



**CITY OF HUNTINGTON BEACH
INTER-DEPARTMENTAL COMMUNICATION
FINANCE DEPARTMENT**

TO: Oliver Chi, City Manager
FROM: Dahle Bulosan, Acting Chief Financial Officer
DATE: November 15, 2019

SUBJECT: Late Communication for Council Meeting Administrative Item #23 (19-1167) - Adopt City Council Resolution No. 2019-89 Providing for the Possible Issuance of One or More Series of City of Huntington Beach Taxable Pension Obligation Bonds and Authorizing a Trust Agreement, A Validation Action and Other Matters Relating Thereto

Attached are the final documents to replace the draft attachments #1 and #2. The draft documents were updated after review by the City's staff, bond counsel, and financial advisor to ensure that the necessary language and signatures are incorporated into the Resolution and Trust Agreement.

The final attachments are as follows:

1. Resolution No. 2019-89, "A Resolution of the City Council of the City of Huntington Beach Providing for the Issuance of One or More Series of City of Huntington Beach Taxable Pension Obligation Bonds and Authorizing a Trust Agreement, A Validation Action and Other Matters Relating Thereto"
2. Trust Agreement by and between the City of Huntington Beach and U.S. Bank National Association as Trustee for the City's Taxable Pension Obligation Bonds

**SUPPLEMENTAL
COMMUNICATION**

Meeting Date: 11-18-2019

Agenda Item No.: #23 (19-1167)

RESOLUTION NO. 2019-89

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HUNTINGTON BEACH PROVIDING FOR THE ISSUANCE OF ONE OR MORE SERIES OF CITY OF HUNTINGTON BEACH TAXABLE PENSION OBLIGATION BONDS AND AUTHORIZING A TRUST AGREEMENT, A VALIDATION ACTION AND OTHER MATTERS RELATING THERETO

WHEREAS, pursuant to Sections 20000 *et seq.* of the California Government Code (the “Retirement Law”), the City of Huntington Beach (the “City”) has established two pension plans, a Safety Plan (the “Safety Plan”) and a Miscellaneous Plan (the “Miscellaneous Plan”), with the California Public Employees’ Retirement System (“CalPERS”); and

The Retirement Law obligates the City (a) to make annual payments to CalPERS to fund pension benefits for City employees who are CalPERS members, and (b) to make annual payments to CalPERS to amortize the unfunded accrued actuarial liability with respect to such pension benefits over a period not exceeding 30 years; and

The obligation of the City to make such payments is evidenced by a contract between the City and CalPERS (collectively, as heretofore and hereafter amended, the “CalPERS Contract”); and

As of June 30, 2018, based upon the actuarial reports of pension liability as calculated by CalPERS with respect to the Safety Plan and the Miscellaneous Plan (together, the “Actuarial Reports”), the City had an obligation in the amount of \$436.2 million (consisting of \$270.1 million for the Safety Plan and \$166.1 million for the Miscellaneous Plan) pursuant to the Retirement Law as an unfunded accrued actuarial liability, based on the market value of assets; and

In order to refund a portion of the CalPERS Contract by paying all or portion of such unfunded accrued actuarial liability, the City desires to issue taxable pension obligation bonds to be designated the “City of Huntington Beach Taxable Pension Obligation Bonds,” with such series and other designations as may be approved as herein provided, in one or more series (collectively, the “Initial Series of Bonds”), in an aggregate principal amount not to exceed the sum of (a) the City’s unfunded accrued actuarial liability under the CalPERS Contract pursuant to the Retirement Law as of the date of issuance of the Initial Series of Bonds (\$436.2 million as of June 30, 2018, as set forth in the Actuarial Reports), (b) the costs of issuance of the Initial Series of Bonds (including underwriter’s discount), and (c) any original issue discount on the Initial Series of Bonds; and

The City desires to authorize the issuance of additional bonds (the “Additional Bonds”), in one or more series and on one or more sales dates, payable on a parity with the Initial Series of Bonds (the Initial Series of Bonds and any such Additional Bonds being collectively referred to herein as the “Bonds”), for the purpose of refunding additional obligations under the CalPERS Contract (as of the date of issuance of such Additional Bonds) to pay to CalPERS, to the extent consistent with the City’s then existing local debt policy, the City’s annual contribution to

CalPERS to fund pension benefits for its members and their beneficiaries and the City's unfunded accrued actuarial liability pursuant to the Retirement Law; and

In order to provide for the authentication and delivery of the Initial Series of Bonds and to establish and declare the terms and conditions upon which the Initial Series of Bonds and Additional Bonds are to be issued and secured, the City proposes to enter into a Trust Agreement with U.S. Bank National Association, as trustee (such Trust Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Trust Agreement"); and

There has been prepared and submitted to this meeting a form of the Trust Agreement; and

The City has levied and continues to levy an *ad valorem* property tax override at the rate of \$0.01500 per \$100 of the assessed value of all taxable property within the City (the "Pension Tax Override") to pay for the pension obligations of the City to employees approved by the voters prior to July 1, 1978 (collectively, the "Prior Approved Pension Obligations") as permitted under Article XIII A, Section 1(b)(1) of the California Constitution; and

The City may, upon the advice of its financial advisor and municipal advisor under Section 15B of the Securities Exchange Act of 1934 (collectively, "Municipal Advisor"), determine to pledge the Pension Tax Override in an amount not to exceed the Prior Approved Pension Obligations to the payment of the Bonds; and

The City has adopted a local debt policy (the "Debt Management Policy") that complies with Government Code Section 8855(i), and the City's issuance of the Initial Series of Bonds as contemplated by this Resolution is in compliance with the Debt Management Policy; and

California Government Code Section 5852.1 requires that the City Council obtain from an underwriter, financial advisor or private lender and disclose, prior to authorization of the issuance of bonds with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the bonds, (b) the sum of all fees and charges paid to third parties with respect to the bonds, (c) the amount of proceeds of the bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the bonds, and (d) the sum total of all debt service payments on the bonds calculated to the final maturity of the bonds plus the fees and charges paid to third parties not paid with the proceeds of the bonds; and

In compliance with Government Code Section 5852.1, the City Council has obtained from KNN Public Finance, A Limited Liability Company, as Municipal Advisor to the City, the required good faith estimates with respect to the Initial Series of Bonds and such estimates are disclosed and set forth on Exhibit A attached hereto; and

NOW, THEREFORE, the City Council of the City of Huntington Beach does hereby resolve as follows:

Section 1. All of the recitals herein contained are true and correct and the City Council of the City (the "City Council") so finds.

Section 2. The City Council hereby finds and declares that the issuance of the Initial Series of Bonds and the Additional Bonds and the other actions contemplated hereby are in the best interests of the City and are expected, based on investment and other assumptions, to result in significant savings to the taxpayers of the City.

Section 3. The issuance of the Initial Series of Bonds, on the terms and conditions set forth in, and subject to the limitations specified in, the Trust Agreement, is hereby authorized and approved. The Initial Series of Bonds, in substantially the form set forth in the Trust Agreement submitted to this meeting and made a part hereof as though set forth herein, be and the same are hereby approved. The Initial Series of Bonds may be issued as fixed rate, current interest bonds, may have applicable call features, authorized denominations, payment dates and other variable items related thereto, and may have series and other designations as appropriate; provided, however, that (a) the aggregate principal amount of the Initial Series of Bonds shall not exceed the City's unfunded accrued actuarial liability under the CalPERS Contract pursuant to the Retirement Law as of the date of issuance of the Initial Series of Bonds (\$436.2 million as of June 30, 2018, as set forth in the Actuarial Reports), as determined by CalPERS, plus the underwriter's discount on the Initial Series of Bonds, plus any original issue discount on the Initial Series of Bonds, plus the costs of issuance of the Initial Series of Bonds, (b) the true interest cost to the City on the Initial Series of Bonds shall not exceed 5.00%, and (c) the Initial Series of Bonds shall mature not later June 30, 2043 (the current CalPERS final amortization of the City's unfunded accrued actuarial liability as set forth in the Actuarial Reports). The Mayor of the City, and such other member of the City Council as the Mayor may designate, the City Manager, the Assistant City Manager and the Chief Financial Officer of the City, and such other officers of the City as the City Manager may designate (collectively, the "Authorized Officers") are, and each of them is, hereby authorized and directed, for and in the name of the City, to execute and deliver the Initial Series of Bonds in the form attached to the Trust Agreement, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Initial Series of Bonds by such Authorized Officer. The Initial Series of Bonds shall constitute an obligation imposed by law, pursuant to the Constitution of the State of California and the Retirement Law, and an obligation of the City not limited as to payment from any special source of funds; provided, however, that the Initial Series of Bonds shall not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged or will levy or pledge any form of taxation, except that the City may, and this Resolution gives the City the authority to, upon the advice of its Municipal Advisor, pledge the Pension Tax Override in an amount not to exceed the Prior Approved Pension Obligations to the payment of the Bonds, as determined and approved by an Authorized Officer, such determination and approval to be conclusively evidenced by the execution of the Trust Agreement by such Authorized Officer as herein provided.

Section 4. The Trust Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth herein, be and the same is hereby approved. The Authorized Officers are, and each of them is, hereby authorized and directed, for and in the name of the City, to execute and deliver the Trust Agreement, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Trust Agreement by such Authorized Officer; provided, however, that any such changes, insertions and omissions shall be consistent with the authority, and limitations thereon, granted to the Authorized Officers in Section 3 hereof.

Section 5. The issuance of the Additional Bonds, on the terms and conditions set forth in, and subject to the limitations specified in, the Trust Agreement, is hereby authorized and approved. The Additional Bonds, in substantially the form of the Initial Series of Bonds set forth in the Trust Agreement submitted to this meeting and made a part hereof as though set forth herein, be and the same are hereby approved. The Additional Bonds may be issued in one or more series and on one or more sales dates, and may be issued as fixed rate, current interest bonds, may have applicable call features, authorized denominations, payment dates and other variable items related thereto, and may have series and other designations as appropriate; provided, however, that (a) the aggregate principal amount of each issuance of Additional Bonds shall not exceed, to the extent consistent with the City's then existing local debt policy, the sum of the unpaid amount of the City's obligation to make an annual contribution to CalPERS to fund pension benefits for its members and their beneficiaries in the fiscal year such Additional Bonds are issued plus the estimated unfunded accrued actuarial liability of the City to CalPERS pursuant to the Retirement Law as of the date of issuance of such Additional Bonds, as determined by CalPERS, plus the underwriter's discount on such issue of Additional Bonds, plus any original issue discount on such issue of Additional Bonds, plus the costs of issuance of such series of Additional Bonds, (b) the true interest cost to the City on such series of Additional Bonds shall not exceed the true interest cost of the interest rate established by CalPERS on the unfunded accrued actuarial liability of the City, and (c) the Additional Bonds of each series shall mature not later than 30 years from the date of issuance thereof. The Authorized Officers are, and each of them is, hereby authorized and directed, for and in the name of the City, to execute and deliver the Additional Bonds in substantially the form of the Initial Series of Bonds set forth in the Trust Agreement, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Additional Bonds by such Authorized Officer. The Additional Bonds shall constitute an obligation imposed by law, pursuant to the Constitution of the State of California and the Retirement Law, and an obligation of the City not limited as to payment from any special source of funds; provided, however, that the Additional Bonds shall not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged or will levy or pledge any form of taxation, except that the City may, and this Resolution gives the City the authority to, upon the advice of its Municipal Advisor, pledge the Pension Tax Override in an amount not to exceed the Prior Approved Pension Obligations to the payment of the Bonds, as determined and approved by an Authorized Officer, such determination and approval to be conclusively evidenced by the execution of the Trust Agreement by such Authorized Officer as herein provided.

