



*Central Marin Police Authority*  
Staff Report

**TO: Central Marin Police Authority Council**

**FROM: Management Committee**

**DATE: December 10, 2020**

**RE: REFINANCING OF PENSION DEBT THROUGH THE ISSUANCE OF BONDS**

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**ACTION REQUESTED**

That Council hear the staff presentation, make comments, and adopt Resolution No. 2020/11 authorizing the Central Marin Police Authority to refinance the Central Marin Police Authority's Unfunded Accrued Actuarial Liability ("UAL") and the Town of San Anselmo's Safety Police UALs through the issuance of bonds.

**SUMMARY**

At its November 2, 2020, meeting, following a generic presentation on CalPERS Unfunded Accrued Liability ("UALs") and Pension Obligation Bonds ("POBs"), the Central Marin Police Authority Council authorized staff to engage the services of Wulff Hansen & Co. and Quint and Thimmig, LLP to prepare necessary documents to allow the Authority to move forward with the process of issuing a POB. The intent of issuing a POB by the Authority will be to effectively refinance its pension obligation debt with the California Public Employee Retirement System (CalPERS) to lower its annual contributions toward its UAL. Now presented for the Council's consideration is a resolution that will authorize the team to initiate the process to issue bonds and proceedings to confirm their validity. By adopting the resolution, the Council is committing to moving the obligation from CalPERS to bond holders.

Wulff Hansen & Co. projects that this refinancing action will save the Authority as much as \$8.5 million in payments between Fiscal Year 2020-21 and Fiscal Year 2044-45 for the former Twin Cities Police Authority component of the UAL and approximately \$3.5 million of the San Anselmo component of the UAL. The potential annual savings is estimated to be \$360,000 and \$174,000, respectively, or a combined annual total of \$534,000. The savings from the proposed bond issuance can contribute to several of the Police Council's financial goals.

It is noteworthy that in accordance with an agreement with CalPERS, the Authority's CalPERS obligations (made up of the former Twin Cities Police Authority members) and those of the Town of San Anselmo are accounted for separately by CalPERS. However, the Authority makes



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the annual payments on both plans. The Resolution and Trust Agreement provide for the Authority to move forward with refinancing the UAL for all members of the Authority. However, the San Anselmo Town Council has yet to evaluate whether use of POB refinancing is appropriate for the liability in its name. Should the Town Council decide not to participate in the Authority's bond transaction, their portion of the transaction will be removed, and the remaining UAL will continue with the process of refinancing.

### **BACKGROUND AND ANALYSIS**

In brief, the amount the Authority pays annually to CalPERS consists of two components, the normal cost and a scheduled payment toward the UAL. The normal cost is the total amount that a CalPERS actuary has determined should be charged in a given year to the agency and its employees to complement the year's investment earnings such that all benefits paid and all administrative costs are covered. The collected amount is used by CalPERS to make investments. From these payments, the Authority is allocated a share of the value of CalPERS investments – this share is the Market Value of Assets (MVA). Each year, a CalPERS actuary determines the Actuarial Accrued Liability (AAL) for all member agencies. The AAL is the actuary's projection of the total amount that CalPERS should currently have to cover promised benefits over time (accounting for investment earnings and future annual billings to the member agency). If the AAL exceeds the MVA, the member agency's "account" is in a deficit position and a UAL exists.

A key variable for the actuarial calculations is the discount rate, which is the rate of return that CalPERS assumes it will realize on its investments. CalPERS has been slowly lowering its discount rate in recognition that its assumptions about rate of return have been overly optimistic. Currently, the CalPERS discount rate is 7.00%.

One way to think of the UAL is as a debt that has a principal and an interest rate. CalPERS effectively thinks of the UAL in this manner to produce an amortization schedule for the UAL that requires annual payments. In this respect, the discount rate is the interest rate being applied to the debt. In this light, the UAL is a debt that can be refinanced through the issuance of fixed-rate, callable pension obligation bonds that carry a lower interest rate than the discount rate. The debt transfers from CalPERS to bond investors.

The Authority currently has five plans (three legacy and two PEPRA) with CalPERS. Each plan reflects a different set of benefits that were offered over the years:

- Safety First Tier
- Safety Second Tier



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- Miscellaneous (all non-sworn)
- Safety PEPRA (Public Employee Pension Reform Act)
- Miscellaneous PEPRA

The Town of San Anselmo currently has two plans with CalPERS that are administered by the Authority:

- Safety Police First Tier
- Safety Police Second Tier

The Authority's combined UAL of its three legacy plans is approximately \$18.3 million. Because the PEPRA plans are small, they are not included in this refunding. Under the Authority's current CalPERS amortization schedule, CalPERS proposes to charge the Authority for each of the next twenty-five fiscal years to address the UAL. The proposed charges include principal (a portion of the UAL) and interest (the discount rate). Through FY2044-45, the Authority is projected to pay more than \$14.5 million in interest to CalPERS.

If the Authority issues \$18.65 million in pension obligation bonds, it can pay the existing \$18.3 million obligation to CalPERS as well as costs of issuance. Using current market rates for the purpose of generating a savings estimate, the Authority would pay approximately \$5.977 million in interest over the 20-year life of the bonds. This results in a total projected savings of \$8.5 million or approximately \$360,000 savings per year. The net present value of these savings (today's dollars) is approximately \$5.89 million, or 32% NPV. Additionally, the UAL would be paid off in twenty (20) years instead of the current CalPERS amortization period of twenty-five (25) years.

San Anselmo's combined UAL of its two Police Safety plans is approximately \$8.1 million. Under San Anselmo's current CalPERS amortization schedule, CalPERS proposes to charge San Anselmo for each of the next twenty-one fiscal years to address the UAL. The proposed charges include principal (a portion of the UAL) and interest (the discount rate). Through FY2040-41, San Anselmo is projected to pay \$6.3 million in interest to CalPERS.

If the Authority issues \$8.245 million in pension obligation bonds for the San Anselmo Police Safety UAL component, it can pay the existing \$8.1 million obligation to CalPERS as well as costs of issuance. Using current market rates for the purpose of generating a savings estimate, the Authority would pay approximately \$2.8 million in interest over the 20-year life of the bonds. This results in a total projected savings of \$3.5 million or approximately \$174,000 savings per year. The net present value of these savings (today's dollars) is approximately \$2.42 million, or 29% NPV. The UAL would be paid off in twenty (20) years instead of the current CalPERS



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amortization period of twenty-one (21) years.

If the Authority issues a \$27 million POB bond, it will be sufficient to pay the Authority's UAL as well as the Police Safety UALs of San Anselmo and associated costs of issuance. Combining the above figures results in projected total interest savings over the current CalPERS amortization period of 25 years of \$11.9 million, or approximately \$534,000 per year.

It is important to recognize that the Authority will have need of this savings to further realize the goal of managing its retirement and other obligations. CalPERS will experience years when its investment returns are less than the discount rate. In those years, the Authority's UAL will grow – including in the funds addressed by this refinancing. If CalPERS's investments earn more than the 7% target, the excess is credited to offset any existing UAL and if there is no UAL, the credit remains in the account to offset future UAL.

Any potential savings accrue to the Authority's general fund. As such, the Police Council has discretion on how to direct those savings.

#### **FISCAL IMPACT**

Projected savings are net of all fees associated with the transaction. The fees are included in the amount to be financed. As noted above, it is estimated that issuing pension obligation bonds and paying the Authority's UAL for its legacy CalPERS plans combined with the San Anselmo Police Safety UALs will result in a projected cashflow savings on the magnitude of \$11.9 million over the next twenty-five years.

#### **RECOMMENDATION**

It is recommended that the Police Council adopt Resolution No. 2020/11 authorizing the Central Marin Police Authority to refinance the Central Marin Police Authority's UAL and the Town of San Anselmo's Safety Police UALs through the issuance of bonds.



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Respectfully Submitted,

Daniel Schwarz  
Management Committee

Todd Cusimano  
Management Committee

Dave Donery  
Management Committee

Attachments:

1. Trust Agreement
2. Resolution No. 2020/11

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**TRUST AGREEMENT**

**Dated as of April 1, 2021**

**between the**

**CENTRAL MARIN POLICE AUTHORITY**

**and**

**MUFG UNION BANK, N.A., as Trustee**

**Relating to**

**\$\_\_\_\_\_**  
**Central Marin Police Authority**  
**Pension Obligation Bonds, Series 2021**  
**(Federally Taxable)**

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## TRUST AGREEMENT

This Trust Agreement, dated as of April 1, 2021 (this "Agreement"), is between the CENTRAL MARIN POLICE AUTHORITY, a joint exercise of powers entity duly organized and existing under the Constitution and laws of the State of California (the "Authority"), and MUFJ UNION BANK, N.A., a national banking association organized and existing under the laws of the United States of America, with a corporate trust office in San Francisco, California, being qualified to accept and administer the trusts hereby created (the "Trustee").

### B A C K G R O U N D :

WHEREAS, the Authority and the Town of San Anselmo ("San Anselmo") are members of the California Public Employees' Retirement System ("CalPERS") and, as such, each is obligated by the Public Employees' Retirement Law, constituting Part 3 of Division 5 of Title 2 of the California Government Code (the "Retirement Law"), and contracts between the Board of Administration of CalPERS and the Authority and the Board of Administration of CalPERS and San Anselmo (the "CalPERS Contracts"), to make contributions to CalPERS to (a) fund pension benefits for their employees who are members of CalPERS, (b) amortize the unfunded actuarial liability with respect to such pension benefits, and (c) appropriate funds for the purposes described in (a) and (b);

WHEREAS, for purposes of convenience, the Authority administers San Anselmo's Tier 1 Police Safety Plan and Tier 2 Police Safety Plan since all other functions of the Authority related to the provision of public safety services are managed by the Authority;

WHEREAS, the Authority is authorized pursuant to Articles 10 and 11 (commencing with section 53570) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Bond Law") to issue bonds for the purpose of refunding certain obligations of the Authority, including the obligations evidenced by the CalPERS Contracts;

WHEREAS, the Authority has determined to issue its Central Marin Police Authority Pension Obligation Bonds, Series 2021 (Federally Taxable) (the "Bonds") in the aggregate principal amount of \$\_\_\_\_\_ for the purpose of (a) refunding the Authority's obligations to CalPERS, evidenced by its CalPERS Contract, all or a portion of the Authority's obligations to CalPERS to pay all or a portion of its current unfunded accrued actuarial liability with respect to pension benefits under the Retirement Law (the "Authority Unfunded Liability"), (b) refunding San Anselmo's obligations to CalPERS, evidenced by its CalPERS Contract, all or a portion of the San Anselmo's Police Safety Plan Tier 1 and Police Safety Plan Tier 2 obligations to CalPERS to pay all or a portion of its current unfunded accrued actuarial liability with respect to pension benefits under the Retirement Law (the "San Anselmo Unfunded Liability"), and paying the costs of issuance of the Bonds;

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and to secure the payment of the principal thereof and interest thereon, the Authority has authorized the execution and delivery of this Agreement.

