



TOWN OF FAIRFAX

STAFF REPORT

May 4, 2016

TO: Mayor and Town Council

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

SUBJECT: Adopt a resolution authorizing the issuance and sale of Town of Fairfax 2016 General Obligation Refunding Bonds to refinance the Town of Fairfax 2006 General Obligation Bonds for the purpose of maximizing savings to taxpayers

RECOMMENDATION

Adopt a Resolution Authorizing the Issuance and Sale of Town of Fairfax (Marin County, California) 2016 General Obligation Refunding Bonds

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.

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. We initially estimated the Town would be able to pull out approximately \$100,000 depending on interest rates, final structuring, and when the bonds are priced.

However, at the April Council meeting to consider the issuance of refunding bonds, the Town's Municipal Advisor, Mark Pressman of Wulff, Hansen & Co in San Francisco, reported that California law limits the interest rate differential between the revenue bonds and the general obligation refunding bonds to 1%. This means that if the interest rate on the revenue bonds is 2.5%, the interest on the general obligation refunding bonds would be limited at 3.5%. With the small size of this transaction, the rate limitation will only generate approximately \$20,000 for capital projects after costs of the transaction. The balance of any savings must be passed through to taxpayers.

After much discussion, the Council decided to refinance the bonds with the objective of passing all the savings to tax payers. Under this option, the estimated annual savings to taxpayers is \$1.19 per \$100,000 assessed value, or \$5.95 per year for a \$500,000 assessed value home. Annually taxpayers would save an aggregate of approximately \$15,000/year or a total of \$165,000 over the remaining 11-year period of the bonds.

AGENDA ITEM # 11

Staff reported that the desired refunding action would require returning to the Council this evening with the revised bond documents and that no action is required by the Fairfax Financing Authority since no monies are being “pulled” out with the refinancing.

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 agreement
- (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 purposes, the Town has been provided with:

- The form of final opinion of the bond counsel
- A distribution list for the Town.

The current schedule is to have the bonds close in June 2016. The Town is using the same financial advisor, bond counsel, and trustee as was used in 2012. The Town Municipal Advisor and Bond Counsel (Brian Quint, Quint & Thimmig) will be available at the meeting to answer any questions.

FISCAL IMPACT

None to the Town.

ATTACHMENTS

1. Resolution 16-04 of the Town Council of the Town of Fairfax Authorizing the Issuance of its 2016 Generals Obligation Refunding Bonds
2. Form of Final Opinion of Bond Counsel

RESOLUTION 16-04

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF
FAIRFAX AUTHORIZING THE ISSUANCE AND SALE OF TOWN OF
FAIRFAX (MARIN COUNTY, CALIFORNIA) 2016 GENERAL
OBLIGATION REFUNDING BONDS**

Adopted May __, 2016

ATTACHMENT 1

TABLE OF CONTENTS

ARTICLE I

DEFINITIONS; AUTHORITY;

Section 1.01. Definitions..... 3
Section 1.02. Town for this Resolution..... 6

ARTICLE II

THE BONDS

Section 2.01. Authorization 7
Section 2.02. Terms of Bonds..... 7
Section 2.03. Redemption 8
Section 2.04. Form of Bonds 9
Section 2.05. Execution of Bonds 9
Section 2.06. Transfer of Bonds 9
Section 2.07. Exchange of Bonds..... 10
Section 2.08. Bond Register 10
Section 2.09. Temporary Bonds 10
Section 2.10. Bonds Mutilated, Lost, Destroyed or Stolen 11

ARTICLE III

ISSUE OF BONDS; APPLICATION OF Bond PROCEEDS; SECURITY FOR THE BONDS

Section 3.01. Issuance, Award and Delivery of Bonds 12
Section 3.02. Establishment of Costs of Issuance Fund 12
Section 3.03. Application of Proceeds of Sale of Bonds..... 12
Section 3.04. Security for the Bonds 12

ARTICLE IV

SALE OF BONDS; APPROVAL OF PAYING AGENT AGREEMENT; APPROVAL OF ESCROW AGREEMENT; OFFICIAL ACTIONS

Section 4.01. Sale of the Bonds 14
Section 4.02. Approval of Paying Agent Agreement 14
Section 4.03. Approval of Escrow Agreement 14
Section 4.04. Official Action 14

ARTICLE V

COVENANTS OF THE TOWN

Section 5.01. Punctual Payment..... 15
Section 5.02. Extension of Time for Payment..... 15
Section 5.03. Protection of Security and Rights of Bondowners 15
Section 5.04. Further Assurances..... 15
Section 5.05. Tax Covenants 15
Section 5.06. Acquisition, Disposition and Valuation of Investments..... 16

ARTICLE VI
THE PAYING AGENT

Section 6.01. Appointment of Paying Agent.....	17
Section 6.02. Paying Agent May Hold Bonds	17
Section 6.03. Liability of Agents	17
Section 6.04. Notice to Agents.....	18
Section 6.05. Compensation, Indemnification	18

ARTICLE VII
EVENTS OF DEFAULT AND REMEDIES OF BONDOWNERS

Section 7.01. Events of Default.....	20
Section 7.02. Other Remedies of Bondowners	20
Section 7.03. Non-Waiver	21
Section 7.04. Remedies Not Exclusive	21

ARTICLE VIII
SUPPLEMENTAL RESOLUTIONS

Section 8.01. Supplemental Resolutions Effective Without Consent of the Owners.....	22
Section 8.02. Supplemental Resolutions Effective With Consent to the Owners.....	22

ARTICLE IX
MISCELLANEOUS

Section 9.01. Benefits of Resolution Limited to Parties	23
Section 9.02. Defeasance	23
Section 9.03. Execution of Documents and Proof of Ownership by Bondowners	25
Section 9.04. Waiver of Personal Liability	25
Section 9.05. Destruction of Canceled Bonds.....	25
Section 9.06. Partial Invalidity	25
Section 9.07. Effective Date of Resolution	26

EXHIBIT A:	FORM OF BOND
EXHIBIT B:	FORM OF INVESTOR LETTER
EXHIBIT C:	FORM OF BOND PURCHASE AGREEMENT
EXHIBIT D:	FORM OF PAYING AGENT AGREEMENT
EXHIBIT E:	FORM OF ESCROW AGREEMENT

RESOLUTION 16-04

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF FAIRFAX
AUTHORIZING THE ISSUANCE AND SALE OF
TOWN OF FAIRFAX (MARIN COUNTY, CALIFORNIA)
2016 GENERAL OBLIGATION REFUNDING BONDS**

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

WHEREAS, at the November 2, 1999, election, the Town received authorization by a vote in excess of two-thirds of the voters voting, to issue \$6,830,000 of general obligation bonds (the "1999 Authorization") for the sole purposes of financing the acquisition and construction of capital improvements to various streets and storm drains and to the Town's community facilities.

WHEREAS, on May 24, 2000, the Town issued its "Town of Fairfax (Marin County, California) General Obligation Bonds, Series 2000" (the "2000 Bonds"), in the original principal amount of \$2,065,000;

WHEREAS, on June 27, 2002, the Town issued its "Town of Fairfax (Marin County, California) General Obligation Bonds, Series 2002" (the "2002 Bonds"), in the original principal amount of \$3,000,000;

WHEREAS, on August 2, 2006, the Town issued its "Town of Fairfax (Marin County, California) General Obligation Bonds, Series 2006" (the "2006 Bonds"), in the original principal amount of \$1,765,000;

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, on August 28, 2008, the Town issued its 2008 General Obligation Refunding Bonds to refund the 2000 Bonds;

WHEREAS, on March 1, 2012, the Town issued its 2012 General Obligation Refunding Bonds to refund the 2002 Bonds;

WHEREAS, the Town intends to issue general obligation refunding bonds pursuant to this Resolution and in conformity with the Act to provide for the redemption of all outstanding 2006 Bonds;

WHEREAS, the Council desires to authorize the issuance of such general obligation refunding bonds (the "Bonds"); and

WHEREAS, the Bonds shall be secured by a sole and exclusive statutory lien on and irrevocable pledge of the *ad valorem* tax or taxes levied for their repayment;

NOW, THEREFORE, THE TOWN COUNCIL OF THE TOWN OF FAIRFAX DOES HEREBY RESOLVE 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 provisions of 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.

“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.

“Council” means the Town Council of the Town.

“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 Purchase Agreement” means the Bond Purchase and Rate Lock Agreement by and between the Town and the Original Purchaser, for the purchase and sale of the Bonds.

“Bond Register” means the registration books for the Bonds maintained by the Paying Agent.

“Bonds” means the Town of Fairfax (Marin County, California) 2016 General Obligation Refunding Bonds, at any time Outstanding pursuant to this Resolution.

“Closing Date” means the date upon which there is an exchange of the Bonds for the proceeds representing the purchase of the Bonds by the Original Purchaser.