Section 6. The Authorized Officers are, and each of them is, authorized and directed, for and in the name of the City, to do any and all things, including bringing a validation action under Section 860 of the California Code of Civil Procedure, and to execute and deliver any and all documents which they or any of them deem necessary or advisable in order to consummate the transactions contemplated by this Resolution and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution.

Section 7. With the passage of this Resolution, the City Council hereby certifies that the Debt Management Policy complies with Government Code Section 8855(i) and that the Initial Series of Bonds authorized to be issued pursuant to this Resolution are consistent with such policy.

Section 8. All actions heretofore taken by the officers, employees and agents of the City with respect to the financings set forth above are hereby approved, confirmed and ratified.

Section 9. This Resolution shall take effect immediately upon adoption.

PASSED AND ADOPTED by the City Council of the City of Huntington Beach at a regular meeting thereof held on the _____ day of _____ 2019.

Mayor

REVIEWED AND APPROVED:

INITIATED AND APPROVED:

City Manager



Chief Financial Officer

APPROVED AS TO FORM:

City Attorney



EXHIBIT A**GOOD FAITH ESTIMATES**

The good faith estimates set forth herein are provided with respect to the Initial Series of Bonds in compliance with Section 5852.1 of the California Government Code. Such good faith estimates have been provided to the City by KNN Public Finance, A Limited Liability Company, the City's financial advisor and municipal advisor under Section 15B of the Securities Exchange Act of 1934 (the "Municipal Advisor").

Principal Amount. The Municipal Advisor has informed the City that, based on the City's financing plan and based on market conditions prevailing at the time of preparation of such estimate, its good faith estimate of the aggregate principal amount of the Initial Series of Bonds to be sold in a public offering is \$444,380,000 (the "Estimated Principal Amount").

True Interest Cost of the Initial Series of Bonds. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Initial Series of Bonds is sold, and based on market conditions prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the Initial Series of Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Initial Series of Bonds, is 3.436%.

Finance Charge of the Initial Series of Bonds. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Initial Series of Bonds is sold, and based on market conditions prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the Initial Series of Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Initial Series of Bonds), is \$1,261,341.

Amount of Proceeds to be Received. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Initial Series of Bonds is sold, and based on market conditions prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the City for sale of the Initial Series of Bonds, less the finance charge of the Initial Series of Bonds, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Initial Series of Bonds, is \$443,118,659.

Total Payment Amount. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Initial Series of Bonds is sold, and based on market conditions prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the City will make to pay debt service on the Initial Series of Bonds, plus the estimated finance charge for the Initial Series of Bonds, as described above, not paid with the proceeds of the Initial Series of Bonds, calculated to the final maturity of the Initial Series of Bonds, is \$661,808,168.

The foregoing estimates constitute good faith estimates only and are based on market conditions prevailing at the time of preparation of such estimates. The actual principal amount of the Initial Series of Bonds issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates for a variety of reasons, including, without limitation, due to (a) the market conditions prevailing on the actual date of the sale of the Initial Series of Bonds being different than the market conditions prevailing at the time of preparation of the estimates contained herein, (b) the actual principal amount of Initial Series of Bonds sold being different from the Estimated Principal Amount, (c) the actual amortization of the Initial Series of Bonds being different than the amortization assumed for purposes preparing the estimates contained herein, (d) the actual interest rates at which the Initial Series of Bonds are sold being different than those estimated for purposes of preparing the estimates contained herein, (e) other market conditions, or (f) alterations in the City's financing plan or changes to the City's unfunded accrued actuarial liability under the CalPERS Contract, or a combination of such factors. The actual date of sale of the Initial Series of Bonds and the actual principal amount of Initial Series of Bonds sold will be determined by the City based on various factors. The actual interest rates borne by the Initial Series of Bonds will depend on market conditions at the time of sale thereof. The actual amortization of the Initial Series of Bonds will also depend, in part, on market conditions at the time of sale thereof. Market conditions, including, without limitation, interest rates are affected by economic and other factors beyond the control of the City and the Municipal Advisor.

TRUST AGREEMENT

by and between

CITY OF HUNTINGTON BEACH

and

**U.S. BANK NATIONAL ASSOCIATION
as Trustee**

Dated as of _____ 1, 2020

**City of Huntington Beach
Taxable Pension Obligation Bonds**

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TRUST AGREEMENT

THIS TRUST AGREEMENT (this "Trust Agreement"), dated as of _____ 1, 2020, is by and between the CITY OF HUNTINGTON BEACH (the "City"), a municipal corporation and charter city duly organized and existing under and by virtue of the Constitution and laws of the State of California and its Charter, and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee").

WITNESSETH:

WHEREAS, the City is obligated by the Public Employees' Retirement Law, Section 20000 *et seq.* of the California Government Code (the "Retirement Law"), to make payments to the California Public Employees' Retirement System (the "System") relating to pension benefits accruing to City employees who are System members; and

The City has entered into a contract with the System with respect to the City's Safety Plan and the City's Miscellaneous Plan, effective October 1, 1945, witnessed October 27, 1945, and as amended effective January 1, 1950, March 1, 1952, November 1, 1957, March 1, 1958, October 1, 1961, January 1, 1971, January 12, 1974, April 18, 1975, February 21, 1976, August 7, 1976, September 17, 1977, September 30, 1978, June 6, 1981, March 18, 1982, February 24, 1983, December 4, 1986, March 18, 1988, November 4, 1999, April 20, 2000, June 30, 2001, October 5, 2001, February 6, 2003, May 8, 2003, March 11, 2006 and June 14, 2008, and as heretofore and hereafter amended from time to time (the "CalPERS Contract"), evidencing the City's obligation to pay the City's unfunded accrued actuarial liability and its normal annual contribution to the System; and

The City is authorized pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the California Government Code (the "Act") to issue bonds for the purpose of refunding any evidence of indebtedness of the City; and

For the purpose of refunding the City's obligations to the System evidenced by the CalPERS Contract, the City has determined to issue from time to time its City of Huntington Beach Taxable Pension Obligation Bonds (the "Bonds"); and

For the purpose of refunding a portion of the City's obligations to the System evidenced by the CalPERS Contract, the City has determined to issue its City of Huntington Beach Taxable Pension Obligation Bonds, Series 2020 (the "Series 2020 Bonds"), in the aggregate principal amount of \$ _____; and

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

To further secure the payment of principal of and interest and redemption premiums, if any, on the Bonds, the City has elected to pledge certain Pension Tax Override Revenues (as

hereinafter defined), said pledge to be made and perfected in accordance with Section 5450 of the California Government Code; and

The City has determined that all acts and proceedings required by law necessary to make the Bonds, when executed by the City and authenticated and delivered by the Trustee hereunder, valid, binding and legal obligations of the City payable in accordance with their terms, and to constitute this Trust Agreement a valid and binding agreement of the parties hereto for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Trust Agreement has been in all respects duly authorized;

NOW, THEREFORE, THIS TRUST AGREEMENT WITNESSETH, that in order to secure the payment of the principal of, premium, if any, and the interest on all Bonds at any time issued and outstanding under this Trust Agreement, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the owners thereof, and for other valuable considerations, the receipt whereof is hereby acknowledged, the City does hereby covenant and agree with the Trustee, for the benefit of the respective owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; EQUAL SECURITY

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

“Act” means Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the California Government Code.

“Additional Bonds” means Bonds other than Series 2020 Bonds issued hereunder in accordance with the provisions of Article IV hereof.

“Authorized Denominations” means (a) \$5,000 principal amount or any integral multiple thereof, and (b) any other principal amount or integral multiple thereof as provided in a Supplemental Trust Agreement.

“Authorized Officer” means, with respect to the City, the City Manager of the City, the Assistant City Manager of the City, the Chief Financial Officer of the City and the Assistant Chief Financial Officer of the City and any other person designated as an Authorized Officer of the City in a Written Certificate of the City filed with the Trustee.

“Beneficial Owner” means the beneficial owner of a Bond, determined under the rules of DTC.

“Bond Fund” means the fund by that name established and held by the Trustee pursuant to Section 5.02 hereof.

“Bond Insurer” means any issuer or issuers of a policy or policies of municipal bond insurance obtained by the City to insure the payment of principal of and interest on a Series of Bonds issued under the Trust Agreement, when due otherwise than by acceleration, and which, in fact, are at any time insuring such Series of Bonds. For the purposes of this definition, all consents, approvals or actions required by the Bond Insurer shall be by action of a majority of all Bond Insurers (based upon the aggregate principal amount of Outstanding Bonds insured by each such Bond Insurer) if there is more than a single Bond Insurer.

“Bonds” means the Series 2020 Bonds and all Additional Bonds.

“Business Day” means any day other than (a) a Saturday or a Sunday, (b) a day on which banking institutions in the city in which the Corporate Trust Office of the Trustee is located or banking institutions in New York, New York, are authorized or required by law to be closed, or (c) a day on which the New York Stock Exchange is closed.

“City” means the City of Huntington Beach, a municipal corporation and charter city duly organized and existing under and by virtue of the Constitution and laws of the State and its Charter.

“Closing Date” means the date on which the Series 2020 Bonds are delivered to the original purchaser of the Series 2020 Bonds.

“Continuing Disclosure Certificate” means, as applicable, the Continuing Disclosure Certificate of the City, dated the Closing Date, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Corporate Trust Office” means the corporate trust office of the Trustee, which at the date of execution of this Trust Agreement is that specified in Section 11.10 of this Trust Agreement, provided, however, that for transfer, registration, exchange, payment and surrender of Bonds such term means the office or agency of the Trustee at which, at any particular time, its corporate trust operations business shall be conducted, or such other office designated by the Trustee from time to time.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the City relating to the authorization, issuance, sale and delivery of the Bonds, including but not limited to printing expenses, rating agency fees, bond insurance premiums, 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, municipal advisors, actuaries, 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 pursuant to Section 2.03 hereof.

