

TRUST INDENTURE

by and between

CITY OF PLACERVILLE

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION
as Trustee

Dated as of May 1, 2022

relating to

[\$Par Amount]
CITY OF PLACERVILLE
WASTEWATER REVENUE REFUNDING BONDS,
SERIES 2022

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TRUST INDENTURE

THIS TRUST INDENTURE, made and entered into as of May 1, 2022 (this “Trust Indenture”), by and between the CITY OF PLACERVILLE, a municipal corporation and general law city duly organized and existing under the laws of the State of California (the “City”) and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), a national banking association organized and existing under the laws of United States;

WITNESSETH:

WHEREAS, the City owns a wastewater system (the “Enterprise”) to provide for the collection, treatment and disposal of wastewater;

WHEREAS, on March 14, 2006 the Placerville Public Financing Authority issued its \$17,215,000 Revenue Bonds (Wastewater System Refinancing and Improvement Project) Series 2006, currently outstanding in the aggregate principal amount of \$16,600,000 (the “Refunded Bonds”) to assist the City by refunding prior obligations issued to finance the acquisition and construction of certain improvements to the Enterprise;

WHEREAS, on November 2, 2010, by Ordinance No. 1639, voters approved Measure H, an add-on sales tax (the “Measure H Sales Tax”) dedicated to repaying the 2006 State Revolving Fund loan (the “2006 SRF Loan”) incurred to finance improvements to the Hangtown Creek Water Reclamation Facility and to fund water and sewer construction projects, including, but not limited to, line replacement; and

WHEREAS, on March 22, 2022, the City Council of the City adopted Resolution No. 9058, to memorialize, effective as of July 1, 2021, the deposit of Measure H Sales Tax revenues to the City’s Sewer Enterprise Fund for the remainder of Measure H’s term, which sunsets on March 31, 2041; and

WHEREAS, under Articles 10 and 11 (commencing with 53570) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, the City is authorized to borrow money for the purpose of refunding the City’s installment obligation in connection with the Refunded Bonds and thereby causing the redemption and full defeasance of the Refunded Bonds; and

WHEREAS, the City hereby certifies that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Trust Indenture do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Trust Indenture;

NOW, THEREFORE, THIS TRUST INDENTURE WITNESSETH, that in consideration of the premises and the acceptance by the Trustee of its duties hereby imposed, and of the purchase and acceptance of the Bonds by the Owners (as defined herein) thereof, and to secure the payment of the Bonds and the interest thereon according to their tenor, purport and effect, and to secure the performance and observance of all of the covenants, agreements and conditions contained therein and herein, and to declare the terms and conditions upon and subject to which

the Bonds are to be issued, the City does hereby covenant and agree with the Trustee, for the benefit of the respective Owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this section shall, for all purposes of this Trust Indenture, and any Bond, opinion, request or other document herein or therein mentioned, have the meanings herein specified and such definitions shall be equally applicable to both the singular and plural forms of any of the terms defined herein.

“Act” means Chapter 5 of Division 7 of Title 1 of the California Government Code, commencing at Section 6500 thereof.

“Additional Payments” means “Additional Payments” as defined in Section 4.07.

“Annual Debt Service” means, for any Fiscal Year, the sum of (1) the interest component on the Bonds and the interest payable on all Parity Obligations during such Fiscal Year, assuming that all such payments on the Bonds are paid as scheduled and all such Parity Obligations are retired as scheduled, plus (2) the principal component on the Bonds and the principal amount allocable to all Parity Obligations in such Fiscal Year, provided that the following adjustments shall be made to the foregoing amounts in the calculation of Annual Debt Service:

(a) with respect to any Parity Obligations bearing or comprising interest at other than a fixed interest rate, the rate of interest used to calculate Annual Debt Service shall be (i) with respect to such Parity Obligations then outstanding, 110% of the greater of (A) the daily average interest rate on such Parity Obligations during the 12 calendar months next preceding the date of such calculation (or the portion of such 12 calendar months that such Parity Obligations have borne interest), or (B) the most recent effective interest rate on such Parity Obligations prior to the date of such calculation, or (ii) with respect to Parity Obligations then proposed to be issued, the then current The Bond Buyer Revenue Bond Index for a maturity comparable to the maturity of the applicable Parity Obligations (or if such index is no longer published, such other published similar index as shall be selected by the City);

(b) with respect to any issue or series of Parity Obligations having 25% or more of the aggregate principal amount thereof due in any one Fiscal Year, Annual Debt Service shall be calculated as if the interest on and principal of the Parity Obligations of such issue or series were being paid in substantially equal annual amounts over the term of such Parity Obligations; provided, however that the full amount of scheduled payments of interest and principal of such Parity Obligations shall be included in Annual Debt Service if the date of calculation is within 24 months of the date on which such 25% or more of aggregate principal amount becomes due;

(c) with respect to any Parity Obligations or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such Parity Obligations or portions thereof, such accreted discount shall be treated as due when scheduled to be paid;

(d) Annual Debt Service shall not include interest on any Parity Obligations which is to be paid from amounts constituting capitalized interest; and

(e) Repayment Obligations payable on a parity with the Bonds or any Parity Obligations shall be deemed to be payable at the scheduled amount due under such Repayment Obligation, and, for this purpose, the variable interest amount included in any such Repayment Obligation shall be determined in accordance with the procedure set forth in subparagraph (a) of this definition.

“Approved Buyer” means (i) an institutional “accredited investor” within the meaning of Rule 501(a) promulgated under the Securities Act of 1933, as in effect on the Closing Date (the “1933 Act”) or (ii) a “qualified institutional buyer” as defined in Rule 144A promulgated under the 1933 Act.

“Authorized Denomination” means \$100,000 or any integral multiple of \$5,000 in excess thereof.

“Bond Counsel” means any attorney at law or firm of attorneys of nationally recognized standing in matters pertaining to the federal tax exemption of interest on obligations of states and political subdivisions, selected by the City and duly admitted to practice law before the highest court of any state of the United States of America.

“Bond Year” means “Bond Year” as defined in the Tax Certificate.

“Bond Register” means the books for the registration and transfer of the Bonds kept by the Trustee pursuant to Section 2.08 hereof.

“Bonds” means the bonds issued by the City under and pursuant hereto.

“Business Day” means any day other than a Saturday, a Sunday or a day on which banks located in the city where the Corporate Trust Office of the Trustee is located, are required or authorized to remain closed.

“Certificate of an Independent Consultant” means an instrument in writing signed by an Independent Consultant.

“Certificate of the City” means an instrument in writing signed by the Mayor, the City Manager, the Deputy City Manager or the Finance Director of the City, or their designees, or by any other officer of the City duly authorized by the City to act on behalf of the City for that purpose.

“City” means the City of Placerville, a municipal corporation organized and existing under the laws of the State of California.

“City Council” means the City Council of the City, being the City’s legislative body.

“Code” means the Internal Revenue Code of 1986, and the regulations issued thereunder, as the same may be amended from time to time, and any successor provision of law. Reference to a particular section of the Code shall be deemed to be a reference to any successor to any such section.

“Corporate Trust Office” means, with respect to the Trustee, the principal Corporate Trust Office of the Trustee in San Francisco, California, or such other office designated by the Trustee from time to time; provided that, for purpose of payment, redemption, exchange, transfer, surrender and cancellation of Bonds, such term means the corporate trust operations or agency office designated by the Trustee.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the City and related to the execution and delivery of this Trust Indenture and the issuance and sale of the Bonds, including, but not limited to, costs of preparation and reproduction of documents, costs of rating agencies and costs to provide information required by rating agencies, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, fees and expenses of the underwriter, fees and charges for preparation, execution and safekeeping of the Bonds, fees of the City and any other cost, charge or fee in connection with the issuance and sale of the Bonds.

“Cost of Issuance Fund” means the fund by that name established pursuant to Section 4.05 hereof.

“Debt Service Fund” means the fund by that name established pursuant to Section 4.02 hereof.

“Defeasance Securities” means United States of America Treasury bills, notes, bonds or certificates of indebtedness, or obligations for which the full faith and credit of the United States of America are fully and unconditionally pledged for the timely payment of interest and principal, or securities evidencing ownership interests in such obligations or in specified portions of the interest on or principal of such obligations.

“Delivery Date” means _____, 2022.

“Depository” means the Securities Depository acting as Depository pursuant to Section 2.11.

“DTC” means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the New York Banking Law, in its capacity as the initial securities depository for the book-entry Bonds.

“Enterprise” means the entire wastewater system of the City (excluding any reclamation facilities) including without limitation all improvements, works or facilities owned, controlled or

operated by the City to provide wastewater service as such improvements, works or facilities now exist, together with all additions to or replacements of existing facilities to be acquired or constructed, together with all improvements, replacements or extensions to such wastewater system later acquired or constructed.

“Event of Default” means an event described in Section 8.01 hereof.

“Favorable Opinion of Bond Counsel” means, with respect to any action requiring such an opinion, an Opinion of Counsel from a Bond Counsel to the effect that such action, in and of itself is permitted hereunder and, will not adversely affect the tax-exempt status of interest on the Bonds.

“Fiscal Year” means the period beginning on July 1 of each year and ending on June 30 of the next succeeding year, or any other twelve-month period selected and designated as the official Fiscal Year of the City.

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

“Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

“Gross Revenues” means all income, user fees, sewer development fees, standby charges and income, transaction revenues, and all revenues secured or collected from or arising out of the use, capital improvement or operation of the Enterprise or arising from the Enterprise, or other moneys deposited in the Sewer Enterprise Fund by the City for the purpose of meeting any covenants hereunder, including, without limitation, all charges, rentals and fees required to be paid for services as permitted or required by law, resolution or order, to the City for operation of the Enterprise, and any interest income on any of the foregoing, income from the disposition of any portion of the Enterprise excepting any proceeds of taxes, ad valorem assessments or benefit assessments collected in connection with the capital improvement of the Enterprise, grant, loan or bond proceeds restricted in use to specific capital improvements, that portion of the annexation fees collected as deposits on behalf of and payable to other governmental agencies as required by law, and further excepting customer deposits or other advances subject to refund until such deposits or advances become the property of the City.

“Independent Certified Public Accountant” means any firm of certified public accountants appointed by the City, which is independent of the City pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

“Independent Consultant” means any registered engineer or firm of registered engineers of national reputation generally recognized to be well qualified in engineering matters relating to wastewater systems, or any other financial consultant or firm of financial consultants (including an Independent Certified Public Accountant) generally recognized to be well qualified in matter relating to wastewater systems, appointed and paid by the City, and who or each of whom –

- (a) is in fact independent and not under the domination of the City;
- (b) does not have a substantial financial interest, direct or indirect, in the operations of the City; and
- (c) is not connected with the City as a director, officer or employee of the City, but may be regularly retained to make reports to the City.

“Interest Account” means the account by that name in the Debt Service Fund established pursuant to Section 4.02 hereof.

“Interest Payment Date” means March 1 and September 1 of each year commencing September 1, 2022.

