



Willows City Council Regular Meeting

October 13, 2020
Willows City Hall
7:00 p.m.

City Council
Kerri Warren, Mayor
Larry Domenighini, Vice Mayor
Gary Hansen, Council Member
Lawrence Mello, Council Member
Joe Flesher, Council Member

Interim City Manager
Wayne Peabody

City Clerk
Tara Rustenhoven

201 North Lassen Street
Willows, CA 95988
(530) 934-7041

Agenda

NOTICE:

Pursuant to N-25-20 issued by Governor Gavin Newsom suspending portions of the Brown Act, the October 13, 2020 Willows City Council meeting will be OPEN to the public. We will be limiting the number of members of the public physically present in Council chambers at City Hall in order to observe recommended social distancing practices. Members of the public who choose to attend in person are strongly advised to wear a mask or other face covering, and to wash their hands and use hand sanitizer frequently, in addition to maintaining at least six feet of distance between themselves and any others who are not members of their household to minimize the possibility of transmission of the COVID-19 virus. For those members of the public who are at high-risk or prefer not to attend in-person, the City is also providing a mechanism through which they may attend the meeting telephonically by following the instructions below.

Dial in Number: (605) 313-5611

Access Number: 404150

1. **CALL TO ORDER- 7:00 p.m.**
2. **PLEDGE OF ALLEGIANCE**
3. **ROLL CALL**
4. **PUBLIC COMMENT/WRITTEN COMMUNICATIONS**
 - a. Public Comments: Members of the public wishing to address the Council on any item(s) not on the agenda may do so at this time by stating your name and address. Then please wait until you are recognized by the Mayor or Vice Mayor. No formal action will be taken unless the matter is placed on a future agenda. Each member of the public attending in person or caller will be limited to three (3) minutes. If you are calling in to provide public comment, use the call-in information below:

Dial in Number: (605) 313-5611

Access Number: 404150

5. CONSENT AGENDA

Consent items are considered to be routine by the City Council and will be enacted in one motion. There will be no separate discussion on these items unless a Council Member requests, in which event the item will be removed from the consent agenda. It is recommended that the Council:

- a. Approval of general checking, payroll & direct deposit check registers 50524-50551, Z10974-Z10994, 50552-50556 and 38741-38753.
- b. Approval of minutes of the Regular City Council Meeting held on September 22, 2020.
- c. Adopt a resolution approving the Final Parcel Map 19-01 for the subdivision of the property located at 655 Pacific Avenue (APN 005-330-003).

Comments from the public are welcome. The Mayor will allow an opportunity for comments related to Public Hearings or any item on the agenda. Please limit comments to three minutes per topic, and one comment per person per topic. Once comments conclude, please allow the Council the opportunity to continue its consideration of the item without interruption.

6. REGULAR BUSINESS AGENDA/ITEMS REQUIRING COUNCIL ACTION

- a. By motion, adopt a resolution authorizing the Issuance and Sale of Bonds to refund certain pension obligations of the City, approving the form and authorizing the execution of a trust agreement, authorizing judicial validation proceedings relating to the issuance of such bonds and authorizing actions related thereto.

7. COUNCIL/ STAFF REPORTS/COMMENTS

- a. Staff Reports/Comments:
- b. Council Reports/Comments:

8. ADJOURNMENT

This agenda was posted on October 8, 2020



Tara Rustenhoven, City Clerk

A complete agenda packet, including staff reports and back-up information, is available for public inspection during normal work hours at City Hall or the Willows Public Library at 201 North Lassen Street in Willows or on the City's website at www.cityofwillows.org.

In compliance with the Americans with Disabilities Act, the City of Willows will make available to members of the public any special assistance necessary to participate in this meeting. If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132). The public should contact the City Clerk's office at 934-7041 to make such a request. Notification 72 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

The City of Willows is an Equal Opportunity Provider



CONSENT AGENDA



	<u>Period</u>		
	9/19/2020	TO	10/7/2020
General Checking	50524	TO	50551
Payroll Direct Deposit	Z10974	TO	Z10994
Payroll Checks	50552	TO	50556 (GAP IN SEQUENCE)
	38741	TO	38753

APPROVAL DATE 10/13/2020

APPROVED _____

Check Number	Check Date	Vendor Number	Vendor Name	Gross Amount	Discount Amount	Net Amount	Invoice #	Payment Information Description
050524	09/19/20	4LE00	4LEAF INC	9280.50	.00	9280.50	J3693UP	SOUTH WILLOWS INFRASTRUCT
050525	09/19/20	BAK06	BAKER & TAYLOR BOOKS	164.32	.00	164.32	35437055	NEW PRINT MAT. LIBRARY
				42.88	.00	42.88	35437056	NEW PRINT MAT. LIBRARY
				50.05	.00	50.05	35437057	NEW PRINT MAT. LIBRARY
				112.16	.00	112.16	35437058	NEW PRINT MAT. LIBRARY
			Check Total.....	369.41	.00	369.41		
050526	09/19/20	CIT06	CITY OF ORLAND	20435.16	.00	20435.16	139	CONT.SERV. LIBRARY
050527	09/19/20	COA00	COASTLAND CIVIL ENGINEERI	604.69	.00	604.69	49214	LLAD FY 2020-21
				87.50	.00	87.50	49261	N TEHAMA STREET
				195.00	.00	195.00	49278	2020 RFP WWTP SERV.
				2743.75	.00	2743.75	49279	EDA GRANT
				8017.50	.00	8017.50	49280	LASSEN STREET REHAB
				13227.50	.00	13227.50	49369	COMMUNITY DEVELOP SERV
				2365.25	.00	2365.25	49370	CITY OF WILLOWS ENGINEERI
				780.00	.00	780.00	49387	BUILDING DEPT SERV
				483.75	.00	483.75	49388	BUILDING DEPT SERVICES
				202.50	.00	202.50	49389	BUILDING DEPT SERV
			Check Total.....	28707.44	.00	28707.44		
050528	09/19/20	COM16	COMCAST CABLE	155.94	.00	155.94	C00910	ADMIN INTERNET 8/29-9/18/
050529	09/19/20	COR00	CORNING FORD MERCURY	54.11	.00	54.11	40968	SEAT BELT
050530	09/19/20	CVC00	CVCWA	2750.00	.00	2750.00	2020CVCWA	MEMBERSHIP RENEWAL 7/1/20
050531	09/19/20	DE000	DE NOVO PLANNING GROUP	4650.00	.00	4650.00	2841	GENERAL PLAN UPDATE THROU
050532	09/19/20	FIR16	FIRE AND ICE	606.57	.00	606.57	C00916	REFUND PERMIT 4231
050533	09/19/20	FRE01	FREEDOM	196.15	.00	196.15	C00916	REFUND PERMIT 3938
050534	09/19/20	GCS00	GCS ENVIRONMENTAL EQUIPME	375.84	.00	375.84	21907	CURTAIN
050535	09/19/20	GLE26	COUNTY OF GLENN	264.00	.00	264.00	256107	HMBP
				579.75	.00	579.75	256123	HWG
			Check Total.....	843.75	.00	843.75		
050536	09/19/20	JER00	JEREMY'S PEST STOMPERS	35.00	.00	35.00	54855	PEST CONTROL PD SEPT 2020
050537	09/19/20	MAT01	MATSON & ISOM TECHNOLOGY	100.00	.00	100.00	75290	OFF SITE BACKUP JULY 2020
050538	09/19/20	MEZ00	JODY MEZA	218.76	.00	218.76	C00910	REIMBURSE ELK CREEK LIBRA
050539	09/19/20	MJB01	MJB WELDING SUPPLY, INC.	38.00	.00	38.00	1309476	CYLINDER RENTAL
050540	09/19/20	NEC00	NEC FINANCIAL SERVICES LL	268.08	.00	268.08	2338680	PHONE SYSTEM
050541	09/19/20	NSW00	NSWTS	252.50	.00	252.50	1004	MONTHLY SERVICE CHARGE/CO
050542	09/19/20	PEA00	WAYNE PEABODY	625.91	.00	625.91	C00910	REIMBURSE MEDIC SUPPLIES/
050543	09/19/20	SAC08	SACRAMENTO VALLEY MIRROR	394.05	.00	394.05	16630	LEGAL ADS
050544	09/19/20	SAF03	SAFETY TIRE SERVICE	37.80	.00	37.80	44251	FLAT REPAIR
				406.88	.00	406.88	44564	#16 SWEEPER REPAIR
			Check Total.....	444.68	.00	444.68		
050545	09/19/20	SEV00	INFRAMARK, LLC	54219.41	.00	54219.41	54855	WILLOWS OPERATION SEPT 20
050546	09/19/20	STA01	STANDARD INSURANCE CO.	499.55	.00	499.55	C00916	LIFE INSURANCE
050547	09/19/20	USB02	US BANK	387.52	.00	387.52	422524967	EQUIP LEASE 8/20-9/20/20
050549	09/19/20	VIV00	VIVINT SOLAR DEVELOPER, L	68.25	.00	68.25	C00916	REFUND PERMIT 4092
				113.75	.00	113.75	BC00916	REFUND PERMIT 4211
			Check Total.....	182.00	.00	182.00		
050549	09/19/20	WILHD	WILLOWS HARDWARE, INC.	530.69	.00	530.69	C00916	AUG STMT PER ATTACHED
050550	09/22/20	KNI03	KNIFE RIVER CONSTRUCTION	275132.71	.00	275132.71	18P	SOUTH WILLOWS INFRASTRUCTU
050551	09/24/20	4LE00	4LEAF INC	2366.00	.00	2366.00	J3693V	SOUTH WILLOWS INFRASTRUCT
			Cash Account Total.....	404119.73	.00	404119.73		
			Total Disbursements.....	404119.73	.00	404119.73		
			Cash Account Total.....	.00	.00	.00		



ACTION MINUTES OF THE WILLOWS CITY COUNCIL REGULAR MEETING HELD SEPTEMBER 22, 2020

Meeting audio is available at the City of Willows website. This is not a live feature. Audio recordings are posted the succeeding business day following the scheduled City Council Meeting.
Please visit www.cityofwillows.org for free PodBean recordings.