“County” means the County of Orange.

“Defeasance Securities” means any of the following to the extent then permitted by applicable laws of the State:

- (a) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series -- “SLGs”).
- (b) Direct obligations of the Treasury of the United States which have been stripped by the Treasury itself, CATS, TIGRS and similar securities
- (c) Resolution Funding Corp. (REFCORP). Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable.
- (d) Pre-refunded municipal bonds rated “Aaa” by Moody’s or “AAA” by S&P. If however, the issue is only rated by S&P (i.e., there is no Moody’s rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals to satisfy this condition.
- (e) Obligations issued by the following agencies which are backed by the full faith and credit of the U.S.

(i) U.S. Export-Import Bank (Eximbank)

Direct obligations or fully guaranteed certificates of beneficial ownership

(ii) Farmers Home Administration (FmHA)

Certificates of beneficial ownership

(iii) Federal Financing Bank

(iv) General Services Administration

Participation certificates

(vi) U.S. Maritime Administration

Guaranteed Title XI financing

(vii) U.S. Department of Housing and Urban Development (HUD)

Project Notes

Local Authority Bonds

New Communities Debentures - U.S. government guaranteed debentures

U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds

“DTC” means The Depository Trust Company and any successor thereto or any nominee thereof.

“Event of Default” means an event described as such in Section 9.01.

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

“Fitch” means Fitch, Inc., a corporation organized and existing under the laws of the State of New York, and its successors and assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the services of a municipal securities rating agency, then the term “Fitch” shall be deemed to refer to any other nationally recognized municipal securities rating agency selected by the City.

“Interest Payment Date” (a) with respect to the Series 2020 Bonds, means June 15 and December 15 of each year, commencing _____ 15, 20__, and (b) with respect to any Additional Bonds, the dates specified in the Supplemental Trust Agreement pursuant to which such Additional Bonds are issued.

“Moody’s” means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the services of a municipal securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized municipal securities rating agency selected by the City.

“Opinion of Counsel” means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the City.

“Outstanding” means, when used as of any particular time with reference to Bonds (subject to the provisions of Section 8.02 hereof), all Bonds theretofore or thereupon executed by the City and authenticated by the Trustee, except (a) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation in accordance herewith, (b) Bonds paid or deemed to have been paid within the meaning of Section 10.01, and (c) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the City pursuant hereto.

“Owner” means, with respect to any Bond, the registered owner thereof, as shown on the registration books maintained by the Trustee hereunder.

“Participant” means any entity which is recognized as a participant by DTC in the book-entry system of maintaining records with respect to book-entry bonds.

“Participating Underwriters” has the meaning ascribed thereto in the Continuing Disclosure Certificate.

“Pension Liability Management Fund” means the fund by that name established and held by the Trustee pursuant to Section 5.05 hereof.

“Pension Tax Override” means the *ad valorem* tax override annually levied at the rate of \$0.01500 per \$100 of the assessed value of all taxable property within the City pursuant to Article XIII A, Section 1(b)(1) of the California Constitution.

“Pension Tax Override Authorization” means City Charter Section 607, adopted and ratified by the City Council on January 17, 1966.

“Pension Tax Override Fund” means the Pension Tax Override Fund established pursuant to Section 5.04 hereof.

“Pension Tax Override Revenues” means all of the revenues received by or payable to the City from the Pension Tax Override, [less amounts attributable to such Pension Tax Override allocated to the Huntington Beach Redevelopment Successor Agency as property tax revenues (formerly tax increment revenues) pursuant to the Community Redevelopment Law of the State of California in connection with the Merged Redevelopment Project Area].

“Permitted Investments” means any of the following to the extent then permitted by applicable laws of the State:

(a) Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith

and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

- (i) U.S. Export-Import Bank (Eximbank)
Direct obligations or fully guaranteed certificates of beneficial ownership
- (ii) Farmers Home Administration (FmHA)
Certificates of beneficial ownership
- (iii) Federal Financing Bank
- (iv) Federal Housing Administration Debentures (FHA)
- (v) General Services Administration
Participation certificates
- (vi) Government National Mortgage Association (GNMA or "Ginnie Mae")
GNMA - guaranteed mortgage-backed bonds
GNMA - guaranteed pass-through obligations
- (vii) U.S. Maritime Administration
Guaranteed Title XI financing
- (viii) U.S. Department of Housing and Urban Development (HUD)
Project Notes
Local Authority Bonds
New Communities Debentures - U.S. government guaranteed debentures
U.S. Public Housing Notes and Bonds - U.S. government guaranteed
public housing notes and bonds

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

- (i) Federal Home Loan Bank System
Senior debt obligations
- (ii) Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")
Participation Certificates
Senior debt obligations
- (iii) Federal National Mortgage Association (FNMA or "Fannie Mae")
Mortgage-backed securities and senior debt obligations
- (iv) Student Loan Marketing Association (SLMA or "Sallie Mae")
Senior debt obligations
- (v) Resolution Funding Corp. (REFCORP) obligations

(vi) Farm Credit System
Consolidated systemwide bonds and notes

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating if rated by S&P of AA-Am-G; AAA-m; or AA-m and if rated by Moody's of Aaa, Aa1 or Aa2, including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee or such holding company provide investment advisory or other management services.

(e) Certificates of deposit secured at all times by collateral described in (a) and/or (b) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks, which may include the Trustee and its affiliates. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF, which may include those of the Trustee and its affiliates.

(h) Commercial paper rated, at the time of purchase, "Prime - 1" by Moody's and "A-1" or better by S&P.

(i) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies.

(j) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime - 1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P, which may include the Trustee and its affiliates.

(l) Any state administered pooled investment fund in which the City is statutorily permitted or required to invest including, but not limited to, the Local Agency Investment Fund in the treasury of the State.

(m) Investment Trust of California (CalTRUST).

(n) Repurchase agreements which have a maximum maturity of 30 days and are fully secured at or greater than 102% of the market value plus accrued interest by obligations of the United States Government, its agencies and instrumentalities, including limited to the following: (i) the Federal Home Loan Bank Board ("FHLB"); (ii) the Federal Home Loan Mortgage Corporation ("FHLMC"); (iii) the Federal National Mortgage Association (FNMA); (iv) Federal Farm Credit Bank ("FFCB"); and (v) guaranteed portions of Small Business Administration ("SBA").

(o) Investment agreements and guaranteed investment contracts with issuers having a long-term debt rating of at least "AA-" or "Aa3" by S&P or Moody's, respectively.

(p) Deposits with the Local Agency Investment Fund (LAIF) of the State.

(q) Corporate obligations issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States having a long-term debt rating of at least "AA-" or "Aa3" by S&P or Moody's, respectively.

"Pledged Tax Revenues" means an amount of Pension Tax Override Revenues sufficient to pay debt service on Bonds representing the Secured Amount.

"Pre-Proposition 13 Pension Liability" means employee retirement benefits at a level not in excess of the retirement benefits in existence prior to July 1, 1978 under the CalPERS Contract.

"Principal Amount" means the principal amount thereof.

"Principal Payment Date" means each June 15 on which principal is due on the Bonds.

"Rating Agencies" means Fitch, Moody's and S&P, but in each case only to the extent that such Rating Agency is then rating the Bonds at the request of the City.

"Record Date" means the first day (whether or not such day is a Business Day) of the month of each Interest Payment Date.

"Redemption Fund" means the fund by that name established and held by the Trustee pursuant to Section 5.06 hereof.

"Refunding Fund" means the fund by that name established and held by the Trustee pursuant to Section 2.30 hereof.

"Representation Letter" means the Letter of Representations from the City to DTC, or any successor Securities Depository for the Bonds, in which the City makes certain representations with respect to issues of its securities for deposit by DTC or such successor depository.

"Retirement Law" means the Public Employees' Retirement Law, commencing with Section 20000 of the California Government Code.

"Secured Amount" means debt service on an amount of Bonds (including a *pro rata* share of Costs of Issuance) the proceeds of which have been used to fund Pre-Proposition 13 Pension Liability. The Secured Amount shall be determined at the time of issuance of any Series of Bonds hereunder; and if less than all of the proceeds of a Series of Bonds issued hereunder are used to fund Pre-Proposition 13 Pension Liability, then the Secured Amount shall be amortized on a *pro rata* basis with respect to the payment of debt service on such Series of Bonds.

"S&P" means S&P Global Ratings, a division of Standard & Poor's Financial Services LLC, a corporation organized and existing under the laws of the State of New York, and its successors or assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a municipal securities rating agency, then the term "Standard & Poor's" shall be deemed to refer to any other nationally recognized municipal securities rating agency selected by the City.

"Securities Depository" means DTC and its successors and assigns or any other securities depository selected by the City which agrees to follow the procedures required to be followed by such securities depository in connection with the Bonds that are in book-entry form.

"Series" means all of the Bonds designated as being within a certain series, regardless of variations in maturity date, interest rate, redemption and other provisions, and any Bonds thereafter issued in transfer or exchange for such Bonds pursuant to this Trust Agreement.

"Series 2020 Bonds" means the City of Huntington Beach Taxable Pension Obligation Bonds, Series 2020, issued hereunder.

"State" means the State of California.

"Supplemental Trust Agreement" means any supplemental trust agreement amendatory of or supplemental to this Trust Agreement, but only if and to the extent that such supplemental trust agreement is specifically authorized hereunder.

"System" means the California Public Employees' Retirement System.

"Term Bonds" means Bonds which are payable on or before their specified maturity dates from sinking fund payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

"Trust Agreement" means this Trust Agreement, dated as of _____ 1, 2020, by and between the City and the Trustee, as originally executed and as it may from time to time be amended or supplemented by one or more Supplemental Trust Agreements.

"Trustee" means U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, or any successor thereto as Trustee hereunder, appointed as provided herein.

"Written Certificate" and **"Written Request"** of the City mean, respectively, a written certificate or written request signed in the name of the City by an Authorized Officer. Any such certificate or request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

Section 1.02. Trust Agreement Constitutes Contract. In consideration of the acceptance of the Bonds by the Owners thereof, the Trust Agreement shall be deemed to be and shall constitute a contract among the City, the Trustee and the Owners from time to time of all Bonds authorized, executed, issued and delivered hereunder and then Outstanding to provide for the payment of the interest on and principal of and redemption premiums, if any, on all Bonds which may from time to time be authorized, executed, issued and delivered hereunder, subject to the agreements, conditions, covenants and provisions contained herein; and all agreements and covenants set forth herein to be performed by or on behalf of the City shall be for the equal and proportionate benefit, protection and security of all Owners of the Bonds without distinction, preference or priority as to security or otherwise of any Bonds over any other Bonds by reason of

the number or date thereof or the time of authorization, sale, execution, issuance or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein.