“Investment Securities” means any of the following obligations if and to the extent then permitted by law:

- (1) Defeasance Securities;
- (2) Obligations issued by the Resolution Funding Corporation and the Student Loan Marketing Association, or obligations, participations, or other instruments of or issued by, or fully guaranteed as to interest and principal by, the Government National Mortgage Association (excluding stripped mortgage backed securities which are valued at greater than par on the unpaid principal);
- (3) Bills of exchange or time drafts drawn on and accepted by a commercial bank (including the Trustee or any of its affiliates), otherwise known as bankers acceptances, which are eligible for purchase by the Federal Reserve Enterprise and which are drawn on any bank the short-term obligations of which are rated in the highest letter and numerical rating category as provided by Moody’s and by S&P; provided, that purchases of eligible bankers acceptances may not exceed 270 days’ maturity;
- (4) Commercial paper which at the time of purchase is of “prime” quality of the highest ranking or of the highest letter and numerical rating category as provided by Moody’s and by S&P, which commercial paper is limited to issuing corporations that are organized and operating within the United States of America and that have total assets in excess of \$500,000,000 and that have an “A1” or higher rating for the issuer’s unsecured debentures, other than commercial paper, as provided by Moody’s and by S&P; provided, that purchases of eligible commercial paper may not exceed 180 days’ maturity nor represent more than 10% of the outstanding commercial paper of an issuing corporation;

(5) Non-negotiable certificates of deposit (including those placed by a third party pursuant to an agreement between the City and the Trustee) issued by a state or national bank (including the Trustee or any of its affiliates) that have maturities of not more than 365 days or deposit accounts with a state or national bank and that are fully insured by the Federal Deposit Insurance Corporation or the short term obligations of which state or national bank are rated no lower than “A1” by Moody’s and “A+” by S&P;

(6) Any repurchase or reverse repurchase agreement of any securities enumerated in subdivisions (1) and (2) with any state or national bank (including the Trustee or any of its affiliates) or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is either (A) with any institution which has debt rated no lower than “A1” by Moody’s and “A+” by S&P or whose commercial paper is rated no lower than “P-1” by Moody’s and no lower than “A-1” by S&P; (B) with any corporation or other entity that falls under the jurisdiction of the Federal Bankruptcy Code; provided, that (a) the term of such repurchase or reverse repurchase agreement is less than one (1) year or due on demand; (b) the Trustee or a third party acting solely as agent for the Trustee has possession of the collateral; (c) the market value of the collateral (as determined at least once in every 14 days by the City or the agreement provider) exceeds the principal amount of the repurchase agreement plus accrued interest and the market value of the collateral is maintained at levels acceptable to Moody’s and to S&P; (d) failure to maintain the requisite collateral levels will require the Trustee to, or direct its third party agent to, liquidate the collateral immediately; and (e) the repurchase or reverse repurchase agreement securities are free and clear of any third-party lien or claim; or (C) with financial institutions insured by the Federal Deposit Insurance Corporation or any broker-dealer with “retail customers” which falls under the jurisdiction of the Securities Investors Protection Corporation; provided, that: (a) the market value of the collateral (as determined at least once in every 14 days by the City or the agreement provider) exceeds the principal amount of the repurchase or reverse repurchase agreement plus accrued interest and the market value of the collateral is maintained at levels acceptable to Moody’s and to S&P; (b) the Trustee or a third party acting solely as agent for the Trustee has possession of the collateral; (c) the Trustee has a perfected first priority security interest in the collateral; (d) the collateral is free and clear of third-party liens and in the case of a Securities Investors Protection Corporation broker was not acquired pursuant to a repurchase agreement or reverse repurchase agreement; and (e) failure to maintain the requisite collateral percentage will require the Trustee to, or direct its third party agent to, liquidate the collateral immediately;

(7) Certificates, notes, warrants, bonds or other evidence of indebtedness of the State or any local agencies therein which are rated in the highest short-term rating category or within one of the three highest long-term rating categories by Moody’s and by S&P (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date);

(8) Bank deposit products, demand or time deposits (including certificates of deposit), trust funds, trust accounts, interest bearing deposits, overnight bank deposits, interest bearing money market accounts or bankers’ acceptances in a nationally or state-

chartered bank, including the Trustee or any affiliate thereof, fully insured by the Federal Deposit Insurance Corporation or collateralized by Investment Securities described in clause (1);

(9) Investments in units of a money-market fund portfolio that is rated in the highest letter and numerical rating category by Moody's and by S&P (including funds for which the Trustee, its affiliates or subsidiaries provide investment advisory, custodial, transfer agency or other management services, and for which such entities receive and retain a fee for services provided to the fund) and that is composed of obligations guaranteed by the full faith and credit of the United States of America or repurchase agreements collateralized by such obligations;

(10) A guaranteed investment contract with a financial institution or insurance company (or guaranteed by a financial institution or insurance company) which has at the date of execution thereof an outstanding issue of unsecured, uninsured and unguaranteed debt obligations or a claims paying ability rated within the two highest Rating Categories of any Rating Agency; and

(11) The Local Agency Investment Fund or similar pooled fund operated by or on behalf of the State and which is authorized to accept investments by or on behalf of the City of the moneys held by the Trustee in any of the accounts or funds established pursuant hereto to the extent deposits and withdrawals may be made by the Trustee directly.

“Letter of Representations” means the letter of representations to The Depository Trust Company, New York, New York, from the City.

“Maturity Date” means, with respect to each Bond, the applicable maturity date set forth in Section 2.03 hereof.

“Maximum Annual Debt Service” means, as of any date of calculation, the largest Annual Debt Service becoming due and payable in the Fiscal Year in which the calculation is made or in any subsequent Fiscal Year.

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

“Net Revenues” means, for any Fiscal Year, an amount equal to all the Gross Revenues of the Enterprise received for such Fiscal Year minus the amount required to pay all Operation and Maintenance Costs for such Fiscal Year.

“Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.11.

“Operation and Maintenance Costs” includes the reasonable expenses of management and other expenses necessary to operate, maintain and preserve the Enterprise in good repair and working order, including reasonable expenditures for repair and replacement incident to or arising from the wastewater system of the City as determined by Generally Accepted Accounting Principles, but expressly excluding (1) noncash items of depreciation, replacement and obsolescence charges or reserves therefore, (2) amortization of intangibles, premiums and discounts, (3) interest expense, (4) amounts paid from other than Gross Revenues of the Enterprise (including but not limited to, amounts paid from the proceeds of property taxes and assessments).

“Opinion of Counsel” means a written opinion signed by an attorney or firm of attorneys selected by the City and duly admitted to practice law before the highest court of the State.

“Outstanding,” when used as of any particular time with respect to the Bonds, means (subject to the provisions of Section 7.02 hereof) all Bonds except:

(a) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds for the payment or redemption of which funds or Defeasance Securities, together with interest earned thereon, in the necessary amount shall have been deposited with the Trustee, an escrow agent or other fiduciary (whether upon or prior to the maturity or prior redemption date of such Bonds) pursuant to Article IX hereof, provided that, if such Bonds are to be redeemed prior to maturity, notice of such redemption shall have been given as provided in Section 3.03 hereof or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

(c) Bonds in lieu of or in exchange for which other Bonds shall have been authenticated and delivered by the Trustee.

“Owner” or “Registered Owner” means any person who shall be the registered owner of any Outstanding Bond.

“Parity Bonds” means the Bonds and any other bonds secured by Parity Obligations and issued pursuant to this Trust Indenture or any Parity Bonds Trust Indenture.

“Parity Obligation Payments” means the payments scheduled to be paid by the City under and pursuant to Parity Obligations, which payments are secured by a pledge of Net Revenues on a parity with the Bonds.

“Parity Obligations” means [**discuss SRF loan**] _____ and all obligations of the City issued or executed and entered into by the City, the Parity Obligation Payments under which are secured by a pledge of the Net Revenues on a parity with the Bonds, as provided herein.

“Participants” means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds the Bonds as securities depository.

“Person” means an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“Pledge Law” means Section 5451 of the California Government Code and all laws amendatory thereof or supplemental thereto.

“Principal Account” means the account by that name in the Debt Service Fund established pursuant to Section 4.02 hereof.

“Rating Agencies” means, if then providing a rating with respect to the Bonds, any of the following: Fitch, Moody’s, S&P, and any other nationally recognized securities rating agency or agencies, including their respective successors or assigns.

“Rating Category” means (a) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier and (b) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

“Rebate Fund” means the fund by that name established pursuant to Section 4.06 of this Trust Indenture.

“Record Date” means the fifteenth day of the month prior to an Interest Payment Date whether or not a Business Day.

“Redemption Account” means the account by that name in the Debt Service Fund established pursuant to Section 4.03 hereof.

“Redemption Price” means, with respect to any Bond (or portion thereof), the principal amount of such Bond (or portion) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond and this Trust Indenture.

“Repayment Obligation” means the reimbursement obligation or any other payment obligation of the City under a written agreement between the City and a credit or liquidity provider to reimburse the credit or liquidity provider for amounts paid pursuant to a credit or liquidity facility for the payment of the principal amount or purchase price of and/or interest on any Parity Obligation.

“S&P” means S&P Global Ratings, a Standard & Poor’s Financial Services LLC business, and its successors or assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the services of a municipal securities rating agency, then “S&P” shall be deemed to refer to any other nationally recognized municipal securities rating agency selected by the City.

“Series” means all Parity Bonds authorized and established pursuant hereto or to a Parity Bonds Trust Indenture as constituting a single Series and delivered on original issuance in a

simultaneous transaction, and any Parity Bonds thereafter executed, authenticated and delivered in lieu thereof or in substitution therefor.

“Sewer Enterprise Fund” means the fund by that name referred to in Section 4.04.

“State” means the State of California.

“Subordinate Obligations” means the obligations of the City that are payable from Net Revenues on a basis that is subordinate to the payment of on the Bonds and Parity Obligations.

“Supplemental Trust Indenture” means any trust indenture then in full force and effect which has been duly executed by the City and the Trustee amendatory hereof or supplemental hereto.

“Tax Certificate” means the tax certificate, dated the Delivery Date of the Bonds, concerning certain matters pertaining to the use and investment of proceeds of the Bonds, executed and delivered by the City on the Delivery Date of the Bonds, including any and all exhibits attached thereto.

“Treasury Regulations” means those regulations issued by the United States Department of the Treasury under the Code.

“Trust Indenture” means this Trust Indenture, as originally executed and as it may from time to time be amended or supplemented in accordance with its terms.

“Written Request of the City” means an instrument in writing signed by the Mayor, the City Manager, the Deputy City Manager or the Finance Director of the City, or their designees, or by any other officer of the City duly authorized by the City to act on behalf of the City for that purpose.

Section 1.02. Rules of Construction. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof. All references herein to “articles,” “sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words “hereby,” “herein,” “hereof,” “hereto,” “herewith,” “hereunder” and other words of similar import refer to this Trust Indenture as a whole and not to any particular article, section, subdivision or clause hereof.

ARTICLE II

THE BONDS

Section 2.01. Authorization to Issue, Authenticate and Deliver the Bonds. The Bonds are authorized to be issued in the aggregate principal amount of \$[Par Amount].00 in the form and manner provided herein. The Bonds shall be designated “City of Placerville Wastewater Revenue Refunding Bonds, Series 2022,” issued by the City under and pursuant to this Trust Indenture, and secured by a pledge of, and payable from Net Revenues as provided herein. The Trustee is hereby authorized to authenticate and deliver the Bonds to the original purchaser

thereof upon the Written Request of the City and receipt of the proceeds of the sale thereof (to be wired to the Trustee).

Section 2.02. Denominations of the Bonds. The Bonds shall be issued in fully registered form, in Authorized Denominations, and numbered consecutively.

Section 2.03. Terms of the Bonds. The Bonds shall be dated the Delivery Date, and mature on September 1 in the years, in the respective principal amounts set forth opposite such years, and bear interest at the respective rates per annum set forth in the following table:

<u>Maturity Date (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		

Interest shall be payable with respect to each Bond on each Interest Payment Date until the principal thereof has been paid; provided, however, that if at the Maturity Date of any Bond (or, if the same is redeemable and shall be duly called for redemption, then at the date fixed for redemption) funds are available for the payment or redemption thereof, in full accordance with terms of this Trust Indenture, such Bond shall then cease to bear interest.

Section 2.04. Interest. The Bonds shall bear interest payable semiannually on their Interest Payment Dates. Each Bond which is authenticated and registered on or prior to the first Record Date shall bear interest (computed on a 360-day year, 30-day month, basis) from the Delivery Date. Each Bond which is authenticated and registered after the first Record Date shall bear interest from the Interest Payment Date next preceding the date of authentication and registration thereof, unless such date of authentication and registration is after the Record Date immediately preceding an Interest Payment Date, in which event it shall bear interest from such subsequent Interest Payment Date. However, if at the time of authentication and registration, interest is in default, the Bond shall bear interest from the last Interest Payment Date to which interest has previously been paid or made available for payment, or from its date if no interest has been paid.

Section 2.05. Form of the Bonds. The Bonds and the certificate of authentication shall be substantially in the form attached hereto as Exhibit A, which form is hereby approved.