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

"Costs of Issuance" means all items of expense directly or indirectly reimbursable to the Town relating to the issuance, execution and delivery of the Bonds including, but not limited to, filing and recording costs, settlement costs, printing costs, reproduction and binding costs, legal fees and charges, fees and expenses of the Paying Agent, financial and other professional consultant fees, costs of obtaining credit ratings, fees for execution, transportation and safekeeping of the Bonds and charges and fees in connection with the foregoing.

"County" means Marin County, California.

"Debt Service" means the scheduled amount of interest and amortization of principal payable on the 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 Agreement" means that certain Escrow Agreement, dated the Closing Date, by and between the Town and the Escrow Bank, providing for the defeasance of the 2006 Bonds.

"Escrow Bank" means U.S. Bank National Association, as escrow bank under the Escrow Agreement.

"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 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 Bonds, means the face amount of the Bonds, plus accrued interest and premium, if any, less original issue discount, if any.

"Original Purchaser" means the purchaser of the Bonds selected following a competitive process.

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

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

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

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

"Owner" or *"Bondowner"* mean any person who shall be the registered owner of any Outstanding Bond.

"Payment Date" means, with respect to interest, February 1 and August 1 of each year commencing on February 1, 2017, and with respect to principal, August 1, of each year commencing on August 1, 2017.

"Paying Agent" means U.S. Bank National Association, the Paying Agent appointed by the Town and acting as paying agent, registrar and authenticating agent for the Bonds, or such other paying agent as shall be appointed by the Town prior to the delivery of the 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.

"Paying Agent Agreement" means the Paying Agent/Bond Registrar/Costs of Issuance Agreement, dated the Closing Date, by and between the Town and the Paying Agent.

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

"Record Date" means the 15th day of the month preceding each Payment Date.

"Regulations" means temporary and permanent regulations promulgated under the Code.

"Resolution" means this Resolution, including all amendments hereto and supplements hereof which are duly adopted by the Council from time to time in accordance herewith.

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

"Term Bonds" means those Bonds for which mandatory redemption dates have been established pursuant to the Bond Purchase Agreement.

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

"Written Request of the Town" means an instrument in writing signed by a 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. Town for this Resolution. This Resolution is entered into pursuant to the provisions of the Act.

ARTICLE II

THE BONDS

Section 2.01. Authorization. Bonds are hereby authorized to be issued by the Town under and subject to the terms of the Act and this Resolution. The amount of Bonds shall be determined on the date of sale thereof in accordance with the Bond Purchase Agreement. This Resolution constitutes a continuing agreement with the Owners of all of the Bonds issued or to be issued hereunder and then Outstanding to secure the full and final payment of principal of and the interest on all Bonds which may from time to time be executed and delivered hereunder, subject to the covenants, agreements, provisions and conditions herein contained. The Bonds shall be designated the "Town of Fairfax (Marin County, California) 2016 General Obligation Refunding Bonds."

Section 2.02. Terms of Bonds.

(a) *Form; Numbering*. The Bonds shall be issued as one fully registered bond, without coupons, in the total principal amount thereof. Bonds shall be lettered and numbered as the Paying Agent shall prescribe.

(b) *Date of Bonds*. The Bonds shall be dated as of the Closing Date.

(c) *Maturity; Interest*. The Bonds shall mature (or, alternatively, be subject to mandatory sinking fund redemption as hereinafter provided) and become payable on August 1 in the year and in the amount set forth in, and subject to the alteration thereof permitted by, the Bond Purchase Agreement, but shall mature no later than August 1, 2027. The Bonds shall bear interest at such rate as shall be determined upon the sale thereof, payable semi-annually on each Payment Date.

Each Bond shall bear interest from the Payment Date next preceding the date of registration and authentication thereof unless (i) it is registered and authenticated as of an Payment Date, in which event it shall bear interest from such date, or (ii) it is registered and authenticated prior to an Payment Date and after the close of business on the fifteenth day of the month preceding such Payment Date, in which event it shall bear interest from such Payment Date, or (iii) it is registered and authenticated prior to January 1, 2017, in which event it shall bear interest from the date described in paragraph (b) of this Section 2.02; *provided, however*, that if at the time of authentication of a Bond, interest is in default thereon, such Bond shall bear interest from the Payment Date to which interest has previously been paid or made available for payment thereon.

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

(d) *Payment*. Interest on the Bonds (including the final interest payment upon maturity or earlier redemption) is payable by check of the Paying Agent mailed via first-class mail to the Owner thereof at such Owner's address as it appears on the Bond Register on each 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 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. Principal of the Bonds is payable in lawful money of the United States of America at the Principal Office.

Section 2.03. Redemption.

(a) *Optional Redemption.* The Bonds shall be subject to optional redemption as set forth in the Bond Purchase Agreement. The Town shall be required to give the Paying Agent written notice of its intention to redeem Bonds.

(b) *Mandatory Sinking Fund Redemption.* The Bonds shall be subject to mandatory sinking fund redemption as set forth in the Bond Purchase Agreement. If some but not all of the Bonds shall be redeemed pursuant to the preceding subsection (a) of this Section 2.03, the aggregate principal amount of the Bonds to be redeemed in each year pursuant to this subsection (b) shall be reduced on a *pro rata* basis in integral multiples of \$1,000, as shall be designated pursuant to written notice filed by the Town with the Paying Agent.

(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 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 Bond Register, 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 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 require that such Bonds be then surrendered at the Principal Office for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

Notwithstanding the foregoing, in the case of any optional redemption of the Bonds, the notice of redemption shall state that the redemption is conditioned upon receipt by the Paying Agent of sufficient moneys to redeem the Bonds on the scheduled redemption date, and that the optional redemption shall not occur if, by no later than the scheduled redemption date, sufficient moneys to redeem the Bonds have not been deposited with the Paying Agent. In the event that the Paying Agent does not receive sufficient funds by the scheduled optional redemption date to so redeem the Bonds to be optionally redeemed, the Paying Agent shall send written notice to the Owners to the effect that the redemption did not occur as anticipated, and the Bonds for which notice of optional redemption was given shall remain Outstanding for all purposes.

Notice of redemption shall not be required in connection with mandatory sinking fund redemption.

(d) *Partial Redemption of Bonds.* In the event only a portion of any Bond is called for redemption, then upon surrender of such 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 Bond or Bonds of the same maturity date, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed. Bonds need not be presented for mandatory sinking fund redemptions.

(e) *Effect of Redemption.* From and after the date fixed for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption shall have been duly provided, such Bonds so called shall cease to be entitled to any benefit under this Resolution 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 Bonds redeemed pursuant to this Section 2.03 shall be canceled and shall be destroyed by the Paying Agent.

Section 2.04. Form of Bonds. The 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 Bonds. The Bonds shall be executed on behalf of the Town by the manual or facsimile signatures of a Town Representative and attested by the Secretary of the Council 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 Bond ceases to be such officer before delivery of the Bonds to the Original Purchaser, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Bonds to the Original Purchaser. Any Bond may be signed and attested on behalf of the Town by such persons as at the actual date of the execution of such Bond shall be the proper officers of the Town although at the nominal date of such Bond any such person shall not have been such officer of the Town.

Only such 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 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 Bonds.

(a) The registration of Bonds may, in accordance with their terms, be transferred in whole only, upon the Bond Register by the person in whose name it is registered, in person or by his attorney duly authorized in writing upon surrender of the Bonds for cancellation at the Principal Office, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. Whenever the Bonds shall be surrendered for registration of transfer, the Paying Agent shall execute and deliver a Bond for like aggregate principal amount. The Town shall pay any costs of the Paying Agent incurred in connection

with such transfer except that the Paying Agent may require the payment by the Bond Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer. The Paying Agent shall not be required to transfer (i) the Bonds during the period between the date fifteen (15) days prior to the date of selection of Bonds for redemption and such date of selection, or (ii) any Bonds selected for redemption.

(b) Ownership of the Bonds may be transferred in whole or in part but only to a person that the Bond Owner reasonably believes is either:

(A) a qualified institutional buyer within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended,

(B) subject to the requirements of the Securities Act of 1933, as amended, an accredited investor as defined in section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act of 1933, as amended, or

(C) a trust, partnership, custodial arrangement or similar entity, interests in which are offered and sold in a private placement or limited offering only to qualified institutional buyers or, subject to the requirements of the Securities Act of 1933, as amended, accredited investors;

in each case that executes and delivers to the Paying Agent an investor letter in substantially the form attached hereto as Exhibit B.

Section 2.07. Exchange of Bonds. Bonds may be exchanged at the Principal Office for a like aggregate principal amount of 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 Bonds shall be required to be made (a) fifteen days prior to the date established by the Paying Agent for selection of Bonds for redemption or (b) with respect to a Bond after such Bond has been selected for redemption.

Section 2.08. Bond Register. The Paying Agent shall keep or cause to be kept sufficient books for the registration and transfer of the 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, Bonds as herein before provided.

