



TOWN OF FAIRFAX

STAFF REPORT

April 6, 2016

TO: Mayor and Town Council

FROM: Garrett Toy, Town Manager 
Michael Vivrette, Finance Director

SUBJECT: Adopt a resolution of the Town Council authorizing the issuance and sale of its 2016 General Obligation Refunding Bonds to refund the Town of Fairfax 2006 General Obligation Bonds to finance infrastructure improvements

RECOMMENDATION

- 1) Open/close public hearing
- 2) Adopt a resolution of the Town Council authorizing the issuance and sale of its 2016 General Obligation Refunding Bonds
- 3) Discuss/consider composition of the Measure K Citizen Oversight Committee

BACKGROUND

General Obligation bonds (“GO Bonds”) were originally issued in three series between 2000 and 2006 after approval by a 2/3 vote to fund improvements to community facilities, streets and storm drains within the Town. Subsequent to the original issuance of \$6,830,000 of bonds, the Town has twice refinanced different series of the bonds. In 2008, the 2000 series was refinanced. In 2012, the Town refinanced the 2002 series and pulled out \$185,000 for street improvements. In October 2015, The Town’s Municipal Advisor, Mark Pressman of Wulff, Hansen & Co in San Francisco, recommended that the Town consider refinancing its 2006 series of bonds, to pull out additional amounts for eligible capital improvements. The Town is using the same financial advisor, bond counsel and trustee as we used in 2012.

DISCUSSION

At its March 2, 2016 meeting, the Town Council directed staff to proceed with the refinancing of the 2006 series with the goal of obtaining additional funds for capital improvements. The original 2006 bond series was issued for \$1,765,000. The 2006 bonds series is paying an average interest rate of 5.7%.

The projected interest rate is 2.75% for the refunding bonds. In essence, by refinancing the bonds, the Town will be “monetizing” the savings in interest by pulling out money out for street improvements while not increasing costs to taxpayers. The Town should be able to pull out approximately \$100,000 depending on interest rates, final structuring, and when the bonds are priced. This amount is net of issuance costs.

Alternatively, with interest rates at or near historic lows (annual savings can be generated that equate to approximately \$0.30 – \$0.35 per \$100,000 of assessed value throughout the Town), the Town could chose to refinance the bonds and not “monetize” the savings (i.e., pull out any

additional funds). Under this option, a home with an assessed value of \$500,000 would save approximately \$1.50-1.75 per year on its property tax levy. Other options include do nothing and give partial savings to both parties.

This Public Hearing is an opportunity for the Council and the public to discuss this refunding process and the available options. This same procedure was done for the 2012 bond refunding when, after public support for monetizing the savings to provide additional funds to the Town for authorized improvements was voiced, the Council approved the refunding transaction with monetized proceeds coming to the Town for additional authorized improvements rather than providing a minimal tax relief to taxpayers.

To proceed with the refunding the Town will need to approve a resolution authorizing 2016 General Obligation Refunding Bonds to be issued. The resolution provides the Town Manager the authority to sign:

- (1) The Town refunding bond purchase contract
- (2) A payment agent/bond registrar agreement between the Town and U.S. Bank to provide bond administration services. U.S. Bank provides this service for the current bonds.
- (3) An agreement between the Town and U.S. Bank to be the escrow agent for refunded bonds.

For information, the Town has been provided with:

The form of final opinion of the bond counsel

A distribution list for the Town and for the Financing Authority

The current schedule is to have the bonds close on May 4th, 2016. Should the Town decide to monetize the savings (providing additional funds for infrastructure improvements), the Measure K Oversight Committee will need to meet to recommend the priority for the expenditure of additional funds. The project(s) would be included in the Fiscal 2016-17 Capital Improvements Program (CIP) budget.

With regard to the Measure K Citizen Oversight Committee, the Council will need to appoint a new committee as it last met in 2011 and the roster is very outdated. Vice Mayor Reed is the current Council appointee to the Oversight Committee. The Council may want to consider appointing another Councilmember to the Committee, requesting applications for the Committee, and/or requesting representatives from the other Town appointed committees and commission to be part of the Committee. Another option is use the existing Measure A (parks funding) committee as the Measure K Oversight Committee.

ATTACHMENTS

- 1) Resolution 16-___ of the Town Council of the Town of Fairfax Authorizing the Issuance of its 2016 Generals Obligation Refunding Bonds
- 2) Town Refunding Bond Purchase Contract
- 3) Town of Fairfax Paying Agent/Bond Registrar Agreement
- 4) Escrow Agreement by and between the Town of Fairfax and U.S. Bank National Association, as Escrow Bank
- 5) Form of Final Opinion of Bond Counsel – Town Refunding Bonds
- 6) Fairfax Financing Authority & Town of Fairfax General Obligation Bond Distribution List

RESOLUTION NO. _____

**RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF FAIRFAX
AUTHORIZING THE ISSUANCE AND SALE OF ITS 2016 GENERAL
OBLIGATION REFUNDING BONDS**

Adopted April 6, 2016

ATTACHMENT 1

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RESOLUTION NO. _____

**RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF FAIRFAX
AUTHORIZING THE ISSUANCE AND SALE OF ITS 2016 GENERAL
OBLIGATION REFUNDING BONDS**

RESOLVED, by the Town Council (the {"Council"}) of the Town of Fairfax (the "Town"), as follows:

WHEREAS, the Town has heretofore issued its Town of Fairfax (Marin California, California) General Obligation Town Refunding Bonds, Series 2006, dated August 2, 2006, in the principal amount of \$1,765,000, of which \$1,255,000 is currently outstanding (the "Prior Town Bonds");

WHEREAS, pursuant to Article 9 of Chapter 3 (commencing with section 53550) of Division 2 of Title 5 of the California Government Code (the "Act"), the Town is empowered to issue general obligation refunding bonds;

WHEREAS, the Town intends to issue general obligation refunding bonds (the "Town Refunding Bonds") pursuant to this resolution and in conformity with the Act to refund all or a portion of the Prior Town Bonds;

WHEREAS, such refunding bonds shall be issued only if the refunding transaction produces a present value benefit to the Town as compared to the par amount of the Prior Town Bonds being refunded; and

WHEREAS, this Council now desires to authorize the issuance of such general obligation refunding bonds;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the by the Town Council of the Town of Fairfax as follows:

ARTICLE I

DEFINITIONS; AUTHORITY

Section 1.01. Definitions. The terms defined in this Section 1.01, as used and capitalized herein, shall, for all purposes of this Resolution, have the meanings ascribed to them below, unless the context clearly requires some other meaning.

“*Act*” means Article 9 of Chapter 3 (commencing with section 53550) of Division 2 of Title 5 of the California Government Code, as is in effect on the date of adoption hereof and as amended hereafter.

“*Articles*,” “*Sections*” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Resolution, and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Resolution as a whole and not to any particular Article, Section or subdivision hereof.

“*Authority*” means the Fairfax Financing Authority, purchaser of the Town Refunding Bonds on the Closing Date.

“*Authority Bonds*” means the Fairfax Financing Authority (Marin County, California) Revenue Town Refunding Bonds, Series 2016 (Town of Fairfax General Obligation Bond Refinancing Program), to be secured by the Authority’s purchase of the Town Refunding Bonds.

“*Authorized Investments*” means any investments permitted by law to be made with moneys belonging to, or in the custody of, the Town, but only to the extent that the same are acquired at Fair Market Value.

“*Bond Counsel*” means any attorney or firm of attorneys nationally recognized for expertise in rendering opinions as to the legality and tax exempt status of securities issued by public entities.

“*Bond Payment Date*” means February 1 and/or August 1, of each year commencing on February 1 or August 1 in such year as shall be set forth in the Town Bond Purchase Agreement.

“*Closing Date*” means the date upon which there is an exchange of Town Refunding Bonds for the proceeds representing the purchase price of the Town Refunding Bonds by the Authority.

“*Code*” means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Town Refunding Town Refunding Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Town Refunding Bonds, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

“*Continuing Disclosure Certificate*” shall mean that certain Continuing Disclosure Certificate executed by the Town and dated the date of issuance and delivery of the Authority Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“*Council*” means the Town Council of the Town.

“*Debt Service*” means the scheduled amount of interest and amortization of principal payable on the Town Refunding Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

“*Escrow Account*” is the account of that name established and held under the Escrow Deposit and Trust Agreement.

“*Escrow Agreement*” means the agreement of that name, dated the Closing Date, by and between the Town and U.S. Bank National Association, as escrow bank.

“*Fair Market Value*” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security—State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the Town and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

“*Federal Securities*” means United States Treasury notes, bonds, bills or certificates of indebtedness or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

“*Net Proceeds*,” when used with reference to the Town Refunding Bonds, means the face amount of the Town Refunding Bonds, plus accrued interest and premium, if any, less original issue discount and Authority’s discount, if any.

“*Outstanding*,” when used as of any particular time with reference to Town Refunding Bonds, means all Town Refunding Bonds except:

(a) Town Refunding Bonds theretofore canceled by the Paying Agent or surrendered to the Paying Agent for cancellation;

(b) Town Refunding Bonds paid or deemed to have been paid within the meaning of Section 9.02 hereof; and

(c) Town Refunding Bonds in lieu of or in substitution for which other Town Refunding Bonds shall have been authorized, executed, issued and delivered by the Town pursuant to the Resolution.

“*Owner*” or “*Town Refunding Bondowner*” mean any person who shall be the registered owner of any Outstanding Town Refunding Bond.

“*Participating Underwriter*” shall have the meaning ascribed thereto in the Continuing Disclosure Certificate.

“*Paying Agent*” means U.S. Bank National Association, as paying agent, registrar and authenticating agent for the Town Refunding Bonds, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in Section 6.01 hereof.

“*Principal Office*” means the principal corporate trust office of the Paying Agent in San Francisco, California.

“*Prior Town Bonds*” means the Town of Fairfax (Marin County, California) General Obligation Town Refunding Bonds, Series 2006, dated August 2, 2006, in the principal amount of \$1,765,000, of which \$2,670,000 is currently outstanding.

“*Regulations*” means temporary and permanent regulations promulgated under the Code.

“*Resolution*” means this Resolution.

“*Supplemental Resolution*” means any resolution supplemental to or amendatory of this Resolution, adopted by the Town in accordance with Article VIII hereof.

“*Town Bond Purchase Agreement*” means the agreement of that name, dated the date of sale of the Town Refunding Bonds, by and between the Town and the Authority.

“*Town Refunding Bonds*” means the Town of Fairfax (Marin County, California) 2016 General Obligation Refunding Town Refunding Bonds at any time Outstanding pursuant to this Resolution, bearing interest at the rate set forth in the Town Bond Purchase Agreement.

“*Town Representative*” means the Mayor, the Town Manager, the Finance Director, or any other person authorized by resolution of the Council to act on behalf of the Town with respect to this Resolution and the Town Refunding Bonds.

“*Written Request of the Town*” means an instrument in writing signed by the Town Representative or by any other officer of the Town duly authorized by the Town and listed on a Written Request of the Town for that purpose.

Section 1.02. Authority for this Resolution. This Resolution is entered into pursuant to the provisions of the Act.

ARTICLE II

THE TOWN REFUNDING BONDS

Section 2.01. Authorization. Town Refunding Bonds in the aggregate principal amount of not to exceed one million five hundred thousand dollars (\$1,500,000) are hereby authorized to be issued by the Town under and subject to the terms of the Act and this Resolution. This Resolution constitutes a continuing agreement with the Owners of all of the Town Refunding Bonds issued or to be issued hereunder and then Outstanding to secure the full and final payment of all Town Refunding Bonds which may from time to time be executed and delivered hereunder, subject to the covenants, agreements, provisions and conditions herein contained. The Town Refunding Bonds shall be designated the "Town of Fairfax (Marin County, California) 2016 General Obligation Refunding Town Refunding Bonds."

Section 2.02. Terms of Town Refunding Bonds.

(a) *Form; Numbering*. The Town Refunding Bonds shall be issued as fully registered Town Refunding Bonds, without coupons, in the denomination in integral multiples of \$1. Town Refunding Bonds shall be lettered and numbered as the Paying Agent shall prescribe.

(b) *Date of Town Refunding Bonds*. The Town Refunding Bonds shall be shall be dated, and shall accrue interest from, their date of initial issuance.