Section 2.06. Payment of the Bonds. The principal or Redemption Price of, and interest on the Bonds shall be payable in lawful money of the United States of America. Payment of interest on the Bonds due on or before the maturity or prior redemption thereof shall be made only to the person whose name appears in the registration books required to be kept by the Trustee pursuant to Section 2.08 as the Owner thereof at the close of business on the Record Date next preceding the Interest Payment Date, such interest to be paid by check mailed on each Interest Payment Date by first-class mail to such Owner at his address as it appears on such books; provided, however, that in the case of an Owner of \$1,000,000 or more in aggregate principal amount of Bonds then Outstanding, upon written request of such Owner to the Trustee specifying the account or accounts in the United States to which such payment shall be made, and received by the Trustee prior to the Record Date preceding such Interest Payment Date, the interest payment shall be made by wire transfer of immediately available funds on such Interest Payment Date to such account or accounts. (Any such written request shall remain in effect until terminated or changed by subsequent written request of the Owner.) Payment of the principal or Redemption Price of a Bond shall be made only to the person whose name appears in the registration books required to be kept by the Trustee pursuant to Section 2.08 as the Owner thereof, such principal and redemption premium, if any, to be paid only upon the surrender of the Bond at the Corporate Trust Office, where such Bonds are paid by the Trustee, at maturity or upon redemption prior to maturity. All such payments of interest on, or principal of, or redemption premium, if any, on any Bond shall be valid and effectual to satisfy and discharge the liability on such Bond to the extent of the sum or sums so paid.

Section 2.07. Execution of the Bonds. The Bonds shall be signed on behalf of the City by the manual or facsimile signature of the _____ of the City and countersigned by the manual or facsimile signature of its City Clerk. In case any officer of the City who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed shall have been delivered to the purchaser by the Trustee, such Bonds may nevertheless be delivered and issued and, upon such delivery and issuance, shall be as binding upon the City as though such officer who signed the same had continued to be such officer until such delivery and issuance. Also, any Bond may be signed on behalf of the City by any person who on the actual date of the execution of such Bond shall be the proper officer of the City, although on the nominal date of such Bond such person shall not have been such officer of the City. Only those Bonds that bear thereon a certificate of authentication manually or electronically executed by the Trustee shall be entitled to any benefit, protection or security hereunder or be valid or obligatory for any purpose, and such certificate of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly authorized, sold, executed, authenticated and delivered hereunder and are entitled to the benefits hereof.

Section 2.08. Registration, Transfer and Exchange of Bonds. The Trustee shall keep, at its Corporate Trust Office, sufficient books for the transfer and exchange of the Bonds. Any Bond may, in accordance with its terms, be transferred or exchanged on such books by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon payment by the Owner requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange and upon surrender of such Bond for cancellation accompanied by delivery of a duly executed written instrument of transfer or exchange in a form satisfactory to the Trustee. The cost of any services rendered or expenses incurred by the Trustee in connection with any transfer or exchange shall be paid by the City.

Whenever any Bond or Bonds shall be surrendered for transfer or exchange, the City shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds of the same maturity date and of authorized denominations for the same aggregate principal amount, except that neither the City nor the Trustee shall be required (a) to transfer or exchange any Bonds during the 15-day period prior to the selection of any Bonds for redemption under Article III hereof, or (b) to transfer or exchange any Bond which has been selected for redemption in whole or in part, except the unredeemed portion of such Bond selected for redemption in part, from and after the day that such Bond has been selected for redemption in whole or in part under Article III hereof.

Prior to any transfer of the Bonds outside the book-entry system (including, but not limited to, the initial transfer outside the book-entry system) the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information. The City and the Trustee may deem and treat the Owner of any Bond as the absolute owner of such Bond for all purposes hereof, whether such Bond shall be overdue or not, and neither the City nor the Trustee shall be affected by any notice or knowledge to the contrary. The information contained in the registration books with regard to the ownership of or security interests in the Bonds shall not be subject to inspection or copying by the public as provided in Section 5060(a) of Chapter 1.5 of Division 6 of Title 1 of the California Government Code; provided, that such books shall be open for inspection by the City during normal business hours, upon reasonable prior notice.

Notwithstanding any other provision hereof, the Bonds may not be registered in the name of, or transferred to, any person except an Approved Buyer who has executed and delivered an Investor Letter in the form set forth in Exhibit C hereto to the Trustee and the City; provided, however, that if the Bonds are hereafter registered in the name of the Securities Depository or the nominee of DTC they shall be deemed to comply with this Section 2.08 so long as each beneficial owner of the Bonds is an Approved Buyer.

Section 2.09. Mutilated, Destroyed, Stolen or Lost Bonds. In case any Bond shall become mutilated or shall have been destroyed, stolen or lost, upon proof of ownership satisfactory to the Trustee and upon the surrender of such mutilated Bond at the Corporate Trust Office, or upon the receipt of evidence satisfactory to the Trustee of such destruction, theft or loss and upon receipt of indemnity satisfactory to the Trustee, and also upon payment of all expenses incurred by the City and the Trustee in connection therewith, the City shall execute and the Trustee shall authenticate and deliver at such office a new Bond or Bonds of the same Maturity Date for the same aggregate principal amount of authorized denominations of like tenor and date and bearing such numbers and notations as the Trustee shall determine in exchange and substitution for and upon cancellation of the mutilated Bond or in lieu of and in substitution for the Bond so destroyed, stolen or lost. If any such destroyed, stolen or lost Bond shall have matured or shall have been called for redemption, payment of the amount due thereon may be made by the City upon receipt of like proof, indemnity and payment of expenses. Any replacement Bonds issued pursuant to this Section shall be entitled to equal and proportionate benefits with all other Bonds issued hereunder. The City and the Trustee shall not be required to treat both the original Bond and any replacement Bond as being Outstanding for the purpose of

determining the principal amount of Bonds which may be issued hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder; instead, both the original and the replacement Bond shall be treated as one and the same.

Section 2.10. Temporary Bonds. The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds shall be printed, lithographed or typewritten, shall be of such denominations as may be determined by the City, shall be issued in fully registered form and shall contain such reference to any of the provisions hereof as may be appropriate. Each temporary Bond shall be executed by the City upon the same conditions and in substantially the same manner as the definitive Bonds. If the City issues temporary Bonds, it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered in exchange therefor at the Corporate Trust Office, and the Trustee shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations of the same Maturity Date or Dates, and until so exchanged, the temporary Bonds shall be entitled to the same benefits as definitive Bonds issued hereunder.

Section 2.11. Book Entry System.

(a) Original Delivery. The Bonds will be initially issued as book-entry Bonds, and each maturity of such Bonds will be in the form of a separate single fully registered Bond (which may be typewritten). The Depository Trust Company (“DTC”) will act as the initial Depository for book-entry Bonds. Upon initial execution and delivery, the ownership of each such book-entry Bond will be registered in the registration books maintained under Section 2.08 in the name of Cede & Co., as Nominee of DTC, the initial Depository for the Bonds.

With respect to book-entry Bonds, the City and the Trustee shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in such book-entry Bonds. Without limiting the immediately preceding sentence, the City and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Participant with respect to the owners of beneficial interests in book-entry Bonds, (ii) the delivery to any Participant or any other person, other than an Owner as shown in the registration books maintained under Section 2.08 hereof, of any notice with respect to book-entry Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in book-entry Bonds to be redeemed in the event the City redeems any book-entry Bonds in part or (iv) the payment of any Participant or any other person, other than an Owner as shown in the registration books maintained under Section 2.08, of any amount with respect to the principal or Redemption Price of, and interest on book-entry Bonds.

The City and the Trustee may treat and consider the person in whose name each book-entry Bond is registered in the registration books maintained under Section 2.08 as the absolute Owner of such book-entry Bond for the purpose of payment of the principal or Redemption Price of, and interest on such book-entry Bond, for the purpose of giving notices of redemption and other matters with respect to such book-entry Bond, for the purpose of registering transfers with respect to such book-entry Bond and for all other purposes whatsoever. The Trustee shall pay the principal or Redemption Price of, and interest on the book-entry Bonds only to or upon the

order of the respective Owners, as shown in the registration books maintained under Section 2.08, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of the interest on and the principal or Redemption Price of the book-entry Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the registration books maintained under Section 2.08 shall receive a Bond evidencing the obligation of the City to make payments of the principal or Redemption Price of, and interest on any book-entry Bond pursuant hereto. Upon delivery by the Depository to the Owner, the Trustee and the City of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to record dates, the term Nominee herein shall refer to such new nominee of the Depository.

(b) Delivery of Letter of Representations. To qualify the book entry Bonds for the Depository's book entry system, the City shall execute and deliver to the Depository a Letter of Representations. The execution and delivery of a Letter of Representations shall not in any way impose upon the City or the Trustee any obligation whatsoever with respect to persons having interests in such book entry Bonds other than the Owners, as shown on the registration books required to be kept pursuant to Section 2.08. In addition to the execution and delivery of a Letter of Representations, the City and the Trustee shall take such other actions, not inconsistent herewith, as are reasonably necessary to qualify book entry Bonds for the Depository's book entry program.

(c) Selection of Depository. In the event the Bonds are placed with the Depository and if (i) the Depository determines not to continue to act as securities depository for the Bonds, or (ii) the City has advised the Depository that it does not wish the Depository to continue as securities depository, then the City will discontinue the book entry system with the Depository. If the City determines to replace the Depository with another qualified securities depository, the City shall prepare or direct the preparation of a new single, separate, fully registered Bond, registered in the name of such successor or substitute qualified securities depository or its Nominee as provided in subsection (d). If the City fails to identify another qualified securities depository to replace the Depository, then the Bonds shall no longer be restricted to being registered in such registration books required to be kept pursuant to Section 2.08 in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such Bonds shall designate, in accordance with the provisions of Section 2.08.

(d) Transfer of Bonds to Substitute Depository.

(i) Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except:

(A) to any successor of DTC or its nominee, or of any substitute depository designated pursuant to clause (B) of subsection (i) of this Section 2.11(d) ("Substitute Depository"); provided that any successor of DTC or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(B) to any Substitute Depository not objected to by the Trustee, upon (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the City that DTC (or its successor) is no longer able to carry out its functions as depository; provided that any such Substitute Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(C) to any person as provided below, upon (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the City to remove DTC or its successor (or Substitute Depository or its successor) from its functions as depository.

(ii) In the case of any transfer pursuant to clause (A) or clause (B) of subsection (i) of this Section 2.11(d), upon receipt of all Outstanding Bonds by the Trustee, together with a Written Request of the City to the Trustee designating the Substitute Depository, a single new Bond, which the City shall prepare or cause to be prepared, shall be executed and delivered for each maturity of Bonds then Outstanding, registered in the name of such successor or such Substitute Depository or its Nominees, as the case may be, all as specified in such Written Request of the City. In the case of any transfer pursuant to clause (C) of subsection (i) of this Section 2.11(d), upon receipt of all Outstanding Bonds by the Trustee, together with a Written Request of the City to the Trustee, new Bonds, which the City shall prepare or cause to be prepared, shall be executed and delivered in such denominations and registered in the names of such persons as are requested in such Written Request of the City, subject to the limitations of Sections 2.02 and 2.03, provided that the Trustee shall not be required to deliver such new Bonds within a period of less than 60 days from the date of receipt of such Written Request of the City.

(iii) In the case of a partial redemption or an advance refunding of any Bonds evidencing a portion of the principal maturing in a particular year, DTC or its successor (or any Substitute Depository or its successor) shall make an appropriate notation on such Bonds indicating the date and amounts of such reduction in principal, in form acceptable to the Trustee, all in accordance with the Letter of Representations. The Trustee shall not be liable for such depository's failure to make such notations or errors in making such notations.

Section 2.12. Validity of the Bonds. From and after the issuance of the Bonds, the findings and determinations of the City respecting the Bonds shall be conclusive evidence of the existence of the facts so found and determined in any action or proceeding in any court in which the validity of such Bonds is at issue, and no bona fide purchaser of any of the Bonds shall be required to see to the existence of any fact or to the performance of any condition or to the taking of any proceeding required prior to such issuance or to the application of the purchase price paid for the Bonds. The validity of the authorization and issuance of the Bonds shall not be affected in any way by any proceedings taken by the City, or by any contracts made by the City in connection therewith, and the recital contained in the Bonds that the same are issued pursuant to the Government Code shall be conclusive evidence of their validity and of the regularity of their issuance. Bonds shall be deemed to be issued, within the meaning hereof, whenever the

definitive Bonds (or any temporary Bonds exchangeable therefor) have been delivered to the original purchaser thereof and the purchase price thereof received.