1. Mayor Warren called the meeting to order at 7:00 p.m.
2. The meeting opened with the Pledge of Allegiance led by Gary Hansen.

3. Roll Call:

Council Members Present: Council Members Flesher, Hansen, Mello, Vice Mayor Domenighini

Council Members Absent: Mayor Warren

Staff Present: Interim City Manager Wayne Peabody, City Attorney David Ritchie, City Clerk Tara Rustenhoven

4. Public Comment/ Written Communications:

Wayne Peabody wanted to express his gratitude to the Glenn County Sheriff's Office, Orland Police Department and CHP due to having to place a 911 for his family.

5. Consent Agenda:

- a. Approval of general checking, payroll & direct deposit check registers Z10955-Z10973, 38733-38740.
- b. Approval of minutes of the Regular City Council Meeting held on September 8, 2020.

Action:

Motion: Council Member Hansen/Second: Council Member Flesher

Moved to approve the Consent Agenda as presented above and the following item(s).

The motion passed unanimously 4/0 carried by the following voice vote:

AYES: Flesher, Hansen, Mello, Vice Mayor Domenighini

NOES:

ABSENT: Mayor Warren

ABSTAIN:

6. Regular Business Agenda/Items Requiring Council Action:

- a. By motion, appoint Pedro Bobadilla to the City of Willows Planning Commission with the recommendation of Vice Mayor Domenighini and Council Member Flesher, to fill the vacant seat which will begin immediately and will expire on December 31, 2023.

Action:

Motion: Council Member Hansen/Second: Council Member Flesher

Moved to appoint Pedro Bobadilla to the City of Willows Planning Commission with the recommendation of Vice Mayor Domenighini and Council Member Flesher, to fill the vacant seat which will begin immediately and will expire on December 31, 2023.



ACTION MINUTES OF THE WILLOWS CITY COUNCIL REGULAR MEETING HELD SEPTEMBER 22, 2020

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2. The meeting opened with the Pledge of Allegiance led by Gary Hansen.

3. Roll Call:

Council Members Present: Council Members Flesher, Hansen, Mello, Vice Mayor Domenighini

Council Members Absent: Mayor Warren

Staff Present: Interim City Manager Wayne Peabody, City Attorney David Ritchie, City Clerk Tara Rustenhoven

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Wayne Peabody wanted to express his gratitude to the Glenn County Sheriff's Office, Orland Police Department and CHP due to having to place a 911 for his family.

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Motion: Council Member Hansen/Second: Council Member Flesher

Moved to approve the Consent Agenda as presented above and the following item(s).

The motion passed unanimously 4/0 carried by the following voice vote:

AYES: Flesher, Hansen, Mello, Vice Mayor Domenighini

NOES:

ABSENT: Mayor Warren

ABSTAIN:

6. Regular Business Agenda/Items Requiring Council Action:

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Action:

Motion: Council Member Hansen/Second: Council Member Flesher

Moved to appoint Pedro Bobadilla to the City of Willows Planning Commission with the recommendation of Vice Mayor Domenighini and Council Member Flesher, to fill the vacant seat which will begin immediately and will expire on December 31, 2023.

The motion passed unanimously 4/0 carried by the following roll call vote:

AYES: Flesher, Hansen, Mello, Vice Mayor Domenighini

NOES:

ABSENT: Mayor Warren

ABSTAIN:

b. By motion, appoint Dan Gupton to the Willows Library Board of Trustees with the recommendation of Vice Mayor Domenighini and Council Member Mello, to fill the vacant seat which will begin immediately and will expire on June 30, 2023.

Action:

Motion: Council Member Mello/Second: Council Member Flesher

Moved to appoint Dan Gupton to the Willows Library Board of Trustees with the recommendation of Vice Mayor Domenighini and Council Member Mello, to fill the vacant seat which will begin immediately and will expire on June 30, 2023.

The motion passed unanimously 4/0 carried by the following roll call vote:

AYES: Flesher, Hansen, Mello, Vice Mayor Domenighini

NOES:

ABSENT: Mayor Warren

ABSTAIN:

c1. By motion, adopt a resolution entitled; **A RESOLUTION AUTHORIZING THE COMMENCEMENT OF PROCEEDINGS IN CONNECTION WITH THE ISSUANCE AND SALE OF REVENUE BONDS TO REFUND THE OUTSTANDING CERTIFICATES OF PARTICIPATION (SEWER TREATMENT RENOVATION PROJECT), RETAINING AN UNDERWRITER, BOND COUNSEL AND DISCLOSURE COUNSEL AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO.**

Jeff Williams had a question on when there would be a definite number.

Action:

Motion: Council Member Hansen/Second: Council Member Flesher

*Moved to adopt a resolution entitled; **A RESOLUTION AUTHORIZING THE COMMENCEMENT OF PROCEEDINGS IN CONNECTION WITH THE ISSUANCE AND SALE OF REVENUE BONDS TO REFUND THE OUTSTANDING CERTIFICATES OF PARTICIPATION (SEWER TREATMENT RENOVATION PROJECT), RETAINING AN UNDERWRITER, BOND COUNSEL AND DISCLOSURE COUNSEL AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO.***

The motion passed unanimously 4/0 carried by the following roll call vote:

AYES: Flesher, Hansen, Mello, Vice Mayor Domenighini

NOES:

ABSENT: Mayor Warren

ABSTAIN:

c2. By motion, adopt a resolution entitled; **A RESOLUTION AUTHORIZING THE COMMENCEMENT OF PROCEEDINGS IN CONNECTION WITH THE PROPOSED ISSUANCE OF PENSION OBLIGATION BONDS, RETAINING A PLACEMENT AGENT/UNDERWRITER, BOND COUNSEL AND DISCLOSURE COUNSEL AND DIRECTING CERTAIN ACTIONS WITH THE RESPECT THERETO.**

Action:

Motion: Council Member Hansen/Second: Council Member Flesher

Moved to adopt a resolution entitled; A RESOLUTION AUTHORIZING THE COMMENCEMENT OF PROCEEDINGS IN CONNECTION WITH THE PROPOSED ISSUANCE OF PENSION OBLIGATION BONDS, RETAINING A PLACEMENT AGENT/UNDERWRITER, BOND COUNSEL AND DISCLOSURE COUNSEL AND DIRECTING CERTAIN ACTIONS WITH THE RESPECT THERETO.

The motion passed unanimously 4/0 carried by the following roll call vote:

AYES: Flesher, Hansen, Mello, Vice Mayor Domenighini

NOES:

ABSENT: Mayor Warren

ABSTAIN:

10. Council/Staff Reports/Comments:

a. Staff Reports/Comments:

- Sorry for the technical issues and we hope to have this back up at the next city council meeting.

b. City Council Reports Comments: Council gave comments/reports on activities and various meetings they attended.

11. Adjournment:

The Meeting was adjourned at 7:58 p.m.

Dated: September 23, 2020

Tara Rustenhoven, City Clerk

October 13, 2020

Consent Item 5c

AGENDA ITEM

TO: Honorable Mayor Warren and Members of City Council
FROM: John Wanger, City Engineer
SUBJECT: Approval of Final Parcel Map #PM 19-01(Paul A. Malignaggi and Barbara M. Malignaggi 2001 Trust Parcel Map)

RECOMMENDATION

Adopt a resolution approving the Final Parcel Map 19-01 for the subdivision of the property located at 655 Pacific Avenue (APN 005-330-003.)

SITUATION (or BACKGROUND):

On March 18, 2020 the City Planning Commission approved Resolution #02-2020 approving Tentative Parcel Map #TPM 19-01 (the Malignaggi Parcel Map) subject to the conditions of approval and allowing the splitting of a 2.39-acre parcel (APN 005-330-003) into two lots (0.63 acres and 1.76 acres.)

Following the approval, the applicant has completed the final parcel map for Parcel Map #PM 19-01 and submitted it for review and approval to the City Engineer's office. The map has recently been found to be technically correct and in compliance with both the City subdivision ordinance and the State Subdivision Map Act. There are no dedications of easements or rights-of-ways on the map. Accordingly, staff is recommending approval of the map and authorizing recordation of the map. In accordance with Section 17.55.200(2) of the Willows Municipal Code, this map must be approved by the City Council.

FINANCIAL CONSIDERATIONS -

As this is private property, all expenses have been borne by the applicant and there is no financial impact to the City.

NOTIFICATION

Paul and Barbara Malignaggi

ALTERNATE ACTIONS

None recommended.

RECOMMENDATION

Adopt a resolution approving Parcel Map #19-01 for the subdivision of the property located at 655 Pacific Avenue (APN 005-330-003.)