ARTICLE II

GENERAL BOND PROVISIONS; SERIES 2020 BONDS

Section 2.01. Nature of Obligation under Bonds. The obligations of the City under the Bonds, including the obligation to make all payments of interest and principal when due, are obligations of the City imposed by law and are absolute and unconditional, without any right of set-off or counterclaim. Except to the extent of the Pension Tax Override as provided herein, the Bonds do not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation. Neither the Bonds nor the obligation of the City to make payments on the Bonds constitute an indebtedness of the City, the State, or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

Section 2.02. Authorization and Terms of the Series 2020 Bonds. (a) The City has reviewed all proceedings heretofore taken relative to the authorization of the Series 2020 Bonds and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in the issuance of the Series 2020 Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and that the City is now duly authorized, pursuant to each and every requirement of the Act, to issue the Series 2020 Bonds in the form and manner and for the purpose provided herein and that the Series 2020 Bonds shall be entitled to the benefit, protection and security of the provisions hereof.

(b) The Series 2020 Bonds shall be designated "City of Huntington Beach Taxable Pension Obligation Bonds, Series 2020." The aggregate principal amount of Series 2020 Bonds that may be issued and Outstanding under this Trust Agreement shall not exceed \$_____, except as may be otherwise provided in Section 2.09 hereof. The Series 2020 Bonds shall be dated the date of original delivery, shall be issued only in fully registered form in Authorized Denominations, and shall mature on the dates and in the principal amounts and bear interest at the rates as set forth in the following schedule:

Maturity Date	Principal	Interest
<u>June 15</u>	<u>Amount</u>	<u>Rate</u>

The Series 2020 Bonds shall bear interest at the rates (based on a 360-day year of twelve 30-day months) set forth above, payable on the Interest Payment Dates for the Series 2020 Bonds. The Series 2020 Bonds shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (i) a Series 2020 Bond is authenticated on or before an Interest

Payment Date and after the close of business on the preceding Record Date, in which event it shall bear interest from such Interest Payment Date, or (ii) a Series 2020 Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from the dated date thereof; provided, however, that if at the time of authentication of any Series 2020 Bond interest is then in default on the Outstanding Series 2020 Bonds, such Series 2020 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the Outstanding Series 2020 Bonds. Payment of interest on the Series 2020 Bonds due on or before the maturity or prior redemption thereof shall be made to the person whose name appears in the registration books kept by the Trustee pursuant to Section 2.08 hereof as the Owner thereof as of the close of business on the Record Date for an Interest Payment Date, whether or not such day is a Business Day, such interest to be paid by check mailed on the Interest Payment Date by first-class mail to such Owner at the address as it appears in such books; provided that upon the written request of an Owner of \$1,000,000 or more in aggregate principal amount of Series 2020 Bonds received by the Trustee prior to the applicable Record Date, interest shall be paid by wire transfer in immediately available funds. Any such written request shall remain in effect until rescinded in writing by the Owner.

The principal of the Series 2020 Bonds shall be payable in lawful money of the United States of America at the Corporate Trust Office of the Trustee. Payment of the principal of the Series 2020 Bonds shall be made upon the surrender thereof at maturity or on redemption prior to maturity at the Corporate Trust Office of the Trustee.

Section 2.03. Procedure for the Issuance of Series 2020 Bonds; Application of Series 2020 Bond Proceeds. At any time after the sale of the Series 2020 Bonds in accordance with the Act, the City shall execute the Series 2020 Bonds for issuance hereunder and shall deliver them to the Trustee, and thereupon the Series 2020 Bonds shall be authenticated and delivered by the Trustee to the purchaser thereof upon the Written Request of the City and upon receipt of payment therefor from the purchaser thereof. Upon receipt of payment for the Series 2020 Bonds from the purchaser thereof, the Trustee shall set aside and deposit the proceeds received from such sale in the following respective accounts or funds or with the following respective persons, in the following order of priority:

(a) The Trustee shall deposit \$_____ of the Series 2020 Bond proceeds in the Refunding Fund, which fund is hereby established. On the Closing Date, the Trustee shall promptly transfer all amounts in the Refunding Fund to the System. Thereafter, except as may be provided in a Supplemental Trust Agreement, the Refunding Fund shall be closed.

(b) The Trustee shall deposit \$_____ in the Costs of Issuance Fund, which fund is hereby created and which fund the City hereby agrees to maintain with the Trustee until six months following the Closing Date. All money in the Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay or reimburse the Costs of Issuance of the Series 2020 Bonds upon receipt of a Written Request of the City filed with the Trustee, each of which shall be sequentially numbered and shall state the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. On the date which is six months following the Closing Date for the Series 2020 Bonds or upon the earlier Written Request of the City, any remaining balance in the Costs of

Issuance Fund shall be transferred to the Bond Fund. Thereafter, except as may be provided in a Supplemental Trust Agreement, the Costs of Issuance Fund shall be closed.

Section 2.04. Form of Bonds. The Series 2020 Bonds and the authentication endorsement and assignment to appear thereon shall be substantially in the form set forth in Exhibit A attached hereto.

Section 2.05. Execution of Bonds. The Mayor of the City is hereby authorized and directed to execute each of the Bonds on behalf of the City and the City Clerk of the City is hereby authorized and directed to countersign each of the Bonds on behalf of the City. The signatures of such officers of the City may be by printed, lithographed, engraved or otherwise reproduced by facsimile reproduction. In case any officer whose signature appears on the Bonds shall cease to be such officer before the delivery of the Bonds to the purchaser thereof, such signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in office until such delivery of the Bonds.

Only those Bonds bearing thereon a certificate of authentication in the form hereinbefore recited, executed manually and dated by the Trustee, shall be entitled to any benefit, protection or security hereunder or be valid or obligatory for any purpose, and such certificate of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly authorized, executed, issued and delivered hereunder and are entitled to the benefit, protection and security hereof.

Section 2.06. Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred in the books required to be kept pursuant to the provisions of Section 2.08 by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such Bond for cancellation at the Corporate Trust Office of the Trustee accompanied by delivery of a duly executed written instrument of transfer in a form acceptable to the Trustee; provided, however, that the Trustee shall require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer as a condition precedent to the exercise of such privilege; and provided further, that the Trustee may refuse to transfer any Bonds during the 15 day period prior to the date established by the Trustee for the selection of Bonds for redemption, or to transfer any Bonds selected by the Trustee for redemption. Whenever any Bond shall be surrendered for transfer, the City shall execute and the Trustee shall authenticate and deliver to the transferee a new Bond or Bonds of the same Series of Bonds and maturity of Authorized Denominations equal to the Principal Amount.

The City and the Trustee may deem and treat the Owner of any Bond as the absolute owner of such Bond for the purpose of receiving payment thereof and for all other purposes, whether such Bond shall be overdue or not, and neither the City nor the Trustee shall be affected by any notice or knowledge to the contrary; and payment of the principal or redemption price of and the interest due on such Bond shall be made only to such Owner, which payments shall be valid and effectual to satisfy and discharge liability on such Bond to the extent of the sum or sums so paid.

The cost of preparing the Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer of the Bonds shall be paid by the City.

Section 2.07. Exchange of Bonds. Any Bond may, in accordance with its terms, be exchanged at the Corporate Trust Office of the Trustee for a new Bond or Bonds of the same Series of Bonds and maturity of Authorized Denominations equal to the Principal Amount of the Bond surrendered; provided, however, that the Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange as a condition precedent to the exercise of such privilege; and provided, further, that the Trustee may refuse to exchange any Bonds during the 15 day period prior to the date established by the Trustee for the selection of Bonds for redemption, or to exchange any Bonds selected by the Trustee for redemption.

The cost of preparing the Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange shall be paid by the City.

Section 2.08. Bond Registration Books. The Trustee shall keep at its Corporate Trust Office sufficient books for the registration and transfer of the Bonds which shall during normal business hours with reasonable notice be open to inspection by the City, and upon presentation for such purpose the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer the Bonds in such books as hereinabove provided.

Section 2.09. Mutilated, Destroyed, Stolen or Lost Bonds. If any Bond shall become mutilated, the Trustee, at the expense of the Owner, shall thereupon authenticate and deliver a new Bond or Bonds of the same Series of Bonds and maturity of Authorized Denominations equal in aggregate Principal Amount to the Bond so mutilated in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated, and every mutilated Bond so surrendered to the Trustee shall be cancelled.

If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given, the Trustee, at the expense of the Owner, shall thereupon authenticate and deliver a new Bond of the same Series of Bonds and maturity of authorized denominations equal in aggregate Principal Amount to the Bond so lost, destroyed or stolen in lieu of and in substitution for the Bond so lost, destroyed or stolen.

The Trustee may require payment of a reasonable sum for each new Bond delivered under this Section and of the expenses which may be incurred by the City and the Trustee in the premises. Any Bond delivered under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits hereof with all other Bonds secured hereby, and neither the City nor the Trustee shall be required to treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be issued hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and replacement Bond shall be treated as one and the same.

Section 2.10. Temporary Bonds. The Bonds issued hereunder may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery, which temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the City, shall be in fully registered form and may contain such reference to any of

the provisions hereof as may be appropriate. Every temporary Bond shall be executed and authenticated as authorized by the City in accordance with the terms hereof. If the City issues temporary Bonds it will execute and furnish definitive Bonds without delay and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the Corporate Trust Office of the Trustee, and the Trustee shall deliver in exchange for such temporary Bonds definitive Bonds. Until so exchanged, the temporary Bonds shall be entitled to the same benefits hereunder as definitive Bonds delivered hereunder.

Section 2.11. Book-Entry System for the Series 2020 Bonds. (a) Except as otherwise provided in subsections (b) and (c) of this Section, the Series 2020 Bonds shall initially be issued in the form of a single authenticated fully registered bond for each Principal Payment Date of the Series 2020 Bonds, and shall be registered in the name of Cede & Co., as nominee for DTC, or such other nominee as DTC shall request pursuant to the Representation Letter. Payment of the interest on any Series 2020 Bond registered in the name of Cede & Co. shall be made on each Interest Payment Date for such Series 2020 Bonds to the account, in the manner and at the address indicated in or pursuant to the Representation Letter.