ARTICLE III

REDEMPTION OF BONDS

Section 3.01. Optional Redemption of Bonds. The Bonds maturing on or before September 1, 20__, are not subject to optional redemption prior to their respective stated maturity dates. The Bonds maturing on or after September 1, 20__, are subject to redemption in whole, or in part, at the option of the City, on any date on or after September 1, 20__, from any available source of funds, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

Section 3.02. Selection of Bonds for Redemption. If less than all the Outstanding Bonds are to be redeemed at any one time, the City shall, by Written Request of the City, at least 45 days prior to the date fixed for the redemption of the Bonds, designate the Bonds to be redeemed, or the portions thereof of the same Maturity Date, for redemption on a pro rata basis (unless otherwise directed by the City), in integral multiples of \$5,000. Within each maturity, Bonds shall be selected by the Trustee for redemption by lot. The decisions of the City and the Trustee in designating Bonds or portions thereof for redemption shall be conclusive in the absence of fraud. The City shall provide the Trustee with a revised sinking account schedule in the event that Term Bonds are optionally redeemed.

Section 3.03. Notice of Redemption. At least 20, but not more than 60 days prior to the redemption date, the Trustee shall mail by first class mail a notice of redemption to the respective Owners of all Bonds selected for redemption in whole or in part. The Trustee shall also provide notice to the Municipal Securities Rulemaking Board's "EMMA" portal by facsimile or electronic transmission. The sole remedy for failure to provide such notice to the EMMA portal shall be an action by the holders of the Bonds for specific performance. Each such notice shall state the date of such notice, the Bonds to be redeemed, the date of issue of such Bonds, the redemption date, the redemption price, the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the CUSIP number (if any) of the maturity or maturities of the Bonds to be redeemed and, if less than all of the Bonds of any such maturity are to be redeemed, the numbers of the Bonds of such maturity to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed, and shall give notice that further interest on such Bonds or the portions thereof to be redeemed will not accrue from and after the redemption date, and shall require that such Bonds be then surrendered at the address or the addresses of the Trustee so designated; provided, that neither the City nor the Trustee shall have any responsibility for any defect in the CUSIP number that appears on any Bond or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the City nor the Trustee shall be liable for any inaccuracy in such numbers. If any Bond so chosen for redemption shall not be redeemable in whole, such notice shall also state that such Bond is to be redeemed in part only and that upon presentation of such Bond for redemption there will be issued in lieu of the unredeemed portion of principal thereof a new Bond or Bonds of the same

maturity date, of authorized denominations equal in aggregate principal amount to such unredeemed portion.

With respect to any notice of optional redemption of Bonds, unless upon the giving of such notice, such Bonds shall be deemed to have been paid within the meaning of Section 9.01 or unless the Trustee has moneys or Defeasance Securities sufficient to pay the principal, redemption premium, if any, and interest on the Bonds to be redeemed, such notice may state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the interest on and principal of and redemption premium, if any, on such Bonds, and that if such moneys shall not have been so received the notice shall be of no force and effect and the Trustee shall not be required to redeem such Bonds. In the event that the notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Trustee shall, within a reasonable time thereafter, give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Failure by the Trustee to give notice pursuant to this section to the Municipal Securities Rulemaking Board's "EMMA" portal, or the insufficiency of any such notices, shall not affect the sufficiency of the proceedings for redemption. Failure by the Trustee to mail notice of redemption pursuant to this section to any one or more of the respective Owners of any Bonds designated for redemption shall not affect the sufficiency of the proceedings for redemption with respect to the Owners to whom the notice was mailed.

Section 3.04. Partial Redemption of Bonds. Upon surrender of any Bond redeemed in part only, the City shall execute and the Trustee shall authenticate and deliver to the Owner thereof at the expense of the City a new Bond or Bonds of the same Maturity Date and authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered.

Section 3.05. Effect of Redemption of Bonds. If notice of redemption has been duly given pursuant to Section 3.03, and money for the payment of the Redemption Price of the Bonds or portions thereof so called for redemption, together with interest to the redemption date, is held by the Trustee, then, on the redemption date designated in such notice, such Bonds or such portions thereof shall become due and payable, and from and after the date so designated interest on the Bonds or such portions thereof so called for redemption shall cease to accrue and the Owners of such Bonds shall have no rights in respect thereof except to receive payment of the Redemption Price thereof, and the interest accrued thereon to the redemption date.

ARTICLE IV

ASSIGNMENT AND PLEDGE OF NET REVENUES; FUNDS AND ACCOUNTS

Section 4.01. Pledge and Assignment of Net Revenues. All Net Revenues and all amounts held in the Sewer Enterprise Revenue Fund and by the Trustee in any fund or account established hereunder (other than amounts on deposit in the Rebate Fund) are hereby irrevocably pledged to the payment of the interest on and principal or Redemption Price of the Bonds, as provided herein, and the Net Revenues shall not be used for any other purpose while any of the Bonds remain Outstanding; except that, out of the Net Revenues and other moneys, there may be applied such sums for such purposes as are permitted hereunder. Subject to Section 8.03 hereof, this pledge shall constitute a first pledge of and charge and lien upon the Net Revenues and all other moneys on deposit in the funds and accounts established hereunder (other than amounts on deposit in the Rebate Fund) for the payment of the principal or Redemption Price of, and interest on the Bonds in accordance with the terms hereof and thereof.

Section 4.02. Receipt and Deposit of Net Revenues in the Debt Service Fund. In order to carry out and effectuate the pledge, charge and lien contained herein, the City agrees and covenants that all Net Revenues when and as received shall be received by the City in trust hereunder for the benefit of the Owners and shall be transferred to the Trustee for deposit by the Trustee in the “City of Placerville Wastewater Revenue Refunding Bonds, Series 2022 Debt Service Fund” (the “Debt Service Fund”), which fund the Trustee agrees to establish, maintain and hold in trust, for so long as any Bonds shall be Outstanding hereunder.

All Net Revenues shall be accounted for through and held in trust in the Debt Service Fund, and the City shall have no beneficial right or interest in any of the Net Revenues, except as herein provided. All Net Revenues, whether received by the City in trust or deposited with the Trustee as herein provided, shall nevertheless be allocated, applied and disbursed solely to the purposes and uses hereinafter in this Article set forth, and shall be accounted for separately and apart from all other accounts, funds, money or other resources of the City.

Section 4.03. Establishment and Maintenance of Accounts for Use of Money in the Debt Service Fund. Subject to the provisions of Sections 4.06 and 5.03, and by the Tax Certificate, all money in the Debt Service Fund shall be set aside by the Trustee in the following respective special accounts within the Debt Service Fund (each of which is hereby created and each of which the Trustee hereby agrees and covenants to maintain) in the following order of priority:

- (a) Interest Account,
- (b) Principal Account, and
- (c) Redemption Account.

All money in each of such accounts shall be held in trust by the Trustee for the benefit of the Owners and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this Trust Indenture.

The Trustee shall transfer from the Debt Service Fund the following amounts at the times and in the manner hereinafter provided, and shall deposit such amounts in one or more of the following respective funds or accounts, and each of which shall be disbursed and applied only as hereinafter authorized. Such amounts shall be so transferred to and deposited in the following respective funds or accounts in the following order of priority, the requirements of each such fund or account at the time of deposit to be satisfied before any transfer is made to any fund or account subsequent in priority:

(a) Interest Account. On each Interest Payment Date, commencing on October 1, 2022, and on each other date when interest on the Bonds becomes due and payable, whether upon redemption, acceleration or otherwise, the Trustee shall set aside from the Debt Service Fund and deposit in the Interest Account that amount of money which is equal to the amount of interest on the Bonds becoming due and payable on such Interest Payment Date or such other date.

No deposit need be made to the Interest Account on any date if the amount contained therein is at least equal to the aggregate amount of interest on the Bonds becoming due and payable on such date.

Except as otherwise provided herein, all money in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest as it shall become due and payable (including accrued interest on Bonds purchased or redeemed prior to their respective Maturity Dates).

(b) Principal Account. On each Maturity Date, the Trustee shall set aside from the Debt Service Fund and deposit in the Principal Account an amount of money equal to the principal amount of the Outstanding Bonds maturing on such date received from the City, plus any redemption premium payable in connection with the redemption of such Bonds on such date. No deposit needs to be made to the Principal Account on any date if the amount contained therein is at least equal to the aggregate principal amount of Outstanding Bonds maturing on such date. All money in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal amount of Bonds as they mature.

Section 4.04. Allocation of Gross Revenues. To carry out and effectuate the pledge and lien contained herein, the City agrees and covenants that all Gross Revenues shall be received by the City in trust hereunder and shall be deposited when and as received in a special fund designated as the "Sewer Enterprise Fund," which fund the City has heretofore established and which fund the City agrees and covenants to maintain and to hold separate and apart from other funds until all Bonds have been fully paid or provision has been made therefor in accordance herewith. The City may designate one or more existing funds to satisfy the foregoing requirements. The City may maintain separate accounts within the Sewer Enterprise Fund. Moneys in the Sewer Enterprise Fund shall be used and applied by the City as provided in this Trust Indenture.

The City shall, from the moneys in the Sewer Enterprise Fund, pay all Operation and Maintenance Costs as they become due and payable. All remaining moneys in the Sewer Enterprise Fund shall be set aside by the City at the following times for the transfer to the

following respective special funds in the following order of priority; and all moneys in each of such funds shall be held in trust and shall be applied, used and withdrawn only for the purposes set forth in this Section and, as to funds held under this Trust Indenture.

Section 4.05. Cost of Issuance Fund.

(a) The Trustee shall establish, maintain and hold under this Trust Indenture a fund separate from any other fund established and maintained hereunder designated as the “City of Placerville Wastewater Revenue Refunding Bonds, Series 2022 Cost of Issuance Fund” (the “Cost of Issuance Fund”). Moneys in the Cost of Issuance Fund shall be expended for Costs of Issuance in accordance with this Section.

(b) There shall be credited to the Cost of Issuance Fund the following amounts:

(i) the proceeds of sale of the Bonds required to be deposited therein pursuant to Section 4.10 hereof; and

(ii) any other funds from time to time deposited by the City with the Trustee to pay Costs of Issuance.

(c) The Trustee shall disburse moneys in the Cost of Issuance Fund from time to time to pay for Costs of Issuance directly or to reimburse the City for payment thereof upon receipt by the Trustee of a Written Request of the City substantially in the form of Exhibit B. The Trustee shall be absolutely protected in making any disbursement from the Cost of Issuance Fund in reliance upon a Written Request of the City.

(d) Upon the earlier of _____, 2022 or the Trustee’s receipt of a Certificate of the City certifying that all Costs of Issuance have been paid, the Trustee shall withdraw all remaining moneys in the Cost of Issuance Fund (other than any moneys retained therein to pay Costs of Issuance not then due and payable as set forth in the Certificate of the City), transfer such moneys to the Debt Service Fund, and close the Cost of Issuance Fund.

Section 4.06. Rebate Fund. The Trustee shall establish when needed, and maintain, so long as any Bonds remain Outstanding, a fund separate from any other fund established and maintained hereunder designated as the “City of Placerville Wastewater Revenue Refunding Bonds, Series 2022 Rebate Fund” (the “Rebate Fund”). All amounts at any time on deposit in the Rebate Fund shall be held by the Trustee to the extent required to satisfy the requirement to make rebate payments to the United States (the “Rebate Requirement”) pursuant to Section 148 of the Code and the Treasury Regulations promulgated thereunder (the “Treasury Regulations”). Such amounts shall be free and clear of any lien under this Trust Indenture and shall be governed by this Section 4.06 and Section 5.03, and by the Tax Certificate. The Trustee shall not be deemed to have any knowledge of the provisions of the Tax Certificate, and shall be deemed conclusively to have complied with the Rebate Requirement and its obligations under this Section 4.06 if it follows the directions of the City, and shall have no independent responsibility to, or liability resulting from its failure to, enforce compliance by the City with the Rebate Requirement and the Tax Certificate.

(a) Within 45 days of the end of each fifth Bond Year, (i) the City shall calculate or cause to be calculated with respect to the Bonds the amount that would be considered the “rebate amount” within the meaning of Section 1.148-3 of the Treasury Regulations, using as the “computation date” for this purpose the end of such Bond Year, and (ii) upon the City’s written direction, the Trustee shall deposit to the Rebate Fund from amounts received from the City as Additional Payments, if and to the extent required, amounts sufficient to cause the balance in the Rebate Fund to be equal to the “rebate amount” so calculated.