(c) *Maturities; Interest*. The Town Refunding Bonds shall mature on the dates and shall be issued in the aggregate principal amount and shall accrue interest at the rates set forth in the Town Bond Purchase Agreement.

(d) *Payment*. The principal of the Town Refunding Bonds is payable in lawful money of the United States of America at the Principal Office of the Paying Agent.

Section 2.03. Redemption of Town Refunding Bonds.

(a) *Optional Redemption*. The Town Refunding Bonds shall be subject to optional redemption on such dates and at such redemption prices as shall set forth in the Town Bond Purchase Agreement.

The Town shall be required to give the Paying Agent written notice of its intention to redeem Town Refunding Bonds under this subsection (a), and shall deposit all amounts required for such redemption at least forty-five (45) days prior to the date fixed for such redemption.

(b) *Mandatory Sinking Fund Redemption*. The Town Refunding Bonds shall be subject to mandatory sinking fund redemption on such dates and at such redemption prices as shall set forth in the Town Bond Purchase Agreement.

(c) *Notice of Redemption*. The Paying Agent on behalf and at the expense of the Town shall mail (by first class mail) notice of any redemption to the respective Owners of any Town Refunding Bonds designated for redemption, at least thirty (30) but not more than sixty (60) days prior to the redemption date, at their respective addresses appearing on the Registration Books, , at least thirty (30) but not more than sixty (60) days prior to the redemption; *provided, however*, that neither failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such Town Refunding Bonds or the cessation of the accrual of interest thereon. Such notice shall state the

date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers, the bond numbers and the maturity or maturities (in the event of redemption of all of the Town Refunding Bonds of such maturity or maturities in whole) of the Town Refunding Bonds to be redeemed, and shall require that such Town Refunding Bonds be then surrendered at the Office of the Paying Agent for redemption at the redemption price, giving notice also that further interest on such Town Refunding Bonds will not accrue from and after the redemption date.

(d) *Selection of Town Refunding Bonds for Redemption.* Whenever provision is made for the redemption of Town Refunding Bonds of more than one maturity, the Town Refunding Bonds to be redeemed shall be selected by the Town evidenced by a Written Request filed with the Paying Agent or, absent such selection by the Town, on a *pro rata* basis among the maturities subject to redemption; and in each case, the Paying Agent shall select the Town Refunding Bonds to be redeemed within any maturity by lot in any manner which the Paying Agent in its sole discretion shall deem appropriate and fair. For purposes of such selection, all Town Refunding Bonds shall be deemed to be comprised of separate \$5,000 portions and such portions shall be treated as separate Town Refunding Bonds which may be separately redeemed.

(e) *Partial Redemption of Town Refunding Bonds.* In the event only a portion of any Town Refunding Bond is called for redemption, then upon surrender of such Town Refunding Bond the Town shall execute and the Paying Agent shall authenticate and deliver to the Owner thereof, at the expense of the Town, a new Town Refunding Bond or Town Refunding Bonds of the same series and maturity date, of authorized denominations in aggregate principal amount of the unredeemed portion of the Town Refunding Bond to be redeemed.

(e) *Effect of Redemption.* From and after the date fixed for redemption, if funds available for the payment of the principal of and interest on the Town Refunding Bonds so called for redemption shall have been duly provided, such Town Refunding Bonds so called shall cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the redemption date specified in such notice. All Town Refunding Bonds redeemed pursuant to this Section 2.03 shall be canceled and shall be destroyed by the Paying Agent.

Section 2.04. Form of Town Refunding Bonds. The Town Refunding Bonds, the form of the Paying Agent's certificate of authentication and registration and the form of assignment to appear thereon shall be substantially in the forms, respectively, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Resolution, as are set forth in Exhibit A attached hereto.

Section 2.05. Execution of Town Refunding Bonds. The Town Refunding Bonds shall be executed on behalf of the Town by the facsimile signatures of the Mayor, the Town Manager or the Finance Director and the Town Clerk who are in office on the date of adoption of this Resolution or at any time thereafter. If any officer whose signature appears on any Town Refunding Bond ceases to be such officer before delivery of the Town Refunding Bonds to the purchaser, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Town Refunding Bonds to the purchaser. Any Town Refunding Bond may be signed and attested on behalf of the Town by such persons as at the actual date of the execution of such Town Refunding Bond shall be the proper officers of the Town although at the nominal date of such Town Refunding Bond any such person shall not have been such officer of the Town.

Only such Town Refunding Bonds as shall bear thereon a certificate of authentication and registration in the form set forth in Exhibit A attached hereto, executed and dated by the Paying Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution, and such certificate of the Paying Agent shall be conclusive evidence that the Town Refunding Bonds so registered

have been duly authenticated, registered and delivered hereunder and are entitled to the benefits of this Resolution.

Section 2.06. Transfer of Town Refunding Bonds. Any Town Refunding Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 2.08 hereof, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Town Refunding Bond for cancellation at the Principal Office at the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. The Paying Agent 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.

Whenever any Town Refunding Bond or Town Refunding Bonds shall be surrendered for transfer, the Town shall execute and the Paying Agent shall authenticate and deliver a new Town Refunding Bond or Town Refunding Bonds, for like aggregate principal amount.

No transfers of Town Refunding Bonds shall be required to be made (a) fifteen days prior to the date established by the Paying Agent for selection of Town Refunding Bonds for redemption or (b) with respect to a Town Refunding Bond after such Town Refunding Bond has been selected for redemption.

Section 2.07. Exchange of Town Refunding Bonds. Town Refunding Bonds may be exchanged at the Principal Office of the Paying Agent for a like aggregate principal amount of Town Refunding Bonds of authorized denominations and of the same maturity. The Paying Agent 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.

No exchanges of Town Refunding Bonds shall be required to be made (a) fifteen days prior to the date established by the Paying Agent for selection of Town Refunding Bonds for redemption or (b) with respect to a Town Refunding Bond after such Town Refunding Bond has been selected for redemption.

Section 2.08. Town Refunding Bond Register. The Paying Agent shall keep or cause to be kept sufficient books for the registration and transfer of the Town Refunding Bonds, which shall at all times be open to inspection by the Town upon reasonable notice; and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Town Refunding Bonds as herein before provided.

Section 2.09. Temporary Town Refunding Bonds. The Town Refunding Bonds may be initially issued in temporary form exchangeable for definitive Town Refunding Bonds when ready for delivery. The temporary Town Refunding Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Town, and may contain such reference to any of the provisions of this Resolution as may be appropriate. Every temporary Town Refunding Bond shall be executed by the Town upon the same conditions and in substantially the same manner as the definitive Town Refunding Bonds. If the Town issues temporary Town Refunding Bonds it will execute and furnish definitive Town Refunding Bonds without delay, and thereupon the temporary Town Refunding Bonds may be surrendered, for cancellation, in exchange therefor at the Principal Office of the Paying Agent and the Paying Agent shall deliver in exchange for such temporary Town Refunding Bonds an equal aggregate principal amount of definitive Town Refunding Bonds of authorized denominations. Until so exchanged, the temporary Town Refunding Bonds shall be entitled to the same benefits pursuant to this Resolution as definitive Town Refunding Bonds executed and delivered hereunder.

Section 2.10. Town Refunding Bonds Mutilated, Lost, Destroyed or Stolen. If any Town Refunding Bond shall become mutilated the Town, at the expense of the Owner of said Town Refunding

Bond, shall execute, and the Paying Agent shall thereupon authenticate and deliver, a new Town Refunding Bond of like maturity and principal amount in exchange and substitution for the Town Refunding Bond so mutilated, but only upon surrender to the Paying Agent of the Town Refunding Bond so mutilated. Every mutilated Town Refunding Bond so surrendered to the Paying Agent shall be canceled by it and delivered to, or upon the order of, the Town. If any Town Refunding Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Town and, if such evidence be satisfactory to the Town and indemnity satisfactory to it shall be given, the Town, at the expense of the Owner, shall execute, and the Paying Agent shall thereupon authenticate and deliver, a new Town Refunding Bond of like maturity and principal amount in lieu of and in substitution for the Town Refunding Bond so lost, destroyed or stolen. The Town may require payment of a sum not exceeding the actual cost of preparing each new Town Refunding Bond issued under this Section and of the expenses which may be incurred by the Town and the Paying Agent in the premises. Any Town Refunding Bond issued under the provisions of this Section 2.10 in lieu of any Town Refunding Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Town whether or not the Town Refunding Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Resolution with all other Town Refunding Bonds issued pursuant to this Resolution.

ARTICLE III

ISSUE OF BONDS; APPLICATION OF BOND PROCEEDS; SECURITY FOR THE
TOWN REFUNDING BONDS

Section 3.01. Issuance, Award and Delivery of Town Refunding Bonds. At any time after the execution of this Resolution the Town may issue and deliver Town Refunding Bonds in the aggregate principal amount of not to exceed one million five hundred thousand dollars (\$1,500,000).

The Town Manager shall be, and is hereby, directed to cause the Town Refunding Bonds to be printed, signed and sealed, and to be delivered to the Authority on receipt of the purchase price therefor and upon performance of the conditions contained in the Town Bond Purchase Agreement.

The Paying Agent is hereby authorized to deliver the Town Refunding Bonds to the Authority, upon receipt of a Written Request of the Town.

Section 3.02. Application of Proceeds of Sale of Town Refunding Bonds. On the date of delivery of the Town Refunding Bonds (the "Closing Date"), the proceeds of sale of the Town Refunding Bonds shall be paid by the Authority to the Paying Agent. The Paying Agent shall transfer all of such amounts to the Escrow Bank for deposit in the Escrow Fund which, together with funds then held by the Escrow Bank, will total the amount needed to refund the Prior Town Bonds.

Section 3.03. Security for the Town Refunding Bonds. The Town Refunding Bonds shall constitute general obligations of the Town and the Town has the power, is obligated and hereby covenants to levy *ad valorem* taxes upon all property within the Town subject to taxation by the Town, without limitation of rate or amount, for the payment of the Town Refunding Bonds and the interest thereon, in accordance with section 43632 of the California Government Code. Amounts received from the County representing *ad valorem* taxes collected by the County on behalf of the Town shall, as received, be deposited in the Debt Service Account.

ARTICLE IV

SALE OF THE TOWN REFUNDING BONDS AND AUTHORITY BONDS,
APPROVAL OF PAYING AGENT AGREEMENT, APPROVAL OF ESCROW
AGREEMENT

Section 4.01. Sale of the Town Refunding Bonds and the Authority Bonds.

(a) The Council hereby authorizes and approves the sale of the Town Refunding Bonds to the Authority pursuant to and in accordance with the provisions of a bond purchase contract by and between the Town and the Authority, in the form on file with the Town Clerk (the "Town Refunding Bond Purchase Contract"). The Council hereby authorizes and directs the Mayor, the Town Manager or the Finance Director, or any designee thereof, to execute said form of the Town Refunding Bond Purchase Contract, together with any changes therein or additions thereto deemed advisable by such officer, the execution by such officer of the Town Refunding Bond Purchase Contract to constitute conclusive evidence of his approval of any such changes or additions. The Council hereby authorizes the delivery and performance of the Town Refunding Bond Purchase Contract.

(b) The Council hereby approves the sale of the Authority Bonds to the purchaser identified by Brandis Tallman LLC, the Authority's placement agent, determined following a competitive process.

Section 4.02. Approval of Paying Agent Agreement. The Paying Agent Agreement, in the form on file with the Town Clerk, together with any additions thereto or changes therein deemed necessary or advisable by the Mayor, the Town Manager or the Finance Director, or any designee thereof, is hereby approved by the Council. The Mayor, the Town Manager or the Finance Director or any designee thereof are hereby authorized and directed to execute the Paying Agent Agreement for and in the name and on behalf of the Town. The Council hereby authorizes the delivery and performance of the Paying Agent Agreement.

Section 4.03. Approval of Escrow Agreement. The Escrow Agreement, in the form on file with the Town Clerk, together with any additions thereto or changes therein deemed necessary or advisable by the Mayor, the Town Manager, the Finance Director, or any designee thereof, is hereby approved by the Council. The Mayor, or any designee of the Mayor, the Town Manager, the Finance Director and the Town Clerk, or any designee thereof, and the Clerk are hereby authorized and directed to execute the Escrow Agreement for and in the name and on behalf of the Town. The Council hereby authorizes the delivery and performance of the Escrow Agreement.