(b) The Trustee and the City may treat DTC (or its nominee) as the sole and exclusive owner of the Series 2020 Bonds registered in its name for the purposes of payment of the principal or redemption price of and the interest on such Series 2020 Bonds, selecting the Series 2020 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Owners hereunder, registering the transfer of the Series 2020 Bonds, obtaining any consent or other action to be taken by Owners of the Series 2020 Bonds and for all other purposes whatsoever, and neither the Trustee nor the City shall be affected by any notice to the contrary. Neither the Trustee nor the City shall have any responsibility or obligation to any Participant (which shall mean, for purposes of this Section, securities brokers and dealers, banks, trust companies, clearing corporations and other entities, some of whom directly or indirectly own DTC), any person claiming a beneficial ownership interest in the Series 2020 Bonds under or through DTC or any Participant, or any other person which is not shown on the registration records as being an Owner, with respect to (i) the accuracy of any records maintained by DTC or any Participant, (ii) the payment by DTC or any Participant of any amount in respect of the principal or redemption price of or the interest on any of the Series 2020 Bonds, (iii) any notice which is permitted or required to be given to Owners of Series 2020 Bonds hereunder, or (iv) any consent given or other action taken by DTC as Owner of Series 2020 Bonds. The Trustee shall pay the principal or redemption price of and the interest on the Series 2020 Bonds only at the times, to the accounts, at the addresses and otherwise in accordance with the Representation Letter, and all such payments shall be valid and effective to satisfy fully and discharge the City's obligations with respect to the Series 2020 Bonds to the extent of the sum or sums so paid. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of its then existing nominee, the Series 2020 Bonds will be transferable to such new nominee in accordance with subsection (f) of this Section.

(c) In the event that the City determines that it is in the best interests of the Beneficial Owners of the Series 2020 Bonds that they be able to obtain definitive Series 2020 Bonds, the Trustee shall, upon receipt of a Written Request of the City, so notify DTC, whereupon DTC shall notify the Participants of the availability through DTC of definitive Series 2020 Bonds, and in such event the Series 2020 Bonds shall be transferable in accordance with subsection (f) of

this Section. DTC may determine to discontinue providing its services with respect to the Series 2020 Bonds at any time by giving written notice of such discontinuance to the Trustee or the City and discharging its responsibilities with respect thereto under applicable law, and in such event the Series 2020 Bonds shall be transferable in accordance with subsection (f) of this Section. Whenever DTC requests the Trustee or the City to do so, the Trustee and the City will cooperate with DTC in taking appropriate action after reasonable notice to arrange for another Securities Depository to maintain custody of all certificates evidencing the Series 2020 Bonds then Outstanding, and in such event the Series 2020 Bonds shall be transferable to such Securities Depository in accordance with subsection (f) of this Section, and thereafter, all references in the Trust Agreement to DTC or its nominee shall be deemed to refer to such successor Securities Depository and its nominee, as appropriate.

(d) Notwithstanding any other provision hereof to the contrary, so long as all Series 2020 Bonds Outstanding are registered in the name of any nominee of DTC, all payments with respect to the principal or redemption price of and the interest on each such Series 2020 Bond and all notices with respect to each such Series 2020 Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) The Trustee and the City are each hereby authorized and requested to execute and deliver the Representation Letter and, in connection with any successor nominee for DTC or any successor depository, enter into comparable arrangements, and shall have the same rights with respect to its actions thereunder as it has with respect to its actions hereunder.

(f) In the event that any transfer or exchange of Series 2020 Bonds is authorized under subsection (b) or (c) of this Section, such transfer or exchange shall be accomplished upon receipt by the Trustee from the registered owner thereof of the Series 2020 Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee, all in accordance with the applicable provisions of Sections 2.08 and 2.09 hereof. In the event that definitive Series 2020 Bonds are issued to Owners other than Cede & Co., its successor as nominee for DTC as Owner of all the Series 2020 Bonds, another Securities Depository as holder of all the Series 2020 Bonds, or the nominee of such successor Securities Depository, the provisions of Sections 2.06 and 2.07 hereof shall also apply to, among other things, the registration, exchange and transfer of the Series 2020 Bonds and the method of payment of the principal or redemption price of and the interest on the Series 2020 Bonds.

Section 2.12. Validity of Bonds. The recital contained in the Bonds that the same are issued pursuant to the Act and pursuant hereto shall be conclusive evidence of their validity and of the regularity of their issuance, and all Bonds shall be incontestable from and after their issuance. The Bonds shall be deemed to be issued, within the meaning hereof, upon delivery of the definitive Bonds (or any temporary Bonds exchangeable therefor) and the proceeds of sale thereof received.

ARTICLE III

REDEMPTION OF SERIES 2020 BONDS

Section 3.01. Redemption of Series 2020 Bonds. (a) Optional Redemption. The Series 2020 Bonds are subject to optional redemption prior to their maturity at the option of the City, in whole or in part, on any date on or after June 15, 20__, from any source of available funds, at a redemption price equal to 100% of the principal amount of the Series 2020 Bonds to be redeemed, plus unpaid, accrued interest thereon to the date of redemption, without premium.

The City shall give the Trustee written notice of its intention to redeem Series 2020 Bonds pursuant to this subsection not less than 45 days prior to the applicable redemption date, unless such notice shall be waived by the Trustee.

(b) Mandatory Sinking Fund Redemption. The Series 2020 Bonds maturing on June 15, 20__ shall be subject to mandatory sinking fund redemption, in part (as described in Section 3.02), on June 15 in each year, commencing June 15, 20__, at a redemption price equal to 100% of the principal amount of the Series 2020 Bonds to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

Sinking Fund Redemption Date (June 15)	Principal Amount to be Redeemed
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20__ (Maturity)

(c) The Series 2020 Bonds maturing on June 15, 20__ shall be subject to mandatory sinking fund redemption, in part (as described in Section 3.02), on June 15 in each year, commencing June 15, 20__, at a redemption price equal to 100% of the principal amount of the Series 2020 Bonds to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

Sinking Fund Redemption Date (June 15)	Principal Amount to be Redeemed
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20__ (Maturity)

Section 3.02. Selection of Series 2020 Bonds for Redemption. Redemption payments on the Series 2020 Bonds being redeemed in part will be made in Authorized Denominations from among maturities as the City shall direct the Trustee in writing or on a *pro rata* basis to each Owner in whose name such Series 2020 Bonds are registered on the Record Date immediately preceding a redemption date. "*Pro rata*" is determined, in connection with any mandatory sinking fund redemption or any optional redemption, in part, by multiplying the principal amount of the Series 2020 Bonds of such maturity to be redeemed on the applicable redemption date by a fraction, the numerator of which is equal to the principal amount of the Series 2020 Bonds of such maturity owned by an Owner, and the denominator of which is equal to the total amount of the Series 2020 Bonds of such maturity then Outstanding immediately prior to such redemption date, and then rounding the product down to the next lower integral multiple of \$5,000, provided that the portion of any Series 2020 Bonds to be redeemed shall be in Authorized Denominations and all Series 2020 Bonds of a maturity to remain outstanding following any redemption shall be in Authorized Denominations.

So long as there is a Securities Depository for the Series 2020 Bonds, there will be only one registered Owner and neither the City nor the Trustee will have responsibility for prorating partial redemptions among beneficial owners of the Series 2020 Bonds.

Section 3.03. Notice of Redemption. Notice of redemption shall be mailed by first-class mail by the Trustee, not less than 20 nor more than 60 days prior to the redemption date to the respective Owners of the Bonds designated for redemption at their addresses appearing on the registration books of the Trustee. Each notice of redemption shall state the date of such notice, the redemption price, if any, (including the name and appropriate address of the Trustee), the CUSIP number (if any) and ISIN number (if any) of the maturity or maturities, and, if less than all of any such maturity is to be redeemed, the distinctive certificate numbers of the Bonds of such maturity, to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Bonds the redemption price, if any, thereof and in the case of a Bond to be redeemed in part only, the specified portion of the principal amount thereof to be redeemed, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the address of the Trustee specified in the redemption notice; provided, however, that any such notice of redemption may be cancelled and annulled by a Written Request of the City given to the Trustee at least five days prior to the date fixed for redemption, whereupon the Trustee shall forthwith give appropriate notice of such cancellation and annulment to all the recipients of such notice of redemption. The failure of any Owner to receive notice pursuant to this Section or any defect therein shall not invalidate any of the proceedings taken in connection with such redemption.

If notice of redemption has been duly given as aforesaid and money for the payment of the redemption price of the Bonds called for redemption is held by the Trustee, then on the redemption date designated in such notice Bonds so called for redemption shall become due and payable, and from and after the date so designated interest on such Bonds shall cease to accrue, and the Owners of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

All Bonds redeemed pursuant to the provisions of this Section shall be cancelled by the Trustee and shall be destroyed with a certificate of destruction furnished to the City and shall not be reissued.

ARTICLE IV

ADDITIONAL BONDS

Section 4.01. Conditions for the Issuance of Additional Bonds. The City may at any time issue Additional Bonds on a parity with the Series 2020 Bonds, but only subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such Additional Bonds:

(a) The City shall be in compliance with all agreements and covenants contained herein.

(b) The issuance of such Additional Bonds shall have been authorized pursuant to the Act and shall have been provided for by a Supplemental Trust Agreement which shall specify the following:

(i) The purpose for which such Additional Bonds are to be issued; provided that such Additional Bonds shall be applied solely for (i) the purpose of satisfying any obligation of the City to make payments to the System pursuant to the Retirement Law relating to pension benefits accruing to the System's members, and/or for payment of all costs incidental to or connected with the issuance of Additional Bonds for such purpose, and/or (ii) the purpose of refunding any Bonds then Outstanding, including payment of all costs incidental to or connected with such refunding;

(ii) The authorized principal amount and designation of such Additional Bonds;

(iii) The date and the maturity dates of and the sinking fund payment dates, if any, for such Additional Bonds;

(iv) The interest payment dates and principal payment dates for such Additional Bonds;

(v) The denomination or denominations of and method of numbering such Additional Bonds;

(vi) The redemption premiums, if any, and the redemption terms, if any, for such Additional Bonds;

(vii) The amount, if any, to be deposited from the proceeds of sale of such Additional Bonds in the Bond Fund;

(viii) Any repayment provisions including, without limitation, for reasonable expenses, including attorneys' fees and expenses, and proportionate consent rights, proportionate or Series specific rights with respect to the direction of remedies, rights of subrogation to the rights of such Owners to receive the amount of principal of and interest on such Additional Bonds from the City, and notice provisions required in order to secure municipal bond insurance for such Additional Bonds as the City determines will be advantageous to the City; and

(ix) Such other provisions (including the requirements of a book-entry Bond registration system, if any) as are necessary or appropriate and not inconsistent herewith.