The Trustee shall not be required to deposit any amount to the Rebate Fund in accordance with preceding sentence if the amount on deposit in the Rebate Fund prior to the deposit required to be made under this paragraph (a) equals or exceeds the “rebate amount” calculated in accordance with the preceding sentence. Such excess may be withdrawn from the Rebate Fund to the extent permitted under paragraph (b) of this Section.

The City shall not be required to calculate the “rebate amount,” and the Trustee shall not be required to deposit any amount to the Rebate Fund in accordance with this paragraph (a), with respect to all or a portion of the proceeds of the Bonds (including amounts treated as proceeds of the Bonds) (i) to the extent such proceeds satisfy the expenditure requirements of Section 148(f)(4)(B) or Section 148(f)(4)(C) of the Code or Section 1.148-7(d) of the Treasury Regulations, whichever is applicable, and otherwise qualify for the exception to the Rebate Requirement pursuant to whichever of said sections is applicable, (ii) to the extent such proceeds are subject to an election by the City under Section 148(f)(4)(C)(vii) of the Code to pay a 1½% penalty in lieu of arbitrage rebate in the event any of the percentage expenditure requirements of Section 148(f)(4)(C) are not satisfied, or (iii) to the extent such proceeds qualify for the exception to arbitrage rebate under Section 148(f)(4)(A)(ii) of the Code for amounts in a “bona fide debt service fund.” In such event, and with respect to such amounts, the City shall provide written direction to the Trustee that the Trustee shall not be required to deposit any amount to the Rebate Fund in accordance with this paragraph (a).

(b) Any funds remaining in the Rebate Fund after payment of all the Bonds hereunder and any amounts described in clause (ii) of paragraph (c) of this Section, or provision made therefor, including accrued interest and payment of any applicable fees of the Trustee, shall be transferred by the Trustee to the City pursuant to Section 4.09.

(c) Subject to the exceptions contained in paragraph (a) of this Section to the requirement to calculate the “rebate amount” and make deposits to the Rebate Fund, the Trustee shall, upon the City’s written direction, pay to the United States, from amounts on deposit in the Rebate Fund,

(i) not later than 60 days after the end of (A) the fifth Bond Year, and (B) each fifth Bond Year thereafter, an amount that, together with all previous rebate payments, is equal to at least 90% of the “rebate amount” calculated as of the end of such Bond Year in accordance with Section 1.148-3 of the Treasury Regulations; and

(ii) not later than 60 days after the payment of all Bonds, an amount equal to 100% of the “rebate amount” calculated as of the date of such payment (and any income

attributable to the “rebate amount” determined to be due and payable) in accordance with Section 1.148-3 of the Treasury Regulations.

(d) Each payment required to be made pursuant to paragraph (c) of this Section shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 (or other address as may be designated by the Internal Revenue Service) on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038 (or other approved form), which shall be completed by or on behalf of the City and provided to the Trustee.

(e) If, prior to the time any payment is required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the City shall calculate the amount of such deficiency and direct the Trustee to deposit an amount received from the City as Additional Payments made by the City, equal to such deficiency into the Rebate Fund prior to the time such payment is due.

(f) If immediately following the calculation required by paragraph (a) of this Section, but prior to any deposit made under that paragraph, the amount on deposit in the Rebate Fund exceeds the “rebate amount” calculated in accordance with that paragraph, upon written instructions from the City, the Trustee shall transfer the excess from the Rebate Fund to the Sewer Enterprise Fund.

(g) The City shall retain records of all determinations made hereunder until six years after the final payment or discharge of all Bonds.

(h) Notwithstanding anything in this Trust Indenture to the contrary, the Rebate Requirement shall survive the payment in full or defeasance of the Bonds.

Section 4.07. Additional Payments. The City shall pay such amounts (“Additional Payments”) as shall be required for the payment of all fees and administrative costs of the Trustee under this Trust Indenture or otherwise relating to the Bonds, including, without limitation, payments required to satisfy the Rebate Requirement, all expenses, compensation and indemnification of the Trustee payable by the City under the Trust Indenture, fees of auditors, accountants, attorneys or engineers, and all other necessary administrative costs relating to the Bonds and this Trust Indenture. If the Trustee receives Additional Payments from the City, such Additional Payments shall be applied by the Trustee solely to the payment of any costs in respect of which such Additional Payments were received, and shall not be commingled in any way with any other funds received by the Trustee pursuant to this Trust Indenture.

Section 4.08. Deposit and Investments of Money in Accounts and Funds.

(a) All money held by the Trustee in any of the accounts or funds established pursuant hereto shall be invested in Investment Securities at the Written Request of the City filed with the Trustee at least two (2) Business Days in advance of making such investment which shall, as nearly as practicable, mature on or before the dates on which such money is anticipated to be needed for disbursement hereunder. If no such Written Request of the City is received by the Trustee, then, the monies shall be held uninvested. Except as otherwise provided herein, all

interest or profits received on any money in any fund or account held hereunder (other than the Rebate Fund) so invested shall be deposited in the Interest Account in the Debt Service Fund.

(b) The Trustee or any of its affiliates may act as principal or agent, sponsor, advisor, principal, agent or manager in connection with any investments made by the Trustee hereunder. For investment purposes only, the Trustee may commingle the funds and accounts established hereunder, but shall maintain separate records relating to the investments for fund or account.

(c) The Trustee shall not be liable for any loss from any Investment Securities acquired, held or disposed of in compliance with this Section 4.08.

(d) The Trustee may rely on the investment instructions from the City that the instructed investment is an Investment Security for the funds to be invested.

(e) The Trustee may rely conclusively upon the investment direction of the City as to the suitability and legality of the directed investments.

Section 4.09. Repayment to City. When there are no longer any Bonds Outstanding, and all fees, charges and expenses of the Trustee have been paid or provided for, and all expenses of the City relating to this Trust Indenture have been paid or provided for, and all other amounts payable hereunder, including without limitation any Rebate Requirement, and this Trust Indenture has been discharged and satisfied, the Trustee shall pay to the City any amounts remaining in any fund established and held hereunder.

Section 4.10. Application of Bond Proceeds and Other Funds. Upon receipt of the proceeds of the sale of the Bonds from the purchaser thereof in the amount of \$_____, the Trustee shall set aside and transfer or deposit such proceeds in the following respective accounts or funds:

(a) The Trustee shall transfer the sum of \$_____ from the proceeds of the sale of the Bonds to _____ for the full refunding of the Refunded Bonds;

(b) The Trustee shall deposit the sum of \$_____ from the proceeds of the sale of the Bonds in the Cost of Issuance Fund.

The Trustee may establish a temporary fund or account in its records to facilitate and record such deposits and transfers.

ARTICLE V

COVENANTS OF THE CITY AND THE TRUSTEE

Section 5.01. Compliance with Trust Indenture. The City will not suffer or permit any default by it to occur hereunder, but will faithfully comply with, keep, observe and perform all the agreements and covenants to be observed or performed by it contained herein and in the Bonds.

Section 5.02. Observance of Laws and Regulations. The City will faithfully comply with, keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States of America or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of each and every franchise, right or privilege now owned or hereafter acquired by it, including its right to exist and carry on its respective businesses, to the end that such franchises, rights and privileges shall be maintained and preserved and shall not become abandoned, forfeited or in any manner impaired.

Section 5.03. Tax Covenants.

(a) General. The City hereby covenants with the Owners that, notwithstanding any other provisions of this Trust Indenture, it shall not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of interest on the Bonds under Section 103 of the Code. The City shall not, directly or indirectly, use or permit the use of proceeds of the Bonds or any of the property financed or refinanced with proceeds of the Bonds, or any portion thereof, by any person other than a governmental unit (as such term is used in Section 141 of the Code and applicable Treasury Regulations) in such manner or to such extent as would result in the loss of exclusion from gross income for federal income tax purposes of interest on the Bonds.

(b) Use of Proceeds. The City shall not take any action, or fail to take any action, if any such action or failure to take action would cause the Bonds to be “private activity bonds” within the meaning of Section 141 of the Code and applicable Treasury Regulations, and in furtherance thereof, shall not make any use of the proceeds of the Bonds or any of the property financed or refinanced with proceeds of the Bonds, or any portion thereof, or any other funds of the City, that would cause the Bonds to be “private activity bonds” within the meaning of Section 141 of the Code. To that end, so long as any Bonds are Outstanding, the City, with respect to such proceeds and property and such other funds, will comply with applicable requirements of the Code and applicable Treasury Regulations, to the extent such requirements are, at the time, applicable and in effect. The City shall establish reasonable procedures necessary to ensure continued compliance with Section 141 of the Code and the continued qualification of the Bonds as “governmental bonds.”

(c) Arbitrage. The City shall not, directly or indirectly, use or permit the use of any proceeds of any Bonds, or of any property financed or refinanced thereby, or other funds of the City, or take or omit to take any action, that would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code and applicable Treasury Regulations, and shall not otherwise take any action, or fail to take action, if such action or failure to take action would cause the Bonds to be “arbitrage bonds” with the meaning of Section 148 of the Code and applicable Treasury Regulations. To that end, the City shall comply with all requirements of Section 148 of the Code and applicable Treasury Regulations to the extent such requirements are, at the time, in effect and applicable to the Bonds.

(d) Federal Guarantee. The City shall not make any use of the proceeds of the Bonds or any other funds of the City, or take or omit to take any other action, that would cause the Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code, and shall

not otherwise take any action, or fail to take action, when such action or failure to take action would cause the Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(e) Compliance with Tax Certificate. In furtherance of the foregoing tax covenants, the City covenants that it will comply with the provisions of the Tax Certificate, which is incorporated herein as if fully set forth herein. These covenants shall survive payment in full or defeasance of the Bonds.

Section 5.04. Accounting Records and Reports.

(a) The Trustee will keep proper accounting records in accordance with the Trustee’s standards in which complete and correct entries shall be made of all transactions relating to the receipt, investment, deposit, application and disbursement of the Gross Revenues, Net Revenues and the proceeds of the Bonds, and such accounting records shall be available for inspection by the City at reasonable hours and under reasonable conditions with reasonable notice. Not later than the 15th day of each calendar month, commencing on July 15, 2022, and continuing so long as any Bonds are Outstanding, the Trustee will furnish or cause to be furnished to the City a complete statement covering the receipts, investments, deposits, application and disbursements of the Net Revenues for the immediately preceding calendar month.

Section 5.05. Amounts of Rates, Fees and Charges.

(a) The City will, at all times until all Bonds have been fully paid or provision has been made therefor in accordance herewith, fix, prescribe and collect rates, fees and charges for the services and facilities of the Enterprise during each Fiscal Year so as to yield Gross Revenues at least sufficient, after making reasonable allowances for contingencies and errors in the estimates, to pay the following amounts in the following order of priority:

- (i) All anticipated expenses for the Operation and Maintenance Costs of the Enterprise for such Fiscal Year;
- (ii) The Bonds, all other Parity Obligation Payments, and all Subordinate Obligation Payments as they become due and payable; and
- (iii) All payments to meet any other obligations of the City which are charges, liens or encumbrances upon, or payable from, the Gross Revenues.

(b) In addition to the requirements of the foregoing subsection (a) of this Section, the City will, at all times until all Bonds have been fully paid or provision has been made therefor in accordance herewith, fix, prescribe and collect rates, fees and charges and manage the operation of the Enterprise for each Fiscal Year so as to yield Net Revenues during such Fiscal Year, equal to at least 120% of the Annual Debt Service in such Fiscal Year.

The City may make or permit to be made adjustments from time to time in such rates, fees and charges and may make or permit to be made such classification thereof as it deems necessary, but shall not reduce or permit to be reduced such rates, fees and charges below those

then in effect unless the Gross Revenues from such reduced rates, fees and charges will at all times be sufficient to meet the requirements of this Section.

The City will have in effect at all times rules and regulations requiring each user of the Enterprise to pay the applicable charges, fees and rates and providing for the billing thereof and for a due date and a delinquency date for each bill. In each case where such bill remains unpaid in whole or in part after it becomes delinquent, the City will enforce the collection procedures contained in such rules and regulations.

Section 5.06. Execution or Incurrence of Parity Obligations. The City may at any time enter into or otherwise incur Parity Obligations in addition to the obligations under this Trust Indenture; provided:

(a) The City is in compliance with all agreements, conditions, covenants and terms contained in this this Trust Indenture required to be observed or performed by it, and a Certificate of the City to that effect has been filed with the Trustee.