Section 2.09. Temporary Bonds. The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary 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 Bond shall be executed by the Town upon the same conditions and in substantially the same manner as the definitive Bonds. If the Town issues temporary Bonds it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the Principal Office and the

Paying Agent shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits pursuant to this Resolution as definitive Bonds executed and delivered hereunder.

Section 2.10. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated the Town, at the expense of the Owner of said Bond, shall execute, and the Paying Agent shall thereupon authenticate and deliver, a new Bond of like maturity and principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Paying Agent of the Bond so mutilated. Every mutilated Bond so surrendered to the Paying Agent shall be canceled by it and delivered to, or upon the order of, the Town. If any 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 Bond of like maturity and principal amount in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Town may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this Section and of the expenses which may be incurred by the Town and the Paying Agent in the premises. Any Bond issued under the provisions of this Section 2.10 in lieu of any 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 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 Bonds issued pursuant to this Resolution.

ARTICLE III

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

Section 3.01. Issuance, Award and Delivery of Bonds. At any time after the execution of this Resolution the Town may issue and deliver Bonds in any principal amount, subject to the savings requirements set forth in Section 4.01.

The Town Representatives shall be, and are hereby, directed to cause the Bonds to be printed, signed and delivered to the Original Purchaser on receipt of the purchase price therefor and upon performance of the conditions contained in the Bond Purchase Agreement.

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

Section 3.02. Establishment of Costs of Issuance Fund. There is hereby created the "Town of Fairfax (Marin County, California) 2016 General Obligation Refunding Bonds, Costs of Issuance Fund" (the "Costs of Issuance Fund"), which shall be held and maintained by the Paying Agent as a separate fund, distinct from all other funds thereof. Amounts on deposit in the Costs of Issuance Fund shall be disbursed for the purpose of paying all Costs of Issuance. Payment of the Costs of Issuance shall be made only upon the receipt by the Paying Agent, as costs of issuance custodian under the Paying Agent Agreement, of a written request of the Town. Moneys on deposit in the Costs of Issuance Fund shall be invested in money market mutual funds which are rated by Moody's Ratings Services in one of its two highest rating categories, including funds for which the Paying Agent, its affiliates or subsidiaries provide investment, advisory or other management or administrative services. Interest and earnings derived from the investment of amounts on deposit in the Costs of Issuance Fund shall be retained therein until the Costs of Issuance Fund is closed. On the date three months after the Closing Date, or upon prior written direction from the Town, all amounts remaining on deposit in the Costs of Issuance Fund shall be withdrawn therefrom by the Paying Agent and transferred to the Town and the Costs of Issuance Fund shall be closed.

Section 3.03. Application of Proceeds of Sale of Bonds. On the Closing Date, the proceeds of sale of the Bonds shall be paid by the Original Purchaser as follows:

(a) The Paying Agent shall deposit in the Costs of Issuance Fund the proceeds of the Bonds required to pay the Costs of Issuance (as shall be designated by the Town on or prior to the Closing Date); and

(b) The Paying Agent shall transfer to the Escrow Bank the proceeds of the Bonds required to provide for the defeasance of the 2006 Bonds, for deposit in the escrow fund held by the Escrow Bank under and pursuant to Escrow Agreement (as shall be designated by the Town on or prior to the Closing Date).

Section 3.04. Security for the Bonds. The 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 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 a debt service account held by the Town (the "Debt Service Account").

The Bonds shall be secured by a sole and exclusive statutory lien on and irrevocable pledge of the *ad valorem* tax or taxes levied for their repayment. The moneys in the Debt Service Account, to the extent necessary to pay the principal of and interest on the Bonds as the same become due and payable, shall be transferred by the Town to the Paying Agent, as paying agent for the Bonds, as necessary to pay the principal of and interest on the Bonds. The property taxes and amounts held in the Debt Service Account shall immediately be subject to this pledge, and the pledge shall constitute a lien and security interest which shall be effective, binding, and enforceable against the Town, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act. The pledge is an agreement between the Town and the Owners of the Bonds in addition to any statutory lien that may exist, and the Bonds were issued to refinance one or more projects specified in the 1999 Authorization and not to finance the general purposes of the Town.

Additionally, in accordance with section 53515(a) of the California Government Code, the Bonds shall be secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax for the 1999 Authorization. The lien shall automatically attach without further action or authorization by the Town or the County. The lien shall be valid and binding from the time the Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the tax shall be immediately subject to the lien, and the lien shall automatically attach to the revenues and be effective, binding, and enforceable against the Town, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any physical delivery, recordation, filing, or further act.

ARTICLE IV

SALE OF BONDS; APPROVAL OF PAYING AGENT AGREEMENT; APPROVAL OF ESCROW AGREEMENT; OFFICIAL ACTIONS

Section 4.01. Sale of the Bonds.

(a) *Minimum Savings Required.* The Council hereby approves the sale of the Bonds to the Original Purchaser so long as the present value savings to be realized by the Town with respect to the 2006 Bonds as a result of the issuance of the Bonds shall not be less than 5%.

(b) *Bond Purchase Agreement.* A Bond Purchase Agreement, by and between the Original Purchaser and the Town, in the form attached hereto as Exhibit C, be and is hereby approved, and any Town Representative is hereby authorized and directed to execute said document, with such changes, insertions and omissions as may be approved by such official.

Section 4.02. Approval of Paying Agent Agreement. The Paying Agent Agreement, in the form attached hereto as Exhibit D, together with any additions thereto or changes therein deemed necessary or advisable by a Town Representative, is hereby approved by the Council. The Town Representatives 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 attached hereto as Exhibit E, together with any additions thereto or changes therein deemed necessary or advisable by a Town Representative, is hereby approved by the Council. The Town Representatives 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 Bonds are hereby approved, and the Town Representative, 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 Bonds in accordance with this Resolution.

ARTICLE V

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 Bonds, in strict conformity with the terms of the 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 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 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 all of the 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 Bondowners. The Town will preserve and protect the security of the Bonds and the rights of the 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 Bonds by the Town, the Bonds shall be incontestable by the Town. The Town will do whatever is in its knowledge and power to assure that the Bonds shall be secured by a sole and exclusive statutory lien on and irrevocable pledge of the *ad valorem* tax or taxes levied for their repayment.

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 Bonds of the rights and benefits provided in this Resolution.

Section 5.05. Tax Covenants.

(a) *Private Activity Bond Limitation*. The Town shall assure that the proceeds of the Bonds are not so used as to cause the 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 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 Bonds.

(d) *No Arbitrage.* The Town shall not take, or permit or suffer to be taken, any action with respect to the proceeds of the 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 Bonds would have caused the 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 Bonds from the gross income of the Owners of the 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 Bonds.

(f) *Bank Qualification.* The Town hereby designates the Bonds for purposes of paragraph (3) of section 265(b) of the Code and represents that not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under section 103(a) of the Code) from gross income for federal income tax purposes (excluding (i) private activity bonds, as defined in section 141 of the Code, except qualified 501(c)(3) bonds as defined in section 145 of the Code and (ii) current refunding obligations to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation), has been or will be issued by the Town, including all subordinate entities of the Town, during the calendar year 2016.

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 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 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 thirty (30) days advance written notice to the Town and the 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 Bonds. The Paying Agent may become the owner of any of the 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 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 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.

(a) The Town 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. Any 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.

(b) The Town shall indemnify and hold harmless, to the extent permitted by law, the County and its officers and employees ("Indemnified Parties"), against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Parties may become subject related to the proceedings for sale, award, issuance and delivery of the Bonds in accordance therewith and herewith. The Town shall also reimburse any such Indemnified Parties for any legal or other expenses incurred in connection with investigating or defending any such claims or actions.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF BONDOWNERS

Section 7.01. Events of Default. The following events ("Events of Default") shall be events of default hereunder:

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

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

(c) if default shall be made by the Town in the observance of any of the covenants, agreements or conditions on its part in this Resolution or in the Bonds contained, and such default shall have continued for a period of thirty (30) days after written notice thereof to the Town; *provided, however*, if the failure stated in the notice can be corrected, but not within the applicable period, the entity providing such notice shall not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Town within the applicable period and diligently pursued until the default is corrected; 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 Bondowners. Any Bondowner shall have the right, for the equal benefit and protection of all 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 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 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 Directors 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 Bonds, shall affect or impair the obligation of the Town, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective Owners of the Bonds at the respective dates of maturity, as herein provided, or affect or impair the right of action, which is also absolute and unconditional, of such Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds.

A waiver of any default by any 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 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 Bondowners by this Article VI may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners of the Bonds.

If a suit, action or proceeding to enforce any right or exercise any remedy be abandoned or determined adversely to the Bondowners, the Town and the 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 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 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 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 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 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 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 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 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 Bonds without the consent of all the Owners of such 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 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 Bonds.

Section 9.02. Defeasance.

(a) *Discharge of Resolution.* 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 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 Bonds Outstanding;
or

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

If the Town shall pay all 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 a 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 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 Bonds not theretofore surrendered for such payment or redemption.