WHEREAS, the Authority certifies that all acts and proceedings required by law necessary to make the Bonds, when executed by the Authority, authenticated and delivered by the Trustee, and duly issued, the valid, binding and legal obligations of the Authority, and to

constitute this Agreement a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Agreement have been in all respects duly authorized.

## AGREEMENT:

In order to secure the payment of the principal of and the interest on all the Outstanding Bonds under this Agreement according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable considerations, the receipt of which is hereby acknowledged, the Authority and the Trustee do hereby covenant and agree with one another, for the benefit of the respective Owners from time to time of the Bonds, as follows:

### ARTICLE I

#### DEFINITIONS; RULES OF CONSTRUCTION

Section 1.01. Definitions. Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms defined in Exhibit A attached to this Agreement have the respective meanings specified in Exhibit A when used in this Agreement.

Section 1.02. Authorization. Each of the parties hereby represents and warrants that it has full legal authority and is duly empowered to enter into this Agreement, and has taken all actions necessary to authorize the execution hereof by the officers and persons signing it.

Section 1.03. Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and do not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Agreement; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

AUTHORIZATION AND TERMS OF BONDS

Section 2.01. Authorization and Purpose of Bonds. The Authority has reviewed all proceedings heretofore taken and as a result of such review has found, and hereby finds and determines, that all things, conditions and acts required by law to exist, happen or be performed precedent to and in connection with the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Authority is now duly empowered, under each and every requirement of law, to issue the Bonds in the manner and form provided in this Agreement.

The Authority hereby authorizes the issuance of Bonds in the aggregate principal amount of \$\_\_\_\_\_ under the Bond Law for the purpose of providing funds to (a) refund the Authority's obligations to CalPERS evidenced by its CalPERS Contract of all or a portion of the Authority Unfunded Liability, (b) refund San Anselmo's obligations to CalPERS evidenced by the CalPERS Contract of all or a portion of the San Anselmo Unfunded Liability, and (c) paying the Costs of Issuance. The Bonds are authorized and issued under, and are subject to the terms of, this Agreement and the Bond Law. The Bonds are designated the "Central Marin Police Authority Pension Obligation Bonds, Series 2021 (Federally Taxable)."

Section 2.02. Terms of the Bonds. The Bonds are issuable in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof. The Bonds will be dated as of the Closing Date, and will mature on August 1 in the years and in the respective principal amounts and bear interest at the respective rates per annum (calculated on the basis of a 360-day year comprised of twelve 30-day months), as set forth in the following table:

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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Interest on the Bonds is payable from the Interest Payment Date immediately preceding the date of authentication thereof unless:

- (a) a Bond is authenticated on or before an Interest Payment Date and after the preceding Record Date, in which event it will bear interest from such Interest Payment Date,
- (b) a Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the Closing Date, or
- (c) interest on a Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full.

Interest is payable on each Interest Payment Date to the persons in whose names the ownership of the Bonds is registered on the Registration Books on the immediately preceding Record Date, except as provided below. Interest on a Bond which is not punctually paid or duly provided for on any Interest Payment Date is payable to the person in whose name the ownership of such Bond is registered on the Registration Books on a special record date for the

payment of such defaulted interest to be fixed by the Trustee, notice of which is given to such Owner by first-class mail not less than 10 days prior to such special record date.

The Trustee will pay interest on the Bonds by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owners of the Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. At the written request of the Owner of Bonds in an aggregate principal amount of at least \$1,000,000, which written request is on file with the Trustee as of any Record Date, the Trustee will pay interest on such Bonds on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account of a financial institution within the United States of America as specified in such written request, which written request will remain in effect until rescinded in writing by the Owner. The Trustee will pay principal of the Bonds in lawful money of the United States of America by check of the Trustee upon presentation and surrender thereof at the Office of the Trustee.

Section 2.03. Redemption of Bonds.

(a) *Optional Redemption.* The Bonds maturing on or before August 1, \_\_\_\_, are not subject to optional redemption prior to their respective stated maturities. The Bonds maturing on and after August 1, \_\_\_\_, are subject to optional redemption from any source of available funds of the Authority, prior to their respective maturities, in whole or in part among maturities as specified by the Authority, and by lot within a maturity, on any date on or after August 1, \_\_\_\_, upon at least forty-five (45) days prior written notice to the Trustee from the Authority, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

(b) *Special Optional Redemption.* The Bonds maturing on August 1, \_\_\_\_, are subject to special redemption at the option of the Authority on any date, in part, in inverse order of sinking fund payments, up to \$\_\_\_\_\_ of the Outstanding principal amount of such Bonds in each year, upon at least forty-five (45) days prior written notice to the Trustee from the Authority, from any source of available moneys, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

The Authority must give the Trustee written notice of its intention to redeem Bonds under this subsections (a) or (b), and the manner of selecting such Bonds for redemption from among the maturities thereof, at least 35 days prior to the date fixed for redemption to enable the Trustee to give notice of such redemption in accordance with subsection (c) of this Section 2.03. The Authority shall provide the Trustee with a revised sinking fund schedule.

(c) *Mandatory Sinking Fund Redemption.* The Bonds maturing on August 1, 2027, are also subject to mandatory sinking fund redemption on August 1 in the years, and in the amounts, as set forth in the following table, at a redemption price equal to one hundred percent (100%) of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption:

Sinking Fund Redemption Date (August 1)	Principal Amount to be Redeemed
_____	_____

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†Maturity

The Bonds maturing on August 1, \_\_\_\_, are also subject to mandatory sinking fund redemption on August 1 in the years, and in the amounts, as set forth in the following table, at a redemption price equal to one hundred percent (100%) of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption:

Sinking Fund Redemption Date (August 1)	Principal Amount to be Redeemed
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†Maturity

(d) *Notice of Redemption.* The Trustee on behalf and at the expense of the Authority will mail (by first class mail) notice of any redemption to the respective Owners of Bonds designated for redemption at their respective addresses appearing on the Registration Books, and to the Securities Depositories and to one or more Information Services, at least 20 but not more than 60 days prior to the date fixed for redemption; *provided, however,* that neither failure to receive any such notice so mailed nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice must state the date of the notice, the redemption date, the redemption place and the redemption price and must designate the CUSIP numbers, the Bond numbers and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and must require that such Bonds be then surrendered at the Office of the Trustee identified in such notice for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

(e) *Right to Rescind Notice of Redemption.* The Authority has the right to rescind any notice of the optional redemption of Bonds under subsections (a) or (b) of this Section 2.03 by written notice to the Trustee prior to the date fixed for redemption. Any notice of optional redemption will be canceled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation will not constitute an Event of Default. The Authority and the Trustee have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under subsection (c) of this Section 2.03.

(f) *Manner of Redemption.* Whenever provision is made in this Section 2.03 for the redemption of less than all of the Bonds of a maturity, the Trustee shall select the Bonds of such maturity to be redeemed by lot in any manner which the Trustee in its sole discretion deems appropriate. For purposes of such selection, all Bonds will be deemed to be comprised of separate \$5,000 denominations and such separate denominations will be treated as separate Bonds which may be separately redeemed.

(g) *Partial Redemption of Bonds.* If only a portion of a Bond is called for redemption, then upon surrender of such Bond the Authority will execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of the same series and maturity date, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

(h) *Effect of Redemption.* From and after the date fixed for redemption, if notice of redemption has been duly mailed and funds available for the payment of the principal of and interest on the Bonds so called for redemption have been duly provided, such Bonds so called shall cease to be entitled to any benefit under this Agreement other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the redemption date specified in such notice. Unless otherwise directed in writing by the Authority, the Trustee shall cancel and destroy all Bonds redeemed under this Section 2.03.

#### Section 2.04. Book Entry System.

(a) *Original Delivery.* The Bonds will be initially delivered in the form of a separate single fully registered bond (which may be typewritten) for each maturity of the Bonds. Upon initial delivery, the Trustee shall register the ownership of each Bond on the Registration Books in the name of the Nominee. Except as provided in subsection (c), the ownership of all of the Outstanding Bonds will be registered in the name of the Nominee on the Registration Books.

With respect to Bonds the ownership of which is registered in the name of the Nominee, the Authority and the Trustee have no responsibility or obligation to any Depository System Participant or to any person on behalf of which the Nominee holds an interest in the Bonds. Without limiting the generality of the immediately preceding sentence, the Authority and the Trustee have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Depository System Participant or any other person, other than a Owner as shown in the Registration Books, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Bonds to be redeemed if the Authority elects to redeem the Bonds in part, (iv) the payment to any Depository System Participant or any other person, other than a Owner as shown in the Registration Books, of any amount with respect to principal of or interest on the Bonds or (v) any consent given or other action taken by the Depository as Owner of the Bonds. The Authority and the Trustee may treat and consider the person in whose name each Bond is registered as the absolute owner of such Bond for the purpose of payment of principal of and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers of ownership of such Bond, and for all other purposes whatsoever. The Trustee shall pay the principal of and the interest on the Bonds only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments are valid and effective to fully satisfy and discharge all obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a Owner shall receive a Bond evidencing the obligation of the Authority to make payments of principal or interest under this Agreement. Upon delivery by the Depository to the Authority of written notice to the effect that the Depository has determined to substitute a new Nominee in its place, and subject to the provisions herein with respect to Record Dates, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice the Authority will promptly deliver a copy of the same to the Trustee.

(b) *Representation Letter.* In order to qualify the Bonds for the Depository's book-entry system, the Authority will execute and deliver to such Depository a letter representing such matters as necessary to so qualify the Bonds. The execution and delivery of such letter shall not in any way limit the provisions of subsection (a) above or in any other way impose upon the Authority or the Trustee any obligation whatsoever with respect to persons having interests in the Bonds other than the Owners. Upon the written acceptance by the Trustee, the Trustee shall agree to take all action reasonably necessary for all representations of the Trustee in such letter

with respect to the Trustee to at all times be complied with. In addition to the execution and delivery of such letter, the Authority may take any other actions, not inconsistent with this Agreement, to qualify the Bonds for the Depository's book-entry program.

(c) *Transfers Outside Book-Entry System.* If either (i) the Depository determines not to continue to act as Depository for the Bonds, or (ii) the Authority determines to terminate the Depository as such, then the Authority will thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the Authority and the Trustee in the issuance of replacement Bonds by providing the Trustee with a list showing the interests of the Depository System Participants in the Bonds, and by surrendering the Bonds, registered in the name of the Nominee, to the Trustee on or before the date such replacement Bonds are to be issued. The Depository, by accepting delivery of the Bonds, agrees to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the Authority fails to identify another Securities Depository to replace the Depository, then the Bonds shall no longer be required to be registered in the Registration Books in the name of the Nominee, but will be registered in whatever name or names the Owners transferring or exchanging Bonds shall designate, in accordance with the provisions hereof.