(b) The Net Revenues for any 12 consecutive months within the last 18 months preceding the date of entry into or incurrence of such Parity Obligations, as shown by a Certificate of an Independent Consultant on file with the Trustee, are equal to at least 120% of the Maximum Annual Debt Service as calculated after the entry into or incurrence of such Parity Obligations; provided that, in the event that all or a portion of such Parity Obligations are to be issued for the purpose of refunding and retiring any Parity Obligations then outstanding, interest and principal payments on the Parity Obligations to be so refunded and retired from the proceeds of such Parity Obligations being issued shall be excluded from the foregoing computation of Maximum Annual Debt Service; and, provided further that, the City may at any time enter into or incur Parity Obligations without compliance with the foregoing conditions, if the aggregate Annual Debt Service, during the years which such Parity Obligations are outstanding, will not be increased by reason of the entry into or incurrence of such Parity Obligations.

(a) The City may adjust the foregoing Net Revenues to reflect:

(i) An allowance for increased or decreased Net Revenues arising from any increase or decrease in the rates, fees and charges of the Enterprise which was duly adopted by the City Council of the City prior to the date of the entry into or incurrence of such Parity Obligations but which, during all or any part of such Fiscal Year or 12-month period, was not in effect, in an amount equal to the amount by which the Net Revenues would have been increased or decreased if such increase or decrease in rates, fees and charges had been in effect during the whole of such 12-month period;

(ii) An allowance for Net Revenues that would have been derived from each new use or user of the Enterprise that, during any part of such Fiscal Year or 12-month period, was not in existence, in an amount equal to the estimated additional Net Revenues that would have been derived from each such new use or user if it had been in existence for the entire 12-month period.

Nothing contained in this Section shall limit the issuance of any revenue bonds, notes or other evidences of indebtedness or the entry into of any installment purchase agreement by the City payable from the Net Revenues and secured by a lien and charge on the Net Revenues if, upon the issuance of such revenue bonds or entry into such installment purchase agreement, all of the Installment Payments shall have been fully paid or provision has been made therefor in accordance herewith.

Nothing contained in this Section shall limit the issuance or incurrence of any Subordinate Obligations.

Section 5.07. Books of Record and Accounts; Financial Statements. The City will keep proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the Enterprise, the Sewer Enterprise Fund and all other accounts or funds established pursuant hereto, and upon request will provide information concerning such books of record and accounts to the Trustee (who has no duty or obligation to make such request).

The City will annually cause to be prepared by a Certified Public Accountant, not later than 270 days after the close of each Fiscal Year, until all Bonds have been fully paid, or provision has been made therefor in accordance herewith, audited financial statements of the City containing schedules relating to the Sewer Enterprise Fund. The City shall maintain accurate books and records for each Fiscal Year of all accounts or funds established pursuant hereto for the preceding Fiscal Year, showing the balances in each such account or fund as of the beginning of such Fiscal Year, all deposits in and withdrawals from each such account or fund during such Fiscal Year, and the balances in each such account or fund as of the end of such Fiscal Year.

Section 5.08. Recording and Filing. The City shall, at the expense of the City, cause the filing, recording, registering, renewing, refilling and rerecording of all such documents, including financing statements (or continuation statements in connection therewith), all in such manner, at such times and in such places as may be required and to the extent permitted by law, in order to fully perfect, preserve and protect the security of the Owners and the rights and interests of the Trustee.

Section 5.09. Against Encumbrances. So long as any Bonds are Outstanding, the City will not create or suffer to be created any pledge of or lien on the Net Revenues other than the pledge and lien hereof, and will not issue any bonds, notes or obligations payable from the Net Revenues, or secured by a pledge of or charge or lien upon the Revenues, except in accordance with this Trust Indenture. Subject to this limitation, the City reserves the right to enter into one or more other indentures for any of its corporate purposes, including other programs, and reserves the right to issue other bonds or other obligations for such purposes.

Section 5.10. Notices to Rating Agencies. The City shall provide the Rating Agencies, if any are then rating the Bonds, with copies to the City, with written notice upon the occurrence of: (a) the resignation or removal of the Trustee; or (b) the acceptance of appointment by a successor trustee hereunder promptly upon its becoming aware of such resignation, removal or acceptance.

Section 5.11. Maintenance and Operation of Enterprise. The City will maintain and preserve the Enterprise in good repair and working order at all times and will operate the Enterprise in an efficient and economical manner.

Section 5.12. Further Assurances. Whenever and so often as reasonably requested to do so by the Trustee (who has no obligation or duty to make such request) or any Owner, the City will promptly authenticate and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments, and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the Owners all rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them hereby.

ARTICLE VI

THE TRUSTEE

Section 6.01. The Trustee.

(a) U.S. Bank Trust Company, National Association, as the Trustee, shall receive all money which the City is required to deposit with the Trustee hereunder and for the purpose of allocating, applying and using such money as provided herein and for the purpose of paying the principal or Redemption Price of, and interest on the Bonds presented for payment, and for the purpose of canceling all paid or redeemed Bonds as provided herein. Except during the continuance of an Event of Default, the Trustee undertakes to perform only such duties as are specifically set forth in this Trust Indenture, and no implied covenants, duties or obligations shall be read into this Trust Indenture against the Trustee. If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Trust Indenture, and use the same degree of care and skill in their exercise, as a prudent corporate trustee. The City agrees that it will at all times maintain a Trustee having a Corporate Trust Office in California.

(b) The City may, upon thirty (30) days' prior written notice, (unless there exists any Event of Default as defined in Section 8.01 hereof), remove the Trustee initially appointed and any successor thereto and may appoint a successor or successors thereto by an instrument in writing; provided that any such successor shall be a banking association or corporation or trust company doing business in California, having a combined capital (exclusive of borrowed capital) and surplus of at least \$75,000,000 and subject to supervision or examination by federal or State agency. If such banking association, banking corporation or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining agency above referred to, then, for the purpose of this Section, the combined capital and surplus of such banking association, banking corporation or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. The Trustee may at any time resign by giving written notice of such resignation to the City and by mailing to the Owners notice of such resignation. Upon receiving such notice of resignation, the City shall promptly appoint a successor Trustee by an instrument in writing. Any removal or resignation of a Trustee and appointment of a successor Trustee shall become effective only upon the acceptance of appointment by the successor Trustee. If, within 30 days

after notice of the removal or resignation of the Trustee no successor Trustee shall have been appointed and shall have accepted such appointment, the removed or resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Trustee having the qualifications required hereby. The Trustee under this Trust Indenture shall also be the trustee under each Parity Bonds Trust Indenture.

Section 6.02. Liability of Trustee.

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

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

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

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

(e) The Trustee shall be entitled to advice of counsel and other professionals concerning all matters of trust and its duty hereunder, but the Trustee shall not be answerable for the professional malpractice of any attorney-at-law or certified public accountant in connection with the rendering of his professional advice in accordance with the terms hereof, if such attorney-at-law or certified public accountant was selected by the Trustee with due care.

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

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

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

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

(j) No provision of this Trust Indenture shall require the Trustee 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 its rights or powers.

(k) The Trustee shall have no responsibility, opinion or liability with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the execution and delivery of the Bonds.

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

(m) Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, so long as such company shall meet the requirements set forth in Section 6.01, shall be the successor to the Trustee and vested with all of the title to the trust estate and all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

(n) The Trustee may become the owner or pledgee of any Bonds with the same rights it would have if it were not Trustee.

(o) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents or receivers and shall not be answerable for the conduct of the same if appointed with due care hereunder. The permissive right of the Trustee to do things

enumerated in this Trust Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful default.

Section 6.03. Compensation and Indemnification of Trustee. The City covenants to pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation for all services rendered by it in the exercise and performance of any of the powers and duties hereunder of the Trustee, and the City will pay or reimburse the Trustee upon its request for all expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions hereof (including the reasonable compensation and the expenses and disbursements of its counsel) except any such expense, disbursement or advance as may arise from its negligence, default or willful misconduct. The City, to the extent permitted by law, shall indemnify, defend and hold harmless the Trustee against any loss, damages, liability, suit, claim, cause of action, judgment or expense incurred without negligence, default or willful misconduct on the part of the Trustee arising out of or in connection with (i) the acceptance or administration of the trusts created hereby, or the exercise or performance of any of its powers or duties hereunder, and any other document created in connection herewith or therewith, or (ii) any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading in any official statement or other offering circular utilized in connection with the sale of any of the Bonds, including costs and expenses (including reasonable attorneys' fees and expenses) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers hereunder and any other document created in connection herewith or therewith. The rights of the Trustee and the obligations of the City under this section shall survive the discharge of the Bonds and this Trust Indenture and the resignation or removal of the Trustee.

When the Trustee incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law. Upon an Event of Default, and only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment on account of principal of and premium, if any, and interest on any Bond, upon the trust estate for the foregoing fees, charges and expenses incurred by it.

Section 6.04. Notices to Rating Agencies. The Trustee shall provide the Rating Agencies, with copies to the City, with written notice upon the occurrence of: (i) the discharge of liability on any Bonds pursuant to Section 9.01; (ii) the redemption or purchase of all Bonds; or (iii) an amendment to this Trust Indenture, upon its receipt of written notice of any such amendments. The Trustee shall also notify any Rating Agency of any amendments to any of the documents to which the Trustee is a party, upon its receipt of written notification of any such changes.

ARTICLE VII

AMENDMENT OF THE TRUST INDENTURE

Section 7.01. Amendment of the Trust Indenture.

(a) Except as provided in subsection (b) and (c) of this Section 7.01, this Trust Indenture and the rights and obligations of the City and of the Owners may be amended at any time by a Supplemental Trust Indenture which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 7.02 hereof, are filed with the Trustee; provided, that, before executing any such Supplemental Trust Indenture under this Section 7.01, the Trustee may first obtain, at the City's expense, an Opinion of Counsel that such Supplemental Trust Indenture is authorized or permitted hereunder, and complies with the provisions of this Trust Indenture, on which opinion the Trustee may conclusively rely.

(b) No amendment to this Trust Indenture shall (i) extend the stated maturity of any Bond, or reduce the rate of interest thereon, or extend the time of payment of interest, or reduce the principal amount of, or reduce any premium payable on the redemption of any Bond, without the express written consent of the Owner of such Bond, or (ii) reduce the percentage of Bonds required for the written consent to any such amendment without the express written consent of the Owners of all Outstanding Bonds, or (iii) modify any rights or obligations of the Trustee without its prior written assent thereto.

(c) The Trust Indenture and the rights and obligations of the City and of the Owners may also be amended at any time by a Supplemental Trust Indenture which shall become binding upon adoption without the consent of any Owners, and only to the extent permitted by law, for any one or more of the following purposes:

(i) to add to the agreements and covenants required herein to be performed by the City other agreements and covenants thereafter to be performed by the City;

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

(iii) to add to the agreements and covenants required herein, such agreements and covenants as may be necessary to qualify this Trust Indenture under the Trust Indenture Act of 1939;

(iv) to make any amendments or supplements necessary or appropriate to preserve or protect the exclusion of interest on the Bonds from gross income for federal income tax purposes under the Code, or the exemption of interest on the Bonds from State of California personal income taxes;

(v) to make such amendments or supplements as may be necessary or appropriate to maintain any then current rating on the Bonds by any of the Rating Agencies;

(vi) to add to the rights of the Trustee; or

(vii) for any purpose that will not materially adversely affect the interests of the Owners, as evidenced by the opinion of counsel delivered pursuant to Section 7.01(a) hereof.

Section 7.02. Disqualified Bonds. Bonds owned or held by or for the account of the City shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided in this Article, and shall not be entitled to consent to or take any other action provided in this Article; except that in determining whether the Trustee shall be protected in relying upon any such consent, action or calculation of Outstanding Bonds, only Bonds which the Trustee actually knows to be so owned or held by the City shall not be deemed Outstanding, unless all Bonds are so owned or held, in which case such Bonds shall be considered Outstanding for the purpose of such determination. Upon the request of the Trustee, the City shall specify to the Trustee those Bonds disqualified pursuant to this Section.