(b) *Discharge of Liability on 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 Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption shall have been given as in 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 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 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 Bonds previously issued and delivered, which the Town may have acquired in any manner whatsoever, and such 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 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 Bonds and all unpaid interest thereon to maturity, except that, in the case of 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 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 Bonds to be paid or redeemed, as such principal or redemption price and interest become due, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, 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;

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 Bonds.

(d) *Payment of 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 Bonds and remaining unclaimed for one year after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in this Resolution), if such moneys were so held at such date, or one year after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall, upon request of the Town, 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 Bonds which have not been paid at the addresses shown on the registration books maintained by the Paying Agent a notice in such form as may be deemed appropriate by the Paying Agent, with respect to the 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 Bondowners. Any request, declaration or other instrument which this Resolution may require or permit to be executed by Bondowners may be in one or more instruments of similar tenor, and shall be executed by 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 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 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 Bond shall bind all future Owners of such 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 Council member, officer, agent or employee of the Town shall be individually or personally liable for the payment of the principal of or interest on the Bonds; but nothing herein contained shall relieve any such Council member, officer, agent or employee from the performance of any official duty provided by law.

Section 9.05. Destruction of Canceled Bonds. Whenever in this Resolution provision is made for the surrender to the Town of any 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 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 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 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 Town in trust for the benefit of the 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 was duly passed and adopted at a meeting of the Town Council of the Town of Fairfax held in said Town on the 4th day of May, 2016.

AYES:

NOES:

ABSENT:

RENEE GODDARD, Mayor

ATTEST:

Michele Gardner, Town Clerk

EXHIBIT A
FORM OF BOND

THE HOLDER OF THIS BOND, BY ITS ACCEPTANCE HEREOF, AGREES THAT NO TRANSFER OF A BOND (OR ANY INTEREST THEREIN) SHALL BE MADE EXCEPT TO (A) A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, (B) SUBJECT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, AS AMENDED, AN ACCREDITED INVESTOR AS DEFINED IN SECTION 501(A)(1), (2), (3) OR (7) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (C) A TRUST, PARTNERSHIP, CUSTODIAL ARRANGEMENT OR SIMILAR ENTITY, INTERESTS IN WHICH ARE OFFERED AND SOLD IN A PRIVATE PLACEMENT OR LIMITED OFFERING ONLY TO QUALIFIED INSTITUTIONAL BUYERS OR, SUBJECT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, AS AMENDED, ACCREDITED INVESTORS; IN EACH CASE THAT EXECUTES AND DELIVERS AN INVESTOR LETTER IN SUBSTANTIALLY THE FORM ATTACHED AS EXHIBIT B TO THE RESOLUTION (AS HEREINAFTER DEFINED)

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	June 8, 2016

REGISTERED OWNER: _____

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 Bond (unless (i) this Bond is authenticated on an interest payment date, in which event it shall bear interest from such date of authentication, or (ii) this 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 Bond is authenticated on or prior to January 15, 2017, in which event it shall bear interest from the Issue Date stated above; provided however, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on this Bond) 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 February 1, 2017, 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 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 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 Bond is designated as "Town of Fairfax (Marin County, California) 2016 General Obligation Refunding Bonds" (the "Bonds"), in the principal amount of _____ dollars (\$_____), 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 Council adopted May 4, 2016 (the "Resolution"), authorizing the issuance of the 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 Bonds are issued and the rights thereunder of the owners of the 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 Bond, by acceptance hereof, assents and agrees.

This Bond has been issued by the Town, to (a) provide for the defeasance and redemption of the outstanding Town of Fairfax (Marin County, California) 2006 General Obligation Bonds, and (b) pay for costs of issuance of the Bonds.

This Bond and the interest hereon is a general obligations of the Town and the Town has the power and is obligated to cause Marin County to levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the Town subject to taxation by the Town. This Bond shall be secured by a sole and exclusive statutory lien on and irrevocable pledge of the *ad valorem* tax or taxes levied for their repayment

This Bond is non-callable prior to August 1, _____. This Bond is callable for redemption prior to its stated maturity date at the option of the Town, as a whole, or in part on any date on or after August 1, _____, by lot, from any source lawfully available therefor, at a redemption price equal to the principal amount redeemed, plus accrued interest to date of redemption, without premium.

This Bond is subject to mandatory sinking fund redemption prior to its stated maturity date, at the principal amount thereof without premium on each August 1, on and after August 1, 2017, to and including August 1, 2027, in the principal amounts as set forth in the following table:

Date of Sinking Fund Redemption (August 1)	Sinking Fund Installment Amount	Date of Sinking Fund Redemption (August 1)	Sinking Fund Installment Amount
2017		2023	
2018		2024	
2019		2025	
2020		2026	
2021		2027†	
2022			

†Maturity

This Bond is issuable as one fully registered bond, without coupons, in the total principal amount thereof. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Resolution, Bonds may be exchanged for a bond with the same terms.

This 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 Bond. Upon registration of such transfer a new Bond 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 Bonds to the extent set forth in the Resolution.

THE BONDS HAVE BEEN DESIGNATED BY THE TOWN AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" WITHIN THE MEANING OF SECTION 265(b)(3) OF THE INTERNAL REVENUE CODE OF 1986.

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 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 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 Bonds permitted to be issued under the Resolution.

This 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 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 _____
RENEE GODDARD, Mayor

ATTEST:

Michele Gardner, Town Clerk

CERTIFICATE OF AUTHENTICATION

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

attorney, to transfer the same on the registration books 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 bond in every particular without alteration or enlargement or any change whatsoever."

EXHIBIT B

FORM OF INVESTOR'S LETTER

Town of Fairfax
Fairfax, California

U.S. Bank National Association
San Francisco, California

Re: Town of Fairfax (Marin County, California) 2016 General Obligation Refunding Bonds

Ladies and Gentlemen:

The undersigned (the "Purchaser"), being the purchaser of the above-referenced bonds (the "Bonds") does hereby certify, represent and warrant for the benefit of the Town of Fairfax (the "Town") and the U.S. Bank National Association (the "Paying Agent") that:

(a) The Purchaser (MARK OR INDICATE APPROPRIATELY):

is a qualified institutional buyer" (a "Qualified Institutional Buyer") within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended (the "Securities Act"),

is an "accredited investor" as defined in Section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act (an "Accredited Investor"), or

is a trust, partnership, custodial arrangement or similar entity, interests in which are offered and sold in a private placement or limited offering only to Qualified Institutional Buyers or Accredited Investors.

(b) The Purchaser understands that the Bonds have not been registered under the United States Securities Act of 1933, as amended, or under any state securities laws. The Purchaser agrees that it will comply with any applicable state and federal securities laws then in effect with respect to any disposition of the Bonds by it, and further acknowledges that any current exemption from registration of the Bonds does not affect or diminish such requirements.

(c) The Purchaser is not now and has never been controlled by, or under common control with, the Town. The Town has never been and is not now controlled by the Purchaser. The Purchaser has entered into no arrangements with the Town or with any affiliate in connection with the Bonds, other than as disclosed to the Town.

(d) The Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Bonds. The individual who is signing this letter on behalf of the Purchaser is a duly appointed, qualified, and acting officer of the Purchaser and is authorized to cause the Purchaser to make the Bonds, representations and warranties contained herein by execution of this letter on behalf of the Purchaser.

(e) The Purchaser understands that the Bonds are not secured by any pledge of any moneys received or to be received from taxation by the Town, the State of California or any political subdivision or taxing Town thereof; that the Bonds will never represent or constitute a general obligation or a pledge of the faith and credit of the Town, the State of California or any political subdivision thereof; that no right will exist to have taxes levied by the State of California or any political subdivision thereof for the payment of principal and interest with respect to the Bonds; and that the liability of the Town with respect to the Bonds is subject to further limitations as set forth in the Resolution.

(f) The Purchaser has been informed that the Bonds (i) have not been and will not be registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any jurisdiction, and (ii) will not be listed on any stock or other securities exchange.

(g) The Purchaser acknowledges that it has the right to sell and transfer the Bonds, subject to compliance with the transfer restrictions set forth in Section 2.03 of the Resolution, including in certain circumstances the requirement for the delivery to the Town and the Paying Agent of an investor's letter in the same form as this Investor's Letter, including this paragraph. Failure to comply with the provisions of Section 2.06 of Resolution No. ____, adopted by the Town Council of the Town on May 4, 2016 (the "Resolution") shall cause the purported transfer to be null and void. The Purchaser agrees to indemnify and hold harmless the Town with respect to any claim asserted against the Town that arises with respect to any sale, transfer or other disposition of the Bonds by the Purchaser or any transferee thereof in violation of the provisions of the Resolution.

(h) None of the Paying Agent, Placement Agent, Financial Advisor or Bond Counsel, its members, its governing body, or any of its employees, counsel or agents will have any responsibility to the Purchaser for the accuracy or completeness of information obtained by the Purchaser from any source regarding the Town or its financial condition or the Project, or regarding the Bonds, the provision for payment thereof, or the sufficiency of any security therefor. No written information has been provided by the Town to the Purchaser with respect to the Bonds. The Purchaser acknowledges that, as between the Purchaser and all of such parties, the Purchaser has assumed responsibility for obtaining such information and making such review as the Purchaser deemed necessary or desirable in connection with its decision to purchase the Bonds.