Section 4.04. Official Action. All actions heretofore taken by the officers and agents of the Town with respect to the sale and issuance of the Town Refunding Bonds are hereby approved, and the Mayor, the Town Manager and the Finance Director, or any designee thereof, and any and all other officers of the Town are hereby authorized and directed for and in the name and on behalf of the Town, to do any and all things and take any and all actions relating to the execution and delivery of any and all certificates, requisitions, agreements and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Town Refunding Bonds in accordance with this resolution.

ARTICLE V

OTHER COVENANTS OF THE TOWN

Section 5.01. Punctual Payment. The Town will punctually pay, or cause to be paid, the principal of and interest on the Town Refunding Bonds, in strict conformity with the terms of the Town Refunding Bonds and of this Resolution, and it will faithfully observe and perform all of the conditions, covenants and requirements of this Resolution and of the Town Refunding Bonds. Nothing herein contained shall prevent the Town from making advances of its own moneys, howsoever derived, to any of the uses or purposes permitted by law.

Section 5.02. Extension of Time for Payment. In order to prevent any accumulation of claims for interest after maturity, the Town will not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Town Refunding Bonds and will not, directly or indirectly, approve any such arrangement by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the Town, such claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Resolution, except subject to the prior payment in full of the principal of and interest on the Town Refunding Bonds then Outstanding and of all claims for interest which shall not have so extended or funded.

Section 5.03. Protection of Security and Rights of Town Refunding Bondowners. The Town will preserve and protect the security of the Town Refunding Bonds and the rights of the Town Refunding Bondowners, and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any of the Town Refunding Bonds by the Town, the Town Refunding Bonds shall be incontestable by the Town.

Section 5.04. Further Assurances. The Town will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Resolution, and for the better assuring and confirming unto the Owners of the Town Refunding Bonds of the rights and benefits provided in this Resolution.

Section 5.05. Tax Covenants.

(a) *Private Activity Town Refunding Bond Limitation*. The Town shall assure that the proceeds of the Authority Bonds are not so used as to cause the Authority Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

(b) *Federal Guarantee Prohibition*. The Town shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Authority Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

(c) *Rebate Requirement*. The Town shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Authority Bonds.

(d) *No Arbitrage*. The Town shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Authority Bonds which, if such action had been

reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Authority Bonds would have caused the Town Refunding Bonds to be “arbitrage bonds” within the meaning of section 148 of the Code.

(e) *Maintenance of Tax-Exemption.* The Town shall take all actions necessary to assure the exclusion of interest on the Authority Bonds from the gross income of the Owners of the Town Refunding Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Authority Bonds.

Section 5.06. Acquisition, Disposition and Valuation of Investments.

(a) Except as otherwise provided in subsection (b) of this Section 5.06, the Town covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Resolution, or otherwise containing gross proceeds of the Town Refunding Bonds (within the meaning of section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Resolution or the Code) at Fair Market Value.

(b) Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code shall be valued at their present value (within the meaning of section 148 of the Code).

ARTICLE VI

THE PAYING AGENT

Section 6.01. Appointment of Paying Agent. U.S. Bank National Association is hereby appointed Paying Agent for the Town Refunding Bonds. The Paying Agent undertakes to perform such duties, and only such duties, as are specifically set forth in this Resolution, and, even during the continuance of an Event of Default, no implied covenants or obligations shall be read into this Resolution against the Paying Agent. The Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Resolution by executing and delivering to the Town a certificate to that effect.

The Town may remove the Paying Agent initially appointed, and any successor thereto, and may appoint a successor or successors thereto, but any such successor shall be a bank or trust company doing business in the State of California, having a combined capital (exclusive of borrowed capital) and surplus of at least fifty million dollars (\$50,000,000), and subject to supervision or examination by federal or state authority. If such 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 purposes of this Section 6.01 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 Paying Agent may at any time resign by giving written notice to the Town and the Town Refunding Bondowners of such resignation. Upon receiving notice of such resignation, the Town shall promptly appoint a successor Paying Agent by an instrument in writing. Any resignation or removal of the Paying Agent and appointment of a successor Paying Agent shall become effective upon acceptance of appointment by the successor Paying Agent.

Section 6.02. Paying Agent May Hold Town Refunding Bonds. The Paying Agent may become the owner of any of the Town Refunding Bonds in its own or any other capacity with the same rights it would have if it were not Paying Agent.

Section 6.03. Liability of Agents. The recitals of facts, covenants and agreements herein and in the Town Refunding Bonds contained shall be taken as statements, covenants and agreements of the Town, and the Paying Agent assumes no responsibility for the correctness of the same, nor makes any representations as to the validity or sufficiency of this Resolution or of the Town Refunding Bonds, nor shall incur any responsibility in respect thereof, other than as set forth in this Resolution. The Paying Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful default.

In the absence of bad faith, the Paying Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Paying Agent and conforming to the requirements of this Resolution; but in the case of any such certificates or opinions by which any provision hereof are specifically required to be furnished to the Paying Agent, the Paying Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Resolution.

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

No provision of this Resolution shall require the Paying Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

The Paying Agent may execute any of the powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Paying Agent shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

Section 6.04. Notice to Agents. The Paying Agent may rely and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The Paying Agent may consult with counsel, who may be of counsel to the Town, 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 duties under this Resolution the Paying Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Paying Agent, be deemed to be conclusively proved and established by a certificate of the Town, and such certificate shall be full warrant to the Paying Agent for any action taken or suffered under the provisions of this Resolution upon the faith thereof, but in its discretion the Paying Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

Section 6.05. Compensation, Indemnification. The Town, or the County to the extent amounts required for such purpose are included in the annual tax levy, shall pay to the Paying Agent from time to time reasonable compensation for all services rendered under this Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Resolution. A Town Representative is hereby authorized to execute an agreement or agreements with the Paying Agent in connection with such fees and expenses. The Town further agrees to indemnify and save the Paying Agent harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder which are not due to its negligence or bad faith.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF BONDOWNERS

Section 7.01. Events of Default. The following events shall be Events Of Default hereunder:

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

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

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

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

Section 7.02. Remedies of Town Refunding Bondowners. Any Town Refunding Bondowner shall have the right, for the equal benefit and protection of all Town Refunding Bondowners similarly situated:

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

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

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

Section 7.03. Non-Waiver. Nothing in this Article VII or in any other provision of this Resolution, or in the Town Refunding Bonds, shall affect or impair the obligation of the Town, which is absolute and unconditional, to pay the principal of and interest on the Town Refunding Bonds to the respective Owners of the Town Refunding Bonds at the respective dates of maturity, as herein provided, or affect or impair the right of action, which is also absolute and unconditional, of such Owners to institute suit to enforce such payment by virtue of the contract embodied in the Town Refunding Bonds.

A waiver of any default by any Town Refunding Bondowner shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner of any of the Town Refunding Bonds to exercise any right or power accruing upon any default shall impair

any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Town Refunding Bondowners by this Article VII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners of the Town Refunding Bonds.

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

Section 7.04. Remedies Not Exclusive. No remedy herein conferred upon the Owners of Town Refunding Bonds shall be exclusive of any other remedy and that each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or thereafter conferred on the
Town Refunding Bondowners.

ARTICLE VIII

SUPPLEMENTAL RESOLUTIONS

Section 8.01. Supplemental Resolutions Effective Without Consent of the Owners. For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution of the Town may be adopted, which, without the requirement of consent of the Owners of the Town Refunding Bonds, shall be fully effective in accordance with its terms:

(a) to add to the covenants and agreements of the Town in this Resolution, other covenants and agreements to be observed by the Town which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(b) to add to the limitations and restrictions in this Resolution, other limitations and restrictions to be observed by the Town which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(c) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Resolution, of any moneys, securities or funds, or to establish any additional funds or accounts to be held under this Resolution;

(d) to cure any ambiguity, supply and omission, or cure or correct any defect or inconsistent provision in this Resolution; or

(e) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Town Refunding Bonds.

Section 8.02. Supplemental Resolutions Effective With Consent to the Owners. Any modification or amendment of this Resolution and of the rights and obligations of the Town and of the Owners of the Town Refunding Bonds, in any particular, may be made by a Supplemental Resolution, with the written consent of the Owners of at least two-thirds in aggregate principal amount of the Town Refunding Bonds Outstanding at the time such consent is given. No such modification or amendment shall permit a change in the terms of maturity of the principal of any Outstanding Town Refunding Bonds or of any interest payable thereon or a reduction in the principal amount thereof or in the rate of interest thereon, or shall reduce the percentage of Town Refunding Bonds the consent of the Owners of which is required to effect any such modification or amendment, or shall change any of the provisions in Section 7.01 hereof relating to Events of Default, or shall reduce the amount of moneys pledged for the repayment of the Town Refunding Bonds without the consent of all the Owners of such Town Refunding Bonds, or shall change or modify any of the rights or obligations of any Paying Agent without its written assent thereto.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Benefits of Resolution Limited to Parties. Nothing in this Resolution, expressed or implied, is intended to give to any person other than the Town, the Paying Agent and the Owners of the Town Refunding Bonds, any right, remedy, claim under or by reason of this Resolution. Any covenants, stipulations, promises or agreements in this Resolution contained by and on behalf of the Town shall be for the sole and exclusive benefit of the Owners of the Town Refunding Bonds.

Section 9.02. Defeasance.

(a) *Discharge of Resolution.* Town Refunding Bonds may be paid by the Town in any of the following ways, provided that the Town also pays or causes to be paid any other sums payable hereunder by the Town:

(i) by paying or causing to be paid the principal or redemption price of and interest on Town Refunding Bonds Outstanding, as and when the same become due and payable;

(ii) by depositing, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 9.02(c)) to pay or redeem Town Refunding Bonds Outstanding;
or

(iii) by delivering to the Paying Agent, for cancellation by it, Town Refunding Bonds Outstanding.

If the Town shall pay all Town Refunding Bonds Outstanding and shall also pay or cause to be paid all other sums payable hereunder by the Town, then and in that case, at the election of the Town (evidenced by a certificate of any Town Representative, filed with the Paying Agent, signifying the intention of the Town to discharge all such indebtedness and this Resolution), and notwithstanding that any Town Refunding Bonds shall not have been surrendered for payment, this Resolution and other assets made under this Resolution and all covenants, agreements and other obligations of the Town under this Resolution shall cease, terminate, become void and be completely discharged and satisfied, except only as provided in Section 9.02(b). In such event, upon request of the Town, the Paying Agent shall cause an accounting for such period or periods as may be requested by the Town to be prepared and filed with the Town and shall execute and deliver to the Town all such instruments as may be necessary to evidence such discharge and satisfaction, and the Paying Agent shall pay over, transfer, assign or deliver to the Town all moneys or securities or other property held by it pursuant to this Resolution which are not required for the payment or redemption of Town Refunding Bonds not theretofore surrendered for such payment or redemption.

(b) *Discharge of Liability on Town Refunding Bonds.* Upon the deposit, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 9.02(c)) to pay or redeem any Outstanding Town Refunding Bond (whether upon or prior to its maturity or the redemption date of such Town Refunding Bond), provided that, if such Town Refunding Bond is to be redeemed prior to maturity, notice of such redemption shall have been given as in Section 2.03 provided or provision satisfactory to the Paying Agent shall have been made for the giving of such notice, then all liability of the Town in respect of such Town Refunding Bond shall cease and be completely discharged, except only that thereafter the Owner thereof shall be entitled only to payment of the principal of and interest on such

Town Refunding Bond by the Town, and the Town shall remain liable for such payment, but only out of such money or securities deposited with the Paying Agent as aforesaid for such payment, provided further, however, that the provisions of Section 9.02(d) shall apply in all events.