Section 7.03. Endorsement or Replacement of Bonds After Amendment. After the effective date of any action taken as hereinabove provided, the City may determine that the Bonds may bear a notation by endorsement in form approved by the City as to such action, and in that case upon demand of the Owner of any Outstanding Bonds and presentation of such Owner's Bond for such purpose at the Corporate Trust Office of the Trustee a suitable notation as to such action shall be made on such Bond. If the City shall so determine, new Bonds so modified as, in the opinion of the City, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Owner of any Outstanding Bond a new Bond or Bonds shall be exchanged at the Corporate Trust Office of the Trustee without cost to each Owner for its Bond or Bonds then Outstanding upon surrender of such Outstanding Bond or Bonds.

Section 7.04. Amendment by Mutual Consent. The provisions of this Article shall not prevent any Owner from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Section 8.01. Defaults; Events of Default. If any of the following events occurs, it is hereby defined as and declared to be and to constitute a default and an Event of Default:

(a) Failure to make due and punctual payment of any installment of interest upon any Bond when the same shall have become due and payable;

(b) Failure to make due and punctual payment of the principal of or premium, if any, on any Bond, whether at the stated maturity thereof, or upon proceedings for redemption thereof or upon the maturity thereof by declaration;

(c) Any representation or warranty made by the City in this Trust Indenture or the Bonds shall be determined by the Trustee to have been untrue in any material respect when made or any failure by the City to observe and perform any covenant, condition or agreement on its part to be observed and performed under this Trust Indenture or the Bonds, other than as referred to in subsections (a) or (b) of this Section, for a period of 60 days after written notice specifying such breach or failure and requesting that it be remedied, given to the City and the Owners by the Trustee, unless the breach or failure is such that it cannot be corrected within the applicable period, corrective action is instituted by the City within the applicable period and is being diligently pursued, provided that such breach or failure must be cured within a period of 365 days after written notice of such breach or failure is given to the City; and

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

Section 8.02. Acceleration of Maturities. Upon the occurrence of an Event of Default (other than an Event of Default described in subsection (c) of Section 8.01), the Trustee shall, or in the case of an Event of Default described in subsection (c) of Section 8.01, the Trustee may declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything contained in this Trust Indenture or in the Bonds to the contrary notwithstanding.

Upon such acceleration, the Trustee shall provide the Owners with a notice of acceleration; and the Trustee shall take whatever additional action at law or in equity may appear necessary or desirable to the Trustee to collect the money necessary to pay the acceleration price of the Bonds. Thereafter, the Trustee shall take such action as is necessary to pay the Bonds out of such moneys at the earliest possible date after providing the Owners with a notice of redemption as provided in Section 3.03 hereof.

Section 8.03. Application of Proceeds Upon an Event of Default. All amounts received by the Trustee pursuant to an Event of Default under the provisions of this Article and amounts previously held by the Trustee under this Trust Indenture shall be applied by the Trustee in the following order upon presentation of the Bonds, and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if fully paid.

First, to the payment of the fees and expenses of the Trustee, including costs and expenses of the Trustee in declaring such Event of Default and carrying out the provisions of this Trust Indenture including reasonable compensation of its agents, attorneys and counsel; and

Second, to the payment of the whole amount of interest on and principal of the Bonds then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the net effective rate of interest then borne by the Outstanding Bonds; provided, however, that in the event such amounts shall be insufficient to pay in full the full amount of such interest and principal, then such amounts, shall be applied in the following order of priority:

(a) to the payment of all interest on the Bonds then due and unpaid, on a pro rata basis in the event that the available amounts are insufficient to pay all such interest in full;

(b) to the payment of principal of the Bonds then due and unpaid, on a pro rata basis in the event that the available amounts are insufficient to pay all such principal in full; and

(c) to the payment of interest on overdue principal and interest, on a *pro rata* basis in the event that the available amounts are insufficient to pay all such interest in full.

Whenever all principal or Redemption Price of, and interest on all Bonds have been paid and all expenses and charges of the Trustee have been paid, and the final calculation of rebate has been made and the appropriate amount transferred to the Rebate Fund, any balance remaining in all funds and accounts created under this Trust Indenture, except amounts on deposit in the Rebate Fund, shall be paid to the City pursuant to Section 4.09.

Section 8.04. Notice of Event of Default. If the Trustee has actual knowledge that the City is in default, the Trustee shall give notice of such default to the Owners of the Bonds. Such notice shall state that the City is in default and shall provide a brief description of such default. The notice provided for in this Section shall be given by mail to the Owners within 30 days of such occurrence of default.

Section 8.05. Institution of Legal Proceedings by Trustee. If one or more of the Events of Default shall happen and be continuing, the Trustee in its discretion may, and shall, at the direction of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, proceed to protect and enforce its rights or the rights of the Owners of Bonds under this Trust Indenture by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights and duties hereunder.

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

composition affecting the Bonds or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owner in any such proceeding without the approval of the Owners so affected.

Section 8.06. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Trust Indenture, or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee or the Owners to exercise any remedy reserved to it or them, it shall not be necessary to give notice other than such notice as may be required in this Article VIII or by law.

Section 8.07. No Additional Waiver Implied by One Waiver. In the event any provision contained in this Trust Indenture should be breached by a party and thereafter waived by another party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 8.08. Action by Owners. In the event the Trustee fails to take any action to eliminate an Event of Default hereunder, the Owners of a majority in aggregate principal amount of Bonds then Outstanding may institute any suit, action, mandamus or other proceeding in equity or at law for the protection or enforcement of any right under this Trust Indenture, but only if such Owners shall have first made written request of the Trustee after the right to exercise such powers or right of action shall have arisen, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted therein or otherwise granted by law or to institute such action, suit or proceeding in its name, and unless, also, the Trustee shall have been offered reasonable security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within 60 days.

Section 8.09. Trustee May Enforce Claims Without Possession of Bonds. All rights of action and claims under this Trust Indenture or the Bonds may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision of the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Owners of the Bonds, in respect of which such judgment has been recovered.

Section 8.10. Waivers of Events of Default. Provided that all payments of interest and principal due and owing on the Bonds have been paid, prior to acceleration of the Bonds the Trustee shall, and thereafter the Trustee in its discretion may or, upon the written demand of the Owners of not less than a majority in aggregate principal amount of all Bonds Outstanding shall, waive any Event of Default hereunder and rescind its consequences; provided, however, that the Trustee may not waive any Events of Default which constitute a breach of a covenant with respect to the tax exempt status of the Bonds. In the case of any such waiver and rescission, the City, the Trustee and the Owners shall be restored to their former positions and rights hereunder,

respectively, but no such waiver and rescission shall extend to any subsequent or other default, or impair any right consequent thereon. All waivers under this Trust Indenture shall be in writing and a copy thereof shall be delivered to the City.

ARTICLE IX

DEFEASANCE

Section 9.01. Discharge of Trust Indenture. When the obligations of the City hereunder (except for the right of the Trustee and the obligation of the City to have the cash and Defeasance Securities mentioned therein applied to the payment of the Bonds and the obligation to apply amounts on deposit in the Rebate Fund), then and in that case the obligations created by this Trust Indenture shall thereupon cease, terminate and become void except for the obligation of the City to direct the Trustee to apply amounts on deposit in the Rebate Fund as provided herein which shall continue until such amounts are so applied, the obligation of the City to pay the Trustee the amounts due pursuant to Section 6.03, and the right of the Owners to have applied and the obligation of the Trustee to apply such cash and Defeasance Securities to the payment of the Bonds as herein set forth, and subject to application of amounts on deposit in the Rebate Fund as provided in Section 4.06, the Trustee shall pay to the City pursuant to Section 4.09, after provision for payment of amounts due the Trustee hereunder, as an overpayment of any principal and interest on the Bonds, any surplus in the Debt Service Fund and all balances remaining in any other funds or accounts other than cash and Defeasance Securities held for the payment of the Bonds at maturity or upon redemption, which cash and Defeasance Securities shall continue to be held by the Trustee in trust for the benefit of the Owners and shall be applied by the Trustee to the payment, when due, of the principal or Redemption Price of, and interest on the Bonds, and, after such payment, this Trust Indenture shall, subject to Section 6.03, become void.

If cash or non-callable Defeasance Securities are deposited with and held by the Trustee, an escrow agent or other fiduciary as hereinabove provided, the Trustee shall within 30 days after such cash or Defeasance Securities shall have been so deposited, mail a notice, first class postage prepaid, to the Owners at the addresses listed on the registration books kept by the Trustee pursuant to Section 2.08, setting forth (a) the date fixed for redemption of the Bonds, (b) a description of the cash or Defeasance Securities so held, and that (c) this Trust Indenture has been released in accordance with the provisions of this Section.

Section 9.02. Deposit of Cash or Defeasance Securities with Trustee. Whenever in this Trust Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee, an escrow agent or other fiduciary, cash or non-callable Defeasance Securities (certified to be sufficient by a report of an Independent Certified Public Accountant delivered to the Trustee) in the necessary amount to pay or redeem any Bonds, the cash or non-callable Defeasance Securities to be so deposited or held may include cash or Defeasance Securities held in the funds and accounts established pursuant to this Trust Indenture, and shall be in an amount equal to the principal amount of the 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 pursuant to Section 3.03, or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the Redemption Price, and all unpaid interest to such date of

redemption on such Bonds; provided, that the Trustee shall have been instructed (by the terms of this Trust Indenture, or by Written Request of the City) to apply such cash or Defeasance Securities to the payment of such principal or Redemption Price of, and interest on such Bonds.

Section 9.03. Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of the principal or Redemption Price of, and interest on any of the Bonds which remain unclaimed for 2 years after the date when the principal or Redemption Price of, and interest on such Bonds have become payable, shall, at the written request of the City, be repaid by the Trustee (without liability for interest) to the City as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the City for the payment of the principal or Redemption Price of, and interest on such Bonds; provided, however, that before being required to make any such payment to the City, the Trustee shall, at the Written Request of the City, and at the expense of the City, mail a notice to the Owners of the Bonds so payable that such moneys remain unclaimed and that, after a date named in such notice, which date shall not be less than 30 days after the date of mailing of such notice, the balance of such moneys then unclaimed will be returned to the City.

Section 9.04. Surviving Provisions. Notwithstanding the satisfaction and discharge hereof, the Trustee shall retain such rights, powers and privileges hereunder as may be necessary or convenient for the payment of the principal or Redemption Price of, and interest on the Bonds, and for the registration, transfer and exchange of the Bonds.

ARTICLE X

[RESERVED]

ARTICLE XI

MISCELLANEOUS

Section 11.01. Liability of City Limited to Revenues. Notwithstanding anything contained herein, the City shall not be required to advance any money derived from any source other than the Net Revenues as provided herein for the payment of the interest on or principal of or Redemption Price of the Bonds or for the performance of any agreements or covenants herein contained. The City may, however, advance funds for any such purpose so long as such funds are derived from a source legally available for such purpose without incurring an indebtedness.

The Bonds are special, limited obligations of the City and are payable, as to the principal or Redemption Price thereof, and interest thereon upon the redemption thereof, solely from the Net Revenues as provided herein, and the City is not obligated to pay the Bonds except from the Net Revenues. All the Bonds are equally secured by a pledge of and charge and lien upon the Net Revenues, and the Net Revenues constitute a trust fund for the security and payment of the principal or Redemption Price of, and interest on the Bonds as provided herein. The full faith and credit of the City is not pledged for the payment of the interest on or principal or Redemption Price of the Bonds, and no tax or other source of funds, other than the Net

Revenues, is pledged to pay the interest on or principal or Redemption Price of the Bonds. Neither the payment of the interest on or principal or Redemption Price of the Bonds constitutes a debt, liability or obligation on the City for which any such entity is obligated to levy or pledge any form of *ad valorem* taxation or for which any such entity has levied or pledged any form of taxation.

Section 11.02. Benefits of this Trust Indenture. Nothing contained herein, expressed or implied, is intended to give to any person other than the Trustee, the City and the Owners any right, remedy or claim under or by reason hereof. Any agreement or covenant required herein to be performed by or on behalf of the City or any member, officer or employee thereof shall be for the sole and exclusive benefit of the Trustee, the City and the Owners.

Section 11.03. Successor Is Deemed Included In All References To Predecessor. Whenever herein either the City or any member, officer or employee thereof is named or referred to, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the City or such member, officer or employee, and all agreements and covenants required hereby to be performed by or on behalf of the City or any member, officer or employee thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 11.04. Execution of Documents by Owners. Any declaration, request or other instrument which is permitted or required herein to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or his attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to make acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer. The ownership of any Bonds and the amount, Maturity Date, number and date of holding the same may be proved by the Bond Register. Any declaration, request or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond with respect to anything done or suffered to be done by the City or the Trustee in good faith and in accordance therewith.