(i) The Purchaser acknowledges that the Bonds are exempt from the requirements of Rule 15c2-12 of the Securities and Exchange Commission and that the Town has not undertaken to provide any continuing disclosure with respect to the Bonds.

The Purchaser acknowledges that the sale of the Bonds to the Purchaser is made in reliance upon the certifications, representations and warranties herein by the addressees hereto. Capitalized terms used herein and not otherwise defined have the meanings given such terms in Resolution No. ____ of the Town Council adopted May 4, 2016 (the "Resolution"), authorizing the issuance of the Bonds (the "Resolution").

[PURCHASER]

By _____
Name _____
Title _____

EXHIBIT C

FORM OF BOND PURCHASE AGREEMENT

Town of Fairfax
142 Bolinas Road
Fairfax, CA 94930

Ladies and Gentlemen:

The undersigned, _____ (the "Purchaser"), offers to enter into this bond purchase and rate lock agreement (this "Bond Purchase Agreement") with the Town of Fairfax (the "Town"), which, upon your acceptance hereof, will be binding upon the Town and the Purchaser. This offer is made subject to the written acceptance of this Bond Purchase Agreement by the delivery of such acceptance to the Purchaser at or prior to 5:00 P.M., Pacific time, on the date hereof.

1. Purchase and Sale of the Bonds. Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Purchaser hereby agrees to purchase, for reoffering to the public, and the Town hereby agrees to issue and execute and cause U.S. Bank National Association, San Francisco, California (the "Paying Agent"), to authenticate and deliver to the Purchaser for such purpose, all (but not less than all) of \$_____ in aggregate principal amount of the Town's Town of Fairfax 2016 General Obligation Refunding Bonds (the "Bonds").

The purchase price of the Bonds shall be \$_____ (being equal to the aggregate principal amount of the Bonds).

The Town acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between the Town and the Purchaser; (ii) in connection with such transaction, including the process leading thereto, the Purchaser is acting solely as a principal and not as an agent or a fiduciary of the Town; (iii) the Purchaser has neither assumed an advisory or fiduciary responsibility in favor of the Town with respect to the offering of the Bonds or the process leading thereto (whether or not the Purchaser, or any affiliate of the Purchaser, has advised or is currently advising the Town on other matters) nor has it assumed any other obligation to the Town except the obligations expressly set forth in this Bond Purchase Agreement, (iv) the Purchaser has financial and other interests that differ from those of the Town; and (v) the Town has consulted with its own legal and financial advisors to the extent it deemed appropriate in connection with the offering of the Bonds.

2. The Bonds. The Bonds are issued under Article 9 of Chapter 3 (commencing with section 53550) of Division 2 of Title 5 of the California Government Code and pursuant to a resolution adopted by the Town Council of the Town on May 4, 2016 (the "Resolution").

The Bonds are general obligation bonds of the Town. Marin County (the "County") is empowered and is obligated to annually levy *ad valorem* taxes, without limitation as to rate or amount, for the payment of interest on and principal of the Bonds, upon all property subject to taxation within the Town (except certain personal property which is taxable at limited rates). The Bonds shall be secured by a sole and exclusive statutory lien on and irrevocable revenue pledge of the *ad valorem* tax or taxes levied for repayment.

The Bonds will be dated as of their date of delivery. The Bonds will mature on the date and in the principal amount set forth in Exhibit A attached hereto. Interest on the Bonds is payable semiannually on each February 1 and August 1, commencing February 1, 2017, at the rate set forth in Exhibit A attached hereto. The Bonds will be subject to redemption prior to maturity on the dates and at the prices set forth in Exhibit A attached hereto. Payments of sinking fund installments will be made to the Purchaser by the Paying Agent by wire transfer in immediately available funds to an account in the United States of America furnished by the Purchaser to the Paying Agent without the necessity of presenting the Bonds.

The Bonds will be issued by the Town to (a) provide for the defeasance and redemption of the outstanding Town of Fairfax (Marin County, California) General Obligation Bonds, Series 2006, dated August 2, 2006, of which \$1,255,000 is currently outstanding (the "2006 Bonds"), and (b) pay for costs of issuance of the Bonds.

3. Private Placement; Bonds Constitute Investment of Purchaser.

(a) The Purchaser has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other obligations of a nature similar to the Bonds to be able to evaluate the risks and merits of the investment represented by the purchase of the Bonds.

(b) The Purchaser is acquiring the Bonds for its own account and not with a view to, or for sale in connection with, any distribution thereof or any part thereof. The Purchaser has not offered to sell, solicited offers to buy, or agreed to sell the Bonds or any part thereof, and the Purchaser has no current intention of reselling or otherwise disposing of the Bonds *provided, however*, such representation shall not preclude the Purchaser from transferring or selling of the Bonds in accordance with the provisions of the Resolution. The Purchaser is not acting in a broker-dealer capacity in connection with its purchase of the Bonds. The Purchaser has required, as a condition to the purchase of the Bonds, that no application be made for the assignment of CUSIP numbers or to make the Bonds DTC eligible. The Purchaser intends to book and hold the Bonds as a loan in its loan portfolio.

(c) As a sophisticated investor, the Purchaser has made its own credit inquiry and analysis with respect to the Town and the Bonds and has made an independent credit decision based upon such inquiry and analysis and in reliance on the truth, accuracy, and completeness of the representations and warranties of the Town set forth in the Resolution and this Bond Purchase Agreement and in the information set forth in any materials submitted to the Purchaser by the Town. The Town has furnished to the Purchaser all the information which the Purchaser, as a reasonable investor has requested of the Town as a result of the Purchaser having attached significance thereto in making its investment decision with respect to the Bonds and the Purchaser has had the opportunity to ask questions of and receive answers from knowledgeable individuals concerning the Town and the Bonds. The Purchaser is able and willing to bear the economic risk of the purchase and ownership of the Bonds.

(d) The Purchaser understands that the Bonds have not been registered under the United States Securities Act of 1933 or under any state securities laws. The Purchaser agrees that it will comply with any applicable state and federal securities laws then in effect with respect to any disposition of the Bonds by it, and further acknowledges that any current exemption from registration of the Bonds does not affect or diminish such requirements.

(e) The Purchaser has authority to purchase the Bonds and to execute this Bond Purchase Agreement and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Bonds. The undersigned is a duly appointed, qualified, and acting officer of the Purchaser and is authorized to cause the Purchaser to make the representations and warranties contained herein by execution of this Bond Purchase Agreement on behalf of the Purchaser.

(f) The Purchaser has been informed that the Bonds (i) have not been and will not be registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any jurisdiction, and (ii) will not be listed on any stock or other securities exchange.

(g) The Purchaser acknowledges that the Bonds are transferable with certain requirements, as described in the Resolution.

(h) The Purchaser acknowledges that the Bonds are exempt from the requirements of Rule 15c2-12 of the Securities and Exchange Commission and that the Town has not undertaken to provide any continuing disclosure with respect to the Bonds but that the Town has agreed to provide other ongoing information to the Purchaser as set forth in the Purchaser's letter of terms, dated _____, 2016, an executed copy of which is attached hereto as Exhibit B (the "Term Sheet").

4. Closing. At 8:00 A.M., California time, on June 8, 2016, or at such other time or on such other date as shall have been mutually agreed upon by you and us (the "Closing"), you will deliver to us (except as otherwise provided in the Resolution), at the offices of Bond Counsel, or at such other place as we may mutually agree upon, the Bonds, duly executed and registered in the name of the Purchaser, and the other documents hereinafter mentioned; and we will accept such delivery and pay the purchase price thereof in immediately available funds by wire transfer to or upon the order of the Paying Agent on behalf of the Town.

5. Representations, Warranties and Agreements of the Town. The Town hereby represents, warrants and agrees with the Purchaser that:

(a) *Due Organization*. The Town is a municipal corporation and general law city duly organized and validly existing under the laws of the State of California, with the power to request the issuance of the Bonds pursuant to the Act.