If the Authority determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the Authority may notify the Depository System Participants of the availability of such certificated Bonds through the Depository. In such event, the Trustee will issue, transfer and exchange Bonds as required by the Depository and others in appropriate amounts; and whenever the Depository requests, the Trustee and the Authority will cooperate with the Depository in taking appropriate action (a) to make available one or more separate certificates evidencing the Bonds to any Depository System Participant having Bonds credited to its account with the Depository, or (b) to arrange for another Securities Depository to maintain custody of a single certificate evidencing such Bonds, all at the Authority's expense.

(d) *Payments to the Nominee.* Notwithstanding any other provision of this Agreement to the contrary, so long as a Bond is registered in the name of the Nominee, all payments with respect to principal of and interest on that Bond and all notices with respect to that Bond will be made and given, respectively, as provided in the letter described in subsection (b) of this Section 2.04 or as otherwise instructed by the Depository.

Section 2.05. Form and Execution of Bonds. The Bonds, the form of Trustee's certificate of authentication, and the form of assignment to appear thereon, are set forth in Exhibit B attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Agreement.

The Mayor of the Authority shall execute, and the Authority Clerk shall attest each Bond. Either or both of such signatures may be made manually or may be affixed by facsimile thereof. If any officer whose signature appears on a Bond ceases to be such officer before the Closing Date, such signature will nevertheless be as effective as if the officer had remained in office until the Closing Date. A Bond may be signed and attested on behalf of the Authority by such persons as at the actual date of the execution of that Bond are the proper officers of the Authority, duly authorized to execute debt instruments on behalf of the Authority, although on the date of that Bond any such person was not an officer of the Authority.

Only those Bonds bearing a certificate of authentication in the form set forth in Exhibit B, manually executed and dated by the Trustee, are valid or obligatory for any purpose or entitled to the benefits of this Agreement, and such certificate of the Trustee is conclusive evidence that

such Bonds have been duly authenticated and delivered hereunder and are entitled to the benefits of this Agreement.

Section 2.06. Transfer and Exchange of Bonds.

(a) *Transfer.* A Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of that Bond to the Trustee at its Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. The Trustee shall collect any tax or other governmental charge on the transfer of any Bonds under this Section 2.06. Whenever any Bond or Bonds are surrendered for transfer, the Authority will execute and the Trustee shall authenticate and deliver to the transferee a new Bond or Bonds of like series, interest rate, maturity and aggregate principal amount. The Authority will pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer of Bonds.

(b) *Exchange.* The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations and of the same series, interest rate and maturity. The Trustee shall collect any tax or other governmental charge on the exchange of Bonds under this subsection (b). The Authority will pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange of Bonds.

(c) *Limitations.* The Trustee may refuse to transfer or exchange, under the provisions of this Section 2.06, any Bonds selected by the Trustee for redemption under Section 2.03, or any Bonds during the period established by the Trustee for the selection of Bonds for redemption.

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 section 6045 of the Internal Revenue Code, 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 2.07. Registration Books. The Trustee will keep or cause to be kept, at its Office, sufficient records for the registration and registration of transfer of the Bonds, which must at all times during normal business hours, and upon reasonable notice, be open to inspection by the Authority. The Trustee will register the ownership and transfer of the Bonds on the Registration Books under such reasonable regulations as it may prescribe.

Section 2.08. Bonds Mutilated, Lost, Destroyed or Stolen. If a Bond is mutilated, the Authority, at the expense of the Owner of that Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in exchange and substitution for the Bond so mutilated, upon surrender to the Trustee of the Bond so mutilated. The Trustee shall cancel every mutilated Bond surrendered to it and deliver such mutilated Bond to or upon the order of the Authority. If a Bond is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence is satisfactory to the Trustee and if indemnity satisfactory to the Trustee is given, the Authority, at the expense of the Owner, will execute, and the Trustee will thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this Section 2.08 and of the expenses which may be incurred by the Trustee in connection



therewith. Any Bond issued under the provisions of this Section 2.08 in lieu of any Bond alleged to be lost, destroyed or stolen will constitute an original additional contractual obligation on the part of the Authority whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and will be equally and proportionately entitled to the benefits of this Agreement with all other Bonds issued under this Agreement.

Notwithstanding any other provision of this Section 2.08, in lieu of delivering a new Bond for which principal has become due for a Bond which has been mutilated, lost, destroyed or stolen, the Trustee may, at the Direction of the Authority, make payment of such Bond in accordance with its terms upon receipt of indemnity satisfactory to the Trustee.

Section 2.09. CUSIP Numbers. The Authority, in issuing the Bonds, may use CUSIP numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP" numbers in notices of redemption as a convenience to the Owners; provided that the Trustee shall have no liability for any defect in the CUSIP numbers as they appear on any Bond, notice or elsewhere, and, provided further that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Bonds, and any such redemption shall not be affected by any defect in or omission of such numbers. The Authority will promptly notify the Trustee in writing of any change in the CUSIP numbers.

ARTICLE III

DEPOSIT AND APPLICATION OF PROCEEDS OF BONDS

Section 3.01. Issuance of Bonds. Upon the execution and delivery of this Agreement, the Authority will execute and deliver Bonds in the aggregate principal amount of \$\_\_\_\_\_ to the Trustee and the Trustee shall authenticate and deliver the Bonds to the Original Purchaser upon receipt of a Request of the Authority therefor.

Section 3.02. Application of Proceeds.

(a) On the Closing Date, the Trustee shall deposit the proceeds of the Bonds of \$\_\_\_\_\_ (being equal to the aggregate principal amount of the Bonds (\$\_\_\_\_\_.00), less an underwriter's discount of \$\_\_\_\_\_, less the sum of into a special fund to be established and held by the Trustee, known as the "Bond Proceeds Fund."

(b) On the Closing Date, the Trustee shall transfer \$\_\_\_\_\_ of the amounts in the Bond Proceeds Fund as follows:

- (i) With respect to the Authority's *Miscellaneous Plan*, wire \$\_\_\_\_\_ to  
Bank of America Sacramento Main  
555 Capitol Mall, Suite 1555  
Sacramento, CA 95814  
ABA#0260-0959-3  
For credit to State of CA, CalPERS  
Account # 01482-80005  
Employer Name: Central Marin Police Authority  
CalPERS ID: \_\_\_\_\_  
Member Group or Plan: Miscellaneous Plan  
Rate Plan ID: \_\_\_\_
  
- (ii) With respect to the Authority's *Tier 1 Safety Plan*, wire \$\_\_\_\_\_ to  
Bank of America Sacramento Main  
555 Capitol Mall, Suite 1555  
Sacramento, CA 95814  
ABA#0260-0959-3  
For credit to State of CA, CalPERS  
Account # 01482-80005  
Employer Name: Central Marin Police Authority  
CalPERS ID: \_\_\_\_\_  
Member Group or Plan: Tier 1 Safety Plan  
Rate Plan ID: \_\_\_\_

(iii) With respect to the Authority's *Tier 2 Safety Plan*, wire \$\_\_\_\_\_ to  
Bank of America Sacramento Main  
555 Capitol Mall, Suite 1555  
Sacramento, CA 95814  
ABA#0260-0959-3  
For credit to State of CA, CalPERS  
Account # 01482-80005  
Employer Name: Central Marin Police Authority  
CalPERS ID: \_\_\_\_\_  
Member Group or Plan: Tier 2 Safety Plan  
Rate Plan ID: \_\_\_\_\_

(iv) With respect to San Anselmo's *Tier 1 Police Safety Plan*, wire \$\_\_\_\_\_ to  
Bank of America Sacramento Main  
555 Capitol Mall, Suite 1555  
Sacramento, CA 95814  
ABA#0260-0959-3  
For credit to State of CA, CalPERS  
Account # 01482-80005  
Employer Name: Town of San Anselmo  
CalPERS ID: \_\_\_\_\_  
Member Group or Plan: Tier 1 Safety Plan  
Rate Plan ID: \_\_\_\_\_

(v) With respect to San Anselmo's *Tier 2 Police Safety Plan*, wire \$\_\_\_\_\_ to  
Bank of America Sacramento Main  
555 Capitol Mall, Suite 1555  
Sacramento, CA 95814  
ABA#0260-0959-3  
For credit to State of CA, CalPERS  
Account # 01482-80005  
Employer Name: Town of San Anselmo  
CalPERS ID: \_\_\_\_\_  
Member Group or Plan: Tier 1 Police Safety Plan  
Rate Plan ID: \_\_\_\_\_

(c) The Trustee shall deposit the remaining \$\_\_\_\_\_ of the amounts in the Bond Proceeds Fund in the Costs of Issuance Fund.

Section 3.03. Costs of Issuance Fund. There is hereby established a separate fund to be known as the "Costs of Issuance Fund", to be held by the Trustee in trust. The Trustee shall disburse moneys in the Costs of Issuance Fund from time to time to pay Costs of Issuance upon submission of a Request of the Authority stating (a) the person to whom payment is to be made, (b) the amounts to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment is a proper charge against the Costs of Issuance Fund, and (e) that such amounts have not been the subject of a prior Request of the Authority; in each case together with a statement or invoice for each amount requested thereunder. Each such Request of the Authority 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. On July 15, 2021, the Trustee will transfer any amounts remaining in the Costs of Issuance Fund to the Debt Service Fund, and the Trustee will thereupon close the Costs of Issuance Fund.

## ARTICLE IV

### REPAYMENT OF BONDS; FLOW OF FUNDS; INVESTMENTS

Section 4.01. Repayment of Bonds; Equal Security. The Bonds are payable from any source of legally available funds of the Authority, including but not limited to amounts held by the Authority on deposit in its General Fund, and by a first and exclusive pledge and lien upon all of the moneys in the Debt Service Fund (including the Interest Account, the Principal Account therein) and the Redemption Fund, without preference or priority for date of execution or date of delivery. The Bonds are not secured by a pledge of or lien any specific revenues, income or funds of the Authority.

The obligations of the Authority under the Bonds, including the obligation to make all payments of interest and principal when due, are obligations of the Authority imposed by law and are absolute and unconditional, without any right of set-off or counterclaim. However, the Bonds do not constitute an obligation of the Authority for which the Authority is obligated to levy or pledge any form of taxation. Neither the Bonds nor the obligations of the Authority to make payments on the Bonds constitute an indebtedness of the Authority, the State of California, or any of its political subdivisions in contravention of any constitutional or statutory debt limitation or restriction. The Council is obligated in each Fiscal Year to appropriate all amounts from such funds as may be required to pay the aggregate amount of the principal of and the interest on the Bonds coming due and payable in such Fiscal Year.

In consideration of the acceptance of the Bonds by those who hold the same from time to time, this Agreement constitutes a contract between the Authority and the Owners from time to time of the Bonds, and the covenants and agreements herein set forth to be performed on behalf of the Authority are for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

Section 4.02. Deposit of Amounts to Pay Debt Service. The Authority shall pay or cause to be paid to the Trustee, not later than five Business Days prior to each date on which the principal of or interest on the Bonds is due and payable (including any date on which the Bonds are to be redeemed under Section 2.03), an amount which is sufficient, together with other amounts then held by the Trustee in the Debt Service Fund, to pay the aggregate amount of principal of and interest on the Bonds coming due and payable on such date.

