in the Prior Trust Agreement.

Section 12. Execution. This Escrow Agreement 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 agreement.

[Signature page follows]

IN WITNESS WHEREOF, the Authority and the Escrow Agent have caused this Escrow Agreement to be executed each on its behalf as of the day and year first above written.

**MADERA PUBLIC FINANCING
AUTHORITY**

By: _____
Chairperson

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Escrow Agent**

By: _____
Authorized Officer

SCHEDULE I
ESCROW SECURITIES

| Type | Principal Amount | Interest Rate | Issue Date | Maturity Date |
|-------------|-------------------------|----------------------|-------------------|----------------------|
|-------------|-------------------------|----------------------|-------------------|----------------------|

SCHEDULE II
REDEMPTION SCHEDULE

| Payment Date | Redemption Price | Accrued Interest | Total |
|---------------------|-------------------------|-------------------------|--------------|
| | | | |

EXHIBIT A

NOTICE OF DEFEASANCE

OF THE

**Madera Public Financing Authority
Water Revenue Bonds, Series 2010
(Issued November 10, 2010)**

NOTICE IS HEREBY GIVEN pursuant to the Trust Agreement dated November 1, 2010 (the “Trust Agreement”), between the Madera Public Financing Authority (the “Authority”) and The Bank of New York Mellon Trust Company, N.A., as trustee thereunder, which authorized and provided for the issuance and sale of the above-captioned bonds (the “Bonds”), that the Authority has deposited in escrow with The Bank of New York Mellon Trust Company, N.A., as its escrow agent (the “Escrow Agent”), money and certain direct noncallable United States Treasury obligations in the necessary amount (as evidenced in a verification report provided to the Escrow Agent) to redeem all of the Bonds on March 1, 2020.

The owners of the Bonds are no longer entitled to the pledge of assets made under the Trust Agreement. All agreements and covenants of the Authority contained in the Trust Agreement with respect to the Bonds have been released and have ceased, terminated, become void and have been discharged and satisfied, except for the obligation to pay the redemption price of the Bonds, together with interest accrued thereon to the date fixed for redemption, but only from moneys on deposit with the Escrow Agent.

The Escrow Agent will send a notice of redemption to the owners of the Bonds prior to the redemption date in accordance with the requirements of the Trust Agreement.

THIS IS NOT A NOTICE OF REDEMPTION. THIS NOTICE OF DEFEASANCE IS FOR INFORMATION PURPOSES ONLY, AND DOES NOT REQUIRE OR SOLICIT THE PRESENT SURRENDER OF THE DESCRIBED REFUNDED BONDS.

DATED: (date of notice generation)
as escrow agent

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

EXHIBIT B
NOTICE OF REDEMPTION

of the
Madera Public Financing Authority
Water Revenue Bonds, Series 2010
(Issued November 10, 2010)

NOTICE IS HEREBY GIVEN pursuant to the Trust Agreement dated November 1, 2010 (the “Trust Agreement”), which authorized and provided for the issuance and sale of the above-captioned bonds (the “Bonds”), that:

The Madera Public Financing Authority (the “Authority”) has called for redemption on March 1, 2020 (the “Redemption Date”), all of the outstanding Bonds, which are currently outstanding in an aggregate principal amount of \$_____, at a redemption price equal to 100% of the principal amount of the Bonds called for redemption, plus interest accrued thereon to the Redemption Date.

The Bonds are further identified as follows:

| Maturity Date <u>(March 1)</u> | Principal <u>Amount</u> | Interest <u>Rate</u> | <u>CUSIP</u> ¹ |
|-----------------------------------|----------------------------|-------------------------|---------------------------|
| 2020 | \$ 335,000 | 4.000% | 55644T AH5 |
| 2021 | 345,000 | 3.625 | 55644T AJ1 |
| 2022 | 355,000 | 3.875 | 55644T AK8 |
| 2023 | 375,000 | 4.000 | 55644T AL6 |
| 2024 | 390,000 | 4.125 | 55644T AM4 |
| 2025 | 405,000 | 4.250 | 55644T AN2 |
| 2030* | 2,300,000 | 4.750 | 55644T AP7 |
| 2038* | 5,025,000 | 5.000 | 55644T AQ5 |

*Term Bonds

The redemption price of the Bonds, and interest accrued thereon to the Redemption Date, become due and interest on the Bonds shall cease to accrue from and after the Redemption Date.

Payment of the redemption price of the Bonds called for redemption will be made only upon presentation and surrender of such Bonds in the following manner:

| | | |
|---|--|---|
| <i>First Class/Registered/Certified*:</i> The Bank of New York Mellon Global Corporate Trust P.O. Box 396 East Syracuse, New York 13057 | <i>Express Delivery Only:</i> The Bank of New York Mellon Global Corporate Trust 111 Sanders Creek Parkway East Syracuse, New York 13057 | <i>By Hand Only:</i> The Bank of New York Mellon Global Corporate Trust Corporate Trust Window 101 Barclay Street, 1 st Floor E. New York, New York 10286 |
|---|--|---|

* *Registered or certified insured mail is suggested.*

¹ The Authority and the Escrow Agent are not responsible for the use of the CUSIP number(s) selected, nor is any representation made as to their correctness indicated in the notice or as printed on any Bond. They are included solely for the convenience of the owners.

Additional information regarding the foregoing actions may be obtained from The Bank of New York Mellon Trust Company, N.A., Corporate Trust Department, Bondholder Relations, telephone number (800) 254-2826.

IMPORTANT NOTICE

Under the Jobs Growth Tax Relief Reconciliation Act of 2003 (the “Act”), 24% will be withheld if tax identification number is not properly certified. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.

DATED: _____, 2020
as escrow agent

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