Respectfully submitted,

/s/ John Wanger

John Wanger
City Engineer

Attachments:

Resolution
Copy of Final Parcel Map

RESOLUTION No. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WILLOWS, STATE OF CALIFORNIA APPROVING PARCEL MAP #PM19-01 (MALIGNAGGI PARCEL MAP) FOR THE SUBDIVISION OF THE PROPERTY LOCATED AT 655 PACIVI AVENUE, ASSOSORS PARCEL NUMBER 005-330-003.

WHEREAS, on March 18, 2020 the City Planning Commission approved Resolution #02-2020 approving Tentative Parcel Map #TPM 19-01 (the Malignaggi Parcel Map) subject to the conditions of approval and allowing the splitting of a 2.39 acre parcel (APN 005-330-003) into two lots (0.63 acres and 1.76 acres.); and

WHEREAS, following the approval of the tentative parcel map, the applicant has caused a final parcel map to be completed and submitted to the City Engineer's office for review; and

WHEREAS, the City Engineer's office has reviewed the map and found it to be technically correct and in compliance with both the City Subdivision Ordinance and the State Subdivision Map Act; and

WHEREAS, the conditions of approval associated with the Tentative Map have been fulfilled.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Willows does hereby approve Parcel Map #PM 19-01 and recommends that the map be fully signed by the appropriate City representatives and the map be recorded.

PASSED, APPROVED AND ADOPTED at a regular meeting of the City Council on this 13th day of October 2020, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

ATTESTED:

Kerri Warren, Mayor

Tara Rustenhoven, City Clerk

OWNER'S CERTIFICATE

WE, THE UNDERSIGNED HEREBY CERTIFY THAT WE ARE THE ONLY ENTITY HAVING THE RIGHT, TITLE, AND INTEREST IN AND TO THE REAL PROPERTY INCLUDED WITHIN THE SUBDIVISION SHOWN UPON THIS MAP, AND WE ARE THE ONLY PERSONS WHOSE CONSENT IS NECESSARY TO PASS CLEAR TITLE TO SAID PROPERTY, AND WE CONSENT TO THE MAKING AND FILING OF THIS MAP AND SUBDIVISION AS SHOWN WITHIN THE BORDER LINES.

THIS MAP SHOWS ALL EASEMENTS OR RESTRICTIONS WHICH EXIST OF RECORD.

PAUL A. MALIGNAGGI BARBARA M. MALIGNAGGI
TRUSTEES UNDER THE PAUL A. MALIGNAGGI AND BARBARA M. MALIGNAGGI 2001 TRUST

NOTARY ACKNOWLEDGMENT

A NOTARY PUBLIC OR OTHER OFFICER COMPLETING THIS CERTIFICATE VERIFIES ONLY THE IDENTITY OF THE INDIVIDUAL WHO SIGNED THE DOCUMENT TO WHICH THIS CERTIFICATE IS ATTACHED, AND NOT THE TRUTHFULNESS, ACCURACY, OR VALIDITY OF THAT DOCUMENT.

STATE OF CALIFORNIA }
COUNTY OF _____ }

ON _____, 2020, BEFORE ME,
NOTARY PUBLIC, PERSONALLY APPEARED PAUL A. MALIGNAGGI, WHO PROVED TO ME ON BASIS OF SATISFACTORY EVIDENCE TO BE THE PERSON WHOSE NAME IS SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE EXECUTED THE SAME IN HIS AUTHORIZED CAPACITY, AND THAT BY HIS SIGNATURE ON THE INSTRUMENT THE PERSON, OR THE ENTITY UPON BEHALF OF WHICH THE PERSON ACTED, EXECUTED THE INSTRUMENT.

I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING PARAGRAPH IS TRUE AND CORRECT.
WITNESS MY HAND AND OFFICIAL SEAL.

SIGNATURE: _____ COMMISSION NO. _____
COMMISSION EXPIRES _____ COUNTY OF _____

NOTARY ACKNOWLEDGMENT

A NOTARY PUBLIC OR OTHER OFFICER COMPLETING THIS CERTIFICATE VERIFIES ONLY THE IDENTITY OF THE INDIVIDUAL WHO SIGNED THE DOCUMENT TO WHICH THIS CERTIFICATE IS ATTACHED, AND NOT THE TRUTHFULNESS, ACCURACY, OR VALIDITY OF THAT DOCUMENT.

STATE OF CALIFORNIA }
COUNTY OF _____ }

ON _____, 2020, BEFORE ME,
NOTARY PUBLIC, PERSONALLY APPEARED BARBARA M. MALIGNAGGI, WHO PROVED TO ME ON BASIS OF SATISFACTORY EVIDENCE TO BE THE PERSON WHOSE NAME IS SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE EXECUTED THE SAME IN HIS AUTHORIZED CAPACITY, AND THAT BY HIS SIGNATURE ON THE INSTRUMENT THE PERSON, OR THE ENTITY UPON BEHALF OF WHICH THE PERSON ACTED, EXECUTED THE INSTRUMENT.

I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING PARAGRAPH IS TRUE AND CORRECT.
WITNESS MY HAND AND OFFICIAL SEAL.

SIGNATURE: _____ COMMISSION NO. _____
COMMISSION EXPIRES _____ COUNTY OF _____

GLENN COUNTY TAX COLLECTOR'S CERTIFICATE

I HEREBY CERTIFY THAT THERE ARE NO LIENS OF UNPAID COUNTY OR SPECIAL DISTRICT TAXES AGAINST ANY OF THE LANDS SHOWN ON THE ACCOMPANYING PARCEL MAP, EXCEPT TAXES WHICH ARE LIEN BUT NOT YET PAYABLE, TAXES OR SPECIAL ASSESSMENTS WHICH A LIEN BUT NOT YET PAYABLE, I ESTIMATE TO BE IN THE AMOUNT OF _____.

AP# 05-330-003
DATED THIS _____ DAY OF _____, 2020.

EDWARD J. LAMB
GLENN COUNTY TAX COLLECTOR

By: _____
DEPUTY

TRUSTEE'S CERTIFICATE

WE, U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, THE TRUSTEE UNDER THE DEED OF TRUST RECORDED ON OCTOBER 24, 2018 AS DOCUMENT NO. 2018-4280, OFFICIAL RECORDS OF GLENN COUNTY DOES HEREBY CONSENT TO THE MAKING AND FILING OF THIS MAP.

By (SIGN): _____ DATE: _____
PRINT: _____

NOTARY ACKNOWLEDGMENT

A NOTARY PUBLIC OR OTHER OFFICER COMPLETING THIS CERTIFICATE VERIFIES ONLY THE IDENTITY OF THE INDIVIDUAL WHO SIGNED THE DOCUMENT TO WHICH THIS CERTIFICATE IS ATTACHED, AND NOT THE TRUTHFULNESS, ACCURACY, OR VALIDITY OF THAT DOCUMENT.

STATE OF CALIFORNIA }
COUNTY OF _____ }

ON _____, 2020, BEFORE ME,
NOTARY PUBLIC, PERSONALLY APPEARED BARBARA M. MALIGNAGGI, WHO PROVED TO ME ON BASIS OF SATISFACTORY EVIDENCE TO BE THE PERSON WHOSE NAME IS SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE EXECUTED THE SAME IN HIS AUTHORIZED CAPACITY, AND THAT BY HIS SIGNATURE ON THE INSTRUMENT THE PERSON, OR THE ENTITY UPON BEHALF OF WHICH THE PERSON ACTED, EXECUTED THE INSTRUMENT.

I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING PARAGRAPH IS TRUE AND CORRECT.
WITNESS MY HAND AND OFFICIAL SEAL.

SIGNATURE: _____ COMMISSION NO. _____
COMMISSION EXPIRES _____ COUNTY OF _____

PLANNING COMMISSION STATEMENT

THIS MAP WAS APPROVED BY THE PLANNING COMMISSION OF THE CITY OF WILLOWS ON THE 18th DAY OF MARCH, 2020.

KAREN MANTELE, CITY OF WILLOWS PLANNER DATE _____
CITY OF WILLOWS, COUNTY OF GLENN, STATE OF CALIFORNIA

CITY COUNCIL STATEMENT

I HEREBY STATE THAT THE CITY COUNCIL OF THE CITY OF WILLOWS, STATE OF CALIFORNIA, ON THE _____ DAY OF _____, 20____, BY RESOLUTION REGULARLY PASSED AND ENTERED IN THE MINUTES OF SAID COUNCIL, DID APPROVE THIS MAP.

TARA RUSTENHOVEN, CITY CLERK DATE _____
CITY OF WILLOWS, COUNTY OF GLENN, STATE OF CALIFORNIA

OTHER INTERESTS:

- 1. LIQUOR RESTRICTIONS, COVENANTS, CONDITIONS, RESERVATION AND REVISIONARY RIGHTS AS CONTAINED IN THE FOLLOWING DEEDS OF RECORD: VOLUME 30 OF DEEDS, AT PAGE 175 AND VOLUME 51 OF DEEDS, AT PAGE 15 IN THE OFFICE OF THE GLENN COUNTY RECORDER.
- 2. AN EASEMENT FOR PUBLIC ROAD 30 FEET IN WIDTH AS SHOWN ON THE MAP OF MOODY'S CITY AND VILLA LOTS. (AFFECTS THE EAST 30 FEET OF SAID LAND)

CONDITIONS OF APPROVAL:

- 1. THE CONDITIONS OF APPROVAL REQUIRED FOR THE DEVELOPMENT OF THE PARCELS CREATED PER THIS PARCEL MAP SHALL BE COMPLETED IN ACCORDANCE WITH THE CONDITIONS APPROVED BY THE WILLOWS CITY PLANNING COMMISSION ON MARCH 18, 2020. THE CONDITIONS IN THEIR ENTIRETY ARE SHOWN ON SHEET 3 OF THIS MAP.