Section 4.03. Debt Service Fund and Accounts Therein. There is hereby established a separate fund to be known as the "Debt Service Fund," to be held by the Trustee in trust for the benefit of the Owners. The Trustee will hold the Debt Service Fund for the uses and purposes set forth herein, so long as any of the Bonds remain Outstanding. The Trustee will deposit all amounts paid to it by the Authority under Section 4.02 in the Debt Service Fund promptly upon receipt.

On or before the Business Day preceding each Interest Payment Date, the Trustee shall transfer from the Debt Service Fund and deposit into the following respective accounts (each of which the Trustee shall establish and maintain within the Debt Service Fund), the following amounts, in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from insufficiencies of any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

*First:* to the Interest Account, the aggregate amount of interest becoming due and payable on the next succeeding Interest Payment Date on all Bonds then Outstanding;

*Second:* to the Sinking Account, the mandatory sinking account payment becoming due and payable on the Outstanding Bonds on the next succeeding Interest Payment Date, if any; and

*Third:* to the Principal Account, the aggregate amount of principal becoming due and payable on the Outstanding Bonds on the next succeeding Interest Payment Date, if any.

Section 4.04. Application of Interest Account. All amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it shall become due and payable.

Section 4.05. Application of Principal Account. All amounts in the Principal Account shall be used and withdrawn by the Trustee solely for the purposes of paying the principal of the Bonds when due and payable.

Section 4.06. Application of Sinking Account. All amounts in the Sinking Account shall be used and withdrawn by the Trustee solely for the purposes of paying the sinking account payments of the Bonds when due and payable.

Section 4.07. Redemption Fund. Upon receipt by the Trustee of written notice from the Authority of its intention to optionally redeem any Bonds under Section 2.03(a) or (b), the Trustee will establish a separate fund to be known as the "Redemption Fund", to be held by the Trustee in trust for the benefit of the Owners. On or before the 5th Business Day preceding the redemption date, the Authority will pay to the Trustee for deposit in the Redemption Fund an amount required to pay the principal of on the Bonds to be so redeemed on such date. The Trustee will apply amounts in the Redemption Fund solely for the purpose of paying the principal of the Bonds upon the redemption thereof, on the date set for such redemption. Interest due on the Bonds on any redemption date will be paid from amounts held by the Trustee for that purpose in the Interest Account as provided above.

Section 4.08. Investment of Funds. The Trustee shall invest moneys in the funds and accounts held by it hereunder in Permitted Investments as directed in a Request of the Authority filed with the Trustee at least 2 Business Days in advance of the making of such investments. In the absence of any such directions from the Authority, the Trustee shall invest any such moneys in Permitted Investments described in clause (g) of the definition thereof; *provided, however,* that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a written direction identifying a specific money market fund and, if no such written direction is so received, the Trustee shall hold such moneys uninvested such funds shall remain uninvested. Permitted Investments purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account. To the extent Permitted Investments are registrable, such Permitted Investments must be registered in the name of the Trustee.

Moneys in all funds and accounts shall be invested in Permitted Investments maturing not later than the date on which it is estimated that such moneys will be required by the Trustee.

All interest or gain derived from the investment of amounts in any of the funds or accounts held hereunder shall be deposited into the fund or account from which such investment was made. For purposes of acquiring any investments hereunder, the Trustee may commingle funds held by it hereunder. The Trustee or an affiliate of the Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee has no liability for losses, fees, taxes or other charges arising from any investments, reinvestments or liquidation of investments made under this Section 4.08.

The Trustee may make any investments hereunder through its own bond or investment department or trust investment department, or those of its parent or any affiliate. The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder. The Trustee is hereby authorized, in making or disposing of any investment permitted by this Section 4.08, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or is dealing as a principal for its own account.

The Trustee shall be entitled to rely upon any Request of the Authority as conclusive certification to the Trustee that the investments described therein are so authorized under the laws of the State of California.

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 will not receive such confirmations to the extent permitted by law. The Authority further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker. The Trustee will furnish the Authority periodic cash transaction statements which shall include detail for all investment transactions made by the Trustee hereunder. Upon the Authority's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request.

## ARTICLE V

### OTHER COVENANTS OF THE CITY

Section 5.01. Punctual Payment. The Authority will punctually pay or cause to be paid the principal and interest to become due in respect of all the Bonds in strict conformity with the terms of the Bonds and this Agreement. The Authority will faithfully observe and perform all of the conditions, covenants and requirements of this Agreement and all Supplemental Agreements. Nothing herein contained prevents the Authority from making advances of other legally available funds to make any payment referred to herein.

Section 5.02. Budget and Appropriation. So long as any Bonds remain Outstanding hereunder, the Authority shall adopt all necessary budgets and make all necessary appropriations for the payment of principal of and interest on the Bonds from any source of legally available funds of the Authority. If any payment of principal of and interest on the Bonds requires the adoption by the Authority of a supplemental budget or appropriation, the Authority shall promptly adopt the same. The covenants on the part of the Authority contained in this Section 5.02 are duties imposed by law and it is the duty of each and every public official of the Authority to take such actions and do such things as are required by law in the performance of the official duty of such officials to enable the Authority to carry out and perform the covenants and agreements in this Section 5.02.

Section 5.03. Books and Accounts. The Authority will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Authority, in which complete and correct entries are made of all transactions relating to its funds and accounts. Such books of record and accounts shall at all times during business hours be subject, upon prior written request, to the reasonable inspection of the Owners of not less than 10% in aggregate principal amount of the Bonds then Outstanding, or their representatives authorized in writing.

Section 5.04. Protection of Security and Rights of Owners. The Authority will preserve and protect the security of the Bonds and the rights of the Owners. From and after the date of issuance of the Bonds, the Authority may not contest the validity or enforceability of the Bonds or this Agreement.

Section 5.05. Continuing Disclosure. The Authority will comply with and carry out all of the provisions of the Continuing Disclosure Certificate which has been executed and delivered by the Authority on the Closing Date. Notwithstanding any other provision hereof, failure of the Authority to comply with such Continuing Disclosure Certificate does not constitute an Event of Default hereunder; *provided, however*, that any Participating Underwriter (as such term is defined in such Continuing Disclosure Certificate) or any Owner or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Authority to comply with its obligations under this Section 5.05.

Section 5.06. Further Assurances. The Authority will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Agreement, and for the better assuring and confirming unto the Owners the rights and benefits provided in this Agreement.

## ARTICLE VI

### THE TRUSTEE

#### Section 6.01. Duties, Immunities and Liabilities of Trustee.

(a) The Trustee shall, prior to the occurrence of an Event of Default, and after the curing or waiving of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Agreement and no implied covenants or duties shall be read into this Agreement against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Agreement, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) The Authority may remove the Trustee at any time, and shall remove the Trustee (i) if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or (ii) if at any time the Trustee ceases to be eligible in accordance with subsection (e) of this Section 6.01, or becomes incapable of acting, or is adjudged a bankrupt or insolvent, or a receiver of the Trustee or 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. The Authority may accomplish such removal by giving 30 days written notice to the Trustee, whereupon the Authority will appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Authority, and by giving notice of such resignation by first class mail, postage prepaid, to the Owners at their respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the Authority will promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee becomes effective upon acceptance of appointment by the successor Trustee. If no successor Trustee has been appointed and accepted appointment within 45 days following giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of such Owner and all other Owners) may, at the expense of the Authority, petition any federal or state court for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Agreement shall signify its acceptance of such appointment by executing and delivering to the Authority and to its predecessor Trustee a written acceptance thereof, and to the predecessor Trustee an instrument indemnifying the predecessor Trustee for any costs or claims arising during the time the successor Trustee serves as Trustee hereunder, and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless, upon the receipt by the predecessor Trustee of the Request of the Authority or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Agreement and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor



Trustee, the Authority will execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the Authority will mail or cause the successor Trustee to mail, by first class mail postage prepaid, a notice of the succession of such Trustee to the trusts hereunder to each rating agency which then maintains a rating on the Bonds, and to the Owners at the addresses shown on the Registration Books. If the Authority fails to mail such notice within 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 Authority.

(e) Any Trustee appointed under the provisions of this Section 6.01 in succession to the Trustee must (i) be a company, national banking association or bank having trust powers, (ii) have a corporate trust office in the State of California, (iii) have (or be part of a bank holding company system whose bank holding company has) a combined capital and surplus of at least \$50,000,000, and (iv) be subject to supervision or examination by federal or state authority.

If such bank, national banking association or company publishes a report of condition at least annually, under law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank, national banking association or company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in subsection (c) of this Section 6.01.

Section 6.02. Merger or Consolidation. Any bank or company into which the Trustee may be merged or converted or with which either of them may be consolidated or any bank or company resulting from any merger, conversion or consolidation to which it is a party or any bank or company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank or company is eligible under subsection (e) of Section 6.01, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 6.03. Liability of Trustee.

(a) The recitals of facts herein and in the Bonds contained are taken as statements of the Authority, and the Trustee assumes no responsibility for the correctness of the same, nor does it have any liability whatsoever therefor, nor does it make any representations as to the validity or sufficiency of this Agreement or of the Bonds nor does it incur any responsibility in respect thereof, other than as expressly stated herein. The Trustee is, however, responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee is not liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee is not liable for the acts of any agents of the Trustee selected by it with due care. The Trustee may become the Owner of Bonds with the same rights it would have if they were not Trustee and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of the Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding. The Trustee, either as principal or agent, may engage in or be entrusted in any financial or other transaction with the Authority.

(b) The Trustee is not liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Owners of a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Agreement.

(c) The Trustee is not liable for any action taken by it in good faith and believed by it to be authorized or within the rights or powers conferred upon it by this Agreement, except for actions arising from the negligence or willful misconduct of the Trustee. The permissive right of the Trustee to do things enumerated hereunder shall not be construed as a mandatory duty.

(d) The Trustee will not be deemed to have knowledge of any Event of Default hereunder unless and until a responsible officer of the Trustee has actual knowledge thereof, or unless and until a responsible officer of the Trustee has received written notice thereof at its Office. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of an Event of Default hereunder or thereunder. The Trustee shall not be responsible for the Authority's payment of principal and interest on the Bonds, the Authority's observance or performance of any other covenants, conditions or terms contained herein, or the validity or effectiveness of any collateral given to or held by it. Without limiting the generality of the foregoing, and notwithstanding anything herein to the contrary, the Trustee is not responsible for reviewing the contents of any financial statements furnished to the Trustee under Section 5.03 and may rely conclusively on the Certificate of the Authority accompanying such financial statements to establish the Authority's compliance with its financial covenants hereunder.