The Town may at any time surrender to the Paying Agent for cancellation by it any Town Refunding Bonds previously issued and delivered, which the Town may have acquired in any manner whatsoever, and such Town Refunding Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

(c) *Deposit of Money or Securities with Paying Agent.* Whenever in this Resolution it is provided or permitted that there be deposited with or held in trust by the Paying Agent money or securities in the necessary amount to pay or redeem any Town Refunding Bonds, the money or securities so to be deposited or held may include money or securities held by the Paying Agent in the funds and accounts established pursuant to this Resolution and shall be:

(i) lawful money of the United States of America in an amount equal to the principal amount of such Town Refunding Bonds and all unpaid interest thereon to maturity, except that, in the case of Town Refunding Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as in Section 2.03 provided or provision satisfactory to the Paying Agent shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount or redemption price of such Town Refunding Bonds and all unpaid interest thereon to the redemption date; or

(ii) Federal Securities (not callable by the issuer thereof prior to maturity) the principal of and interest on which when due, in the opinion of a certified public accountant delivered to the Town, will provide money sufficient to pay the principal or redemption price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Town Refunding Bonds to be paid or redeemed, as such principal or redemption price and interest become due, provided that, in the case of Town Refunding Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in Section 2.03 or provision satisfactory to the Paying Agent shall have been made for the giving of such notice;

provided, in each case, that the Paying Agent shall have been irrevocably instructed (by the terms of this Resolution or by request of the Town) to apply such money to the payment of such principal or redemption price and interest with respect to such Town Refunding Bonds.

(d) *Payment of Town Refunding Bonds After Discharge of Resolution.* Notwithstanding any provisions of this Resolution, any moneys held by the Paying Agent in trust for the payment of the principal or redemption price of, or interest on, any Town Refunding Bonds and remaining unclaimed after the payment is due (whether at maturity or upon call for redemption as provided in this Resolution), if such moneys were so held at such date, or two years after the date of deposit of such moneys if deposited after said date when all of the Town Refunding Bonds became due and payable, shall be repaid to the Town free from the trusts created by this Resolution, and all liability of the Paying Agent with respect to such moneys shall thereupon cease; *provided, however,* that before the repayment of such moneys to the Town as aforesaid, the Paying Agent may (at the cost of the Town) first mail to the Owners of all Town Refunding Bonds which have not been paid at the addresses shown on the Town Refunding Bond Register a notice in such form as may be deemed appropriate by the Paying Agent, with respect to the Town Refunding Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Town of the moneys held for the payment thereof.

Section 9.03. Execution of Documents and Proof of Ownership by Town Refunding Bondowners. Any request, declaration or other instrument which this Resolution may require or permit to be executed by Town Refunding Bondowners may be in one or more instruments of similar tenor, and shall be executed by Town Refunding Bondowners in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Town Refunding Bondowner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Except as otherwise herein expressly provided, the ownership of registered Town Refunding Bonds and the amount, maturity, number and date of holding the same shall be proved by the registry books.

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

Section 9.04. Waiver of Personal Liability. No boardmember, officer, agent or employee of the Town shall be individually or personally liable for the payment of the principal of or interest on the Town Refunding Bonds; but nothing herein contained shall relieve any such boardmember, officer, agent or employee from the performance of any official duty provided by law.

Section 9.05. Destruction of Canceled Town Refunding Bonds. Whenever in this Resolution provision is made for the surrender to the Town of any Town Refunding Bonds which have been paid or canceled pursuant to the provisions of this Resolution, a certificate of destruction duly executed by the Paying Agent shall be deemed to be the equivalent of the surrender of such canceled Town Refunding Bonds and the Town shall be entitled to rely upon any statement of fact contained in any certificate with respect to the destruction of any such Town Refunding Bonds therein referred to.

Section 9.06. Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this Resolution shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Resolution. The Town hereby declares that it would have adopted this Resolution and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Town Refunding Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Resolution may be held illegal, invalid or unenforceable. If, by reason of the judgment of any court, the Town is rendered unable to perform its duties hereunder, all such duties and all of the rights and powers of the Town hereunder shall be assumed by and vest in the Paying Agent in trust for the benefit of the Town Refunding Bondowners.

Section 9.07. Effective Date of Resolution. This Resolution shall take effect from and after the date of its passage and adoption.

THE FOREGOING RESOLUTION is approved and adopted by the Town Council of the Town of Fairfax this 6th day of April, 2016.

Mayor

ATTEST:

Town Clerk

EXHIBIT A

FORM OF BOND

United States of America
State of California
Marin County

**TOWN OF FAIRFAX
2016 GENERAL OBLIGATION REFUNDING BOND**

INTEREST RATE:	MATURITY DATE:	ISSUE DATE:
%	August 1, 2027	May 4, 2016

REGISTERED OWNER: U.S. BANK NATIONAL ASSOCIATION, as Trustee, as assignee of the Fairfax Financing Authority

PRINCIPAL SUM: _____ DOLLARS

The TOWN OF FAIRFAX, a municipal corporation and general law city duly organized and existing under and by virtue of the Constitution and laws of the State of California (the "Town"), for value received hereby promises to pay to the Registered Owner stated above, or registered assigns (the "Owner"), on the Maturity Date stated above (subject to any right of prior redemption hereinafter provided for), the Principal Sum stated above, in lawful money of the United States of America, and to pay interest thereon in like lawful money from the interest payment date next preceding the date of authentication of this Town Refunding Bond (unless (i) this Town Refunding Bond is authenticated on an interest payment date, in which event it shall bear interest from such date of authentication, or (ii) this Town Refunding Bond is authenticated prior to an interest payment date and after the close of business on the fifteenth day of the month preceding such interest payment date, in which event it shall bear interest from such interest payment date, or (iii) this Town Refunding Bond is authenticated on or prior to July 15, 2016, in which event it shall bear interest from the Issue Date stated above; provided however, that if at the time of authentication of this Town Refunding Bond, interest is in default on this Town Refunding Bond, this Town Refunding Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on this Town Refunding Bond) until payment of such Principal Sum in full, at the rate per annum stated above, payable on February 1 and August 1 in each year, commencing August 1, 2016, calculated on the basis of 360-day year comprised of twelve 30-day months. Principal hereof and premium, if any, upon early redemption hereof are payable at the corporate trust office of U.S. Bank National Association (the "Paying Agent"), in San Francisco, California. Interest hereon (including the final interest payment upon maturity or earlier redemption) is payable by check or draft of the Paying Agent mailed by first-class mail to the Owner at the Owner's address as it appears on the Town Refunding Bond register maintained by the Paying Agent as of the close of business on the fifteenth day of the month next preceding such interest payment date (the "Record Date"), or at such other address as the Owner may have filed with the Paying Agent for that purpose; provided however, that payment of interest may be by wire transfer in immediately available funds to an account in the United States of America to any Owner of Town Refunding Bonds in the aggregate principal amount of \$1,000,000 or more who shall furnish written wire instructions to the Paying Agent at least five (5) days before the applicable Record Date.

This Town Refunding Bond is one of a duly authorized issue of bonds of the Town designated as "Town of Fairfax (Marin County, California) 2016 General Obligation Refunding Town Refunding Bonds" (the "Town Refunding Bonds"), in an aggregate principal amount of _____ dollars (\$_____), all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities, interest rates or redemption and other provisions) and all issued pursuant to the provisions of Chapter 4 (commencing with section 53550) of Article 9 of Chapter 3 of Division 2 of Title 5 of the California Government Code (the "Act"), and pursuant to Resolution No. ____ of the Town adopted April 6, 2016 (the "Resolution"), authorizing the issuance of

the Town Refunding Bonds. Reference is hereby made to the Resolution (copies of which are on file at the office of the Town Clerk) and the Act for a description of the terms on which the Town Refunding Bonds are issued and the rights thereunder of the owners of the Town Refunding Bonds and the rights, duties and immunities of the Paying Agent and the rights and obligations of the Town thereunder, to all of the provisions of which Resolution the Owner of this Town Refunding Bond, by acceptance hereof, assents and agrees.

The Town Refunding Bonds have been issued by the Town to refund, on a current basis, all outstanding Town of Fairfax General Obligation Town Refunding Bonds, Series 2006.

This Town Refunding Bond and the interest hereon and on all other Town Refunding Bonds and the interest thereon (to the extent set forth in the Resolution) are general obligations of the Town and the Town has the power and is obligated to levy *ad valorem* taxes for the payment of the Town Refunding Bonds and the interest thereon upon all property within the Town subject to taxation by the Town.

The Town Refunding Bonds are callable for redemption prior to their stated maturity date at the option of the Town, as a whole, or in part on or after August 1, ____ (in such maturities as are designated by the Town, or, if the Town fails to designate such maturities, on a proportional basis), and may be redeemed prior to the maturity thereof by payment of all principal, plus accrued interest to date of redemption, without premium.

The Town Refunding Bonds are subject to mandatory sinking fund redemption prior to their stated maturity date, at the principal amount thereof without premium on each August 1, commencing August 1, 2016, to and including August 1, 2027, in the principal amounts as set forth in the following table:

<u>Date of Sinking Fund Redemption</u>	<u>Sinking Fund Installment Amount</u>
8/1/16	
8/1/17	
8/1/18	
8/1/19	
8/1/20	
8/1/21	
8/1/22	
8/1/23	
8/1/24	
8/1/25	
8/1/26	
8/1/27	

The Town Refunding Bonds are issuable as fully registered bonds, without coupons, in integral multiples of \$1. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Resolution, Town Refunding Bonds may be exchanged for a like aggregate principal amount of Town Refunding Bonds of other authorized denominations and of the same maturity.

This Town Refunding Bond is transferable by the Owner hereof, in person or by his attorney duly authorized in writing, at said office of the Paying Agent in San Francisco, California, but only in the manner and subject to the limitations provided in the Resolution, and upon surrender and cancellation of this Town Refunding Bond. Upon registration of such transfer a new Town Refunding Bond or Town Refunding Bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor.

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

The Resolution may be amended without the consent of the Owners of the Town Refunding Bonds to the extent set forth in the Resolution.

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

This Town Refunding Bond shall not be entitled to any benefit under the Resolution or become valid or obligatory for any purpose until the Certificate of Authentication hereon shall have been signed manually by the Paying Agent.

IN WITNESS WHEREOF, the Town of Fairfax has caused this Town Refunding Bond to be executed in its name and on its behalf with the facsimile signatures of the Mayor and the Town Clerk, all as of the Issue Date stated above.

TOWN OF FAIRFAX

By _____
Mayor

ATTEST:

Town Clerk

CERTIFICATE OF AUTHENTICATION

This is one of the Town Refunding Bonds described in the within-mentioned Resolution.

Authentication Date:

U.S. BANK NATIONAL ASSOCIATION, as Paying Agent

By _____
Authorized Signatory

ASSIGNMENT

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

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

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

attorney, to transfer the same on the bond register of the Paying Agent with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Notice: Signature(s) must be guaranteed by a qualified guarantor institution.

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

BOND PURCHASE CONTRACT

by and between the

TOWN OF FAIRFAX

and the

FAIRFAX FINANCING AUTHORITY

Dated _____, 2016

Relating to:
\$ _____
Town of Fairfax
(Marin County, California)
2016 General Obligation Refunding Bonds

BOND PURCHASE CONTRACT

THIS BOND PURCHASE CONTRACT (this "Bond Purchase Contract"), dated _____, 2016, is by and between the FAIRFAX FINANCING AUTHORITY, a joint exercise of powers authority duly organized and existing under and by virtue of the laws of the State of California (the "Authority"), and the TOWN OF FAIRFAX, a municipal corporation and general law city duly organized and existing under the laws of the State of California (the "Town"):

WITNESSETH:

WHEREAS, the Authority is a joint exercise of powers authority duly organized and existing under the provisions of Articles 1 through 4 (commencing with section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "Act"), and is authorized pursuant to Article 4 of the Act (the "Bond Law") to borrow money for, among other purposes, the financing of bonds, notes and other obligations to provide financing for public capital improvements within the State of California;

WHEREAS, the Town has authorized the issuance of its \$_____ principal amount of Town of Fairfax, (Marin County, California) 2016 General Obligation Refunding Bonds (the "Town Refunding Bonds"), pursuant to a resolution of the Town, adopted on April 6, 2016 (the "Town Bond Resolution"), to refund, on a current basis, the Town's outstanding General Obligation Bonds, Series 2006 (the "Prior Town Bonds");

WHEREAS, the Authority has authorized the issuance of its bonds, designated as the Fairfax Financing Authority Revenue Bonds, Series 2016 (Town of Fairfax General Obligation Refunding Bond Program), in the aggregate principal amount of \$_____ (the "Authority Bonds"), to be issued under an Indenture of Trust, dated as of May 1, 2016 (the "Authority Indenture"), by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee"), and under the Bond Law, the proceeds of which will be applied to (a) the purchase of the Town Refunding Bonds, and (b) the financing of capital improvements within the geographic boundaries of the Town;

WHEREAS, the Authority and the Town have found and determined that the sale of the Town Refunding Bonds to the Authority will result in substantial public benefits to the Town;

WHEREAS, the Authority and the Town desire to enter into this Bond Purchase Contract providing for the sale of the Town Refunding Bonds by the Town to the Authority and containing the other agreements herein set forth.