Section 4.02. Procedure for the Issuance of Additional Bonds. At any time after the sale of any Additional Bonds in accordance with the Act, the City shall execute such Additional Bonds for issuance hereunder and shall deliver them to the Trustee, and thereupon such Additional Bonds shall be delivered by the Trustee to the purchaser thereof upon the Written Request of the City, but only upon receipt by the Trustee of the following documents or money or securities, all of such documents dated or certified, as the case may be, as of the date of delivery of such Additional Bonds by the Trustee:

(a) An executed copy of the Supplemental Trust Agreement authorizing the issuance of such Additional Bonds;

(b) A Written Request of the City as to the delivery of such Additional Bonds;

(c) An Opinion of Counsel to the effect that (i) the City has executed and delivered the Supplemental Trust Agreement, and the Supplemental Trust Agreement is valid and binding upon the City, and (ii) such Additional Bonds are valid and binding obligations of the City;

(d) A Written Certificate of the City stating that all requirements of this Article have been complied with and containing any other such statements as may be reasonably necessary to show compliance with the conditions for the issuance of such Additional Bonds contained herein; and

(e) Such further documents, money or securities as are required by the provisions of the Supplemental Trust Agreement providing for the issuance of such Additional Bonds.

ARTICLE V

PLEDGE; FUNDS

Section 5.01. Pledge of Amounts in Bond Fund. In order to meet the City's obligations under the Retirement Law, the City shall deposit or cause to be deposited with the Trustee for deposit into the Bond Fund on or before the dates specified in Section 5.02 (or such other dates as provided in a Supplemental Trust Agreement) the amount which, together with moneys transferred and deposited pursuant to Section 5.04(c) hereof, is sufficient to pay the City's debt service obligations on the Bonds. Subject only to the provisions of this Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein, all of the amounts held in the Bond Fund are hereby pledged by the City to secure the payment of the principal or redemption price of and interest on the Bonds in accordance with their terms, the provisions of this Trust Agreement and the Act. Said pledge shall constitute a first lien on such assets.

Section 5.02. Bond Fund. (a) The Trustee shall establish and maintain in trust a special fund designated the "Bond Fund."

(b) The City agrees and covenants that, not later than 10 days prior to each Interest Payment Date, it will transfer to the Trustee an amount which, together with amount simultaneously transferred to the Trustee for deposit in the Bond Fund pursuant to Section 5.04(c) and the amount then on deposit in the Bond Fund, will equal the amount of the principal of and interest on the Bonds coming due on such Interest Payment Date. The Trustee shall, upon receipt of the amount required to be transferred by the City pursuant to this subsection, deposit such amount in the Bond Fund.

(c) In the event that, on the first Business Day of the month of each Interest Payment Date, amounts in the Bond Fund are insufficient to pay the principal, if any, of and interest on the Bonds due and payable on such Interest Payment Date, the Trustee shall immediately notify the City and the Bond Insurer, if any, of the amount of such insufficiency. Upon being so notified, the City shall, prior to the close of business on the Business Day immediately preceding such Interest Payment Date, deliver or cause to be delivered to the Trustee immediately available funds in an amount equal to the amount of such insufficiency. Immediately upon receipt thereof, the Trustee shall deposit such funds in the Bond Fund.

(d) On each Interest Payment Date, the Trustee shall withdraw from the Bond Fund for payment to the Owners of the Bonds the principal, if any, of and interest on the Bonds then due and payable. If there are insufficient funds in the Bond Fund to pay the principal, if any, of and interest on the Bonds, the Trustee shall apply the available funds first to the payment of interest on the Bonds, then to the payment of principal of the Bonds.

Section 5.03. Pledge of Pledged Tax Revenues. Subject only to the provisions of this Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein, all of the Pledged Tax Revenues are hereby irrevocably pledged by the City to secure the payment of the principal or redemption price of and interest on the Bonds in

accordance with their terms, the provisions of this Trust Agreement and the Act. Said pledge shall constitute a first lien on the Pledged Tax Revenues.

Section 5.04. Pension Tax Override Fund. (a) The City agrees and covenants that the City shall establish and maintain so long as any Bonds remain outstanding hereunder a special fund designated the "Pension Tax Override Fund."

(b) The City agrees and covenants that all Pledged Tax Revenues, together with any interest earned thereon, when and as received by the City, will be immediately deposited and held in the Pension Tax Override Fund. The City further agrees and covenants that all such Pledged Tax Revenues shall be accounted for separately and apart from all other money, funds, accounts or other resources of the City.

(c) The City agrees and covenants that, not later than 10 days prior to each Interest Payment Date, it will transfer from the Pension Tax Override Fund to the Trustee an amount which, together with amount simultaneously transferred to the Trustee for deposit in the Bond Fund pursuant to Section 5.02(b) and the amount then on deposit in the Bond Fund, will equal the amount of the principal of and interest on the Bonds coming due on such Interest Payment Date. The Trustee shall, upon receipt of the amount required to be transferred by the City pursuant to this subsection, deposit such amount in the Bond Fund.

(d) Each year, after making the transfer required for the June 15 Interest Payment Date by subsection (c) of this Section, the City may, but no later than the immediately succeeding June 30, transfer all or a portion of the remaining funds then on deposit in the Pension Tax Override Fund to any other fund or account of the City and the City shall apply such transferred funds as provided in the Pension Tax Override Authorization.

Section 5.05. Pension Liability Management Fund. (a) The Trustee shall establish and maintain in trust a special fund designated the "Pension Liability Management Fund."

(b) At its sole option, the City may make deposits into the Pension Liability Management Fund at any time. Amounts in the Pension Liability Management Fund shall, as specified in a Written Request of the City (i) be transferred by the Trustee to the Bond Fund to pay principal of and interest on the Bonds, (ii) be transferred by the Trustee to the Redemption Fund to pay the redemption price of Bonds optionally redeemed pursuant to the provisions hereof, or (iii) be transferred to the City and applied by the City to pension funding costs; amounts in the Pension Liability Management Fund shall not be used for any other purpose.

Section 5.06. Redemption Fund. (a) The Trustee shall establish and maintain in trust a special fund designated the "Redemption Fund."

(b) The Trustee shall deposit in the Redemption Fund amounts received from the City in connection with the City's exercise of its rights to optionally redeem Bonds pursuant to the provisions hereof.

(c) Amounts in the Redemption Fund shall be disbursed therefrom for the payment of the redemption price of Bonds redeemed pursuant to the provisions hereof.

Section 5.07. Deposit and Investments of Money in Funds. All money held by the Trustee in any of the funds established by the Trustee pursuant hereto shall be invested in Permitted Investments at the Written Request of the City. If no Written Request of the City is received, the Trustee shall invest funds held by it in Permitted Investments described in paragraph (d) of the definition thereof. Such investments shall, as nearly as practicable, mature on or before the dates on which such money is anticipated to be needed for disbursement hereunder. All interest, profits and other income received from any money so invested shall be deposited in the Bond Fund. The Trustee shall have no liability or responsibility for any loss resulting from any investment made or sold in accordance with the provisions of this Article, except for any loss due to the negligence or willful misconduct of the Trustee. The Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charge therefor. Amounts deposited in the Pension Tax Override Fund may be invested in Permitted Investments or in any investment permitted by law for City funds and in accordance with the City's Investment Policy then in effect.

ARTICLE VI

COVENANTS OF THE CITY

Section 6.01. Punctual Payment and Performance. The City shall punctually pay the principal or redemption price of and interest on every Bond issued hereunder in strict conformity with the terms hereof and of the Bonds, and will faithfully observe and perform all the agreements and covenants to be observed or performed by the City contained herein and in the Bonds.

Section 6.02. Extension of Payment of Bonds. The City shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest on the Bonds, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Trust Agreement, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the City to issue bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

Section 6.03. Additional Debt. The City expressly reserves the right to enter into one or more other agreements, trust agreements or indentures for any of its purposes, and reserves the right to issue other obligations for such purposes.

Section 6.04. Power to Issue Bonds. The City is duly authorized pursuant to law to issue the Bonds and to enter into this Trust Agreement. The Bonds and the provisions of this Trust Agreement are the legal, valid and binding obligations of the City in accordance with their terms. The Bonds constitute obligations imposed by law.

Section 6.05. Accounting Records and Reports. The City shall keep or cause to be kept proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocation and application of moneys on deposit in the funds and accounts established hereunder.

Section 6.06. Prosecution and Defense of Suits. The City shall defend against every suit, action or proceeding at any time brought against the Trustee upon any claim to the extent involving the failure of the City to fulfill its obligations hereunder; provided that the Trustee or any affected Owner at its election may appear in and defend any such suit, action or proceeding.

Section 6.07. Continuation of Pension Tax Override. The City hereby covenants that, so long as any Bonds remain outstanding hereunder, the City will comply with the following requirements:

(a) The City will, or cause the County to, annually levy and collect the Pension Tax Override;

(b) The City will take such steps as are lawfully permitted by the City to enforce the collection of the Pension Tax Override; provided, that so long as the County acts as the collection agency for property taxes in the City (including the Pension Tax Override), the City

shall be deemed to be in compliance with this subsection (b) unless the County fails to perform its duties to collect the Pension Tax Override;

(c) The City Council will not amend, or permit the amendment by initiative of, any legislative action heretofore taken by the City Council in respect of the levy of the Pension Tax Override to reduce the rate at which the Pension Tax Override is levied or reduce the property or classes of property against which it is levied; and

(d) The City Council will not repeal, or permit the repeal by initiative of, the Pension Tax Override Authorization.

Section 6.08. Continuing Disclosure. The City shall comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Trust Agreement, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; provided, however, that the Trustee may (and, at the written direction of any Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Series 2020 Bonds, and upon indemnification of the Trustee to its reasonable satisfaction, shall) or any holder or beneficial owner of the Series 2020 Bonds may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Section 6.09. Waiver of Laws. The City shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in this Trust Agreement or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the City to the extent permitted by law.

Section 6.10. Further Assurances. Whenever and so often as reasonably requested to do so by the Trustee or any Owner, the City will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments, and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Owners all rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them hereby.

ARTICLE VII

THE TRUSTEE

Section 7.01. The Trustee. The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default that may have occurred, perform such duties and only such duties as are specifically set forth in this Trust Agreement. The Trustee shall, during the existence of any Event of Default that has not been cured or waived exercise such of the rights and powers vested in it by this Trust Agreement, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

The City may at any time, unless there exists any Event of Default, remove the Trustee initially appointed and any successor thereto and may appoint a successor or successors thereto by an instrument in writing; provided, however, that any such successor shall be a bank or trust company doing business and having a corporate trust office in Los Angeles or San Francisco, California, having a combined capital (exclusive of borrowed capital) and surplus of at least \$50,000,000 and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this Section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. The Trustee may at any time resign by giving written notice of such resignation to the City and by mailing to the Owners notice of such resignation. Upon receiving such notice of resignation, the City shall promptly appoint a successor Trustee by an instrument in writing. Any removal or resignation of a Trustee and appointment of a successor Trustee shall become effective only upon the acceptance of appointment by the successor Trustee. If, within 30 days after notice of the removal or resignation of the Trustee no successor Trustee shall have been appointed and shall have accepted such appointment, the removed or resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Trustee having the qualifications required hereby.

Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company shall meet the requirements set forth in the preceding paragraph, shall be the successor to the Trustee hereunder and vested with all of the title to the trust estate and all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor hereunder, without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

The Trustee is hereby authorized to pay or redeem the Bonds when duly presented for payment at maturity or on redemption prior to maturity. The Trustee shall cancel all Bonds upon payment thereof or upon the surrender thereof by the City and shall destroy such Bonds and a certificate of destruction shall be delivered to the City. The Trustee shall keep accurate records of all Bonds paid and discharged and cancelled by it.

Section 7.02. Liability of Trustee. The recitals of facts, agreements and covenants herein and in the Bonds shall be taken as recitals of facts, agreements and covenants of the City, and the Trustee assumes no responsibility for the correctness of the same or makes any representation as to the sufficiency or validity hereof or of the Bonds, or shall incur any responsibility in respect thereof other than in connection with the rights or obligations assigned to or imposed upon it herein, in the Bonds or in law or equity. The Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence, willful misconduct or breach of duty.

The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than 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 Trust Agreement.

The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Trust Agreement at the request, order or direction of any of the Owners pursuant to the provisions of this Trust Agreement unless such Owners shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities that may be incurred therein or thereby. The Trustee has no obligation or liability to the Owners for the payment of interest on, principal of or redemption premium, if any, with respect to the Bonds from its own funds; but rather the Trustee's obligations shall be limited to the performance of its duties hereunder.

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 a default or event of default thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it.

The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through attorneys-in-fact, agents or receivers, shall not be answerable for the negligence or misconduct or any such attorney-in-fact, agent or receiver appointed by it in accordance with the standards specified above. The Trustee shall be entitled to advice of counsel and other professionals concerning all matters of trust and its duty hereunder, but the Trustee shall not be answerable for the professional malpractice of any attorney-in-law or certified public accountant in connection with the rendering of his professional advice in accordance with the terms of this Trust Agreement, if such attorney-in-law or certified public accountant was selected by the Trustee with due care.

Whether or not therein expressly so provided, every provision of this Trust Agreement, or related documents relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article.

The Trustee shall be protected in acting upon any notice, resolution, requisition, request (including any Written Request of the City), consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel of or to the City, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

Whenever in the administration of its rights and obligations hereunder the Trustee shall deem it necessary or desirable that a matter be established or proved prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a Written Certificate of the City, which certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions hereof upon the faith thereof, but in its discretion the Trustee may in lieu thereof accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

No provision of this Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

The Trustee shall have no responsibility or liability with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

All immunities, indemnifications and releases from liability granted herein to the Trustee shall extend to the directors, employees, officers and agents thereof.

Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company shall meet the requirements set forth in Section 7.01, shall be the successor to the Trustee hereunder and vested with all of the title to the trust estate and all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor hereunder, without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Section 7.03. Compensation and Indemnification of Trustee. The City shall pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation for all services rendered by it in the exercise and performance of any of the powers and duties hereunder of the Trustee, and the City will pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of this Trust Agreement (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence, default or willful misconduct, including the negligence or willful misconduct of any of its officers, directors, agents or employees. The City, to the extent permitted by law, shall indemnify and save the Trustee

harmless against any liabilities, costs, claims or expenses, including those of its attorneys, which it may incur in the exercise and performance of its powers and duties hereunder, including the enforcement of any remedies and the defense of any suit, and which are not due to its negligence, default or willful misconduct. The duty of the City to indemnify the Trustee shall survive the termination and discharge of this Trust Agreement.

ARTICLE VIII

AMENDMENT OF THE TRUST AGREEMENT

Section 8.01. Amendment of the Trust Agreement. (a) This Trust Agreement and the rights and obligations of the City and of the Owners may be amended at any time by a Supplemental Trust Agreement which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the Outstanding Bonds, exclusive of Bonds disqualified as provided in Section 8.02 hereof, are filed with the Trustee. No such amendment shall (i) extend the maturity of or reduce the interest rate on or amount of interest on or principal or redemption price of, or extend the time of payment of, any Bond without the express written consent of the Owner of such Bond, or (ii) reduce the percentage of Bonds required for the written consent to any such amendment.

(b) The Trust Agreement and the rights and obligations of the City and of the Owners may also be amended at any time by a Supplemental Trust Agreement which shall become binding without the consent of any Owners, for any one or more of the following purposes:

(i) to add to the agreements and covenants required herein to be performed by the City other agreements and covenants thereafter to be performed by the City, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power reserved herein to or conferred herein on the City;

(ii) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or in regard to questions arising hereunder which the City may deem desirable or necessary and not inconsistent herewith;

(iii) to provide for the issuance of any Additional Bonds and to provide the terms of such Additional Bonds, subject to the conditions and upon compliance with the procedure set forth in Article IV hereof;

(iv) to modify, amend or add to the provisions herein to permit the qualification thereof under the Trust Agreement Act of 1939, as amended, or any similar federal statutes hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by such statute or similar statute; and

(v) to modify, amend or supplement this Trust Agreement in any manner that does not materially adversely affect the interest of Owners of Bonds.

Notwithstanding anything to the contrary in this subsection (b), the City shall not modify, amend or supplement this Trust Agreement in any manner that materially adversely affects the rights of any Bond Insurer without the consent of such Bond Insurer (provided, that, the consent of the Bond Insurer shall not be required in connection with modifications, amendments or additions pursuant to (iii) above). The Bond Insurer, if any, shall receive written notice of any proposed amendments pursuant to this subsection (b).

Section 8.02. Disqualified Bonds. Bonds owned or held by or for the account of the City shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided in this Article, and shall not be entitled to consent to or take any other action provided in this Article.

Section 8.03. Endorsement or Replacement of Bonds After Amendment. After the effective date of any action taken as hereinabove provided, the City may determine that the Bonds may bear a notation by endorsement in form approved by the City as to such action, and in that case upon demand of the Owner of any Outstanding Bonds and presentation of his Bond for such purpose at the Corporate Trust Office of the Trustee a suitable notation as to such action shall be made on such Bond. If the City shall so determine, new Bonds so modified as, in the opinion of the City, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Owner of any Outstanding Bond a new Bond or Bonds shall be exchanged at the Corporate Trust Office of the Trustee without cost to each Owner for its Bond or Bonds then Outstanding upon surrender of such Outstanding Bonds.

Section 8.04. Amendment by Mutual Consent. The provisions of this Article shall not prevent any Owner from accepting any amendment as to the particular Bonds held by such Owner, provided that due notation thereof is made on such Bonds.

Section 8.05. Attorney's Opinion Regarding Supplemental Trust Agreements. The Trustee may obtain an opinion of counsel that any Supplemental Trust Agreement complies with the provisions of this Article and the Trustee may conclusively rely upon such opinion.

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES

Section 9.01. Events of Default. If one or more of the following events (herein called “Events of Default”) shall happen, that is to say:

(a) if default shall be made by the City in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable;

(b) if default shall be made by the City in the due and punctual payment of the principal or redemption price of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed or by proceedings for redemption;

(c) if default shall be made by the City in the performance of any of the agreements or covenants required herein to be performed by the City, and such default shall have continued for a period of 60 days after the City shall have been given notice in writing of such default by the Trustee or the Owners of not less than 25% in aggregate Principal Amount of the Bonds at the time Outstanding, specifying such default and requiring the same to be remedied, provided, however, if the default stated in the notice can be corrected, but not within the applicable period, the Trustee and such Owners shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the City within the applicable period and diligently pursued until the default is corrected; or

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

Section 9.02. Institution of Legal Proceedings by the Trustee; Remedies. If an Event of Default shall occur and be continuing, the Trustee may, and upon the written request of the Owners of a majority in aggregate Principal Amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Owners of the Bonds under this Trust Agreement by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights and duties hereunder.

Section 9.03. Non-Waiver. Nothing in this Article or in any other provision hereof or in the Bonds shall affect or impair the obligation of the City, which is absolute and unconditional, to pay the principal or redemption price of and the interest on the Bonds to the respective Owners of the Bonds on the respective Payment Dates as provided herein, or shall affect or impair the right

of such Owners, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein and in the Bonds.

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

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned, the City, the Trustee and any Owner shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Section 9.04. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

Section 9.05. Limitation on Owners' Right to Sue. No Owner of any Bond shall have the right to institute any suit, action or proceeding at law or equity, for any remedy hereunder, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default, (b) the Owners of at least a majority in aggregate Principal Amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers herein granted or to institute such suit, action or proceeding in its own name, (c) such Owners shall have tendered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities to be incurred by it in compliance with such request, and (d) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy hereunder; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to enforce any right under this Trust Agreement, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of the Trust Agreement shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Bonds.

Section 9.06. Absolute Obligation of City. Nothing contained herein or in the Bonds shall affect or impair the obligation of the City, which is absolute and unconditional, to pay the principal or redemption price of and the interest on the Bonds to the respective Owners of the Bonds on their respective Payment Dates as herein provided.

ARTICLE X

DEFEASANCE

Section 10.01. Discharge of Bonds. (a) If the City shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Bonds the interest thereon and the principal thereof and the redemption premiums, if any, thereon at the times and in the manner stipulated herein and therein, and shall pay or provide for the payment of all fees and expenses of the Trustee then due, then all agreements, covenants and other obligations of the City to the Owners of such Bonds hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the City all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, the Trustee shall pay over or deliver to the City all money or securities held by it pursuant hereto which are not required for the payment of the interest on and principal of and redemption premiums, if any, on such Bonds.

(b) Any Outstanding Bonds shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this Section if (i) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the City shall have given to the Trustee in form satisfactory to it irrevocable instructions to provide notice in accordance with Section 3.03 hereof, (ii) there shall have been deposited with the Trustee either (A) money in an amount which shall be sufficient or (B) Defeasance Securities, the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient, in the opinion of an Independent Certified Public Accountant (addressed to the City and the Trustee), to pay when due the principal or redemption price of and the interest on such Bonds to become due on such Bonds on and prior to the maturity date or redemption date thereof, as the case may be, (iii) there shall be delivered to the Trustee an escrow agreement entered into by the City and the Trustee or other fiduciary or escrow agent, (iv) there shall be delivered to the Trustee an opinion of nationally recognized bond counsel to the effect that such Bonds have been paid within the meaning of this Section addressed to the Trustee, and (v) the City shall have given the Trustee in form satisfactory to it irrevocable instructions to mail to the Owners of such Bonds in accordance with Section 11.07 hereof notice that the deposit required by clause (ii) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Section and stating the maturity date or redemption date upon which money is to be available for the payment of the principal or redemption price of and interest on such Bonds.