(e) No provision in this Agreement requires the Trustee to risk or expend its own funds or otherwise incur any financial liability hereunder. The Trustee will be entitled to receive interest on any moneys advanced by it hereunder, at the maximum rate permitted by law.

(f) The Trustee may establish additional funds and accounts or subaccounts of the funds established hereunder as the Trustee deems necessary or prudent in furtherance of its duties under this Agreement.

(g) The Trustee has no responsibility or liability whatsoever with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds, nor shall the Trustee have any obligation to review any such material, and any such review by the Trustee will not be deemed to create any obligation, duty or liability on the part of the Trustee.

(h) Before taking any action under this Trust Agreement, the Trustee may require indemnity satisfactory to the Trustee be furnished to it to hold the Trustee harmless from any expenses whatsoever and to protect it against any liability it may incur hereunder.

(i) The immunities extended to the Trustee also extend to its directors, officers, employees and agents.

(j) The permissive right of the Trustee to do things enumerated in this Agreement shall not be construed as a duty.

(k) The Trustee may execute any of the trusts or powers hereof and perform any of its duties through attorneys, agents and receivers and shall not be answerable for the conduct of the same if appointed by it with reasonable care.

(l) The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

(m) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this 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 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 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 and all losses, claims, 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.

(n) The Trustee shall not be responsible for or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

(o) In no event shall the Trustee be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

Section 6.04. Right to Rely on Documents. The Trustee is protected in acting upon any notice, resolution, requisition, request, consent, order, certificate, report, opinion or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel of its selection, including, without limitation, Bond Counsel or other counsel of or to the Authority, with regard to legal questions, and the opinion of such counsel is full and complete authorization and protection in respect of any action taken or suffered by the Trustee hereunder in accordance therewith.

The Trustee is not bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and such person's title thereto is established to the satisfaction of the Trustee.

Whenever in the administration of the trusts imposed upon it by this Agreement the Trustee deems it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the Authority, which shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Agreement in reliance upon such Certificate, but the Trustee may (but has no duty to), in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable. The Trustee may conclusively rely on any certificate or report of any Independent Accountant appointed by the Authority.

Section 6.05. Preservation and Inspection of Documents. The Trustee will retain in its possession, in accordance with its record retention policies, all documents received by it under the provisions of this Agreement, which will be subject during normal business hours, and upon reasonable prior written notice, to the inspection of the Authority and any Owner, and their agents and representatives duly authorized in writing.

Section 6.06. Compensation and Indemnification. Absent any agreement to the contrary, the Authority will pay to the Trustee from time to time compensation for all services rendered under this Agreement and also all expenses, charges, legal and consulting fees and other disbursements and those of its attorneys (including any allocated costs of internal counsel), agents and employees, incurred in and about the performance of its powers and duties under this Agreement. The Trustee has a first lien on the funds and accounts held by the Trustee hereunder to secure the payment to the Trustee of all fees, costs and expenses, including compensation to its experts, attorneys and counsel incurred in declaring such Event of Default and in exercising the rights and remedies set forth in Article VIII. Any such expenses incurred by the Trustee shall be deemed to constitute a substantial contribution to the trust estate which secures the Bonds.

To the extent permitted by law, the Authority further covenants and agrees to indemnify and save the Trustee and its officers, directors, agents and employees, harmless from and against any and all loss, claim, expense, including legal fees and expenses, and liabilities, whether or not litigated, which it may incur arising out of or in the exercise and performance of its powers and duties hereunder, including the costs and expenses of defending against any claim of liability and of enforcing any remedies hereunder and under any related documents, but excluding any and all losses, expenses and liabilities which are due to the negligence or

willful misconduct of the Trustee, its officers, directors, agents or employees. The obligations of the Authority under this Section 6.06 shall survive resignation or removal of the Trustee under this Agreement and payment of the Bonds and discharge of this Agreement.

Section 6.07. Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries are made of all transactions made by it relating to the proceeds of the Bonds and all funds and accounts established and held by the Trustee under this Agreement. Such books of record and account shall be available for inspection by the Authority at reasonable hours, during regular business hours, with reasonable prior notice and under reasonable circumstances. The Trustee shall furnish to the Authority, monthly, an accounting (which may be in the form of its customary statements) of all transactions relating to the proceeds of the Bonds and all funds and accounts held by the Trustee under this Agreement.

## ARTICLE VII

### MODIFICATION OR AMENDMENT OF THIS AGREEMENT

#### Section 7.01. Amendments Permitted.

(a) *Amendment With Owner Consent.* This Agreement and the rights and obligations of the Authority and of the Owners of the Bonds may be modified or amended by the Authority and the Trustee upon Request of the Authority at any time by the execution of a Supplemental Agreement, but only with the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 9.05. Any such Supplemental Agreement becomes effective upon the execution and delivery thereof by the parties thereto and upon consent of the requisite Owners. No such modification or amendment may:

- (i) extend the maturity of a Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the Authority to pay the principal thereof, or interest thereon, at the time and place and at the rate and in the currency provided therein, without the written consent of the Owner of that Bond;
- (ii) reduce the percentage of Bonds required for the affirmative vote or written consent to an amendment or modification; or
- (iii) modify any of the rights or obligations of the Trustee without its written consent.

(b) *Amendment Without Owner Consent.* This Agreement and the rights and obligations of the Authority and of the Owners of the Bonds may also be modified or amended at any time by a Supplemental Agreement, without the consent of any Owners of the Bonds, and only for any one or more of the following purposes:

- (i) to add to the covenants and agreements of the Authority contained in this Agreement, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the Authority; or
- (ii) to cure any ambiguity, or to cure, correct or supplement any defective provision contained in this Agreement, or in any other respect whatsoever as the Authority deems necessary or desirable, provided under any circumstances that such modifications or amendments do not materially adversely affect the interests of the Owners in the opinion of Bond Counsel filed with the Authority and the Trustee.

Section 7.02. Effect of Supplemental Agreement. From and after the time any Supplemental Agreement becomes effective under this Article VII, this Agreement shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners, as the case may be, 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 Supplemental Agreement shall be deemed to be part of the terms and conditions of this Agreement for any and all purposes.

Section 7.03. Endorsement or Replacement of Bonds After Amendment. After the effective date of any amendment or modification hereof under this Article VII, the Authority may determine that any or all of the Bonds shall bear a notation, by endorsement in form approved by the Authority, as to such amendment or modification and in that case upon

demand of the Authority the Owners of such Bonds shall present such Bonds for that purpose at the Office of the Trustee, and thereupon a suitable notation as to such action shall be made on such Bonds. In lieu of such notation, the Authority may determine that new Bonds shall be prepared and executed in exchange for any or all of the Bonds and in that case upon demand of the Authority the Owners of the Bonds shall present such Bonds for exchange at the Office of the Trustee without cost to such Owners.

Section 7.04. Amendment by Mutual Consent. The provisions of this Article VII shall not prevent any Owner from accepting any amendment as to the particular Bond held by such Owner.

Section 7.05. Trustee's Reliance. Notice of the proposed amendment shall be provided by the Authority to the Trustee. The Trustee may conclusively rely, and is protected in relying, upon a Certificate of the Authority and an opinion of counsel, which shall be furnished to the Trustee, stating that the amendment is the legal, valid and binding obligation of the Authority, all requirements of this Agreement relating to the amendment or modification hereof have been satisfied and that such amendments or modifications do not materially adversely affect the interests of the Owners.

## ARTICLE VIII

### EVENTS OF DEFAULT AND REMEDIES

Section 8.01. Events of Default. The following events (“Events of Default”) shall be events of default hereunder:

(a) if default shall be made in the due and punctual payment of the principal of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) if default shall be made in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable;

(c) if default shall be made by the Authority in the observance of any of the covenants, agreements or conditions on its part in this Agreement or in the Bonds contained, and such default shall have continued for a period of thirty (30) days after written notice thereof to the Authority; or

(d) if the Authority shall file a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, seeking reorganization of the Authority under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Authority or of the whole or any substantial part of its property.

Section 8.02. Remedies of Owners. Any Owner shall have the right, for the equal benefit and protection of all Owners similarly situated:

(a) by mandamus, suit, action or proceeding, to compel the Authority and its members, officers, agents or employees to perform each and every term, provision and covenant contained in this Agreement and in the Bonds, and to require the carrying out of any or all such covenants and agreements of the Authority and the fulfillment of all duties imposed upon it;

(b) by suit, action or proceeding in equity, to enjoin any acts or things which are unlawful, or the violation of any of the Owners’ rights; or

(c) upon the happening of any Event of Default, by suit, action or proceeding in any court of competent jurisdiction, to require the Authority and its members and employees to account as if it and they were the trustees of an express trust.

Section 8.03. Application of Funds. All moneys held by the Trustee in the funds and accounts held hereunder and all moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Trust Agreement or shall be applied by the Trustee in the following order upon presentation of the several Bonds:

*First*, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default, and collecting moneys owed hereunder, including reasonable compensation to its agents, attorneys and counsel (including allocated costs of internal counsel), including all fees, indemnity and expenses past due, and then fees, costs and expenses of the Bond Owners in declaring such Event of Default, and collecting moneys owed hereunder, including reasonable compensation to its agents, attorneys and counsel; and



*Second*, to the payment of the whole amount then owing and unpaid with respect to the Bonds for principal and interest, with interest on the overdue principal and installments of interest at the rate per annum payable with respect to the Bonds (but such interest on overdue installments of interest shall be paid only to the extent funds are available therefor following payment of principal and interest and interest on overdue principal, as aforesaid), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid with respect to the Bonds, then to the payment of such principal and interest without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

Section 8.04. Non-Waiver. Nothing in this Article VIII or in any other provision of this Agreement, or in the Bonds, shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective Owners of the Bonds at the respective dates of maturity, as herein provided, or affect or impair the right of action, which is also absolute and unconditional, of such Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds, it being understood that the Trustee does not have an affirmative duty to ascertain whether or not such actions or forbearances are unduly prejudicial to the Owners..

A waiver of any default by any Owner shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner of any of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Owners by this Article VI may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners of the Bonds.

If a suit, action or proceeding to enforce any right or exercise any remedy be abandoned or determined adversely to the Owners, the Authority and the Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Section 8.05. Remedies Not Exclusive. No remedy herein conferred upon the Owners of Bonds shall be exclusive of any other remedy and that each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or thereafter conferred on the Owners.

## ARTICLE IX

### MISCELLANEOUS

Section 9.01. Benefits Limited to Parties. Nothing in this Agreement, expressed or implied, gives any person other than the Authority, the Trustee and the Owners, any right, remedy, claim under or by reason of this Agreement. Any covenants, stipulations, promises or agreements in this Agreement contained by and on behalf of the Authority are for the sole and exclusive benefit of the Trustee and the Owners.