SURVEYOR'S STATEMENT

THIS MAP WAS PREPARED BY ME OR UNDER MY DIRECTION AND IS BASED UPON A FIELD SURVEY IN CONFORMANCE WITH THE REQUIREMENTS OF THE SUBDIVISION MAP ACT AND LOCAL ORDINANCE AT THE REQUEST OF PAUL A. MALIGNAGGI AND BARBARA M. MALIGNAGGI IN SEPTEMBER, 2019. I HEREBY STATE THAT THIS MAP SUBSTANTIALLY CONFORMS TO THE CONDITIONALLY APPROVED TENTATIVE MAP, IF ANY, AND THAT THE MONUMENTS SHOWN HEREON ARE SUFFICIENT TO ENABLE THE SURVEY TO BE RETRACED WITHIN ONE YEAR OF THE FILING OF THIS MAP. SECURITY IN THE AMOUNT OF \$0 HAS BEEN FILED TO ASSURE SUCH PLACING.

GERALD W. WHITE L.S. 3653 DATE _____
REGISTRATION EXPIRES: JUNE 30, 2022



CITY ENGINEER'S STATEMENT

I DO HEREBY STATE THAT THIS SUBDIVISION MAP, CONSISTING OF THREE SHEETS, THIS STATEMENT BEING ON SHEET ONE THEREOF, HAS BEEN EXAMINED BY ME AND THAT THE SUBDIVISION, AS SHOWN ON SAID MAP, IS SUBSTANTIALLY THE SAME AS SAID SUBDIVISION APPEARED ON THE APPROVE OR CONDITIONALLY APPROVED TENTATIVE MAP AND ANY APPROVED AMENDMENTS THEREOF, AND THAT ALL PROVISIONS OF THE SUBDIVISION MAP ACT OF THE STATE OF CALIFORNIA AND AMENDMENTS THERETO AND OF ANY LOCAL ORDINANCES APPLICABLE AT THE TIME OF APPROVAL OF THE TENTATIVE MAP HAVE BEEN COMPLIED WITH.

JOHN L. WANGER R.C.E. 43148 DATE _____
CITY ENGINEER

I DO HEREBY STATE THAT I HAVE EXAMINED THIS SUBDIVISION MAP ON BEHALF OF THE CITY OF WILLOWS, AND I AM SATISFIED THAT THIS MAP IS TECHNICALLY CORRECT.

RICHARD A. MOSHIER R.C.E. 30696 DATE _____

RECORDER'S CERTIFICATE

FILED THIS _____ DAY OF _____, 2020, AT _____ M. IN BOOK _____
OF PARCEL MAPS AT PAGES _____ AT THE REQUEST OF GERALD W. WHITE.

FEES: \$ _____
SERIAL NO. _____

SENDA PEREZ, GLENN COUNTY RECORDER
By: _____
DEPUTY

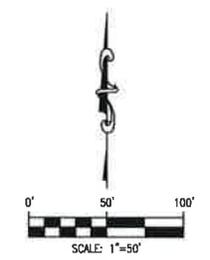
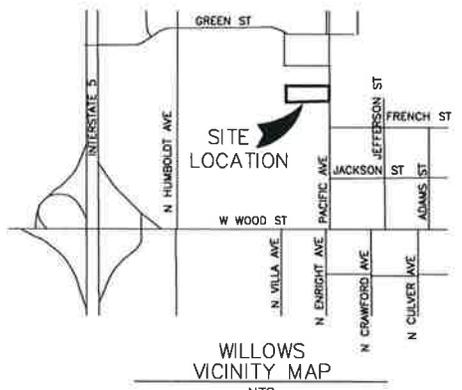
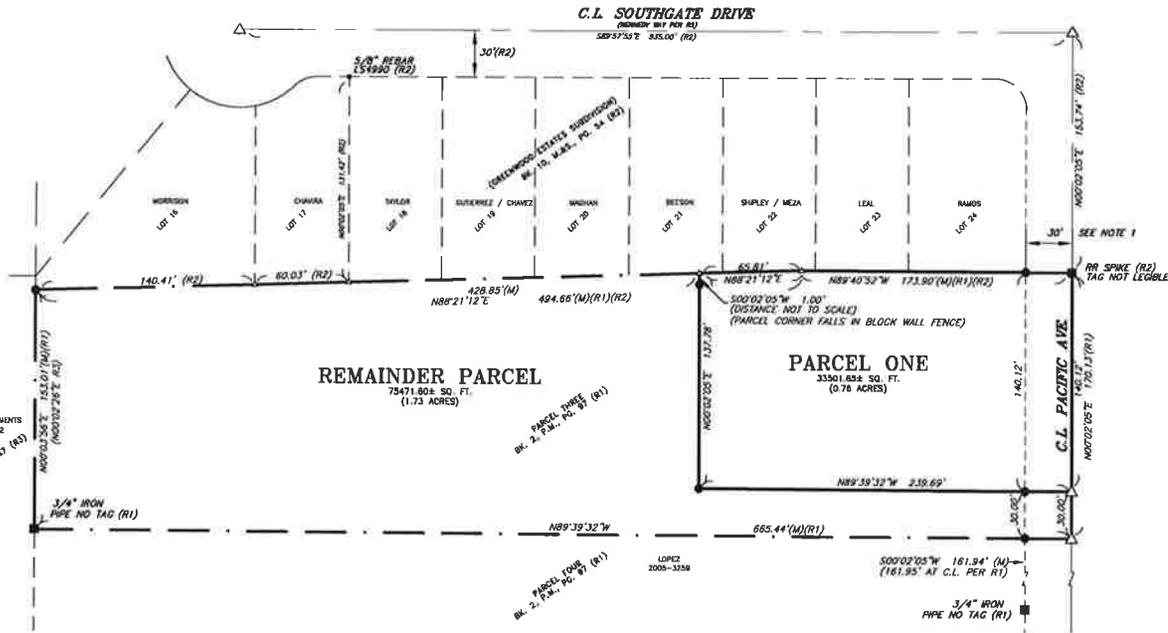
PARCEL MAP # PM 19-01

SHOWING A PARCEL DIVISION OF GLENN COUNTY APN: 005-330-003 INTO TWO PARCELS, PARCEL ONE OF 0.76 ACRE AND A REMAINDER PARCEL OF 1.76 ACRES FROM PARCEL 3, BOOK 2 OF PARCEL MAPS AT PAGE 97, RECORDED SEPTEMBER 28, 1973 ALSO BEING A PORTION OF LOTS 7 & 10 OF MOODY'S CITY AND VILLA LOTS, RECORDED IN BOOK 2 MAPS AND SURVEYS AT PAGE 206 ON DECEMBER 15, 1909 ALL BEING WITHIN SECTION 4, T. 19 N., R. 3 W., M.D.M. CITY OF WILLOWS, COUNTY OF GLENN, STATE OF CALIFORNIA

**FOR
PAUL A. MALIGNAGGI AND
BARBARA M. MALIGNAGGI
2001 TRUST**



1110 Civic Center Blvd, Suite 404 Yuba City, CA 95993 (530) 751-0952 Office
1070 West Wood Street, Suite D Willows, CA 95988 (530) 934-7055 Office



RECORD REFERENCES

- OFFICIAL RECORDS 2001-1014
- OFFICIAL RECORDS 2005-3259
- OFFICIAL RECORDS 2019-2122
- BOOK 2, PARCEL MAPS, PAGE 97
- BOOK 9, PARCEL MAPS, PAGE 47
- BOOK 10 MAPS AND SURVEYS PAGE 83, GREENWOOD SUBDIVISION
- BOOK 2 MAPS AND SURVEYS PAGE 206, MOODY'S CITY AND VILLA LOTS

BASIS OF BEARINGS

THE BASIS OF BEARINGS FOR THIS SURVEY IS THE CENTERLINE OF PACIFIC AVENUE SHOWN AS BEING "N 00°02'05" E" AND CALCULATED FROM TIES TO FOUND MONUMENTS SHOWN ON THAT CERTAIN PARCEL MAP ON FILE IN BOOK 2 OF PARCEL MAPS AT PAGE 97, GLENN COUNTY RECORDER'S OFFICE, GLENN COUNTY CALIFORNIA.

NOTES

- 1) AN EASEMENT FOR PUBLIC ROAD 30 FOOT IN WIDTH AS SHOWN ON THE MAP OF MOODY'S CITY AND VILLA LOTS BOOK 2 MAPS AND SURVEYS AT PAGE 474 RECORDED ON DECEMBER 15, 1909.
- 2) SEE SHEET 3 FOR LOCAL AGENCY INFORMATION.