NOW, THEREFORE, in consideration of the mutual agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Authority and the Town agree as follows:

1. All terms not herein defined shall have the meanings given such terms in the Authority Indenture or in the Town Bond Resolution.

2. Upon the terms and conditions and upon the basis of the representations, warranties and agreements hereinafter set forth, the Town hereby commits to sell to the Authority and hereby sells to the Authority, and the Authority hereby commits to purchase from the Town and does hereby purchase from the Town with the proceeds of the Authority Bonds deposited in the Program Fund, all of the Town Refunding Bonds at a purchase price of \$_____. The Town Refunding Bonds will be in the principal amounts and be subject to redemption as set forth in Exhibit A attached hereto and hereby made a part hereof.

3. The Town confirms that there are no substantial conditions precedent to the issuance by the Town and to the sale (as provided herein) and the delivery to the Authority of the Town Refunding Bonds.

4. The Town hereby specifies May 4, 2016, as the date of closing of the purchase of the Town Refunding Bonds hereunder (the "Closing Date"). The Town Refunding Bonds shall be registered in the name of the Trustee, as assignee of the Authority and in its capacity as trustee for the Authority Bonds pursuant to the Authority Indenture. On the Closing Date, the Town shall issue and deliver the Town Refunding Bonds to the Trustee upon payment by the Trustee, on behalf of the Authority, to the Town or its order of the purchase price of the Town Refunding Bonds in the aggregate amount of \$_____. Said purchase price shall be paid by the Trustee, on behalf of the Authority, solely from the proceeds of sale of the Authority Bonds pursuant to the terms of the Authority Indenture.

5. The Town Refunding Bonds shall be issued and secured under the provisions of the Town Bond Resolution and related proceedings authorizing the issuance of the Town Refunding Bonds (the "Proceedings"). The Town Refunding Bonds and interest thereon will be payable from ad valorem taxes in accordance with the Town Bond Resolution and the Proceedings. Proceeds of the Town Refunding Bonds will be used to refund the Prior Town Bonds.

The interest rate on the Town Refunding Bonds shall not exceed 12% per annum and shall be as set forth in the Town Bond Resolution.

6. Any action under this Bond Purchase Contract taken by the Authority, including payment for and acceptance of the Town Refunding Bonds, and delivery and execution of any receipt for the Town Refunding Bonds and any other instruments in connection with the closing on the Closing Date, shall be valid and sufficient for all purposes and binding upon the Authority, provided that any such action shall not impose any obligation or liability upon the Authority other than as may arise as expressly set forth in this Bond Purchase Contract.

7. It is a condition to the Town's sale of the Town Refunding Bonds and the obligation of the Town to deliver the Town Refunding Bonds to the Authority, and to the Authority's purchase of the Town Refunding Bonds and the obligations of the Authority to accept delivery of and to pay for the Town Refunding Bonds, that the entire aggregate principal amount of the Town Refunding Bonds authorized to be issued by the Town Bond Resolution shall be delivered by the Town, and accepted and paid for by the Authority, on the Closing Date.

8. The Town represents and warrants to the Authority that:

(a) The Town is a municipal corporation and general law city, duly organized and existing under the laws of the State of California, and has, and on the Closing Date will have, full legal right, power and authority (i) to enter into this Bond Purchase Contract and that certain escrow agreement, to be dated the Closing Date, by and between the Town and U.S. Bank National Association, as escrow bank, providing for the defeasance of the Prior Town Bonds (the "Escrow Agreement"), (ii) to adopt or enter into the Proceedings, (iii) to issue, sell and deliver the Town Refunding Bonds to the Authority as provided herein, and (iv) to carry out and consummate the transactions on its part contemplated by this Bond Purchase Contract, the Escrow Agreement and the Proceedings;

(b) The Town has complied, and will on the Closing Date be in compliance in all respects, with the Proceedings;

(c) By official action of the Town prior to or concurrently with the acceptance hereof, the Town has duly adopted the Town Bond Resolution, has duly authorized and approved the execution and delivery by the Town of, and the performance by the Town of the obligations on its part contained in, the Town Bond Resolution, the Town Refunding Bonds, this Bond Purchase Contract and the Escrow Agreement, and has duly authorized and approved the performance by the Town of its obligations contained in the Town Bond Resolution and the other Proceedings;

(d) The execution and delivery of this Bond Purchase Contract, the Escrow Agreement and the Town Refunding Bonds, the adoption of the Town Bond Resolution and the adoption or entering into of the other Proceedings, and compliance with the provisions of each thereof, will not conflict with or constitute a breach of or a default under any applicable law or administrative regulation of the State of California or the United States, or any applicable judgment, decree, agreement or other instrument to which the Town is a party or is otherwise subject;

(f) There is no action, suit, proceeding or investigation before or by any court, public board or body pending or, to the knowledge of the Town, threatened, wherein an unfavorable decision, ruling or finding would: (i) affect the creation, organization, existence or powers of the Town or the titles of its members and officers to their respective offices, (ii) enjoin or restrain the issuance, sale and delivery of the Town Refunding Bonds, the property tax revenues which secure the Town Refunding Bonds, or the pledge thereof under the Town Bond Resolution, (iii) in any way question or affect any of the rights, powers, duties or obligations of the Town with respect to the moneys pledged or to be pledged to pay the principal of, premium, if any, or interest on the Town Refunding Bonds, (iv) in any way question or affect any authority for the issuance of the Town Refunding Bonds, or the validity or enforceability of the Town Refunding Bonds, the Town Bond Resolution or the other Proceedings, or (v) in any way question or affect this Bond Purchase Contract or the transactions contemplated by this Bond Purchase Contract, the Town Bond Resolution or any other agreement or instrument to which the Town is a party relating to the Town Refunding Bonds;

(g) The issuance and sale of the Town Refunding Bonds is not subject to any transfer or other documentary stamp taxes of the State of California or any political subdivision thereof;

(h) Any certificate signed by any official of the Town authorized to do so shall be deemed a representation and warranty by the Town to the Authority as to the statements made therein.

10. At 8:00 A.M., Pacific Time, on the Closing Date, or at such other time or on such other date as is mutually agreed by the Town and the Authority, the Town will deliver the Town Refunding Bonds to the Trustee, on behalf of the Authority, in definitive form, duly executed, together with the other documents hereinafter mentioned, and, subject to the terms and conditions hereof, the Authority will accept such delivery and pay the purchase price of the Town Refunding Bonds, as referenced in paragraph 2 hereof, but solely from the available proceeds referenced in paragraph 4 hereof, by wire transfer or other funds which are good funds on the Closing Date payable to the order of U.S. Bank National Association, as paying agent Delivery and payment, as aforesaid, shall be made at such place as shall have been mutually agreed upon by the Town and the Authority.

11. The Authority has entered into this Bond Purchase Contract in reliance upon the representations, warranties and agreements of the Town contained herein and to be contained in the documents and instruments to be delivered on the Closing Date, and upon the performance by the Town of its obligations hereunder, both as of the date hereof and as of the Closing Date. Accordingly, the Authority's obligations under this Bond Purchase Contract to

purchase, to accept delivery of and to pay for the Town Refunding Bonds shall be subject to the performance by the Town of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing Date, and shall also be subject to the following conditions:

(a) The representations and warranties of the Town contained herein shall be true and correct on the date hereof and on and as of the Closing Date, as if made on the Closing Date;

(b) On the Closing Date the Proceedings shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to by both the Town and the Authority;

(c) As of the Closing Date, all official actions of the Town relating to the Proceedings shall be in full force and effect, and there shall have been taken all such actions as, in the opinion of Quint & Thimmig LLP, bond counsel ("Bond Counsel"), shall be necessary or appropriate in connection therewith, with the issuance of the Authority Bonds and the Town Refunding Bonds, and with the transactions contemplated hereby;

(d) The Authority shall have the right to terminate the Authority's obligations under this Bond Purchase Contract to purchase, to accept delivery of and to pay for the Town Refunding Bonds by notifying the Town of its election to do so if, after the execution hereof and prior to the Closing Date: (i) either the marketability of the Authority Bonds or the market price of the Authority Bonds, in the opinion of the Authority, has been materially and adversely affected by any decision issued by a court of the United States (including the United States Tax Court) or of the State of California, by any ruling or regulation (final, temporary or proposed) issued by or on behalf of the Department of the Treasury of the United States, the Internal Revenue Service, or other governmental agency of the United States, or any governmental agency of the State of California, or by a tentative decision with respect to legislation reached by a committee of the House of Representatives or the Senate of the Congress of the United States, or by legislation enacted by, pending in, or favorably reported to either the House of Representatives or the Senate of the Congress of the United States or either house of the Legislature of the State of California, or formally proposed to the Congress of the United States by the President of the United States or to the Legislature of the State of California by the Governor of the State of California in an executive communication, affecting the tax status of the Authority or the Town, their property or income, their bonds (including the Authority Bonds) or the interest thereon, or any tax exemption granted or authorized by the Bond Law; (ii) the United States shall have become engaged in: hostilities which have resulted in a declaration of war or national emergency, or there shall have occurred any other outbreak of hostilities, or a local, national or international calamity or crisis, financial or otherwise, the effect of such outbreak, calamity or crisis being such as, in the reasonable opinion of the Authority, would affect materially and adversely the ability of the Authority to market the Authority Bonds (it being agreed by the Authority that there is no outbreak, calamity or crisis of such a character as of the date hereof); (iii) there shall have occurred a general suspension of trading on the New York Stock Exchange or the declaration of a general banking moratorium by the United States, New York State or California State authorities; (iv) there shall have occurred a withdrawal or downgrading of any rating assigned to any securities of the Town by a national municipal bond rating agency; or (v) any Federal or California court, authority or regulatory body shall take action materially and adversely affecting the ability of the Town to receive property tax revenues; and

(e) On or prior to the Closing Date, the Authority shall have received each of the following documents:

(1) Opinion or opinions, in form and substance satisfactory to Bond Counsel, dated as of the Closing Date, of Bond Counsel to the Town approving the validity of the Town Refunding Bonds;

(2) A letter or letters of Bond Counsel, dated the date of the Closing and addressed to the Authority, to the effect that the opinion referred to in the preceding subparagraph (1) may be relied upon by the Authority to the same extent as if such opinion were addressed to it;

(3) A supplementary opinion or opinions, dated the date of the Closing and addressed to the Authority, of Bond Counsel to the effect that (i) this Bond Purchase Contract and the Escrow Agreement have been duly authorized, executed and delivered by, and, assuming due authorization, execution and delivery by the other parties thereto, constitute the legal, valid and binding agreements of the Town enforceable in accordance with their respective terms, except as such enforceability may be limited by bankruptcy and insolvency proceedings or by the application of equitable principles if equitable remedies are sought; and (ii) the Town Refunding Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Town Bond Resolution is exempt from qualification under the Trust Indenture Act of 1939, as amended;

(4) A certificate or certificates dated the Closing Date, addressed to the Authority, signed by a Town official having knowledge of the facts to the effect that:

(i) The representations and warranties of the Town contained herein are true and correct in all material respects on and as of the Closing Date as if made on the Closing Date;

(ii) There is no action, suit, proceeding or investigation before or by any court, public board or body pending or threatened, wherein an unfavorable decision, ruling or finding would: (A) affect the creation, organization, existence or powers of the Town, or the titles of its members and officers to their respective offices, (B) enjoin or restrain the issuance, sale and delivery of the Town Refunding Bonds, the property tax revenues or any other moneys or property pledged or to be pledged under the Town Bond Resolution, or the pledge thereof, (C) in any way question or affect any of the rights, powers, duties or obligations of the Town with respect to the moneys and assets pledged or to be pledged to pay the principal of, premium, if any, or interest on the Town Refunding Bonds, (D) in any way question or affect any authority for the issuance of the Town Refunding Bonds, or the validity or enforceability of the Town Refunding Bonds or the Proceedings, or (E) in any way question or affect this Bond Purchase Contract, the Escrow Agreement or the transactions on the part of the Town contemplated by this Bond Purchase Contract or the Proceedings; and

(iii) The Town has complied with all agreements, covenants and arrangements, and satisfied all conditions, on its part to be complied with or satisfied hereunder, under the Town Bond Resolution on or prior to the Closing Date;

(5) Such additional legal opinions, certificates, instruments and documents as the Authority may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the Town's representations and warranties contained herein.