Section 10.02. Unclaimed Money. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Bonds or the interest thereon which remains unclaimed for two years after the date when such Bonds or interest thereon have become due and payable, either at their stated maturity dates or by call for redemption prior to maturity, if such money was held by the Trustee at such date, or for two years after the date of deposit of such money if deposited with the Trustee after the date when such Bonds and interest shall have become due and payable, shall be repaid by the Trustee to the City as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall not look to the Trustee for the payment of such Bonds; provided, however, that before being required to make any such payment to the City,

the Trustee may, and at the request of the City shall, at the expense of the City, mail to the Owners in accordance with Section 11.07 hereof a notice that such money remains unclaimed and that, after a date named in such notice, which date shall not be less than 30 days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the City.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Benefits of the Trust Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the City, the Trustee, the Bond Insurer, if any, and the Owners any right, remedy or claim under or by reason hereof. Any agreement or covenant required herein to be performed by or on behalf of the City or any member, officer or employee thereof shall be for the sole and exclusive benefit of the Trustee, and the Owners.

Section 11.02. Successor Is Deemed Included in All References to Predecessor. Whenever herein either the City or any member, officer or employee thereof or the Trustee is named or referred to, such reference shall be deemed to include the successor or assigns thereof, and all agreements and covenants required hereby to be performed by or on behalf of the City or the Trustee, or any member, officer or employee thereof, shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 11.03. Execution of Documents by Owners. Any declaration, request or other instrument which is permitted or required herein to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or such Owner's attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to make acknowledgments of deeds to be recorded in the state or territory in which such person purports to act that the person signing such declaration, request or other instrument or writing acknowledged to such person 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 any Bonds and the amount, maturity, number and date of holding the same may be proved by the registration books for the Bonds maintained by the Trustee pursuant to Section 2.08 hereof.

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

Section 11.04. Waiver of Personal Liability. No member, officer or employee of the City shall be individually or personally liable for the payment of the principal or redemption price of or the interest on the Bonds by reason of their issuance, but nothing herein contained shall relieve any officer of the City from the performance of any official duty provided by the Act or any other applicable provisions of law or hereby.

Section 11.05. Acquisition of Bonds by City. All Bonds acquired by the City shall be surrendered to the Trustee for cancellation.

Section 11.06. Destruction of Cancelled Bonds. Whenever provision is made for the return to the City of any Bonds which have been cancelled pursuant to the provisions hereof, the Trustee shall destroy such Bonds and furnish to the City a certificate of such destruction.

Section 11.07. Notice to Owners. Any notice required to be given by the Trustee hereunder by mail to any Owners shall be given by mailing a copy of such notice, first class postage prepaid, or by giving such notice by telecopy or by an overnight delivery service, to such Owners at their addresses appearing in the registration books maintained by the Trustee pursuant to Section 2.08 hereof not less than 30 days nor more than 45 days following the action or prior to the event concerning which notice thereof is required to be given; provided, however, that receipt of any such notice shall not be a condition precedent to the effect of such notice and neither failure of any Owner to receive any such notice nor any immaterial defect contained therein shall affect the validity of the proceedings taken in connection with the action or the event concerning which such notice was given.

Section 11.08. Content of Certificates. Every Written Certificate of the City with respect to compliance with any agreement, condition, covenant or provision provided herein shall include (a) a statement that the person or persons making or giving such certificate have read such agreement, condition, covenant or provision and the definitions herein relating thereto, (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements contained in such certificate are based, (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such agreement, condition, covenant or provision has been complied with, and (d) a statement as to whether, in the opinion of the signers, such agreement, condition, covenant or provision has been complied with.

Any Written Certificate of the City may be based, insofar as it relates to legal matters, upon an Opinion of Counsel unless the person making or giving such certificate knows that the Opinion of Counsel with respect to the matters upon which his certificate may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters information with respect to which is in the possession of the City, upon a representation by an officer or officers of the City unless the counsel executing such Opinion of Counsel knows that the representation with respect to the matters upon which his opinion may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous.

Section 11.09. Accounts and Funds; Business Days. Any account or fund required herein to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such accounts and funds shall at all times be maintained in accordance with sound accounting practice and with due regard for the protection of the security of the Bonds and the rights of the Owners. Any action required to occur hereunder on a day which is not a Business Day shall be required to occur on the next succeeding Business Day.

Section 11.10. Notices. All written notices to be given hereunder shall be given by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to the City:

City of Huntington Beach
2000 Main Street
Huntington Beach, California 92648
Attention: Chief Financial Officer

If to the Trustee:

U.S. Bank National Association
633 West Fifth Street, 24th Floor
Los Angeles, California 90071
Attention: Global Corporate Trust
Telephone: 213-615-_____
Facsimile: 213-615-6197

Section 11.11. Article and Section Headings and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and the singular and plural forms of words shall be deemed interchangeable, and words of any gender shall be deemed and construed to include all genders, and all references herein to "Articles," "Sections," subsections or clauses are to the corresponding articles, sections, subsections or clauses hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith," "hereunder" and other words of similar import refer to the Trust Agreement as a whole and not to any particular Article, Section, subsection or clause hereof.

Section 11.12. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the City or the Trustee shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof or of the Bonds, and the Owners shall retain all the benefit, protection and security afforded to them under the Act or any other applicable provisions of law. The City and the Trustee hereby declare that they would have executed and delivered the Trust Agreement and each and every other Article, Section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 11.13. Execution in Several Counterparts. This Trust Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the City and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 11.14. Governing Law. This Trust Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the City has caused this Trust Agreement to be signed in its name by its representative thereunto duly authorized, and the Trustee, in token of its acceptance of the trusts created hereunder, has caused this Trust Agreement to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

CITY OF HUNTINGTON BEACH

By: _____

**U.S. BANK NATIONAL ASSOCIATION, as
Trustee**

By: _____
Authorized Officer

EXHIBIT A

FORM OF SERIES 2020 BOND

**CITY OF HUNTINGTON BEACH
TAXABLE PENSION OBLIGATION BONDS
SERIES 2020**

No. R- _____ \$ _____

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Issue Date</u>	<u>CUSIP</u>	<u>ISIN</u>
		_____, 20__		

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: DOLLARS

The City of Huntington Beach, a municipal corporation and charter city duly organized and existing under and by virtue of the Constitution and laws of the State of California and its Charter (the "City"), for value received, hereby promises to pay to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an Interest Payment Date or during the period from the first day of the month of an Interest Payment Date to such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated prior to the first Interest Payment Date, in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on _____ 15, 20__, and semiannually thereafter on each _____ 15 and December 15 (each an "Interest Payment Date"). Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed on the Interest Payment Date by first-class mail to the registered owner hereof; provided that upon the written request of a registered owner of \$1,000,000 or more in aggregate principal amount of Bonds received by the Trustee (as hereinafter defined) prior to the applicable record date, interest shall be paid by wire transfer in immediately available funds. The principal hereof is payable in lawful money of the United States of America at the Corporate Trust Office of the Trustee.

This Bond is one of a duly authorized issue of bonds of the City designated as its "Taxable Pension Obligation Bonds, Series 2020" (the "Series 2020 Bonds") in aggregate principal amount \$ _____ all of like tenor and date (except for variations, if any, as may be required to designate varying numbers, maturities and interest rates), and is issued under and pursuant to the provisions of Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the California Government Code (the "Act") and under and pursuant to the provisions of a Trust Agreement, dated as of _____ 1, 2020 (the "Trust Agreement"), between the City and U.S. Bank National Association, as trustee (the "Trustee") (copies of which are on file at the

Corporate Trust Office of the Trustee). Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Trust Agreement.

Under the Trust Agreement, Additional Bonds may be issued on a parity with the Series 2020 Bonds, but subject to the conditions and upon compliance with the procedures set forth in the Trust Agreement. The Series 2020 Bonds and any such Additional Bonds are collectively referred to as the "Bonds." The Bonds are obligations imposed by law payable from funds to be appropriated by the City pursuant to the Public Employees' Retirement Law, commencing with Section 20000 of the California Government Code (the "Retirement Law"). Reference is hereby made to the Act and to the Trust Agreement and any and all amendments thereof and supplements thereto for a description of the terms on which the Series 2020 Bonds are issued, the rights of the registered owners of the Series 2020 Bonds, security for payment of the Series 2020 Bonds, remedies upon default and limitations thereon, and amendment of the Trust Agreement (with or without consent of the registered owners of the Bonds); and all the terms of the Trust Agreement are hereby incorporated herein and constitute a contract between the City and the registered owner of this Bond, to all the provisions of which the registered owner of this Bond, by acceptance hereof, agrees and consents.

The obligations of the City under the Bonds, including the obligation to make all payments of interest and principal when due, are obligations of the City imposed by law and are absolute and unconditional, without any right of set-off or counterclaim. Except to the extent of the Pension Tax Override as provided herein, the Bonds do not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation. Neither the Bonds nor the obligation of the City to make payments on the Bonds constitute an indebtedness of the City, the State, or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

The Series 2020 Bonds are subject to redemption on the dates, at the redemption prices and pursuant to the terms set forth in the Trust Agreement. Notice of redemption of any Series 2020 Bonds or any portions thereof shall be given as set forth in the Trust Agreement.

This Bond may be transferred or exchanged pursuant to the terms set forth in the Trust Agreement. The City and the Trustee may deem and treat the registered owner of this Bond as the absolute owner of this Bond for the purpose of receiving payment hereof and for all other purposes, whether this Bond shall be overdue or not, and neither the City nor the Trustee shall be affected by any notice or knowledge to the contrary.

The rights and obligations of the City and of the owners of the Bonds may be modified or amended by a Supplemental Trust Agreement entered into by the City and the Trustee, as provided in the Trust Agreement.

This Bond shall not be entitled to any benefit, protection or security under the Trust Agreement or become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been executed and dated by the Trustee.

It is hereby certified that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law.

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the Trustee for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

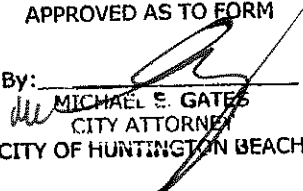
IN WITNESS WHEREOF, the City of Huntington Beach has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of the Chair of the City, and the Clerk of the Board of Supervisors of the City has caused the seal of the City to be affixed hereto.

CITY OF HUNTINGTON BEACH

By: _____
Mayor

Countersigned:

City Clerk

APPROVED AS TO FORM
By: 
MICHAEL E. GATES
CITY ATTORNEY
CITY OF HUNTINGTON BEACH

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Trust Agreement which has been authenticated on _____.

**U.S. BANK NATIONAL ASSOCIATION, as
Trustee**

By: _____
Authorized Officer

FORM OF ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto _____ (Taxpayer Identification Number: _____) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Note: The signature to this Assignment must correspond with the name as written on the face of the Bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed: _____

Notice: Signature(s) guarantee should be made by a guarantor institution participating in the Securities Transfer Agent Medallion Program.