(b) *Due Authorization*. (i) At or prior to the Closing, the Town will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the Town has full legal right, power and authority to enter into this Bond Purchase Agreement, the Escrow Agreement, dated June 8, 2016, by and between the Town and U.S. Bank National Association, as escrow bank (the "Escrow Bank"), relating to the defeasance of the 2006 Bonds (the "Escrow Agreement"), and the Paying Agent/Bond Registrar/Costs of Issuance Agreement, dated as of June 1, 2016, by and between the Town and the Paying Agent (the "Paying Agent Agreement"), to adopt the Resolution, to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by this Bond Purchase Agreement, the Escrow Agreement, the Paying Agent Agreement and the Resolution; (iii) the execution and delivery or adoption of, and the performance by the Town of the obligations contained in the Bonds, the Resolution, the Escrow Agreement, the Paying Agent Agreement and this Bond Purchase Agreement have been duly authorized and such authorization shall be in full force and effect at the time of the Closing; (iv) this Bond Purchase Agreement, the Escrow Agreement and the Paying Agent Agreement constitute the valid and legally binding obligations of the Town, subject to bankruptcy, insolvency, reorganization, arrangement, moratorium, fraudulent conveyance and other laws relating to or affecting creditors' rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases; and (v) the Town has duly authorized the consummation by it of all transactions contemplated by the Resolution, this Bond Purchase Agreement, the Escrow Agreement and the Paying Agent Agreement. The Town will not amend, terminate or rescind, and will not agree to any amendment, termination or rescission of the Resolution, the Escrow Agreement, the Paying Agent Agreement or this Bond Purchase Agreement without the prior written consent of the Purchaser.

(c) *Consents.* Other than the approving vote of the electorate of the Town and adoption of the Resolution, no consent, approval, authorization, order, filing, registration, qualification, election or referendum of or by any court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds or the consummation of the other transactions effected or contemplated herein or hereby.

(d) *Internal Revenue Code.* The Town has covenanted to comply with the Internal Revenue Code of 1986, as amended, with respect to the Bonds.

(e) *No Conflicts.* To the best knowledge of the Town, the issuance of the Bonds, and the execution, delivery and performance of this Bond Purchase Agreement, the Escrow Agreement, the Paying Agent Agreement, the Resolution and the Bonds, and the compliance with the provisions hereof do not conflict with or constitute on the part of the Town a violation of or default under, the Constitution of the State of California or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the Town is a party or by which it is bound or to which it is subject.

(f) *Litigation.* As of the time of acceptance hereof, based on the advice of counsel to the Town, no action, suit, proceeding, hearing or investigation is pending or, to the best knowledge of the Town, threatened against the Town: (i) in any way affecting the existence of the Town or in any way challenging the respective powers of the several offices or of the titles of the officials of the Town to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, the application of the proceeds of the sale of the Bonds, or the collection of *ad valorem* taxes of the Town pledged or to be pledged or available to pay the principal of and interest on the Bonds, or the pledge thereof, or, the levy of any taxes contemplated by the Resolution or in any way contesting or affecting the validity or enforceability of the Bonds, this Bond Purchase Agreement, the Escrow Agreement, the Paying Agent Agreement or the Resolution or contesting the powers of the Town or its authority with respect to the Bonds, the Resolution, the Escrow Agreement, the Paying Agent Agreement or this Bond Purchase Agreement; or (iii) in which a final adverse decision could (a) materially adversely affect the operations of the Town or the consummation of the transactions contemplated by this Bond Purchase Agreement, the Escrow Agreement, the Paying Agent Agreement or the Resolution, (b) declare this Bond Purchase Agreement, the Escrow Agreement or the Paying Agent Agreement to be invalid or unenforceable in whole or in material part, or (c) adversely affect the exclusion of the interest paid on the Bonds from gross income for federal income tax purposes and the exemption of such interest from California personal income taxation.

(g) *No Other Debt.* Between the date hereof and the Closing, without the prior written consent of the Purchaser, the Town will not have issued, nor will Marin County, on behalf of the Town issue, any bonds, notes or certificates of participation.

(h) *Arbitrage Certificate.* The Town has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Town is a bond issuer whose arbitrage certificates may not be relied upon.

(i) *Certificates.* Any certificates signed by any officer of the Town and delivered to the Purchaser shall be deemed a representation by the Town to the Purchaser, but not by the person signing the same, as to the statements made therein.

(j) *Financial Statements.* The financial statements of the Town provided to the Purchaser fairly present the financial position of the Town as of the dates indicated and the results of its operations for the

periods specified. Since June 30, 2015, there has been no material adverse change in the financial condition of the Town.

6. Application of Proceeds. The Town covenants and agrees with the Purchaser that the Town will apply the proceeds from the sale of the Bonds for the purposes specified in the Resolution.

7. Conditions to Closing. The Purchaser has entered into this Bond Purchase Agreement in reliance upon the representations and warranties of the Town contained herein and the performance by the Town of its obligations hereunder, both as of the date hereof and as of the date of Closing. The Purchaser's obligations under this Bond Purchase Agreement are and shall be subject at the option of the Purchaser, to the following further conditions at the Closing:

(a) *Representations True*. The representations and warranties of the Town contained herein shall be true, complete and correct in all material respects at the date hereof and at and as of the Closing as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Purchaser at the Closing pursuant hereto shall be true, complete and correct in all material respects on the date of the Closing; and the Town shall be in compliance with each of the agreements made by it in this Bond Purchase Agreement;

(b) *Obligations Performed*. At the time of the Closing, (i) this Bond Purchase Agreement, the Escrow Agreement, the Paying Agent Agreement and the Resolution shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Purchaser; (ii) all actions under the Act which, in the opinion of Quint & Thimmig LLP ("Bond Counsel"), shall be necessary in connection with the transactions contemplated hereby shall have been duly taken and shall be in full force and effect; and (iii) the Town shall perform or have performed all of its obligations required under or specified in the Resolution, this Bond Purchase Agreement, the Escrow Agreement, the Paying Agent Agreement or the Term Sheet to be performed at or prior to the Closing;

(c) *Marketability*. Between the date hereof and the Closing, the market price or marketability or the ability of the Purchaser to enforce contracts for the sale of the Bonds shall not have been materially adversely affected in the judgment of the Purchaser (evidenced by a written notice to the Town terminating the obligation of the Purchaser to accept delivery of and pay for the Bonds) by reason of any of the following:

(i) legislation enacted or introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the United States Tax Court, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made:

(A) by or on behalf of the United States Treasury Department, or by or on behalf of the Internal Revenue Service, with the purpose or effect, directly or indirectly, of causing inclusion in gross income for purposes of federal income taxation of the interest received by the owners of the Bonds; or

(B) by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, to the effect that the Bonds, or obligations of the general character of the Bonds, including any and all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended;

(ii) legislation enacted by the legislature of the State of California (the "State"), or a decision rendered by a court of the State, or a ruling, order, or regulation (final or temporary)

made by State authority, which would have the effect of changing, directly or indirectly, the State tax consequences of interest on obligations of the general character of the Bonds in the hands of the holders thereof;

(iii) there shall have occurred any outbreak or escalation of hostilities, declaration by the United States of a national emergency or war or other calamity or crisis the effect of which on financial markets is such as to make it, in the reasonable judgment of the Purchaser, impractical or inadvisable to proceed with the offering or delivery of the Bonds;

(iv) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading on any national securities exchange;

(v) the imposition by the New York Stock Exchange, other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds, or obligations of the general character of the Bonds, or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, the Purchaser;

(vi) an order, decree or injunction of any court of competent jurisdiction, or order, filing, regulation or official statement by the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, as contemplated hereby, is or would be in violation of the federal securities laws, as amended and then in effect; or

(vii) the withdrawal or downgrading of any rating of the 2006 Bonds by a national rating agency.

(d) *Delivery of Documents.* At or prior to the date of the Closing, Bond Counsel shall deliver sufficient copies of the following documents, in each case dated as of the Closing Date and satisfactory in form and substance to the Purchaser:

(i) **Bond Opinion.** An approving opinion of Bond Counsel, as to the validity and tax-exempt status of the Bonds, dated the date of the Closing, addressed to the Town;

(ii) **Reliance Letter.** A reliance letter from Bond Counsel to the effect that the Purchaser can rely upon the approving opinion described in (d)(i) above;

(iii) **Supplemental Opinion.** A supplemental opinion of Bond Counsel, dated the Closing Date, addressed to the Purchaser to the effect that:

(A) this Bond Purchase Agreement, the Escrow Agreement and the Paying Agent Agreement have been duly executed and delivered by the Town and, assuming due authorization, execution and delivery by and validity against the other parties thereto, are valid and binding agreements of the Town, subject to bankruptcy, insolvency, reorganization, arrangement, moratorium, fraudulent conveyance and other laws relating to or affecting creditors' rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases; and

(B) the Bonds are not subject to the registration requirements of the Securities Act and the Resolution is exempt from qualification under the Trust Indenture Act; and

(iv) **Additional Certificates.** Certificates signed by appropriate officials of the Town to the effect that (i) such officials are authorized to execute this Bond Purchase Agreement, the Escrow Agreement, the Paying Agent Agreement and the Term Sheet, (ii) the representations, agreements and warranties of the Town herein are true and correct in all material respects as of the date of Closing, (iii) the Town has complied with all the terms of the Resolution, the Escrow Agreement, the Paying Agent Agreement, this Bond Purchase Agreement and the Term Sheet which are necessary to be complied with prior to or concurrently with the Closing and such documents are in full force and effect, and (iv) the Bonds being delivered on the date of the Closing to the Purchaser under this Bond Purchase Agreement substantially conform to the descriptions thereof contained in the Resolution;

(v) **Tax Matters.** An arbitrage certificate of the Town in a form satisfactory to Bond Counsel;

(vi) **Resolution.** A certificate, together with fully executed copies of the Resolution, of the Town Clerk to the effect that:

(A) such copies are true and correct copies of the Resolution; and

(B) that the Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect on the date of the Closing.