Section 9.02. Successor is Deemed Included in All References to Predecessor. Whenever in this Agreement or any Supplemental Agreement either the Authority or the Trustee is named or referred to, such reference includes the successors or assigns thereof, and all the covenants and agreements in this Agreement contained by or on behalf of the Authority or the Trustee binds and inures to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 9.03. Defeasance of Bonds. If the Authority pays and discharges the entire indebtedness on any Bonds in any one or more of the following ways:

(a) by paying or causing to be paid the principal of and interest on such Bonds, as and when the same become due and payable;

(b) by irrevocably depositing with the Trustee or an escrow bank, at or before maturity, an amount of cash which, together with the available amounts then on deposit in the funds and accounts established under this Agreement, is fully sufficient to pay such Bonds, including all principal and interest;

(c) by irrevocably depositing with the Trustee or an escrow bank, non-callable Federal Securities described in clause (a) of the definition thereof, in such amount as an Independent Accountant determines will, together with the interest to accrue thereon and available moneys then on deposit in any of the funds and accounts established under this Agreement, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal and interest) at or before maturity; or

(d) by purchasing such Bonds prior to maturity and tendering such Bonds to the Trustee for cancellation;

and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption has been duly given or provision satisfactory to the Trustee has been made for the giving of such notice, then, at the election of the Authority, and notwithstanding that any such Bonds have not been surrendered for payment, all obligations of the Trustee and the Authority under this Agreement with respect to such Bonds shall cease and terminate, except only:

(a) the obligation of the Trustee to transfer and exchange Bonds hereunder,

(b) the obligation of the Authority to pay or cause to be paid to the Owners of such Bonds, from the amounts so deposited with the Trustee, all sums due thereon, and

(c) the obligations of the Authority to compensate and indemnify the Trustee under Section 6.06.

The Authority must file notice of such election with the Trustee. The Trustee shall pay any funds thereafter held by it, which are not required for said purpose, to the Authority.

In the case of a defeasance or payment of all of the Bonds Outstanding in accordance with this Section 9.03, the Trustee shall pay all amounts held by it in any funds or accounts hereunder, which are not required for said purpose or for payment of amounts due the Trustee under Section 6.06, to the Authority.

Section 9.04. Execution of Documents and Proof of Ownership by Owners. Any request, consent, declaration or other instrument which this Agreement may require or permit to be executed by any Owner may be in one or more instruments of similar tenor, and shall be executed by such Owner in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, consent, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing 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.

The ownership of Bonds and the amount, maturity, number and date of ownership thereof are conclusively proved by the Registration Books.

Any request, declaration or other instrument or writing of the Owner of any Bond binds all future Owners of such Bond in respect of anything done or suffered to be done by the Authority or the Trustee in good faith and in accordance therewith.

Section 9.05. Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Agreement, Bonds which are owned or held by or for the account of the Authority or the Authority (but excluding Bonds held in any employees' retirement fund) must be disregarded and deemed not to be Outstanding for the purpose of any such determination. The Trustee will not be deemed to have knowledge that any Bond is owned or held by the Authority or the Authority unless the Authority or the Authority is the Registered Owner or the Trustee has received written notice to that effect.

Section 9.06. Waiver of Personal Liability. No member, officer, agent or employee of the Authority is individually or personally liable for the payment of the principal or interest on the Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

Section 9.07. Destruction of Canceled Bonds. Whenever in this Agreement provision is made for the surrender to the Authority of any Bonds which have been paid or canceled under the provisions of this Agreement, a certificate of destruction duly executed by the Trustee shall be deemed to be the equivalent of the surrender of such canceled Bonds and the Authority is entitled to rely upon any statement of fact contained in any certificate with respect to the destruction of any such Bonds therein referred to.

Section 9.08. Notices. All written notices to be given under this Agreement shall be given by email or first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice is effective either (a) upon transmission by facsimile transmission or other form

of telecommunication, (b) upon actual receipt after deposit in the United States mail, postage prepaid, or (c) in any other case, upon actual receipt. The Authority or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the Authority: Central Marin Police Authority  
250 Doherty Drive  
Larkspur, CA 94939  
Attention: Chief of Police  
Phone: (415) 927-5150

If to the Trustee: MUFG Union Bank, N.A.  
350 California Street, 17th Floor  
San Francisco, CA 94104  
Attention: Corporate Trust  
Phone: (415) 273-2515  
Email: SFCT@unionbank.com

Section 9.09. Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this Agreement is for any reason held illegal, invalid or unenforceable, such holding will not affect the validity of the remaining portions of this Agreement. The Authority and the Trustee hereby declare that they would have entered into this Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Bonds irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Agreement may be held illegal, invalid or unenforceable.

Section 9.10. Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest on or principal of the Bonds which remains unclaimed for 2 years after the date when the payments of such interest and principal have become payable, if such money was held by the Trustee at such date, or for 2 years after the date of deposit of such money if deposited with the Trustee after the date when the interest on and principal of such Bonds have become payable, shall be repaid by the Trustee to the Authority as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the Authority for the payment of the principal of and interest on such Bonds.

Section 9.11. U.S.A. Patriot Act. The parties hereto acknowledge that in accordance with section 326 of the U.S.A. Patriot Act, the Trustee, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Trustee. The parties to this Agreement agree that they will provide the Trustee with such information as it may request in order for the Trustee to satisfy the requirements of the U.S.A. Patriot Act.

Section 9.12. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which is an original and all of which constitute but one and the same instrument. The exchange of copies of this Agreement and of signature pages by facsimile or pdf transmission shall constitute effective execution and delivery of this Agreement as to the parties hereto and may be used in lieu of the original Agreement and signature pages for all purposes.

Section 9.13. Governing Law. This Agreement shall be construed and governed in accordance with the laws of the State of California.

{Remainder of this page is intentionally left blank}

IN WITNESS WHEREOF, the Central Marin Police Authority has caused this Agreement to be signed in its name by its Chief of Police and attested to by its Authority Clerk, and MUFG Union Bank, N.A., in token of its acceptance of the trusts created hereunder, has caused this Agreement to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

CENTRAL MARIN POLICE AUTHORITY

By \_\_\_\_\_  
Michael A. Norton  
Chief of Police

Attest:

\_\_\_\_\_  
Zaneta Feleo  
Authority Clerk

MUFG UNION BANK, N.A., as Trustee

By \_\_\_\_\_  
Authorized Officer

## EXHIBIT A

### DEFINITIONS

*"Agreement"* means this Trust Agreement, dated as of April 1, 2021, by and between the Authority and the Trustee, as amended or supplemented from time to time by any Supplemental Agreement entered into under the provisions hereof.

*"Authority"* means the Central Marin Police Authority, a joint exercise of powers entity organized and existing under the Constitution and laws of the State of California.

*"Bond Counsel"* means (a) Quint & Thimmig LLP, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Authority of nationally-recognized experience in the issuance of obligations of public entities.

*"Bond Law"* means the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with section 53570 of said Code, as in effect on the Closing Date or as thereafter amended in accordance with its terms.

*"Bond Year"* means any twelve-month period beginning on August 2 in any year and extending to the next succeeding August 1, both dates inclusive; except that the first Bond Year begins on the Closing Date and ends on August 1, 2021.

*"Bond Proceeds Fund"* means the fund by that name established and held by the trustee under Section 3.02.

*"Bonds"* means the Central Marin Police Authority Pension Obligation Bonds, Series 2021 (Federally Taxable) issued by the Authority in the aggregate principal amount of \$\_\_\_\_\_ under the Bond Law and this Agreement.

*"Business Day"* means a day of the year (other than a Saturday or Sunday) on which banks in California are not required or permitted to be closed, and on which the New York Stock Exchange is open.

*"Certificate of the Authority"* means a certificate in writing signed by the Chair of the Council, the Co-Chair of the Council, the Chief of Police, the Director of Finance, or any other officer of the Authority duly authorized by the Authority for that purpose.

*"Closing Date"* means April 15, 2021, being the date on which the Bonds are delivered by the Authority to the Original Purchaser.

*"Costs of Issuance"* means all items of expense directly or indirectly payable by or reimbursable to the Authority relating to the authorization, issuance, sale and delivery of the Bonds, including but not limited to: printing expenses; rating agency fees; filing and recording fees; initial fees, expenses and charges of the Trustee and its counsel, including the Trustee's first annual administrative fee; fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals; fees and charges for preparation, execution and safekeeping of the Bonds; and any other cost, charge or fee in connection with the original issuance of the Bonds.

*"Costs of Issuance Fund"* means the fund by that name established and held by the Trustee under Section 3.03.

*“Council”* means the Police Council of the Authority.

*“Debt Service Fund”* means the fund by that name established and held by the Trustee under Section 4.03.

*“Depository”* means (a) initially, DTC, and (b) any other Securities Depository acting as Depository under Section 2.04.

*“Depository System Participant”* means any participant in the Depository’s book-entry system.

*“DTC”* means The Depository Trust Company, New York, New York, and its successors and assigns.

*“Event of Default”* means any of the events described in Section 8.01.

*“Federal Securities”* means: (a) any direct general 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 of the United States of America), for which the full faith and credit of the United States of America are pledged; (b) obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal and interest on which are directly or indirectly secured or guaranteed by the full faith and credit of the United States of America.

*“Fiscal Year”* means any twelve-month period beginning on August 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the Authority as its official fiscal year period under a Certificate of the Authority filed with the Trustee.

*“Independent Accountant”* means any accountant or firm of such accountants duly licensed or registered or entitled to practice and practicing as such under the laws of the State of California, appointed by or acceptable to the Authority, and who, or each of whom: (a) is in fact independent and not under domination of the Authority; (b) does not have any substantial interest, direct or indirect, with the Authority; and (c) is not connected with the Authority as an officer or employee of the Authority, but who may be regularly retained to make reports to the Authority.

*“Information Services”* means the Electronic Municipal Market Access System (referred to as “EMMA”), a facility of the Municipal Securities Rulemaking Board (at <http://emma.msrb.org>) or, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other national information services providing information with respect to called bonds as the Authority may designate to the Trustee.

*“Interest Account”* means the account by that name established and held by the Trustee under Section 4.03.

*“Interest Payment Date”* means each February 1 and August 1, commencing August 1, 2021.

*“Moody’s”* means Moody’s Investors Service, its successors and assigns.



“*Nominee*” means (a) initially, Cede & Co. as nominee of DTC, and (b) any other nominee of the Depository designated under Section 2.04(a).

“*Office*” means, with respect to the Trustee, the corporate trust office of the Trustee at the address set forth in Section 9.08, or at such other or additional offices as may be specified by the Trustee in writing to the Authority.

“*Original Purchaser*” means \_\_\_\_\_, as original purchaser of the Bonds upon the negotiated sale thereof.

“*Outstanding*”, when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 9.05) all Bonds except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds paid or deemed to have been paid within the meaning of Section 2.08 or Section 9.03; and (c) Bonds in lieu of or in substitution for which other Bonds have been authorized, executed, issued and delivered by the Authority hereunder.

“*Owner*” means, with respect to any Bond, the person in whose name the ownership of such Bond is registered on the Registration Books.