In addition to the foregoing, the Town shall on the Closing Date provide the Proceedings, certified by authorized officers of the Town as true copies and as having been adopted or executed (as applicable), with only such amendments, modifications or supplements as may have been agreed to by the Authority.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Bond Purchase Contract shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Authority, but the approval of the Authority shall not be unreasonably withheld. Receipt of, and payment for, the Town Refunding Bonds shall constitute evidence of the satisfactory nature of such as to the Authority. The performance of any and all obligations of the Town hereunder and the performance of any and all conditions contained herein for the benefit of the Authority may be waived by the Executive Director of the Authority in his sole discretion.

If the Town shall be unable to satisfy the conditions to the obligations of the Authority to purchase, accept delivery of and pay for the Town Refunding Bonds contained in this Bond Purchase Contract, or if the obligations of the Authority to purchase, accept delivery of and pay for the Authority Bonds shall be terminated for any reason permitted by this Bond Purchase Contract, this Bond Purchase Contract shall terminate, and neither the Authority nor the Town shall be under further obligation hereunder, except that the respective obligations of the Town and the Authority set forth in paragraphs 13 and 14 hereof shall continue in full force and effect.

12. The Authority shall be under no obligation to pay, and the Town shall pay all expenses of the Town and the Authority incident to the performance of the Town's and the Authority's obligations hereunder including, but not limited to: (i) the cost of the preparation of, and all other costs of issuance of, the Town Refunding Bonds and the Authority Bonds; (ii) the fees and disbursements of Bond Counsel; and (iii) the fees and disbursements of accountants, advisers and of any other experts or consultants retained by the Town or the Authority.

13. The Authority and the Town hereby confirm that the purchase of the Town Refunding Bonds by the Authority hereunder will not violate any of the restrictions set forth in section 6592.5 of the Bond Law.

14. The Town hereby agrees to pay all costs of administration of the Authority and the Trustee related to the Authority Bonds.

15. This Bond Purchase Contract is made solely for the benefit of the Town and the Authority (including their successors and assigns), and no other person shall acquire or have any right hereunder or by virtue hereof. All of the Town's representations, warranties and agreements contained in this Bond Purchase Contract shall remain operative and in full force and effect regardless of: (i) any investigations made by or on behalf of the Authority or the Trustee, or (ii) delivery of and payment for the Town Refunding Bonds pursuant to this Bond Purchase Contract. The agreements contained in this paragraph and in paragraph 13 hereof shall survive any termination of this Bond Purchase Contract.

16. This Bond Purchase Contract may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

17. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

18. The validity, interpretation and performance of this Bond Purchase Contract shall be governed by the laws of the State of California.

IN WITNESS WHEREOF, the Authority and the Town have each caused this Bond Purchase Contract to be executed by their duly authorized officers all as of the date first above written.

FAIRFAX FINANCING AUTHORITY

By _____
Garrett Toy
Executive Director

TOWN OF FAIRFAX

By _____
Garrett Toy
Town Manager

EXHIBIT A

\$ _____
Town of Fairfax
(Marin County, California)
2016 General Obligation Refunding Bonds

Maturity Date: August 1, 2027

Interest rate: _____% per annum

REDEMPTION PROVISIONS

Optional Redemption. The Bonds are subject to redemption by the Town, subject to the receipt of consent by the Authority. The Authority shall not consent to the optional redemption of any of the Bonds unless it shall first have obtained a certificate of an Independent Financial Consultant (as defined in the Indenture) which:

(i) specifies (A) the premium, if any, to be paid by the Town in connection with such optional redemption, and (B) the principal amount and redemption date and price of any Authority Bonds to be redeemed as a result of the optional redemption of the Bonds; and

(ii) concludes that, based upon the information supplied in clauses (i)(A) and (B) above, and in reliance upon the Trustee, the Paying Agent, the Town and the Authority implementing the redemption of the Bonds and the Authority Bonds in a manner consistent with such information, the aggregate of the scheduled principal and interest due on the Bonds which remain Outstanding (as defined in the Town Resolution) following such redemption will be sufficient in time and amount to timely pay the principal and interest due on the Authority Bonds which will remain Outstanding following any redemption of the Bonds to occur as a result of the optional redemption of the Bonds.

Mandatory Sinking Fund Redemption. The Bonds are subject to mandatory sinking fund redemption prior to their stated maturity date, at the principal amount thereof without premium on each August 1, commencing August 1, 2016, to and including August 1, 2027, in the principal amounts as set forth in the following table:

<u>Date of Sinking Fund Redemption</u>	<u>Sinking Fund Installment Amount</u>
8/1/16	
8/1/17	
8/1/18	
8/1/19	
8/1/20	
8/1/21	
8/1/22	
8/1/23	
8/1/24	
8/1/25	
8/1/26	
8/1/27	

† Maturity

\$ _____
TOWN OF FAIRFAX
(Marin County, California)
2016 General Obligation Refunding Bond

PAYING AGENT/BOND REGISTRAR AGREEMENT

THIS PAYING AGENT/BOND REGISTRAR AGREEMENT (this "Agreement"), is entered into as of May 1, 2016, by and between the TOWN OF FAIRFAX (the "Town"), and U.S. BANK NATIONAL ASSOCIATION (the "Bank"), relating to the \$_____ Town of Fairfax (Marin County, California) 2016 General Obligation Refunding Bond (the "Town Refunding Bonds"). The Town hereby appoints the Bank to act as Paying Agent, Transfer Agent and Bond Registrar for the Town Refunding Bonds.

RECITALS

WHEREAS the Town has duly authorized and provided for the issuance of the Town Refunding Bonds as fully registered bonds without coupons;

WHEREAS the Town will ensure all things necessary to make the Town Refunding Bonds the valid obligations of the Town, in accordance with their terms, will be done upon the issuance and delivery thereof;

WHEREAS the Town and the Bank wish to provide the terms under which Bank will act as Paying Agent to pay the principal, redemption premium (if any) and interest on the Town Refunding Bonds, in accordance with the terms thereof, and under which the Bank will act as Registrar for the Town Refunding Bonds;

WHEREAS the Bank has agreed to serve in such capacities for and on behalf of the Town and has full power and authority to perform and serve as Paying Agent, Transfer Agent and Bond Registrar for the Town Refunding Bonds;

WHEREAS the Town has duly authorized the execution and delivery of this Agreement; and all things necessary to make this Agreement a valid agreement have been done.

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE

DEFINITIONS

Section 1.01. Definitions.

For all purposes of this Agreement except as otherwise expressly provided or unless the context otherwise requires:

"Bank" means U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America.

"Bond Register" means the book or books of registration kept by the Bank in which are maintained the names and addresses and principal amounts registered to each Registered Owner.

"Fiscal Year" means the fiscal year of the Town ending on June 30 of each year.

"Paying Agent" means the Bank when it is performing the function of paying agent for the Town Refunding Bonds.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government or any entity whatsoever.

"Registered Owner" means a Person in whose name a Town Refunding Bond is registered in the Bond Register.

"Registrar" means the Bank when it is performing the function of registrar for the Town Refunding Bonds.

"Stated Maturity" when used with respect to any Town Refunding Bond means the date specified in the Town Refunding Bond Resolution as the date on which the principal of such Town Refunding Bond is due and payable.

"Town" means Town of Fairfax.

"Town Refunding Bond Resolution" means the resolution of the Town pursuant to which the Town Refunding Bonds were issued.

"Town Refunding Bond" or *"Town Refunding Bonds"* means any one or all of the \$_____ Town of Fairfax (Marin County, California) 2016 General Obligation Refunding Bond.

"Town Request" means a written request signed in the name of the Town and delivered to the Bank.

ARTICLE TWO

APPOINTMENT OF BANK AS PAYING AGENT, TRANSFER AGENT AND BOND REGISTRAR

Section 2.01. Appointment and Acceptance. The Town hereby appoints the Bank to act as Paying Agent and Transfer Agent with respect to the Town Refunding Bonds, to pay to the Registered Owners in accordance with the terms and provisions of this Agreement and the Town Refunding Bond Resolution, the principal of, redemption premium (if any), and interest on all or any of the Town Refunding Bonds.

The Town hereby appoints the Bank as Registrar with respect to the Town Refunding Bonds. As Registrar, the Bank shall keep and maintain for and on behalf of the Town, books and records as to the ownership of the Town Refunding Bonds and with respect to the transfer and exchange thereof as provided herein and in the Town Refunding Bond Resolution.

Section 2.02. Compensation. As compensation for the Bank's services as Paying Agent and Bond Registrar, the Town hereby agrees to pay the Bank the fees and amounts set forth in a separate agreement between the Town and the Bank.

In addition, the Town agrees to reimburse the Bank, upon its request, for all reasonable and necessary out-of-pocket expenses, disbursements, and advances, including without

limitation the reasonable fees, expenses, and disbursements of its agents and attorneys, made or incurred by the Bank in connection with entering into and performing under this Agreement and in connection with investigating and defending itself against any claim or liability in connection with its performance hereunder.

ARTICLE THREE

PAYING AGENT

Section 3.01. Duties of Paying Agent. As Paying Agent, the Bank, provided sufficient collected funds have been provided to it for such purpose by or on behalf of the Town, shall pay on behalf of the Town the principal of, and interest on each Town Refunding Bond in accordance with the provisions of the Town Refunding Bond Resolution.

Section 3.02. Payment Dates. The Town hereby instructs the Bank to pay the principal of, redemption premium (if any) and interest on the Town Refunding Bonds on the dates specified in the Town Refunding Bond Resolution.

ARTICLE FOUR

REGISTRAR

Section 4.01. Initial Delivery of Town Refunding Bonds. The Town Refunding Bonds will be initially registered and delivered to the purchaser designated by the Town as one Town Refunding Bond. If such purchaser delivers a written request to the Bank not later than five business days prior to the date of initial delivery, the Bank will, on the date of initial delivery, deliver Town Refunding Bonds of authorized denominations, registered in accordance with the instructions in such written request.

Section 4.02. Duties of Registrar. The Bank shall provide for the proper registration of transfer, exchange and replacement of the Town Refunding Bonds. Every Town Refunding Bond surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an eligible guarantor institution, in form acceptable to the Bank, duly executed by the Registered Owner thereof or his attorney duly authorized in writing. The Registrar may request any supporting documentation it deems necessary or appropriate to effect a re-registration.

Section 4.03. Unauthenticated Town Refunding Bonds. The Town shall provide to the Bank on a continuing basis, an adequate inventory of unauthenticated Town Refunding Bonds to facilitate transfers. The Bank agrees that it will maintain such unauthenticated Town Refunding Bonds in safekeeping.

Section 4.04. Form of Bond Register. The Bank as Registrar will maintain its records as Bond Registrar in accordance with the Bank's general practices and procedures in effect from time to time.

Section 4.05. Reports. The Town may request the information in the Bond Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing and to convert the information into written form.

The Bank will not release or disclose the content of the Bond Register to any person other than to the Town at its written request, except upon receipt of a subpoena or court order

or as may otherwise be required by law. Upon receipt of a subpoena or court order the Bank will notify the Town.

Section 4.06. Cancelled Town Refunding Bonds. All Town Refunding Bonds surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Bank, shall be promptly cancelled by it and, if surrendered to the Town, shall be delivered to the Bank and, if not already cancelled, shall be promptly cancelled by the Bank. The Town may at any time deliver to the Bank for cancellation any Town Refunding Bonds previously authenticated and delivered which the Town may have acquired in any manner whatsoever, and all Town Refunding Bonds so delivered shall be promptly cancelled by the Bank. All cancelled Town Refunding Bonds held by the Bank for its retention period then in effect and shall thereafter be destroyed and evidence of such destruction furnished to the Town upon its written request.

ARTICLE FIVE

APPLICATION OF PROCEEDS

Section 5.01. Receipt of Moneys. The Bank has received, from the Fairfax Financing Authority, the purchaser of the Town Refunding Bonds, the sum of \$_____. Such amount has been transferred to U.S. Bank National Association, as escrow bank (the "Escrow Bank"), to provide for the defeasance of the Town's Town of Fairfax (Marin County, California) General Obligation Town Refunding Bonds, Series 2006, dated August 2, 2006, in the principal amount of \$1,765,000, of which \$1,255,000 is currently outstanding.