LEGEND

- FOUND 3/4" IRON PIPE PER (R1) OR AS NOTED
- SET 5/8" REBAR WITH ALUM CAP STAMPED "LS 3653"
- △ COMPUTED POINT, NOTHING FOUND OR SET
- REMAINDER BOUNDARY
- - - SUBDIVISION BOUNDARY
- - - EXISTING CITY STREET (EASEMENT)
- - - CENTERLINE OF EXISTING CITY STREET (EASEMENT)
- - - ASSESSOR PARCEL BOUNDARY
- C.L. CENTERLINE
- (M) MEASURED
- (R) RECORD INFO PER MAP OF MOODY'S CITY AND VILLA LOTS BOOK 2 MAPS AND SURVEYS PAGE 206
- (R1) RECORD INFO PER BOOK 2 PARCEL MAPS PAGE 97
- (R2) RECORD INFO PER GREENWOOD ESTATES SUBDIVISION BOOK 10 MAPS AND SURVEYS PAGE 83
- (R3) RECORD INFO PER BOOK 9 PARCEL MAPS PAGE 47

PARCEL MAP # PM 19-01

SHOWING A PARCEL DIVISION OF GLENN COUNTY APN: 005-330-003 INTO TWO PARCELS, PARCEL ONE OF 0.76 ACRE AND A REMAINDER PARCEL OF 1.76 ACRES FROM PARCEL 3, BOOK 2 OF PARCEL MAPS AT PAGE 97, RECORDED SEPTEMBER 26, 1973 ALSO BEING A PORTION OF LOTS 7 & 10 OF MOODY'S CITY AND VILLA LOTS, RECORDED IN BOOK 2 MAPS AND SURVEYS AT PAGE 206 ON DECEMBER 15, 1909

ALL BEING WITHIN SECTION 4, T. 19 N., R. 3 W., M.D.M. CITY OF WILLOWS, COUNTY OF GLENN, STATE OF CALIFORNIA FOR
PAUL A. MALIGNAGGI AND BARBARA M. MALIGNAGGI
2001 TRUST

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 1070 West Wood Street, Suite D | Willows, CA 95986 | (530) 834-7055 Office

CONDITIONS OF APPROVAL:

GENERAL

1. THAT THE APPLICANT/DEVELOPER SHALL ENTER INTO A PASS-THROUGH AGREEMENT WITH THE CITY OF WILLOWS TO PAY THE COST OF ALL PLANNING REVIEW, PLAN CHECKING OF THIS PROJECT.
2. THE APPROVAL OF THIS PROJECT SHALL BE SUBJECT TO THE LATEST ADOPTED ORDINANCES, RESOLUTIONS, POLICIES AND FEES OF THE CITY OF WILLOWS.
3. NOTWITHSTANDING THE PROVISIONS OF ANY OTHER OF THESE CONDITIONS OF APPROVAL, THIS TENTATIVE MAP SHALL EXPIRE 24 MONTHS FROM THE DATE OF APPROVAL UNLESS EXTENDED PURSUANT TO THE SUBDIVISION MAP ACT.
4. THAT THE APPLICATION TO EXTEND THE FILING PERIOD FOR THIS MAP SHALL BE RECEIVED BY THE CITY OF WILLOWS SIXTY (60) DAYS PRIOR TO THE EXPIRATION DATE.
5. ANY ACTION OR CONDITION OF THE PLANNING COMMISSION REGARDING THIS MAP MAY BE APPEALED IN WRITING TO THE CITY COUNCIL IN ACCORDANCE WITH SECTION 66452.5 OF THE GOVERNMENT CODE (FILING FEE IS REQUIRED). THIS MAP SHALL NOT BE FILED WITH THE RECORDER UNTIL THE EXPIRATION OF THE 15-DAY APPEAL PERIOD FOLLOWING THE DATE OF APPROVAL. THE EXPIRATION DATE OF THE APPEAL PERIOD IS APRIL 2, 2020.
6. PURSUANT TO SECTION 66474.9 OF THE CALIFORNIA GOVERNMENT CODE THE SUBDIVIDER SHALL DEFEND, INDEMNIFY, AND HOLD HARMLESS THE CITY, ITS AGENTS, OFFICERS, AND EMPLOYEES FROM ANY CLAIM, ACTION, OR PROCEEDING AGAINST THE COUNTY, ITS AGENTS, OFFICERS, OR EMPLOYEES TO ATTACK, SET ASIDE, VOID, OR ANNUL, AN APPROVAL BY THE PLANNING COMMISSION OR CITY COUNCIL CONCERNING THIS SUBDIVISION, WHICH ACTION IS BROUGHT WITHIN THE TIME PERIOD PROVIDED FOR IN SECTION 66499.37. THE CITY SHALL PROMPTLY NOTIFY THE APPLICANT OF ANY SUCH CLAIM, ACTION OR PROCEEDING AND SHALL COOPERATE FULLY IN THE DEFENSE OF THE ACTION. IF THE CITY FAILS TO SO NOTIFY THE APPLICANT OR TO COOPERATE FULLY IN THE DEFENSE, THE APPLICANT SHALL NOT BE OBLIGATED BY THIS CONDITION.
7. THAT PRIOR TO THE FILING OF THE PARCEL MAP FOR RECORDING, THE DEVELOPER SHALL FILE A PROPERLY EXECUTED TAX COLLECTOR'S CERTIFICATE WITH THE COUNTY RECORDER. A COPY OF THIS EXECUTED CERTIFICATE SHALL BE INCLUDED WITH THE PARCEL MAP AT THE TIME THE MAP IS SUBMITTED TO THE CITY FOR RECORDING. IN LIEU OF THE ABOVE-MENTIONED REQUIREMENTS THE DEVELOPER MAY CHOOSE TO HAVE THE COUNTY TAX COLLECTOR EXECUTE A TAX COLLECTOR'S CERTIFICATE PLACED ON THE FACE OF THE PARCEL MAP. THE CERTIFICATE SHALL BE EXECUTED BY THE TAX COLLECTOR PRIOR TO SUBMITTING THE FINAL PARCEL MAP TO THE CITY FOR RECORDING.

FIRE DEPARTMENT

8. AT THE TIME OF CONSTRUCTION ON THE REMAINDER PARCEL, WMC SECTION 15.15.000 (FIRE APPARATUS ACCESS ROADS) WILL COME INTO EFFECT.

PUBLIC WORKS/ENGINEERING DEPARTMENT

PARCEL MAP CONDITIONS:

9. A PARCEL MAP, AS DEFINED IN THE STATE SUBDIVISION MAP ACT, SHALL BE PREPARED BY A LICENSED SURVEYOR OR CIVIL ENGINEER, SHOWING ALL PARCELS, RIGHTS-OF-WAY, AND EASEMENT(S) SHALL BE FILED WITH THE CITY ENGINEERS OFFICE. THE PARCEL MAP SHALL BE IN SUBSTANTIAL CONFORMANCE WITH THE APPROVED TENTATIVE MAP AND ALL APPLICABLE CONDITIONS OF APPROVAL. THE PARCEL MAP IN NOT VALID UNTIL IT HAS BEEN APPROVED AND RECORDED.
10. THE DEVELOPER SHALL SECURE ALL NECESSARY RIGHTS-OF-WAY AND EASEMENTS FOR BOTH ONSITE AND OFFSITE IMPROVEMENTS. RIGHTS-OF-WAY AND EASEMENTS SHALL BE DEDICATED ON THE MAP OR PROVIDED BY SEPARATE INSTRUMENT. THE DEVELOPER SHALL PREPARE ALL NECESSARY LEGAL DESCRIPTIONS AND DEEDS.
11. THE APPLICANT SHALL TRANSMIT BY CERTIFIED MAIL A COPY OF THE CONDITIONALLY APPROVED TENTATIVE MAP TOGETHER WITH A COPY OF SECTION 66436 OF THE STATE SUBDIVISION MAP ACT TO EACH PUBLIC ENTITY OR PUBLIC UTILITY THAT IS AN EASEMENT HOLDER OF RECORD. WRITTEN COMPLIANCE SHALL BE SUBMITTED TO THE CITY OF WILLOWS.
12. THE PARCEL MAP SHALL CONTAIN A LOCAL AGENCY SHEET THAT SHALL CONTAIN THE FOLLOWING CONDITIONS TO BE FULFILLED PRIOR TO THE ISSUANCE OF A BUILDING PERMIT ON EITHER PARCEL ONE OR THE REMAINDER PARCEL:
 - a. PRIOR TO ISSUANCE OF A BUILDING PERMIT FOR PARCEL ONE OR THE REMAINDER PARCEL AS SHOWN HEREON, THE FOLLOWING CONDITIONS SHALL BE FULFILLED.
 - b. NO BUILDING PERMIT SHALL BE ISSUED ON THE REMAINDER PARCEL UNTIL SUCH TIME THAT BOTH PARCEL 1 AND THE REMAINDER PARCEL HAVE INDIVIDUAL WATER, SEWER, ELECTRIC, PHONE, GAS AND ANY OTHER UTILITY SERVICES. ANY EXISTING UTILITIES THAT CROSS COMMON PROPERTY LINES OF PARCEL 1 AND THE REMAINDER PARCEL CREATED BY THE FINAL MAP SHALL BE DISCONNECTED AND PROPERLY ABANDONED PRIOR TO EITHER THE SALE OF PARCEL 1 OR ANY DEVELOPMENT ON THE REMAINDER PARCEL. ADDITIONALLY, PRIOR TO DEVELOPMENT OF THE REMAINDER PARCEL, THE SEPTIC SYSTEM SERVING PARCEL 1 SHALL BE PROPERLY ABANDONED AND PARCEL 1 SHALL BE CONNECTED TO THE CITY'S PUBLIC SEWER SYSTEM.
 - c. THE DEVELOPER OF THE REMAINDER PARCEL SHALL DESIGN AND CONSTRUCT ALL IMPROVEMENTS AND FACILITIES SUBMITTED FOR PERMIT APPROVAL, IN ACCORDANCE WITH THE WILLOWS MUNICIPAL CODE (WMC), AND THE CITY OF WILLOWS DESIGN AND CONSTRUCTION STANDARDS.
 - d. THE DEVELOPER OF THE REMAINDER PARCEL SHALL BE RESPONSIBLE FOR ALL CITY PLAN CHECK, MAP CHECK AND INSPECTION COSTS FOR ANY IMPROVEMENTS INSTALLED ON THE PARCEL. THE DEVELOPER SHALL DEPOSIT FUNDS WITH THE CITY UPON THE INITIATION OF PLAN CHECK SERVICES. THE AMOUNT OF THE INITIAL DEPOSIT SHALL BE DETERMINED BY THE CITY ENGINEER. ADDITIONAL FUNDS MAY BE REQUIRED BASED UPON ACTUAL PLAN CHECK AND INSPECTION COSTS.
13. ALL PROPOSED UTILITIES WITHIN EITHER THE REMAINDER PARCEL OR PARCEL 1, BOTH ON-SITE AND ALONG PROJECT FRONTS, SHALL BE PLACED UNDERGROUND. THIS DOES NOT INCLUDE SURFACE MOUNTED TRANSFORMERS, PEDESTAL MOUNTED TERMINAL BOXES AND METER CABINETS.
14. UNLESS OTHERWISE EXPLICITLY PERMITTED, ALL EXISTING WELLS, SEPTIC TANKS AND/OR UNDERGROUND FUEL STORAGE TANKS ON BOTH PARCEL ONE AND THE REMAINDER PARCEL SHALL BE ABANDONED UNDER PERMIT AND INSPECTION OF GLENN COUNTY DEPARTMENT OF HEALTH SERVICES OR OTHER DESIGNATED AGENCY. IF THERE ARE NONE, THE PROJECT ENGINEER SHALL PROVIDE A LETTER DESCRIBING THE SCOPE OF THE SEARCH DONE TO MAKE THIS DETERMINATION.
15. THE DEVELOPER OF THE REMAINDER PARCEL SHALL CONSTRUCT A DRIVEWAY IN CONFORMANCE WITH CITY STANDARD 206.
16. WITH ANY BUILDING PERMIT APPLICATION FILED FOR IMPROVING THE REMAINDER PARCEL, THE DEVELOPER SHALL SUBMIT CIVIL IMPROVEMENT PLANS WITH THE BUILDING PERMIT APPLICATION. THE PLANS SHALL BE PREPARED BY A CALIFORNIA REGISTERED CIVIL ENGINEER FOR THE CONSTRUCTION OF ALL NECESSARY AND REQUIRED ON-SITE AND OFF-SITE IMPROVEMENTS INCLUDING GRADING, WATER, SANITARY SEWER, STORM DRAIN FACILITIES, ROADWAY IMPROVEMENTS, CURBS, GUTTERS AND SIDEWALKS. ALL DESIGN AND CONSTRUCTION SHALL CONFORM TO THE CITY OF WILLOWS DESIGN AND CONSTRUCTION STANDARDS, AS APPLICABLE.
17. A DETAILED SOILS INVESTIGATION/GEOTECHNICAL REPORT SHALL BE PREPARED AND SUBMITTED WITH ANY DEVELOPMENT PROPOSED FOR THE REMAINDER PARCEL. THE CIVIL IMPROVEMENT PLANS AND BUILDING PLANS SHALL INCORPORATE ALL DESIGN AND CONSTRUCTION CRITERIA RECOMMENDED IN THE GEOTECHNICAL REPORT.
18. IF GROUND DISTURBANCE ON THE REMAINDER PARCEL IS OVER 1 ACRE FOR ANY PROPOSED DEVELOPMENT, THE IMPROVEMENTS PLANS SHALL INCLUDE A STORM WATER POLLUTION PREVENTION PLAN. EROSION CONTROL MEASURES SHALL INCLUDE HYDROSEEDING OF ALL GRADED AREAS WITHIN 60 DAYS OF COMPLETION OF GRADING.
19. ANY STRUCTURE CONSTRUCTED ON THE REMAINDER PARCEL SHALL BE ELEVATED SUCH THAT THE ULTIMATE FINISHED FLOORS ARE A MINIMUM OF 12" ABOVE UPSTREAM SEWER MANHOLE OR CLEANOUT RIM ELEVATIONS. INADEQUATE ELEVATION DIFFERENTIALS OR GRADE ON PRIVATE LATERALS, AS DETERMINED BY THE CITY, MUST BE MITIGATED BY EITHER RAISING FINISHED FLOOR ELEVATION(S) OR INSTALLING PRIVATELY OWNED AND OPERATED SEWER LIFT STATION(S) WITH GRINDER/EJECTOR PUMP(S) ON SITE.
20. ANY DRAINAGE IMPROVEMENTS ON THE REMAINDER PARCEL SHALL BE DESIGNED IN ACCORDANCE WITH THE DESIGN CRITERIA UTILIZING THE RATIONALE METHOD AND ANY APPLICABLE ADOPTED CITY DRAINAGE PLANS.

*THE APPLICANT SHALL SUBMIT FOR REVIEW AND APPROVAL, DRAINAGE PLANS AND HYDRAULIC CALCULATIONS PREPARED BY A REGISTERED CIVIL ENGINEER. THE DRAINAGE PLANS AND CALCULATIONS SHALL INDICATE THE FOLLOWING CONDITIONS BEFORE AND AFTER DEVELOPMENT:
*QUANTITIES OF WATER, WATER FLOW RATES, MAJOR WATER COURSES, DRAINAGE AREAS AND PATTERNS, DIVERSIONS, COLLECTION SYSTEMS, FLOOD HAZARD AREAS, SUMPS AND DRAINAGE COURSES.
21. POST-DEVELOPMENT OFF-SITE FLOWS FROM THE REMAINDER PARCEL SHALL NOT EXCEED PREDEVELOPMENT FLOWS.
22. NO GRADING OR OTHER CONSTRUCTION SHALL BE PERFORMED UNTIL THE BUILDING AND/OR IMPROVEMENT PLANS HAVE BEEN APPROVED AND SIGNED BY THE CITY ENGINEER FOR ANY DEVELOPMENT ON THE REMAINDER PARCEL. ENDOACHMENT PERMITS WILL NOT BE ISSUED PRIOR TO THE APPROVAL OF THE BUILDING PLANS. AN ENDOACHMENT PERMIT IS REQUIRED FOR ANY WORK WITHIN THE CITY'S RIGHTS OF WAY.
23. THE DEVELOPER OF THE REMAINDER PARCEL SHALL KEEP ADJOINING PUBLIC STREETS FREE AND CLEAN OF PROJECT DIRT, MUD, MATERIALS, AND DEBRIS DURING THE CONSTRUCTION PERIOD, AS IS FOUND NECESSARY BY THE CITY ENGINEER.
24. BEFORE ANY CONSTRUCTION ACTIVITY THAT WOULD RESULT IN A LAND DISTURBANCE OF ONE ACRE OR LARGER ON THE REMAINDER PARCEL, THE DEVELOPER SHALL PROVIDE EVIDENCE THAT A NOTICE OF INTENT HAS BEEN SUBMITTED AND RECEIVED BY THE REGIONAL WATER QUALITY CONTROL BOARD FOR A GENERAL CONSTRUCTION ACTIVITY STORM WATER PERMIT. A COPY OF THE PROJECT STORM WATER POLLUTION PROTECTION PLAN SHALL BE SUBMITTED TO THE CITY.
25. IF ANY HAZARDOUS WASTE IS ENCOUNTERED DURING THE CONSTRUCTION ON THE REMAINDER PARCEL, ALL WORK SHALL BE IMMEDIATELY STOPPED AND THE GLENN COUNTY ENVIRONMENTAL HEALTH DEPARTMENT, THE FIRE DEPARTMENT, THE GLENN COUNTY SHERIFF, AND THE CITY INSPECTOR SHALL BE NOTIFIED IMMEDIATELY. WORK SHALL NOT PROCEED UNTIL CLEARANCE HAS BEEN ISSUED BY ALL OF THESE AGENCIES.
26. ANY STREETS, CURBS, GUTTERS, SIDEWALKS OR OTHER PUBLIC FACILITIES DAMAGED IN THE COURSE OF CONSTRUCTION ASSOCIATED WITH THE DEVELOPMENT OF THE REMAINDER PARCEL SHALL BE THE RESPONSIBILITY OF THE DEVELOPER AND SHALL BE REPAIRED TO THE SATISFACTION OF THE CITY AT THE DEVELOPER'S EXPENSE.
27. WORKING HOURS FOR ANY WORK ON THE REMAINDER PARCEL SHALL BE RESTRICTED TO THE HOURS OF 7:00 A.M. TO 6 P.M., MONDAY THROUGH FRIDAY.