“*Permitted Investments*” means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein:

- (a) Federal Securities.
- (b) Direct obligations of any of the following agencies of the United States of America, which are not fully guaranteed by the full faith and credit of the United States of America: (i) senior debt obligations of the Federal National Mortgage Association rated Aaa by Moody’s and AAA by S&P; (ii) participation certificates and senior debt obligations rated Aaa by Moody’s and AAA by S&P of the Federal Home Loan Mortgage Corporation; (iii) consolidated debt obligations of the Federal Home Loan Banks; (iv) debt obligations of the Student Loan Marketing Association; and (v) debt obligations of the Resolution Funding Corporation.
- (c) Direct, general obligations of any state of the United States of America or any subdivision or agency thereof whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, Aa or better by Moody’s and AA or better by S&P, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, Aa or better by Moody’s and AA or better by S&P.
- (d) Commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, P-1 by Moody’s and A-1 or better by S&P.
- (e) Certificates of deposit, savings accounts, deposit accounts or money market deposits (including those of the Trustee or its affiliates) in amounts that are continuously and fully insured by the Federal Deposit Insurance Corporation, including the Bank Insurance Fund or collateralized by Permitted Investments described in clause (a) hereof for amounts in excess of insurance.
- (f) Certificates of deposit, deposit accounts, federal funds or bankers’ acceptances (in each case having maturities of not more than 365 days following the date of purchase) of any

domestic commercial bank or United States branch office of a foreign bank (including the Trustee or its affiliates), provided that such bank's short-term certificates of deposit are rated P-1 by Moody's and A-1 or better by S&P (not considering holding company ratings).

(g) Money market funds (including funds for which the Trustee, its affiliates or subsidiaries, receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise) rated AAAM or AAAM-G by S&P but excluding such funds with a floating net asset value.

(h) The Local Agency Investment Fund which is administered by the California Treasurer for the investment of funds belonging to local agencies within the State of California, provided for investment of funds held by the Trustee, the Trustee is entitled to make investments and withdrawals in its own name as Trustee.

*"Principal Account"* means the account by that name established and held by the Trustee under Section 4.03.

*"Record Date"* means, with respect to any Interest Payment Date, the close of business on the 15th calendar day of the month preceding such Interest Payment Date, whether or not such 15th calendar day is a Business Day.

*"Redemption Fund"* means the account by that name established and held by the Trustee under Section 4.07.

*"Registration Books"* means the records maintained by the Trustee under Section 2.07 for the registration and transfer of ownership of the Bonds.

*"Request of the Authority"* means a request in writing signed by the Chair of the Council, the Co-Chair of the Council, the Chief of Police, the Director of Finance or any other officer of the Authority duly authorized by the Authority for that purpose.

*"S&P"* means S&P Global Ratings, a Standard & Poor's Financial Services LLC business, New York, New York, or its successors.

*"Securities Depositories"* means The Depository Trust Company, 55 Water Street, 50th Floor, New York, NY 10041-0099, Attention: Call Notification Department, Fax (212) 855-7232; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Authority may designate to the Trustee.

*"Sinking Account"* means the account by that name established and held by the Trustee under Section 4.03.

*"Supplemental Agreement"* means any agreement or other instrument which amends, supplements or modifies this Agreement and which has been duly entered into between the Authority and the Trustee; but only if and to the extent that such Supplemental Agreement is specifically authorized hereunder.

*"Trustee"* means MUFJ Union Bank, N.A., as Trustee hereunder, or any successor thereto appointed as Trustee hereunder in accordance with the provisions of Article VI.

**EXHIBIT B**

**FORM OF BONDS**

UNITED STATES OF AMERICA  
STATE OF CALIFORNIA  
COUNTY OF MARIN

**CENTRAL MARIN POLICE AUTHORITY  
Pension Obligation Bond, Series 2021  
(Federally Taxable)**

INTEREST RATE:	MATURITY DATE:	ORIGINAL ISSUE DATE:	CUSIP:
_____ %	August 1, _____	April 15, 2021	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

The CENTRAL MARIN POLICE AUTHORITY, a joint exercise of powers entity duly organized and existing under the Constitution and laws of the State of California (the "Authority"), for value received, hereby promises to pay to the Registered Owner specified above or registered assigns (the "Registered Owner"), on the Maturity Date specified above (subject to any right of prior redemption hereinafter provided for), the Principal Amount specified above, in lawful money of the United States of America, and to pay interest thereon in like lawful money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond unless (i) this Bond is authenticated on or before an Interest Payment Date and after the close of business on the 15th day of the month preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (ii) this Bond is authenticated on or before July 15, 2021, in which event it shall bear interest from the Original Issue Date specified above; *provided, however*, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on this Bond, at the Interest Rate per annum specified above, payable semiannually on February 1 and August 1 in each year, commencing August 1, 2021 (the "Interest Payment Dates"), calculated on the basis of a 360-day year composed of twelve 30-day months.

The principal hereof are payable upon presentation and surrender hereof at the corporate trust office of MUFG Union Bank, N.A., in San Francisco, California, or such other place as designated by the Trustee (the "Trust Office"), as trustee (the "Trustee"). Interest hereon is payable by check of the Trustee mailed on the applicable Interest Payment Date to the Registered Owner hereof at the Registered Owner's address as it appears on the registration books of the Trustee as of the close of business on the fifteenth day of the month preceding each Interest Payment Date (a "Record Date"), or, upon written request filed with the Trustee as of such Record Date by a registered owner of at least \$1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to an account in the United States designated by such registered owner in such written request.

This Bond is one of a duly authorized issue of bonds of the Authority designated as the "Central Marin Police Authority Pension Obligation Bonds, Series 2021 (Federally Taxable) (the

“Bonds”), in an aggregate principal amount of \$\_\_\_\_\_, issued under the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with section 53570 of said Code, and under a Trust Agreement dated as of April 1, 2021, between the Authority and the Trustee (the “Trust Agreement”) and a resolution of the Police Council of the Authority adopted on December 10, 2020, authorizing the issuance of the Bonds.

The Authority has issued the Bonds to (a) refund the Authority’s obligations to the California Public Employees’ Retirement System (“CalPERS”) evidenced by the contract between the Board of Administration of CalPERS and the Authority, for a portion of the Authority’s unfunded accrued actuarial liability with respect to pension benefits under the Retirement Law, (b) refund the Town of San Anselmo’s obligations to the CalPERS evidenced by the contract between the Board of Administration of CalPERS and the the Town of San Anselmo, for a portion of the Town of San Anselmo’s unfunded accrued actuarial liability with respect to pension benefits under the Retirement Law, and (c) pay the costs of issuance of the Bonds. Reference is hereby made to the Trust Agreement (copies of which are on file at the office of the Authority) and all supplements thereto for a description of the terms on which the Bonds are issued, the provisions with regard to the security for the Bonds, the rights thereunder of the owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Authority thereunder, to all of the provisions of which the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

This Bond and the interest hereon are obligations of the Authority, payable from any source of legally available funds of the Authority, including the General Fund of the Authority. The Bonds are not secured by a pledge of or lien any specific revenues, income or funds of the Authority. The obligations of the Authority under the Bonds, including the obligation to make all payments of interest and principal when due, are obligations of the Authority imposed by law and are absolute and unconditional, without any right of set-off or counterclaim. The Bonds do not constitute an obligation of the Authority for which the Authority is obligated to levy or pledge any form of taxation. Neither the Bonds nor the obligations of the Authority to make payments on the Bonds constitute an indebtedness of the Authority, the State of California, or any of its political subdivisions in contravention of any constitutional or statutory debt limitation or restriction. The Authority Council of the Authority is obligated to make appropriations to pay the Bonds from any source of legally available funds of the Authority. The Authority Council is obligated in each Fiscal Year to appropriate all amounts from such funds as may be required to pay the aggregate amount of the principal of and the interest on the Bonds coming due and payable in such Fiscal Year.

The rights and obligations of the Authority and the owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Trust Agreement, but no such modification or amendment shall extend the fixed maturity of any Bonds, or reduce the amount of principal thereof, or extend the time of payment, or change the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the owner of each Bond so affected.

*Optional Redemption.* The Bonds maturing on or before August 1, \_\_\_\_, are not subject to optional redemption prior to their respective stated maturities. The Bonds maturing on and after August 1, \_\_\_\_, are subject to optional redemption from any source of available funds of the Authority, prior to their respective maturities, in whole or in part among maturities as specified by the Authority, and by lot within a maturity, on any date on or after August 1, \_\_\_\_, upon at least forty-five (45) days prior written notice to the Trustee from the Authority, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

*Special Optional Redemption.* The Bonds maturing on August 1, \_\_\_\_, are subject to special redemption at the option of the Authority on any date, in part, in inverse order of sinking fund payments, up to \$\_\_\_\_\_ of the Outstanding principal amount of such Bonds in each year, upon at least forty-five (45) days prior written notice to the Trustee from the Authority, from any source of available moneys, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

*Mandatory Sinking Fund Redemption.* The Bonds maturing on August 1, \_\_\_\_, are also subject to mandatory sinking fund redemption on August 1 in the years, and in the amounts, as set forth in the following table, at a redemption price equal to one hundred percent (100%) of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption:

Sinking Fund Redemption Date (August 1)	Principal Amount to be Redeemed
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†Maturity

The Bonds maturing on August 1, \_\_\_\_, are also subject to mandatory sinking fund redemption on August 1 in the years, and in the amounts, as set forth in the following table, at a redemption price equal to one hundred percent (100%) of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption:

Sinking Fund Redemption Date (August 1)	Principal Amount to be Redeemed
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†Maturity

As provided in the Trust Agreement, notice of redemption will be mailed by the Trustee by first class mail not less than 20 nor more than 60 days prior to the redemption date to the respective owners of any Bonds designated for redemption at their addresses appearing on the registration books of the Trustee, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for redemption or the cessation of accrual of interest thereon from and after the date fixed for redemption.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Trust Agreement, interest shall cease to accrue hereon from and after the date fixed for redemption.

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Trust Office, but only in the manner, subject to the limitations and upon payment of the charges provided in the Trust Agreement, and upon surrender and cancellation of this Bond. Upon registration of such transfer, a new Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor. This Bond may be exchanged at the Trust Office for Bonds of the same tenor, aggregate principal amount, interest rate and maturity, of other authorized denominations.

The Authority and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Authority and the Trustee shall not be affected by any notice to the contrary.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY TO THE CITY OR THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY AND ANY PAYMENT IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

It is hereby certified by the Authority that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time, form and manner as required by the Trust Agreement and the laws of the State of California and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Trust Agreement or any laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Trust Agreement.

This Bond shall not be entitled to any benefit under the Trust Agreement or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed has been manually signed by the Trustee.

IN WITNESS WHEREOF, the Central Marin Police Authority has caused this Bond to be executed in its name and on its behalf with the facsimile signature of its Chair and attested to by the facsimile signature of its Authority Clerk, all as of the Original Issue Date specified above.