ARTICLE SIX

THE BANK

Section 6.01. Duties of Bank. The Bank undertakes to perform the duties set forth herein. No implied duties or obligations shall be read into this Agreement against the Bank. The Bank hereby agrees to use the funds deposited with it for payment of the principal of and interest on the Town Refunding Bonds to pay the same as it shall become due and further agrees to establish and maintain such accounts and funds as may be required for the Bank to function as Paying Agent.

Section 6.02. Reliance on Documents, Etc.

(a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions expressed therein, on certificates or opinions furnished to the Bank by the Town.

(b) The Bank shall not be liable for any error of judgment made in good faith. The Bank shall not be liable for other than its negligence or willful misconduct in connection with any act or omission hereunder.

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

(d) The Bank may rely, or be protected in acting or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security 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 Bank need not examine the ownership of any Town Refunding Bond, but shall be protected in acting upon receipt of Town Refunding Bonds containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Registered Owner or agent of the Registered Owner.

(e) The Bank may consult with counsel, and the written advice or opinion of counsel shall be full authorization and protection with respect to any action taken, suffered or omitted by it hereunder in good faith and reliance thereon.

(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys and shall not be liable for the actions of such agent or attorney if appointed by it with reasonable care.

Section 6.03. Recitals of Town. The recitals contained in the Town Refunding Bond Resolution and the Town Refunding Bonds shall be taken as the statements of the Town, and the Bank assumes no responsibility for their correctness.

Section 6.04. May Own Town Refunding Bonds. The Bank, in its individual or any other capacity, may become the owner or pledgee of Town Refunding Bonds with the same rights it would have if it were not the Paying Agent and Bond Registrar for the Town Refunding Bonds.

Section 6.05. Money Held by Bank. Money held by the Bank hereunder need not be segregated from other funds. The Bank shall have no duties with respect to investment of funds deposited with it and shall be under no obligation to pay interest on any money received by it hereunder.

Any money deposited with or otherwise held by the Bank for the payment of the principal, redemption premium (if any) or interest on any Town Refunding Bond and remaining unclaimed for two years after such deposit will be paid by the Bank to the Town, and the Town and the Bank agree that the Registered Owner of such Town Refunding Bond shall thereafter look only to the Town for payment thereof, and that all liability of the Bank with respect to such moneys shall thereupon cease.

Section 6.06. Other Transactions. The Bank may engage in or be interested in any financial or other transaction with the Town.

Section 6.07. Interpleader. The Town and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in a court of competent jurisdiction. The Town and the Bank further agree that the Bank has the right to file an action in interpleader in any court of competent jurisdiction to determine the rights of any person claiming any interest herein.

Section 6.08. Indemnification. To the extent permitted by law, the Town shall indemnify the Bank, its officers, directors, employees and agents ("Indemnified Parties") for, and hold them harmless against any loss, cost, claim, liability or expense arising out of or in connection with the Bank's acceptance or administration of the Bank's duties hereunder or under the Town Refunding Bond Resolution (except any loss, liability or expense as may be adjudged by a court of competent jurisdiction to be attributable to the Bank's negligence or willful misconduct), including the cost and expense (including its counsel fees) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement. Such indemnity shall survive the termination or discharge of this Agreement or discharge of the Town Refunding Bonds.

ARTICLE SEVEN

MISCELLANEOUS PROVISIONS

Section 7.01. Amendment. This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

Section 7.02. Assignment. This Agreement may not be assigned by either party without the prior written consent of the other party.

Section 7.03. Notices. Any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted hereby to be given or furnished to the Town or the Bank shall be mailed or delivered to the Town or the Bank, respectively, at the address shown herein, or such other address as may have been given by one party to the other by fifteen (15) days written notice.

Section 7.04. Effect of Headings. The Article and Section headings herein are for convenience of reference only and shall not affect the construction hereof.

Section 7.05. Successors and Assigns. All covenants and agreements herein by the Town and the Bank shall bind their successors and assigns, whether so expressed or not.

Section 7.06. Severability. If any provision of this Agreement shall be determined to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

Section 7.07. Benefits of Agreement. Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy or claim hereunder.

Section 7.08. Entire Agreement. This Agreement and the Town Refunding Bond Resolution constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent, Transfer Agent and Bond Registrar for the Town Refunding Bonds.

Section 7.09. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 7.10. Term and Termination. This Agreement shall be effective from and after its date and until the Bank resigns or is removed in accordance with the Town Refunding Bond Resolution; provided, however, that no such termination shall be effective until a successor has been appointed and has accepted the duties of the Bank hereunder.

The Bank may resign at any time by giving written notice thereof to the Town. If the Bank shall resign, be removed or become incapable of acting, the Town shall promptly appoint a successor Paying Agent and Bond Registrar. If an instrument of acceptance by a successor Paying Agent and Bond Registrar shall not have been delivered to the Bank within thirty 30 days after the Bank gives notice of resignation, the Bank may petition any court of competent jurisdiction at the expense of the Town for the appointment of a successor Paying Agent and Bond Registrar. In the event of resignation or removal of the Bank as Paying Agent and Bond Registrar, upon the written request of the Town and upon payment of all amounts owing to the Bank hereunder the Bank shall deliver to the Town or its designee all funds and unauthenticated Town Refunding Bonds, and a copy of the Bond Register. The provisions of

Section 2.02 and Section 6.08 hereof shall survive and remain in full force and effect following the termination of this Agreement.

Section 7.11. Governing Law. This Agreement shall be construed in accordance with and shall be governed by the laws of the State of California.

Section 7.12. Documents to be Filed with Bank. At the time of the Bank's appointment as Paying Agent and Bond Registrar, the Town shall file with the Bank the following documents: (a) a certified copy of the Town Refunding Bond Resolution and a specimen Town Refunding Bond; (b) a copy of the opinion of bond counsel provided to the Town in connection with the issuance of the Town Refunding Bonds; and (c) a Town Request containing written instructions to the Bank with respect to the issuance and delivery of the Town Refunding Bonds, including the name of the Registered Owners and the denominations of the Town Refunding Bonds.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

TOWN OF FAIRFAX

By _____
Garrett Toy
Town Manager

U.S. BANK NATIONAL ASSOCIATION,
as Paying Agent

By _____
Francine Rockett,
Vice President

EXHIBIT A
DEBT SERVICE SCHEDULE

Interest Payment Date	Principal	Interest	Total
8/1/16			
2/1/17			
8/1/17			
2/1/18			
8/1/18			
2/1/19			
8/1/19			
2/1/20			
8/1/20			
2/1/21			
8/1/21			
2/1/22			
8/1/22			
2/1/23			
8/1/23			
2/1/24			
8/1/24			
2/1/25			
8/1/25			
2/1/26			
8/1/26			
2/1/27			
8/1/27			
TOTAL			

ESCROW AGREEMENT

by and between the

TOWN OF FAIRFAX

and

U.S. BANK NATIONAL ASSOCIATION, as Escrow Bank

Dated May 4, 2016

Relating to the Refunding of
Town of Fairfax
(Marin County, California)
General Obligation Bonds, Series 2006

ATTACHMENT 4

ESCROW AGREEMENT

This ESCROW AGREEMENT (this "Agreement"), dated May 4, 2016, is by and between the TOWN OF FAIRFAX, a municipal corporation and general law city duly created and existing pursuant to the laws of the State of California, (the "Town"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as escrow bank (the "Escrow Bank").

WITNESSETH:

WHEREAS, the Town has heretofore issued its Town of Fairfax (Marin County, California) General Obligation Bonds, Series 2006, dated June 1, 2006, in the principal amount of \$1,765,000, of which \$1,255,000 is currently outstanding (the "Prior Town Bonds");

WHEREAS, pursuant to Article 9 of Chapter 3 (commencing with section 53550) of Division 2 of Title 5 of the California Government Code (the "Act"), the Town is empowered to issue general obligation refunding bonds;

WHEREAS, the Prior Town Bonds were issued under and pursuant to resolutions of the Town Council of the Town (the "Prior Town Bond Resolutions");

WHEREAS, the Town has determined that it is in the best interests of the Town to refund the Prior Town Bonds and the Town has proposed to cause to be provided funds required to refund all of the Prior Town Bonds, and it is desirable to enter into this Agreement to provide for the refunding of the Prior Town Bonds;

WHEREAS, the Town Council of the Town, by resolution adopted on April 6, 2016 (the "Refunding Bond Resolution"), has authorized the execution and delivery of the Town's \$_____ Town of Fairfax (Marin County, California) 2016 General Obligation Refunding Bonds (the "Town Refunding Bonds"), and has determined to use the proceeds of the Town Refunding Bonds to redeem the Prior Town Bonds on August 1, 2016 (the "Redemption Date") at a redemption price equal to 100% of the principal amount of the Prior Town Bonds (the "Redemption Price"), all as more specifically described in Exhibit A attached hereto;

WHEREAS, the Town, in the Refunding Bond Resolution, has directed that the proceeds of the sale of the Town Refunding Bonds be deposited hereunder, such amount deposited to be in an amount sufficient to provide for the refunding of the Prior Town Bonds as described above;

WHEREAS, the cash has been verified by the Town's financial advisor and the paying agent for the Prior Town Bonds to be sufficient for such purposes;

WHEREAS, in furtherance of such redemption, the Town wishes to provide for the use and disposition of the funds deposited hereunder prior to payment of the Prior Town Bonds; and

WHEREAS, the Escrow Bank has full powers to perform the duties and obligations to be undertaken by it pursuant to this Agreement.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants herein set forth, the parties hereto do hereby agree as follows:

Section 1. Discharge of Prior Town Bonds. The Town hereby irrevocably elects to pay and discharge all indebtedness payable by the Town under the Prior Town Bond Resolutions with respect to the Prior Town Bonds, and to terminate all obligations of the Town thereunder with respect thereto.

Section 2. Prior Town Bonds Escrow Fund. There is hereby established a special fund, to be held in trust by the Escrow Bank for the benefit of the owners of the Prior Town Bonds, to be known as the "Prior Town Bonds Escrow Fund." Upon the issuance of the Town Refunding Bonds, there shall be deposited into the Prior Town Bonds Escrow Fund an amount equal to \$_____, derived as follows:

\$_____ from the proceeds of the Town Refunding Bonds; and

\$_____ from

The total amount deposited in the Prior Town Bonds Escrow Fund shall be held in cash, uninvested. All cash shall be applied, and the Escrow Bank is hereby directed to apply said amounts, solely to the payment of the Redemption Price on the Redemption Date.

The Town hereby represents to the Escrow Bank that the cash is sufficient to pay in full Redemption Price on the Redemption Date, as set forth herein, and that no other moneys are required to provide for such payment.

Section 3. Notice; Application of Certain Terms.

(a) The Escrow Bank, in its capacity as paying agent for the Prior Town Bonds, is hereby requested, and the Escrow Bank, in its capacity as paying agent for the Prior Town Bonds, hereby agrees to give notice of the defeasance of the Prior Town Bonds in the form of defeasance notice attached hereto as Exhibit B.

(c) The Escrow Bank, in its capacity as paying agent for the Prior Town Bonds is hereby requested, and the Escrow Bank, as paying agent for the Prior Town Bonds, hereby agrees to give notice, as soon as practicable, of the redemption of the Prior Town Bonds on the Redemption Date in accordance with the applicable provisions of the Prior Town Bond Resolution and the form of redemption notice attached hereto as Exhibit C.

Section 4. Surplus Moneys. Any money left on deposit in the Prior Town Bonds Escrow Fund after payment in full of the Prior Town Bonds, and the payment of all amounts due to the Escrow Bank hereunder, shall be paid to the Town.

Section 5. Escrow Bank.

(a) The Escrow Bank shall look solely to the Town for compensation for its duties under this Agreement and shall have no right whatsoever against the Prior Town Bonds Escrow Fund for fees, compensation, costs or expenses. The Town shall also reimburse the Escrow Bank for out-of-pocket costs such as cost of giving notice of redemption of the Prior Town Bonds, legal fees and other costs and expenses relating hereto, but under no circumstances shall amounts deposited in the Prior Town Bonds Escrow Fund be deemed to be available for said purposes.