LOCAL AGENCY SHEET PARCEL MAP # PM 19-01

SHOWING A PARCEL DIVISION OF GLENN COUNTY APN: 005-330-003
INTO TWO PARCELS, PARCEL ONE OF 0.78 ACRE AND A REMAINDER PARCEL OF 1.76 ACRES
FROM PARCEL 3, BOOK 2 OF PARCEL MAPS AT PAGE 97, RECORDED SEPTEMBER 26, 1973
ALSO BEING A PORTION OF
LOTS 7 & 10 OF MOODY'S CITY AND VILLA LOTS, RECORDED IN BOOK 2 MAPS AND SURVEYS
AT PAGE 206 ON DECEMBER 15, 1909
ALL BEING WITHIN SECTION 4, T. 19 N., R. 3 W., M.D.M.
CITY OF WILLOWS, COUNTY OF GLENN, STATE OF CALIFORNIA

FOR

PAUL A. MALIGNAGGI AND BARBARA M. MALIGNAGGI 2001 TRUST



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REGULAR BUSINESS

AGENDA ITEM

TO: City Council Members, Wayne Peabody, Interim City Manager

FROM: David G. Ritchie, City Attorney

SUBJECT: Consideration to Adopt a Resolution of the City Council of the City of Willows, State of California, Authorizing the Issuance and Sale of Bonds to Refund Certain Pension Obligations of the City, Approving the Form and Authorizing the Execution of a Trust Agreement, Authorizing Judicial Validation Proceedings Relating to the Issuance of Such Bonds and Authorizing Actions Related Thereto

RECOMMENDATION

By Motion, Adopt a Resolution authorizing the Issuance and Sale of Bonds to refund certain pension obligations of the City, approving the form and authorizing the execution of a trust agreement, authorizing judicial validation proceedings relating to the issuance of such bonds and authorizing actions related thereto.

Background

The City retained Wulff Hansen and Company as municipal advisors and previously created an ad-hoc committee to explore opportunities for improved Debt Management and to assess the outstanding debt obligations of the City for purposes of achieving potential savings over, or less burdensome covenants, associated with those debts.

In prior meetings, the Council has adopted several resolutions, including implementing policy changes and retaining underwriters for a potential issuance and sale of bonds or other refinancing of existing City debt, with an eye toward possible reductions to the debt service costs to the City. Prior resolutions were preliminary to, and did not formally approve, financing or authorize refunding or refinancing of any City debts. This resolution authorizes the now-established financing team, led by the Ad-Hoc committee to move forward with the process of the issue and sale of bonds to refund certain pension obligations that the City has for unfunded liability to CalPERS.

The City's Debt to CalPERS for Unfunded Liability

The most recent actuarial documents for the City's CalPERS Miscellaneous and Safety retirement plans identified accrued unfunded liability of \$3,646,196 and \$4,689,066, respectively. The City is obligated to pay this unfunded liability, along with interest calculated at 7% to CalPERS on an amortization schedule through the year 2045 and with a total estimated cost to the City (in the aggregate) of \$14,396,960. The Ad-Hoc committee's data shows, preliminarily, that the City could issue pension obligation bonds

at a lower interest rate (at or below 4%) that are expected to reduce the total debt service to \$11,122,693, a net present value savings of \$2,152,469 and that a new proposed debt service for the bonds would retire the City's current unfunded liability four years sooner (2041 rather than 2045). These figures represent an estimated 22.74% net present value savings, well above the minimum 3% savings required by the City's Debt Management Policy. (Note: the above figures are based on the CalPERS actuarial valuation of the City's Miscellaneous and Safety retirement plans as of June 30, 2019 and savings are based on market conditions as of September 28, 2020, projections prepared by Wulff Hansen & Co. (the City's municipal advisors)). This resolution would authorize the City to Issue and Sell Pension Obligation Bonds to replace the CalPERS unfunded liability debt with new Pension Obligation Bond debt at a lower rate, creating savings for the City.

Procedural Considerations – the Validation Action

Article XVI, Section 18 of the California Constitution prohibits Cities from incurring debt that exceeds the revenue anticipated to be received in any single year (a debt limit) unless prior approval from a 2/3 majority of voters is obtained, subject to certain exceptions. One such exception is applicable in situations where the debt obligation is imposed on the City by law, as in the current debt the City must pay to CalPERS for the costs of its unfunded liability associated with public employee pensions. Because the debt is imposed upon the City by law and is not a debt voluntarily entered into by the City approval by voters would not have any effect on the debt (the City would be obligated regardless). In such a circumstance, one appropriate method for moving forward with a refinancing of that debt is to show, in a Validation Action, that the pension plan is an obligation imposed by law (in this case the Public Employees Retirement Law). This Validation Action establishes the validity of the City's replacement of the legally imposed obligation with a new Pension Obligation Bond (POB) is not subject to this constitutional debt limit and allows the refinancing to move forward. This resolution would authorize the City to move forward with a Validation Action to validate that the Pension Obligation Bonds would not be subject to the requirements in Article XVI, Section 18 and that the Bonds are not subject to the Debt Limit as they replace an existing debt obligation imposed by law.

The Trust Agreement

A Trust Agreement is used to provide for the authentication and delivery of Bonds, to set out the terms and conditions of the issuance of those bonds and to secure payment of principal and interest upon the bonds. The Trust Agreement contains the legal commitments of the City for payment of the bonds and is one of the documents that the Court approves as a binding obligation of the City under the California Constitution. Essentially, it provides a detailed description of the City's obligations for the Pension unfunded liability costs in place of the CalPERS retirement law-imposed obligations for these same unfunded liability amounts (the current CalPERS unfunded liability amounts are paid in their entirety from the proceeds of the sale of Pension Obligation bonds).

Because the trust agreement contains a description of the City's obligations for pension costs in replacement of the obligations imposed by the CalPERS retirement law, it is an important document that must be accepted and validated by the Court through the

validation action. This resolution approves the execution of such a Trust Agreement between the City and U.S. Bank National Association as the Trustee.

FINANCIAL CONSIDERATIONS

Adoption of this resolution does not, in and of itself cause the City to incur costs necessitating a budget change or impact upon the City's budget, any associated costs would be included in the costs of issue of the new pension obligation bonds. It is estimated that (inclusive of any costs of issue), the new pension obligation bond would create a savings (net present value) of up to 22.74% over the current unfunded liability obligations.

NOTE: The City may, in the future, still incur additional debt to CalPERS for unfunded liability dependent on CalPERS future investment performance. This additional *new* unfunded liability would accrue regardless of whether the City moves forward with a refinancing of the current unfunded liability amounts.

RECOMMENDATION

By Motion, adopt City of Willows Resolution No. _____

Respectfully submitted,

/s/ David G. Ritchie

David G. Ritchie
City Attorney

Attachments:

Willows POB Presentation (Powerpoint – Wulff Hansen & Co.)
Draft Trust Agreement
Resolution No. _____-2020

Refinancing CalPERS Unfunded Liability Using Pension Obligation Bonds



October 13, 2020

Presented by:



Overview of CalPERS System

➤ Overview

- Most public agencies in California participate in the CalPERS retirement system to fund retirement benefits for their employees.
- CalPERS is the largest Public Retirement System in the United States.
- The City of Willows participates in this Pooled Retirement System.
- The City pays into the system an annual deposit based on a percentage of payroll which, when invested by CalPERS at an assumed rate of return (currently at 7.00%) and added to the cash deposited, is actuarially designed to provide sufficient funds to pay required retirement benefits to its employees.

➤ CalPERS Investment Performance

- If investment performance does not meet the realized and assumed rate of return needed for an employer to fund its long-term actuarial requirements to pay retirees in its program or if employer does not make sufficient contributions to its CalPERS fund, the shortfall is calculated and allocated to the employer in the form of its Unfunded Accrued Liability (UAL).

Overview of CalPERS System

➤ Unfunded Accrued Liability (UAL)

- The UAL is an obligation of the local agency and the agency accrues and pays an annual cost (7%) in the amount of CalPERS expected rate of return, which is added to the UAL.
- This cost represents the return that CalPERS assumes it could have earned on the additional funds had the agency fully funded its obligations.

➤ Schedule of UAL Payments

- CalPERS gives each participating employer an amortization schedule to pay down its UAL obligation to CalPERS over a period of years.
- The schedule for the City of Willows currently runs through fiscal year 2044-45.

➤ Future Performance

- If Investment performance exceeds expected rate, the net benefit is credited to pay down the existing UAL, if no UAL exists it remains as a credit balance to pay future UAL.
- If Investment performance is less than the expected rate, the shortfall is added to the UAL or creates a new UAL which is amortized in the payment schedule along with the previously existing payments.

➤ Obligation

- The City's current UAL is an obligation similar in many ways to other long-term liabilities on its balance sheet although its terms can be more flexible than a bond or similar fixed-schedule liability.
- It is effectively a debt with the annual interest cost calculated at CalPERS assumed rate of return on the unpaid balance, plus the amount necessary to amortize the principal over the provided time frame.

Solutions to fund CalPERS Unfunded Accrued Liabilities (UAL)

- 1) Continue to pay CalPERS based on existing 24-year amortization schedule, or other shorter term schedules, as outlined in the CalPERS report.**
- 2) Pay off the UAL in part or in full with surplus funds of the City and/or participate in and fund a Section 115 Trust Reserve, as appropriate.**
- 3) Pay off the UAL in part or in full using proceeds from the issuance of either a lease revenue or a court-validated General Fund obligation. The court-validated General Fund obligation is the approach recommended by the Finance Committee and the Municipal Advisor.**

Solution 3 cont.