(vii) **Escrow Bank Certificate.** A certificate signed by appropriate officials of the Escrow Bank, to the effect that:

(A) the Escrow Bank is duly organized and validly existing as a national banking association, with full corporate power to undertake the trust of the Escrow Agreement;

(B) the Escrow Bank has duly authorized, executed and delivered the Escrow Agreement and by all proper corporate action has authorized the acceptance of its obligations under the Escrow Agreement; and

(C) to the best of such officer's knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body which has been served on the Escrow Bank (either in state or federal courts), or to the knowledge of the Escrow Bank which would restrain or enjoin the execution or delivery of the Escrow Agreement or which would affect the validity or enforceability of the Escrow Agreement or the Escrow Bank's participation in, or in any way contesting the powers or the authority of the Escrow Bank with respect to, the transactions contemplated by the Escrow Agreement or any other agreement, document or certificate related to such transactions;

(viii) **Defeasance Opinion.** An opinion of Bond Counsel, addressed to the Town, the Purchaser and the Escrow Bank, as to the legal defeasance of the 2006 Bonds; and

(ix) **Other Documents.** Such additional legal opinions, certificates, proceedings, instruments and other documents as the Purchaser may reasonably request to evidence compliance (i) by the Town with legal requirements, (ii) the truth and accuracy, as of the time of Closing, of the representations of the Town herein contained, and (iii) the due performance or satisfaction by the Town at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Town; and

(e) Termination. Notwithstanding anything to the contrary herein contained, if for any reason whatsoever the Bonds shall not have been delivered by December 31, 2016, then the obligation to purchase Bonds hereunder shall terminate and be of no further force or effect except with respect to the obligations of the Town and the Purchaser under Section 10 hereof.

If the Town shall be unable to satisfy the conditions to the Purchaser's obligations contained in this Bond Purchase Agreement or the Term Sheet or if the Purchaser's obligations shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement may be canceled by the Purchaser at, or at any time prior to, the time of Closing. Notice of such cancellation shall be given to the Town in writing, or by telephone or telegraph, confirmed in writing. Notwithstanding any provision herein to the contrary, 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 Purchaser may be waived by the Purchaser in writing at its sole discretion.

8. Conditions to Obligations of the Town. The performance by the Town of its obligations is conditioned upon (i) the performance by the Purchaser of its obligations hereunder; and (ii) receipt by the Town and the Purchaser of opinions and certificates being delivered at the Closing by persons and entities other than the Town.

9. Costs and Expenses. The Town shall pay any expenses incident to the performance of its obligations hereunder from the proceeds of the Bonds, including the fees and expenses of counsel to the Purchaser in an amount not to exceed \$_____. All out-of-pocket expenses of the Purchaser shall be paid by the Purchaser.

10. Notices. Any notice or other communication to be given under this Bond Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing if to the Town, to the Town Manager, Town of Fairfax, 142 Bolinas Road, Fairfax, CA 94930, or if to the Purchaser, to _____.

11. Parties in Interest; Survival of Representations and Warranties. This Bond Purchase Agreement when accepted by the Town in writing as heretofore specified shall constitute the entire agreement among the Town and the Purchaser. This Bond Purchase Agreement is made solely for the benefit of the Town and the Purchaser (including the successors or assigns of the Purchaser). No person shall acquire or have any rights hereunder or by virtue hereof. All representations, warranties and agreements of the Town in this Bond Purchase Agreement shall survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Purchaser, (b) delivery of and payment by the Purchaser for the Bonds hereunder, and (c) any termination of this Bond Purchase Agreement.

12. Counterparts; Electronic Signatures. This Bond Purchase Agreement 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. The parties agree that the electronic signature of a party to this Bond Purchase Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Bond Purchase Agreement. For purposes hereof: (i) "electronic signature" means a manually signed original signature that is then transmitted by electronic means; and (ii) "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a portable document format (pdf) or other replicating image attached to an email or internet message.

13. Applicable Law. This Bond Purchase Agreement shall be interpreted, governed and enforced in accordance with the laws of the State of California applicable to contracts made and performed in such State.

Very truly yours,

_____, as Purchaser

By _____
Name _____
Title _____

The foregoing is hereby agreed to and accepted as of the date first above written:

TOWN OF FAIRFAX

By _____
Garrett Toy
Town Manager

EXHIBIT A

MATURITY, PRINCIPAL AMOUNT, INTEREST RATE
AND REDEMPTION PROVISIONS

Maturity Schedule

<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>
2027				100.000%

Redemption Provisions

Optional Redemption. The Bonds are subject to optional redemption in whole or in part on any date, on and after August 1, ____, at the par amount thereof to be redeemed, plus accrued interest to the date of redemption, without premium.

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, on and after August 1, 2017, to and including August 1, 2027, in the principal amounts as set forth in the following table:

<u>Date of</u> <u>Sinking Fund</u> <u>Redemption</u> <u>(August 1)</u>	<u>Sinking Fund</u> <u>Installment Amount</u>	<u>Date of</u> <u>Sinking Fund</u> <u>Redemption</u> <u>(August 1)</u>	<u>Sinking Fund</u> <u>Installment Amount</u>
2017		2023	
2018		2024	
2019		2025	
2020		2026	
2021		2027†	
2022			

†Maturity

EXHIBIT B
TERM SHEET

EXHIBIT D

FORM OF PAYING AGENT AGREEMENT

THIS PAYING AGENT/BOND REGISTRAR/COSTS OF ISSUANCE AGREEMENT (this "Agreement"), is entered into as of June 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 Bonds (the "Bonds"). The Town hereby appoints the Bank to act as Paying Agent, Transfer Agent and Bond Registrar for the Bonds and as Custodian and Disbursing Agent for the payment of costs of issuance relating to the Bonds.

RECITALS

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

WHEREAS, the Town will ensure all things necessary to make the 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 the Bank will act as Paying Agent to pay the principal, redemption premium (if any) and interest on the Bonds, in accordance with the terms thereof, and under which the Bank will act as Bond Registrar for the Bonds;

WHEREAS, the Town and the Bank also wish to provide the terms under which the Bank will act as Custodian and Disbursing Agent for the payment of costs of issuance relating to the 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 Bonds and as Custodian and Disbursing Agent for the payment of costs of issuance relating to the Bonds; and

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.

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

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

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

"Custodian and Disbursing Agent" means the Bank when it is performing the function of custodian and disbursing agent for the payment of costs of issuance relating to the Bonds.

"Town" means Town of Fairfax.

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

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

"Original Purchaser" means _____.

"Paying Agent" means the Bank when it is performing the function of paying agent for the 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 Bond is registered in the Bond Register.

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

"Transfer Agent" means the Bank when it is performing the function of transfer agent for the Bonds.

ARTICLE TWO

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

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

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

The Town hereby appoints the Bank as Custodian and Disbursing Agent.

The Bank hereby accepts its appointment, and agrees to act as Paying Agent, Transfer Agent, Bond Registrar and Custodian and Disbursing Agent.

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 Bond in accordance with the debt service schedule attached hereto as Exhibit A.

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

ARTICLE FOUR

BOND REGISTRAR

Section 4.01. Initial Delivery of Bonds. The Bonds will be initially registered and delivered to the purchaser designated by the Town as one Bond for each maturity. 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 Bonds of authorized denominations, registered in accordance with the instructions in such written request.

Section 4.02. Duties of Bond Registrar. The Bank shall provide for the proper registration, transfer, exchange and replacement of the Bonds. Every 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 Bond Registrar may request any supporting documentation it deems necessary or appropriate to effect a re-registration.

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

Section 4.04. Form of Bond Register. The Bank as Bond 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 Bonds. All 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 Bonds previously authenticated and delivered which the Town may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly cancelled by the Bank. All cancelled 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

CUSTODIAN AND DISBURSING AGENT

Section 5.01. Receipt of Moneys. The Custodian and Disbursing Agent has received, from the Original Purchaser, the sum of \$_____. Of such amount, (a) \$_____ has been transferred to U.S. Bank National Association, as paying agent for the Town of Fairfax (Marin County, California) General Obligation Bonds, Series 2006 (the "2006 Bonds"), and as escrow bank, to provide for the defeasance of the 2006 Bonds, and (b) the remaining \$_____ has been deposited in a special account to be held and maintained by the Custodian and Disbursing Agent in the name of the Town (the "Costs of Issuance Account").

Section 5.02. Investment. The Custodian and Disbursing Agent will hold funds in the Costs of Issuance Account until September 8, 2016, or upon prior written order of the Town. The Custodian and Disbursing Agent shall have no obligation to invest and reinvest any cash held by it hereunder in the absence of timely and specific written investment direction from the Town. In no event shall the Custodian and Disbursing Agent be liable for the selection of investments or for investment losses incurred thereon.