CENTRAL MARIN POLICE AUTHORITY

By \_\_\_\_\_  
Chair

Attest:

\_\_\_\_\_  
Authority Clerk

**CERTIFICATE OF AUTHENTICATION**

This is one of the Bonds described in the within-mentioned Trust Agreement.

Dated:

MUFG UNION BANK, N.A., as Trustee

By \_\_\_\_\_  
Authorized Signatory

## ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

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(Name, Address and Tax Identification or Social Security Number of Assignee)

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the within Bond and do(es) hereby irrevocably constitute(s) and appoint(s)

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attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

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Notice: Signature(s) must be guaranteed by a qualified guarantor institution meeting the requirements of membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined in substitution for STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

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Notice: The signature on this assignment must correspond with the name(s) as written on the face of the within bond in every particular without alteration or enlargement or any change whatsoever.



**CENTRAL MARIN POLICE AUTHORITY  
RESOLUTION NO. 2020/11**

**A RESOLUTION OF THE CENTRAL MARIN POLICE COUNCIL OF THE CENTRAL  
MARIN POLICE AUTHORITY AUTHORIZING THE ISSUANCE AND SALE OF  
BONDS TO REFUND CERTAIN PENSION OBLIGATIONS OF THE AUTHORITY  
AND THE TOWN OF SAN ANSELMO, APPROVING THE FORM AND  
AUTHORIZING THE EXECUTION OF A TRUST AGREEMENT, AUTHORIZING  
JUDICIAL VALIDATION PROCEEDINGS RELATING TO THE ISSUANCE OF  
SUCH BONDS AND AUTHORIZING ACTIONS RELATED THERETO**

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**RESOLVED**, by the Police Council (the "Council") of the Central Marin Police Authority (the "Authority"), Marin County, State of California, comprised of the City of Larkspur, the Town of Corte Madera and the Town of San Anselmo ("San Anselmo"), as follows:

**WHEREAS**, the Authority and San Anselmo have each previously elected to become a contracting member of the California Public Employees' Retirement System ("CalPERS");

**WHEREAS**, the Public Employees' Retirement Law (commencing with section 20000 of the California Government Code) and the contracts (the "CalPERS Contract") between the Board of Administration of CalPERS and the Board of Administration of CalPERS and San Anselmo obligate the Authority and San Anselmo to each (i) make contributions to CalPERS to fund pension benefits for certain Authority and San Anselmo employees, respectively, (ii) amortize the unfunded accrued actuarial liability with respect to such pension benefits, and (iii) appropriate funds for the foregoing purposes;

**WHEREAS**, as of July 2020, actuarial valuation the Authority's total unfunded accrued actuarial liability to CalPERS with respect to its Miscellaneous Plan, its Tier 1 Safety Plan and its Tier 2 Safety Plan was projected to be \$18,420,603, and as of a July, 2020, actuarial valuation San Anselmo's total unfunded accrued actuarial liability to CalPERS with respect to its Tier 1 Police Safety Plan and its Tier 2 Police Safety Plan was projected to be \$8,071,000;

**WHEREAS**, for purposes of convenience, the Authority administers San Anselmo's Tier 1 Police Safety Plan and its Tier 2 Police Safety Plan since all other functions of the Authority related to the provision of public safety services are managed by the Authority;

**WHEREAS**, the Authority desires to authorize the issuance of its Central Marin Police Authority Taxable Pension Obligation Bonds, Series 2021 (the "Bonds") pursuant to the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with section 53570 of said Code (the "Bond Law"), for the purpose of (a) refunding all or a portion of the Authority's obligations to CalPERS, as evidenced by the Authority's CalPERS Contract, to pay all or a portion of its unfunded accrued actuarial liability with respect to pension benefits under the Public Employees' Retirement Law, (b) refunding all or a portion of San Anselmo's obligations to CalPERS, as evidenced by San Anselmo's CalPERS Contract, to pay all or a portion of its Tier 1 Police Safety Plan and Tier 2 Police Safety Plan accrued actuarial liability with respect to pension benefits under the Public Employees' Retirement Law, and (c) paying the costs of issuance of the Bonds, and for no other purpose;

**WHEREAS**, the obligations of the Authority with respect to the portion of the Bonds issued to refund all or a portion of the Authority's obligations to CalPERS, as evidenced by the Authority's CalPERS Contract, to pay all or a portion of its unfunded accrued actuarial liability with respect to pension benefits under the Public Employees' Retirement Law, including the obligation to make all payments of interest and principal on such Bonds when due, will be obligations of the Authority imposed by law and will be absolute and unconditional, without any right of set-off or counterclaim, such Bonds will not constitute an obligation of the Authority for which the Authority is obligated to levy or pledge any form of taxation, neither such Bonds nor the obligations of the Authority to make payments on such Bonds will constitute an indebtedness of the Authority, the State of California or any of its political subdivisions in contravention of any constitutional or statutory debt limitation or restriction and the Council will be obligated to make appropriations to pay such Bonds from any source of legally available funds of the Authority;

**WHEREAS**, the obligations of San Anselmo with respect to the portion of the Bonds issued to refund all or a portion of San Anselmo's obligations to CalPERS, as evidenced by San Anselmo's CalPERS Contract, to pay all or a portion of its unfunded accrued actuarial liability with respect to Tier 1 Police Safety Plan and its Tier 2 Police Safety Plan pension benefits under the Public Employees' Retirement Law, including the obligation to make all payments of interest and principal on such Bonds when due, will be obligations of San Anselmo imposed by law and will be absolute and unconditional, without any right of set-off or counterclaim, such Bonds will not constitute an obligation of San Anselmo for which San Anselmo is obligated to levy or pledge any form of taxation, neither such Bonds nor the obligations of San Anselmo to make payments on such Bonds will constitute an indebtedness of San Anselmo, the State of California or any of its political subdivisions in contravention of any constitutional or statutory debt limitation or restriction and the City Council of San Anselmo will be obligated to make appropriations to pay such Bonds from any source of legally available funds of San Anselmo; *provided*,

*however*, that for purposes of convenience, the Authority will continue to administer San Anselmo's Safety Plan;

**WHEREAS**, the Authority has determined the advisability of filing an action to determine the validity of the Trust Agreement (hereinafter defined) and the Bonds and the actions proposed to be taken in connection therewith; and

**WHEREAS**, pursuant to section 5852.1 of the Government Code, certain information relating to the Bonds is set forth in Exhibit A attached to this Resolution, and such information is hereby disclosed and made public;

**NOW, THEREFORE**, it is hereby **ORDERED** and **DETERMINED**, as follows:

SECTION 1. Authorization. Bonds, in the aggregate principal amount of not to exceed thirty million dollars (\$30,000,000) are hereby authorized to be issued by the Authority under and subject to the terms of the Bond Law and this Resolution for the purpose of (a) refunding the Authority's obligation to CalPERS evidenced by its CalPERS Contract, to pay all or a portion of the Authority's unfunded accrued actuarial liability with respect to pension benefits under the Public Employees' Retirement Law, (b) refunding San Anselmo's obligations to CalPERS evidenced by its CalPERS Contract to pay all or a portion of San Anselmo's unfunded accrued actuarial liability with respect to pension benefits under the Public Employees' Retirement Law, (c) and paying the costs of issuance of the Bonds.

SECTION 2. Approval of Trust Agreement. The Council hereby approves trust agreement, by and between the Authority and U.S. Bank National Association, as trustee, prescribing the terms and provisions of the Bonds and the application of the proceeds of the Bonds in the form on file with the Authority Clerk (the "Trust Agreement"). The Chair, the Co-Chair, the Police Chief and the Director of Finance (each, an "Authorized Officer"), each acting alone, are hereby authorized and directed to execute and deliver, and the Authority Clerk is hereby authorized and directed to attest to such signatures on, the Trust Agreement for and in the name and on behalf of the Authority in such form, together with such changes therein, deletions therefrom and additions thereto as the Authorized Officer executing the same shall approve, subject to the advice of Bond Counsel and the Authority Attorney, such approval to be conclusively evidenced by the execution and delivery of the Trust Agreement. The Council hereby authorizes the delivery and performance of the Trust Agreement.

SECTION 3. Validation Action. In order to determine the validity of the Trust Agreement and the Bonds and the actions authorized by this Resolution and the Trust Agreement to be taken in connection therewith, the Council hereby authorizes the Authority Attorney, in concert with Bond Counsel, to prepare and cause to be filed and prosecuted to completion all proceedings required for the judicial validation of the Bonds in the Superior Court of Marin County, under and pursuant to the provisions of sections

860 *et seq.* of the California Code of Civil Procedure. The Council further authorizes the Authorized Officers, the Authority Clerk, and any and all other officers, employees and agents of the Authority to take any and all actions, including the execution and delivery or appropriate documentation, as may be required to conclude such judicial validation proceedings.

SECTION 4. Official Actions. The Authorized Officers and any and all other officers of the Authority are hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions, which they, or any of them, may deem necessary or advisable in the issuance, sale and delivery of the Bonds. Whenever in this Resolution any officer of the Authority is directed to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable. All actions heretofore taken by any Authorized Officer or any office, employee or agent of the Authority with respect to the Bonds, the validation proceedings or in connection with or related to any of the agreements referred to herein are hereby approved, ratified and confirmed.

SECTION 5. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

SECTION 6. Certification. The Authority Clerk shall certify to the passage and adoption hereof.

**IT IS HEREBY CERTIFIED**, that the forgoing resolution was duly introduced and adopted at a public meeting of the Central Marin Police Council of the Central Marin Police Authority held on the 10<sup>th</sup> day of December 2020 by the following vote, to wit:

\*\*\*\*\*

AYES:           COUNCILMEMBERS:  
NOES:           COUNCILMEMBERS:  
ABSENT:        COUNCILMEMBERS:  
ABSTAIN:       COUNCILMEMBERS:

ATTEST:

\_\_\_\_\_  
Zaneta Feleo, Authority Clerk  
Central Marin Police Authority

\_\_\_\_\_  
Catherine Way, Council Chair  
Central Marin Police Authority

## EXHIBIT A

### GOVERNMENT CODE SECTION 5852.1 DISCLOSURE

The following information consists of estimates that have been provided by the Authority's municipal advisor which has been represented to have been provided in good faith:

- (A) True Interest Cost of the Bonds: 3.37%
- (B) Finance Charges (Costs of Issuance): \$528,000
- (C) Net Proceeds to be Received for the Bonds (net of finance charges): \$26,375,000
- (D) Total Payment Amount through Maturity: \$35,900,000

The foregoing estimates constitute good faith estimates only.

The principal amount of the Bonds, the true interest cost of the Bonds, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Bonds sold being different from the estimated amount used for purposes of such estimates, (c) the actual amortization of the Bonds being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the Authority's financing plan, or a combination of such factors. The actual date of sale of the Bonds and the actual principal amount of Bonds sold will be determined by the Authority based on the timing of the need for proceeds of the Bonds and other factors. The actual interest rates with respect to the Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the Authority.