Section 11.05. Waiver of Personal Liability. No member, officer or employee of the City shall be individually or personally liable for the payment of the principal or Redemption Price of, and interest on the Bonds by reason of their delivery, but nothing herein contained shall relieve any such member, officer or employee from the performance of any official duty provided by applicable provisions of law or hereby.

Section 11.06. Cancellation of Bonds. All Bonds acquired by the City, whether by purchase or gift or otherwise, shall be surrendered to the Trustee for cancellation. Whenever in this Trust Indenture provision is made for the cancellation by the Trustee of any Bonds, the Trustee shall destroy such Bonds and upon the City's request, shall deliver a certificate of such destruction to the City.

Section 11.07. Reserved.

Section 11.08. Accounts and Funds; Business Days. Any account or fund required herein to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such accounts and funds shall at all times be maintained in accordance with this Trust Indenture and customary corporate trust industry practice and with due regard for the protection of the security of the Bonds and the rights of the Owners. Any action required to occur hereunder on a day which is not a Business Day shall be required to occur on the next succeeding Business Day with the same effect as if made on such non-Business Day.

Section 11.09. Notices. Unless otherwise provided herein, all notices, certificates or other communications hereunder shall be deemed sufficiently given upon actual receipt thereof when received by the City and the Trustee, as the case may be, at the respective address provided pursuant to this Section or, if mailed by first class mail, postage redeemed, addressed to the appropriate address provided pursuant to this Section, six Business Days after deposit in the United States mail, the initial address for notices, counterparts and other communications hereunder is as follows:

If to the City:
Attention: City Manager
If to the Trustee:

Attention: Corporate Trust

The City, the Trustee and the Rating Agencies, if any, may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Unless otherwise requested by the City or the Trustee, any notice required to be given hereunder in writing may be given by any form of electronic notice capable of making a written record. Each such party shall file with the Trustee information appropriate to receiving such form of electronic notice.

Section 11.10. CUSIP Numbers. Neither the City nor the Trustee shall be liable for any defect or inaccuracy in the CUSIP number that appears on any Bond or in any redemption notice relating thereto. The Trustee may, in its discretion, include in any redemption notice relating to any of the Bonds a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Owners and that neither the City nor the Trustee shall be liable for any defects or inaccuracies in such numbers.

Section 11.11. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the City or the Trustee shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof or of

the Bonds, and the Owners shall retain all the benefit, protection and security afforded to them under any applicable provisions of law. The City hereby declares that it would have entered into this Trust Indenture and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 11.12. California Law. This Trust Indenture shall be governed by and construed in accordance with the laws of the State with respect to contracts entered into and to be performed in the State.

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

(Signatures on next page.)

IN WITNESS WHEREOF, the City of Placerville has caused this Trust Indenture to be executed in its name by the City Manager and attested by its City Clerk, and U.S. Bank Trust Company, National Association, as Trustee, has caused this Trust Indenture to be executed by one of the officers thereunder duly authorized, all as of the day and year first above written.

CITY OF PLACERVILLE

By: _____
City Manager

Attest:

By: _____
City Clerk

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Officer

EXHIBIT A
FORM OF BOND

**THIS BOND MAY ONLY BE TRANSFERRED TO AN “APPROVED BUYER” IN
ACCORDANCE WITH THE TRUST INDENTURE**

REGISTERED NUMBER _____ DOLLARS
No. R- _____ \$ _____

UNITED STATES OF AMERICA

STATE OF CALIFORNIA

CITY OF PLACERVILLE
WASTEWATER REVENUE REFUNDING BONDS,
SERIES 2022

Interest Rate	Maturity Date	Dated Date	CUSIP No.
%			

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: \$ _____

The City of Placerville, a municipal corporation and general law city duly organized and existing under the laws of the State of California (the “City”), for value received hereby promises to pay (but only out of the Net Revenues and other funds hereinafter referred to) to the Registered Owner set forth above on the Maturity Date set forth above (subject to any right of prior redemption as provided for in the Trust Indenture herein defined) the Principal Amount set forth above, together with interest thereon (computed on a 360-day year, 30-day month basis) from the date of this Bond if this Bond is authenticated and registered on or prior to the first Record Date (defined in the Trust Indenture referenced below as the fifteenth calendar day of the month next preceding an Interest Payment Date, whether or not such day is a Business Day), or if this Bond is authenticated and registered after the first Record Date, it shall bear interest from the Interest Payment Date (as defined in the Trust Indenture) next preceding the date on which this Bond is authenticated and registered, unless such date of authentication and registration is after the Record Date immediately preceding an Interest Payment Date, in which event it shall bear interest from such subsequent Interest Payment Date, until the principal hereof shall have been paid, at the interest rate per annum set forth above, payable semiannually on March 1 and September 1 in each year, commencing on September 1, 2022. The principal or Redemption Price of, and interest on this Bond are payable in lawful money of the United States of America at the Corporate Trust Office of U.S. Bank Trust Company, National Association, in [San Francisco], California, or such other place as it, or its successor, may designate, as trustee for the Bonds (the “Trustee”), as set forth in the Trust Indenture. The interest on this Bond due on or before the maturity or prior redemption hereof shall be payable only to the person whose name

appears in the registration books required to be kept by the Trustee as the Registered Owner hereof at the close of business on the Record Date next preceding the applicable Interest Payment Date, such interest to be paid by check mailed on each Interest Payment Date by first-class mail to such Registered Owner at his address as it appears on such books, provided, however, that in the case of a Registered Owner of \$1,000,000 or more in aggregate principal amount of the Bonds then outstanding, upon written request of such Registered Owner to the Trustee specifying the account or accounts in the United States to which such payment shall be made, and received by the Trustee prior to the Record Date preceding such Interest Payment Date, the Interest Payment will be made by wire transfer of immediately available funds on such Interest Payment Date to such account or accounts. (Any such written request shall remain in effect until terminated or changed by subsequent written request of the Registered Owner.) The principal or Redemption Price of this Bond shall be payable only to the person whose name appears in such registration books as the Registered Owner hereof, such principal or Redemption Price to be paid only upon the surrender of this Bond, at the office of the Trustee where the Bonds are paid by the Trustee, at maturity or prior redemption.

This Bond is one of the duly authorized series of bonds of the City designated as “City of Placerville Wastewater Revenue Refunding Bonds, Series 2022” (the “Bonds”) in the aggregate principal amount of \$[Par Amount], all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions), issued under and pursuant to the provisions of a trust indenture (the “Trust Indenture”), dated as of May 1, 2022, between the City and the Trustee. Capitalized terms used herein not otherwise defined herein shall have the meanings ascribed thereto in the Trust Indenture.

All of the Bonds are equally and ratably secured by a pledge of the Net Revenues in accordance with the terms and conditions of the Trust Indenture, and reference is hereby made to the Trust Indenture for a description of the terms on which the Bonds are issued, for the provisions with regard to the nature and extent of the security provided for the Bonds and of the nature, extent and manner of enforcement of such security, and for a statement of the rights of the Registered Owners of the Bonds; and all the terms of the Trust Indenture are hereby incorporated herein and constitute a contract between the City and the Registered Owner from time to time of this Bond, and to all the provisions thereof the Registered Owner of this Bond, by his or her acceptance hereof, consents and agrees; and each Registered Owner hereof shall have recourse to all the provisions of the Trust Indenture and shall be bound by all the terms and conditions thereof.

The obligation of the City to under the Trust Indenture is a special obligation of the City payable solely from Net Revenues of Enterprise. The general fund of the City is not liable for, and neither the faith and credit nor the taxing power of the City (other than as described in the Trust Indenture) is pledged to, the payment of this Bond.

The City may, as provided in the Trust Indenture, incur additional obligations, payable from the Net Revenues on a parity with the Bonds. A copy of the Trust Indenture is on file at the Corporate Trust Office of the Trustee, or such other place as it or its successor may designate.

The Bonds are subject to redemption as provided in the Trust Indenture.

This Bond is transferable or exchangeable for other Authorized Denominations by the Registered Owner hereof, in person or by its duly authorized attorney at the Corporate Trust Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Trust Indenture, and upon surrender and cancellation of this Bond. Upon such transfer or exchange a new fully registered Bond or Bonds, of Authorized Denomination or Denominations, of the same series, tenor, Maturity Date and interest rate for the same aggregate principal amount will be issued to the Registered Owner in exchange hereof.

The rights and obligations of the City and of the Registered Owners of the Bonds may be amended at any time in the manner, to the extent and upon the terms provided in the Trust Indenture, but no such amendment shall: (a) extend the stated maturities of the Bonds, or reduce the rate of interest thereon, or extend the time of payment of interest, or reduce the principal amount of, or reduce any premium payable on the redemption of this Bond, without the express written consent of the Registered Owner of this Bond; (b) reduce the percentage of Bonds required for the written consent to an amendment of the Trust Indenture; or (c) modify any rights or obligations of the Trustee without its prior written assent thereto; all as more fully set forth in the Trust Indenture.

The Trust Indenture prescribes the manner in which it may be discharged and after which the Bonds will no longer be secured by or entitled to the benefits of the Trust Indenture.

The Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction, and the City or any officer or employee thereof, shall not be liable for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds otherwise than from the proceeds of the Net Revenues and certain other funds as provided in the Trust Indenture.

This Bond shall not be entitled to any benefits under the Trust Indenture or become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been manually authenticated by the Trustee.

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

The City of Placerville has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its City Clerk, and has caused this Bond to be dated the Bond Date set forth above.

CITY OF PLACERVILLE

By: _____
Mayor

Attest:

By: _____
City Clerk

(FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION
AND REGISTRATION TO APPEAR ON BONDS)

This is one of the Bonds described in the within mentioned Trust Indenture which has been authenticated and registered on _____.

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee

By: _____
Authorized Officer

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM – as tenants in common
TEN ENT – as tenants by the entireties
JT TEN – as joint tenants with right of survivorship and not as tenants in common
COMM PROP – as community property

UNIF GIFT MIN ACTCustodian.....under Uniform Gifts to Minors Act
(Cust.) (Minor)
.....
(State)

Additional abbreviations not in the above list may also be used.

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned do(es) hereby sell, assign and transfer unto

(Print or type name, address and social security or other tax identification number of assignee)
this within-registered bond and all rights thereunder, and hereby irrevocably constitute(s) and
appoint(s) _____, attorney, to transfer the same on the
registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed By:

Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

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

Authorized Officer

EXHIBIT B
FORM OF COST OF ISSUANCE FUND REQUISITION

TO: U.S. Bank Trust Company, National Association, as Trustee

Attention: Corporate Trust Department

RE: Disbursement from the Cost of Issuance Fund pursuant to Section 4.05 of the Trust Indenture (the "Trust Indenture"), dated as of May 1, 2022, by and between U.S. Bank Trust Company, National Association, as trustee (the "Trustee") and the City of Placerville (the "City")

REQUISITION NO. _____

You are hereby instructed to pay, from the Cost of Issuance Fund established pursuant to the Trust Indenture, the amounts set forth in the attachment hereto, to the persons or entities designated therein as Payee. These costs have been properly incurred, are a proper charge against the Cost of Issuance Fund, and have not been the basis of any previous disbursements.

All payments shall be made by check or wire transfer in accordance with the payment instructions set forth in the attachment hereto or the invoice delivered in connection therewith, and the Trustee shall rely on such payment instructions as though given by the City with no duty to investigate or inquire as to the authenticity of the invoice or the payment instructions contained therein or the authority under which they were given.

Dated: _____, 20__

CITY OF PLACERVILLE

By: _____
City Manager

ATTACHMENT 1

Upon presentation of an invoice from the Payees listed below, the Trustee is instructed to pay such invoices up to the following amounts and all such payments shall be made by check or wire transfer in accordance with the payment instructions set forth below or in the invoices submitted hereunder and the Trustee may rely on such payment instructions given by the City with no duty to investigate or inquire as to the authenticity of the invoice or the payment instructions contained therein:

<u>Payee</u>	<u>Description</u>	<u>Amount</u>
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EXHIBIT C
FORM OF INVESTOR LETTER