In no event shall the Custodian and Disbursing Agent be liable for the selection of investments or for investment losses incurred thereon. The Town acknowledges that regulations of the Comptroller of the Currency grant the Town the right to receive brokerage confirmations of the security transactions as they occur, at no additional cost. To the extent permitted by law, the Town specifically waives compliance with 12 C.F.R. 12 and hereby notifies the Custodian and Disbursing Agent that no brokerage confirmations need be sent relating to the security transactions as they occur. The Custodian and Disbursing Agent may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Agreement.

Section 5.03. Payment of Costs of Issuance. The Custodian and Disbursing Agent will pay costs of issuance of the Bonds as directed by the Town from time to time via a written requisition of the Town.

Section 5.04. Transfer of Remaining Amounts. Any balances remaining in the Costs of Issuance Account (including any earnings) on September 8, 2016, will be transferred to the Town and applied to the payment of debt service on the Bonds.

Section 5.05. Limited Liability. The liability of the Custodian and Disbursing Agent as custodian and disbursing agent is limited to the duties listed above. The Custodian and Disbursing Agent will not be liable for any action taken or neglected to be taken by it in good faith in any exercise of reasonable care and believed by it to be within the discretion of power conferred upon it by this Agreement.

ARTICLE SIX

THE BANK

Section 6.01. Duties of the 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 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 Bond, but shall be protected in acting upon receipt of 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.

(g) The Paying Agent shall not be responsible or liable for any failure or delay in the performance of its obligation under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; wars; terrorism; military disturbances; sabotage; epidemic; riots; interruptions; loss or malfunctions of utilities; computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that Paying Agent shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

(h) The Bank shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Agreement and delivered using Electronic Means ("Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Bank, or another method or system specified by the Bank as available for use in connection with its services hereunder); provided, however, that the Town shall provide to the Bank an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Town whenever a person is to be added or deleted from the listing. If the Town elects to give the Bank Instructions using Electronic Means and the Bank in its discretion elects to act upon such Instructions, the Bank's understanding of such Instructions shall be deemed controlling. The Town understands and agrees that the Bank cannot determine the identity of the actual sender of such Instructions and that the Bank shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Bank have been sent by such Authorized Officer. The Town shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Bank and that the Town and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Town. The Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bank's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Town agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Bank, including without limitation the risk of the Bank acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Bank and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Town; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Bank immediately upon learning of any compromise or unauthorized use of the security procedures.

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

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

Section 6.05. Money Held by the 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 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 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 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 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 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, except that no such prior written consent shall be required for the Bank's assignment pursuant to the following sentence. Any bank, corporation or association into which the Bank may be merged or converted or with which it may be consolidated, or any bank, corporation or association resulting from any merger, conversion or consolidation to which the Bank shall be a party, or any bank, corporation or association succeeding to all or substantially all of the corporate trust business of the Bank shall be the successor of the Bank hereunder without the execution or filing of any paper with any party hereto or any further act on the part of any of the parties hereto except on the part of any of the parties hereto where an instrument of transfer or assignment is required by law to effect such succession, anything herein to the contrary notwithstanding..

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 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 Bonds and as Custodian and Disbursing Agent for the payment of costs of issuance relating to the 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 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 thirty (30) advance 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 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 Bond Resolution and a specimen Bond; (b) a copy of the opinion of bond counsel provided to the Town in connection with the issuance of the Bonds; and (c) a Town Request containing written instructions to the Bank with respect to the issuance and delivery of the Bonds, including the name of the Registered Owners and the denominations of the 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
02/01/2017			
08/01/2017			
02/01/2018			
08/01/2018			
02/01/2019			
08/01/2019			
02/01/2020			
08/01/2020			
02/01/2021			
08/01/2021			
02/01/2022			
08/01/2022			
02/01/2023			
08/01/2023			
02/01/2024			
08/01/2024			
02/01/2025			
08/01/2025			
02/01/2026			
08/01/2026			
02/01/2027			
08/01/2027			

EXHIBIT E

FORM OF ESCROW AGREEMENT

This ESCROW AGREEMENT (this "Agreement"), dated June 8, 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 August 2, 2006, in the principal amount of \$1,765,000, of which \$1,255,000 is currently outstanding (the "2006 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 2006 Bonds were issued under and pursuant to a resolution of the Town Council of the Town (the "2006 Bond Resolutions");

WHEREAS, the Town has determined that it is in the best interests of the Town to refund the 2006 Bonds and the Town has proposed to cause to be provided funds required to refund all of the 2006 Bonds, and it is desirable to enter into this Agreement to provide for the refunding of the 2006 Bonds;

WHEREAS, the Town Council of the Town, by resolution adopted on May 4, 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 2006 Bonds on August 1, 2016 (the "Redemption Date") at a redemption price equal to 100% of the principal amount of the 2006 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 2006 Bonds as described above;

WHEREAS, the cash has been verified by the Town's financial advisor and the paying agent for the 2006 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 2006 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 2006 Bonds. The Town hereby irrevocably elects to pay and discharge all indebtedness payable by the Town under the 2006 Bond Resolutions with respect to the 2006 Bonds, and to terminate all obligations of the Town thereunder with respect thereto.

Section 2. 2006 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 2006 Bonds, to be known as the "2006 Bonds Escrow Fund." Upon the issuance of the Town Refunding Bonds, there shall be deposited into the 2006 Bonds Escrow Fund an amount equal to 1,290,262.50, derived as follows:

\$1,180,000.00 from the proceeds of the Town Refunding Bonds; and

\$110,262.50 from amounts held by the Town for the payment of principal of and interest on the 2006 Bonds on August 1, 2016.

The total amount deposited in the 2006 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 2006 Bonds, is hereby requested, and the Escrow Bank, in its capacity as paying agent for the 2006 Bonds, hereby agrees to give notice of the defeasance of the 2006 Bonds in the form of defeasance notice attached hereto as Exhibit B.

(c) The Escrow Bank, in its capacity as paying agent for the 2006 Bonds is hereby requested, and the Escrow Bank, as paying agent for the 2006 Bonds, hereby agrees to give notice, as soon as practicable, of the redemption of the 2006 Bonds on the Redemption Date in accordance with the applicable provisions of the 2006 Bond Resolution and the form of redemption notice attached hereto as Exhibit C.

Section 4. Surplus Moneys. Any money left on deposit in the 2006 Bonds Escrow Fund after payment in full of the 2006 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 2006 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 2006 Bonds, legal fees and other costs and expenses relating hereto, but under no circumstances shall amounts deposited in the 2006 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 2006 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 2006 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 2006 Bonds.

(h) The Escrow Bank shall not be liable for any action or omission of the Town under this Agreement, under the 2006 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 thirty (30) days advance 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 2006 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 2006 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 2006 BONDS

<u>Date</u>	Scheduled Sinking Fund <u>Redemption</u>	Called <u>Principal</u>	<u>Interest</u>	<u>Premium</u>	Total <u>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 June 8, 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.
8/2/2006	8/1/16	\$ 75,000	4.500%	—	\$ 75,000	303773 CN3
8/2/2006	8/1/21	450,000	6.000	—	450,000	303773 CP8
8/2/2006	8/1/24	335,000	5.500	—	335,000	303773 CQ6
8/2/2006	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

[Letterhead of Quint & Thimmig LLP]

June 8, 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 (the "Bonds"), pursuant to Article 9 of Chapter 3 (commencing with section 53550) of Division 2 of Title 5 of the California Government Code (the "Act"), Resolution No. ____, adopted by the Town Council of the Town on May 4, 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 Town contained in the Resolution and in the certified proceedings and certifications of public officials and others furnished to us, without undertaking to verify such facts by independent investigation.

Based upon our examination, we are of the opinion, as of the date hereof, that:

1. The Town is duly created and validly existing as a municipal corporation and general law city with the power to issue the Bonds in its name and to perform its obligations under the Resolutions and the Bonds.

2. The Resolution has been duly adopted by the Town and creates a valid first lien on the funds pledged under the Resolution for the security of the Bonds.

3. The Bonds have been duly authorized, executed and delivered by the Town and the Bonds are valid and binding general obligations of the Town. The Town is required under the Act to levy a tax upon all taxable property in the Town for the interest and redemption of all outstanding bonds of the Town, including the Bonds. The Bonds are payable from an *ad valorem* tax levied without limitation as to rate or amount.

4. Subject to the Town's compliance with certain covenants, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not

included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended (the "Code"), but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such Town covenants could cause interest on the Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. It is also our opinion that the Bonds are "qualified tax-exempt obligations" under section 265(b)(3) of the Code.

5. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

Ownership of the Bonds may result in other tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Resolution may be subject to the bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and also may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Our opinion represents our legal judgment based upon such review of the law and the facts that we deem relevant to render our opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,