(b) The Town agrees to indemnify the Escrow Bank, its agents and its officers and employees for, and hold the Escrow Bank, its agents and its officers and employees harmless

from, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind (including without limitation, reasonable fees and disbursements of counsel or accountants for the Escrow Bank) which may be imposed on, incurred by, or asserted against the Escrow Bank or such other party at any time by reason of, or in connection with, the performance of its duties as Escrow Bank hereunder, unless due to the negligence or willful misconduct of the particular indemnified party. Such indemnity shall survive the termination or discharge of this Agreement.

(c) The Escrow Bank shall not have any liability hereunder except to the extent of its own negligence or willful misconduct. The Escrow Bank shall have no duty or responsibility under this Agreement in the case of any default in the performance of the covenants or agreements contained in the Prior Town Bond Resolutions or in the Refunding Bond Resolution.

(d) The Escrow Bank may consult with counsel of its own choice (which may be counsel for the Town) and the opinion of such counsel shall be full and complete authorization to take or suffer in good faith any action hereunder in accordance with such opinion of counsel.

(e) The Escrow Bank shall not be responsible for any of the recitals or representations contained herein, in the Prior Town Bond Resolutions or in the Refunding Bond Resolution.

(f) The Escrow Bank may become the owner of, or acquire any interest in, any of the Town Refunding Bonds with the same rights that it would have if it were not the Escrow Bank, and may engage or be interested in any financial or other transaction with the Town.

(g) The Escrow Bank shall not be liable for the accuracy of any calculations provided as to the sufficiency of the moneys deposited with it to pay the principal and interest on the Prior Town Bonds.

(h) The Escrow Bank shall not be liable for any action or omission of the Town under this Agreement, under the Prior Town Bond Resolutions or under the Refunding Bond Resolution.

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

(j) The Escrow Bank may conclusively rely, as to the truth and accuracy of the statements and correctness of the opinions and the calculations provided to it in connection with this Agreement, and shall be protected in acting, or refraining from acting, upon any written notice, instruction, request, certificate, document or opinion furnished to the Escrow Bank in accordance with this Agreement and reasonably believed by the Escrow Bank to have been signed or presented by the proper party, and it need not investigate any fact or matter stated in such notice, instruction, request, certificate or opinion.

(k) The Escrow Bank may at any time resign by giving written notice to the Town of such resignation. The Town shall promptly appoint a successor Escrow Bank by the resignation date. Resignation of the Escrow Bank will be effective only upon acceptance of appointment by a successor Escrow Bank. If the Town does not appoint a successor, the Escrow Bank may petition any court of competent jurisdiction for the appointment of a

successor Escrow Bank, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Escrow Bank. After receiving a notice or resignation of an Escrow Bank, the Town may appoint a temporary Escrow Bank until the Town appoints a successor Escrow Bank. Any such temporary Escrow Bank so appointed by the Town shall immediately and without further act be superseded by the successor Escrow Bank so appointed.

(l) The Escrow Bank shall perform such duties and only such duties as are specifically set forth in this Agreement, and no implied actions, covenants or obligations shall be read into this Agreement against the Escrow Bank.

Section 6. No Rights to Others. Nothing in this Agreement expressed or implied is intended or shall be construed to give to any person other than the Town, the Escrow Bank and the owners of the Prior Town Bonds any legal or equitable right, remedy or claim under or in respect to this Agreement or any covenants, conditions or provisions herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Town, the Escrow Bank and the owners of the Prior Town Bonds.

Section 7. Notices. All notices, requests, demands and other communications under this Agreement by any person shall be in writing (unless otherwise specified herein) and shall be sufficiently given on the date of service if served personally upon the person to whom notice is to be given or on receipt if sent by telex or other telecommunication facility or courier or if mailed by registered or certified mail, postage prepaid, and properly addressed as follows:

(a) if to the Town, to Town of Fairfax, 142 Bolinas Road, Fairfax, California 94930 Attention: Town Manager; and

(b) if to the Escrow Bank, to U.S. Bank National Association, One California Street, Suite 1000, San Francisco, CA 94111, Attention: Corporate Trust Department.

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

Section 9. Severability. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provisions had never been contained herein.

Section 10. Counterparts. This 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 such counterparts, or as many of them as the Town and the Escrow Bank shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 11. Business Days. Whenever any act is required by this Agreement to be done on a specified day or date, and such day or date shall be a day other than a business day for the Escrow Bank, then such act may be done on the next succeeding business day.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed in their respective names by their respective duly authorized officers, all as of the day and year first above written.

TOWN OF FAIRFAX

By _____
Garrett Toy
Town Manager

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Bank

By _____
Francine Rockett
Vice President

EXHIBIT A

PAYMENT AND REDEMPTION SCHEDULE OF PRIOR TOWN BONDS

<u>Date</u>	<u>Scheduled Sinking Fund Redemption</u>	<u>Called Principal</u>	<u>Interest</u>	<u>Premium</u>	<u>Total Payment</u>
8/1/16	\$75,000	\$1,180,000	\$35,262.50	—	\$1,290,262.50

EXHIBIT B

NOTICE OF DEFEASANCE

Town of Fairfax
(Marin County, California)
General Obligation Bonds, Series 2006

<u>Maturity Date</u>	<u>Amount Defeased</u>	<u>Interest Rate</u>	<u>CUSIP No.</u>
8/1/16	\$ 75,000	4.500%	303773 CN3
8/1/21	450,000	6.000	303773 CP8
8/1/24	335,000	5.500	303773 CQ6
8/1/27	395,000	5.500	303773 CR4

NOTICE IS HEREBY GIVEN, on behalf of the Town of Fairfax, California (the "Town") to the owners of the outstanding Town of Fairfax (Marin County, California) General Obligation Bonds, Series 2006, as described above (the "Bonds"), that pursuant to the resolution authorizing the issuance of the Bonds (the "Resolution"), the lien of the Resolution with respect to the Bonds has been discharged through the irrevocable deposit of cash in an escrow fund (the "Escrow Fund"). The Escrow Fund has been established and is being maintained pursuant to that certain Escrow Agreement, dated May 4, 2016, by and between the Town and U.S. Bank National Association, as escrow agent. As a result of such deposit, the Bonds are deemed to have been paid and defeased in accordance with the Resolution. The pledge of the funds provided for under the Resolution and all other obligations of the Town to the owners of the defeased Bonds shall hereafter be limited to the application of moneys in the Escrow Fund for the redemption of the Bonds as described below.

Amounts deposited in the Escrow Fund are calculated to provide sufficient moneys to redeem the outstanding Bonds in full on August 1, 2016 (the "Redemption Date"), at a redemption price equal to 100% of the principal amount thereof, together with accrued interest to the date of redemption. From and after the Redemption Date, interest with respect to the Bonds shall cease to accrue and be payable.

Dated: _____, 2016

U.S. BANK NATIONAL
ASSOCIATION, as Escrow Bank

EXHIBIT C

FORM OF REDEMPTION NOTICE

NOTICE OF FULL/FINAL REDEMPTION OF

Town of Fairfax
(Marin County, California)
General Obligation Bonds, Series 2006

Issue Date	Maturity Date	Amount Redeemed	Interest Rate	Redemption Premium	Redemption Price	CUSIP No.
8/1/2008	8/1/16	\$ 75,000	4.500%	—	\$ 75,000	303773 CN3
8/1/2008	8/1/21	450,000	6.000	—	450,000	303773 CP8
8/1/2008	8/1/24	335,000	5.500	—	335,000	303773 CQ6
8/1/2008	8/1/27	395,000	5.500	—	395,000	303773 CR4

NOTICE is hereby given that the Town of Fairfax, California (the "Town") has called for redemption on August 1, 2016 (the "Redemption Date"), the outstanding Town of Fairfax (Marin County, California) General Obligation Bonds, Series 2006, as described above (the "Bonds"), at a price equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Redemption Price").

On the Redemption Date, the Redemption Price will become due and payable upon each Bond and interest with respect thereto shall cease to accrue from and after the Redemption Date.

Payment of principal will be made upon presentation on and after the Redemption Date, at the following addresses:

U.S. Bank National Association
Global Corporate Trust Services
111 Fillmore Avenue E.
St Paul, MN 55107

Owners of Bonds presenting their certificates in person for the same day payment must surrender their certificate by 1:00 p.m. on the prepayment date and a check will be available for pickup after 2:00 p.m. Checks not picked up by 4:30 p.m. will be mailed to the Bondholder by first class mail.

Interest with respect to the principal amount designated to be redeemed shall cease to accrue on and after the Redemption Date.

If payment of the Redemption Price is to be made to the registered owner of the Bond you are not required to endorse the Bond to collect the Redemption Price.

Under the Economic Growth and Tax Relief Reconciliation Act of 2003 (the "Act") 28% will be withheld if tax identification number is not properly certified. The Form W-9 may be obtained from the Internal Revenue Service.

Neither the Town nor U.S. Bank National Association, as paying agent shall be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness as shown in the Redemption Notice. It is included solely for convenience of the Holders.

Dated: _____, 2016

U.S. BANK NATIONAL ASSOCIATION,
as Paying Agent

FORM OF FINAL OPINION OF BOND COUNSEL—TOWN REFUNDING BONDS

[Letterhead of Quint & Thimmig LLP]

May 4, 2016

Town Council of the
Town of Fairfax
142 Bolinas Road
Fairfax, California 94930

OPINION: \$_____ Town of Fairfax (Marin County, California) 2016 General Obligation Refunding Bonds

Members of the Town Council:

We have acted as bond counsel to the Town of Fairfax (the "Town") in connection with the issuance by the Town of \$_____ principal amount of Town of Fairfax (Marin County, California) 2016 General Obligation Refunding Bonds, dated May 4, 2016 (the "Town Refunding Bonds"), pursuant to Title 5, Division 2, Chapter 3, Article 9 of the California Government Code, commencing with section 53550 (the "Act") and Resolution No. ____ of the Town Council of the Town (the "Board") adopted April 6, 2016 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Board contained in the Resolution and in the certified proceedings and other certifications furnished to us, without undertaking to verify such facts by independent investigation.

Based upon our examination, we are of the opinion, under existing law, as follows: π

1. The Town is a duly created and validly existing municipal corporation and general law city with the power to issue the Town Refunding Bonds and to perform its obligations under the Resolution and the Town Refunding Bonds.
2. The Resolution has been duly adopted by the Board and constitutes a valid and binding obligation of the Town enforceable upon the Town.
3. Pursuant to the Act, the Resolution creates a valid lien on funds pledged by the Resolution for the security of the Town Refunding Bonds.
4. The Town Refunding Bonds have been duly authorized, executed and delivered by the Town and are valid and binding general obligations of the Town.
5. The interest on the Town Refunding Bonds is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Town Refunding Bonds and the enforceability of the Town Refunding Bonds and the Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

FAIRFAX FINANCING AUTHORITY
(Marin County, California),
Revenue Bonds, Series 2016
(Town of Fairfax General Obligation Bond Refinancing Program)

TOWN OF FAIRFAX
(Marin County, California),
2016 General Obligation Bonds

Distribution List

TOWN

Mr. Garrett Toy
Town Manager
Mr. Michael Vivrette
Finance Director
Town of Fairfax
142 Bolinas Road
Fairfax, CA 94930
(415) 458-2345 (Toy)
(415) 458-2350 (Vivrette)
(415) 453-1618 (Fax)
gtoy@townoffairfax.org
finance@townoffairfax.org

BOND COUNSEL

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Assistant to Mr. Quint
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Larkspur, CA 94939-1726
(415) 925-4200
(415) 925-4201 (Fax)
bquint@qtllp.com
bfleet@qtllp.com

FINANCIAL ADVISOR

Mr. Mark Pressman
Ms. Vivian Lin
Wulff, Hansen & Co.
351 California Street, Suite 1000
San Francisco, CA 94104
(415) 202-6680 (Pressman)
(415) 202-6681 (Lin)
(415) 956-6929 (Fax)
mpressman@wulffhansen.com
vlin@wulffhansen.com

TRUSTEE/PAYING AGENT

Ms. Francine Rockett
Vice President
U.S. Bank National Association
Corporate Trust Services
One California Street, 10th Floor
San Francisco, CA 94111
(415) 677-3600
(415) 677-3769 (Fax)
francine.rockett@usbank.com

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