Solution 3: Pay off the UAL in part or in full using proceeds from the issuance of court-validated General Fund obligation.

- *If the current UAL is paid in full, future CalPERS investment performance will determine whether additional UAL is created in the future. Should CalPERS fail to achieve the projected rate of return, the shortfall will cause the creation of a new UAL.*
- Conversely, should CalPERS achieve higher-than-expected returns, the excess would be credited to the employer's fund and thus available to offset any future increases in the UAL caused by subsequent underperformance in a given year.
- There is no possible way to eliminate the potential for future UAL to accrue due to underperformance of CalPERS without exiting the CalPERS system entirely.
- Payoff solutions allows entities to pay down liabilities presently owed, with the ability to save money in the future by reducing interest expense. Eliminating today's UAL is in no way a means of eliminating the risk of future underperformance by CalPERS.

Validation Suit

Article XVI, Section 18 of the California Constitution (the "debt limit") prohibits Cities, Towns, and other government entities from entering into indebtedness or liability that in any year exceeds the income and revenue provided for such year unless the local agency first obtains two-thirds voter approval for the obligation. This obligation to obtain voter-approval can be avoided if it meets any of the exceptions listed below:

1. Lease Exception
2. Special Funds Exception
3. **Obligation Imposed by Law Exception (Validation Suit)**

Courts have determined that indebtedness to finance an obligation which is imposed by law is not subject to the debt limit. The theory is that the obligation is involuntary, and therefore it would be meaningless to put the question to the voters. Pension obligation bonds payable from an issuer's general fund are based on the theory that the payment of the unfunded liability to the issuer's pension plan is an "obligation imposed by law" which is, therefore, not subject to the constitutional debt limit. Because of limited case law authority on this exception to the debt limit, a judicial validation action is required in order to establish the validity of the obligation.

The validation action generally requires approximately 45 days from the date of filing and can be run concurrently with other work on the financing so that little additional time is required. Validation also has been considered crucial by the rating agencies, which generally require the 30-day appeal period to run before closing the bond issue. A typical pension obligation financing, including the validation action, takes roughly four to five months.



City of Willows – UAL Balance

The City has five retirement plans with CalPERS, the plan balances are summarized here:

Miscellaneous	\$ 3,646,196
Safety	4,689,066
PEPRA Miscellaneous	8,688
PEPRA Safety Police	7,286
PEPRA Safety Fire	8,720

Projected balances as of June 30, 2021 are taken from CalPERS Actuarial Valuation Report to the City of Willows dated July 2020, based on audited figures as of June 30, 2019 – CalPERS will verify these balances when a closing date is established.

Bolded plans will be addressed by the proposed financing, non-bolded plans have minimal UAL balances and will not be included in the financing due to the limit benefits to the City.

City of Willows – UAL Annual Pay-down

The City's scheduled UAL payments to CalPERS for FY 2021-22 on the two largest plans:

Miscellaneous*	\$ 346,178
Safety*	<u>475,568</u>
Total	821,746

If payments have been made for FY 2020-21, next payments are due in July 2021 and continue annually based on payment schedule provided by CalPERS

*Estimated per CalPERS for FY 2021-22 in CalPERS Actuarial Valuation Report to the City of Willows dated July 2020, based on audited figures as of June 30, 2019.

Taxable Pension Obligation Bonds, Series 2021

Payment schedules are excerpts from the 2020 CalPERS Actuarial Valuation Reports for the City of Willows, dated July 2020.

Payment schedules shown are the current CalPERS Amortization schedules the City is currently following for the Safety and the Miscellaneous Plans.

City of Willows	Current CalPERS Amortization Schedule		
	Safety Plan	Miscellaneous Plan	Totals
2020-21	Paid	Paid	Paid
2021-22	475,568	346,178	821,746
2022-23	514,672	376,211	890,883
2023-24	541,833	395,477	937,310
2024-25	390,028	415,837	805,865
2025-26	401,709	318,992	720,701
2026-27	412,396	327,497	739,893
2027-28	423,378	336,233	759,611
2028-29	434,660	345,214	779,874
2029-30	446,253	354,440	800,693
2030-31	458,163	363,917	822,080
2031-32	470,405	373,656	844,061
2032-33	464,496	369,473	833,969
2033-34	457,915	364,787	822,702
2034-35	443,978	354,062	798,040
2035-36	420,198	336,369	756,567
2036-37	377,995	171,414	549,409
2037-38	212,385	150,103	362,488
2038-39	183,246	127,497	310,743
2039-40	159,970	109,846	269,816
2040-41	145,302	98,134	243,436
2041-42	103,976	68,165	172,141
2042-43	97,456	66,709	164,165
2043-44	75,937	53,834	129,771
2044-45	36,262	24,734	60,996
Total	8,148,181	6,248,779	14,396,960
# of Payments	24	24	24

Taxable Pension Obligation Bonds, Series 2021

Numbers were run on September 28, 2020 at current market rates.

All figures are preliminary, estimated and subject to change.

POB Proceeds will be used to prepay the City's unfunded actuarial liability to PERS for its Miscellaneous and Safety Plans.

Debt Service Savings Analysis City of Willows Taxable Pension Obligation Bonds, Series 2021	
Sources & Uses	
CalPERS UAL Financing	
Sources	
Par Amount	8,650,000
Total Sources	8,650,000
Uses	
Project Fund Deposits	
Miscellaneous Plan	3,646,196
Safety Plan	4,689,066
	8,335,262
Delivery Date Expenses	
Cost of Issuance	177,834
Underwriter's Discount	60,377
Bond Insurance	44,491
Surety	32,036
	314,738
Total Uses	8,650,000
Dated Date	2/23/2021
Delivery Date	2/23/2021

Taxable Pension Obligation Bonds, Series 2021

POB Proceeds will be used to prepay the City's unfunded actuarial liability to PERS for its Miscellaneous and Safety Plans.

Refunding POB debt service projections were prepared by Wulff, Hansen & Co. and are estimated based on current market conditions as of September 28, 2020 and are subject to change.

Debt Service Savings Analysis				
City of Willows				
Taxable Pension Obligation Bonds, Series 2021				
New Bonds Debt Service				
Period Ending	CalPERS UAL Financing			
	Principal	Interest Rate	Interest	Debt Service
Jun-21	-		-	-
Jun-22	460,000	1.38%	221,973	681,973
Jun-23	525,000	1.48%	229,569	754,569
Jun-24	580,000	1.65%	220,899	800,899
Jun-25	455,000	1.87%	211,860	666,860
Jun-26	380,000	2.02%	203,768	583,768
Jun-27	405,000	2.26%	195,353	600,353
Jun-28	435,000	2.51%	185,317	620,317
Jun-29	470,000	2.68%	173,560	643,560
Jun-30	505,000	2.78%	160,243	665,243
Jun-31	540,000	2.93%	145,312	685,312
Jun-32	580,000	3.08%	128,469	708,469
Jun-33	585,000	3.18%	110,236	695,236
Jun-34	595,000	3.38%	90,879	685,879
Jun-35	590,000	3.48%	70,557	660,557
Jun-36	570,000	3.53%	50,231	620,231
Jun-37	380,000	4.12%	32,342	412,342
Jun-38	205,000	4.12%	20,291	225,291
Jun-39	160,000	4.12%	12,772	172,772
Jun-40	125,000	4.12%	6,901	131,901
Jun-41	105,000	4.12%	2,163	107,163
Total:	8,650,000		2,472,693	11,122,693

Taxable Pension Obligation Bonds, Series 2021

CalPERS debt service projections are as provided to the City by CalPERS in July 2020 based on the June 30, 2019 actuarial valuation. Moreover, CalPERS' projected amortization schedules assume that there are no future plan changes, no further changes in assumptions other than those recently approved, and no liability gains or losses. Such changes can have a significant impact on required contributions. CalPERS projections are subject to change and significant uncertainty. For further information about this uncertainty and the associated risks, please refer to the CalPERS Annual Valuation Report.

Refunding bond debt service projections were prepared by Wulff, Hansen & Co. and are estimated based on market conditions as of September 28, 2020. If refunding bonds are issued, their future debt service requirements will be fixed as of the date of issuance and will not be subject to change during the life of the bond issue.

Period Ending	Potential Cash Flow Savings (UAL Financing)		
	CALPERS Amortization Schedule	2021 UAL Financing Proposed Debt Service	Potential Savings
Jun-21	Paid	-	-
Jun-22	821,746	681,973	139,773
Jun-23	890,883	754,569	136,314
Jun-24	937,310	800,899	136,411
Jun-25	805,865	666,860	139,005
Jun-26	720,701	583,768	136,934
Jun-27	739,893	600,353	139,540
Jun-28	759,611	620,317	139,294
Jun-29	779,874	643,560	136,314
Jun-30	800,693	665,243	135,451
Jun-31	822,080	685,312	136,768
Jun-32	844,061	708,469	135,592
Jun-33	833,969	695,236	138,734
Jun-34	822,702	685,879	136,824
Jun-35	798,040	660,557	137,483
Jun-36	756,567	620,231	136,337
Jun-37	549,409	412,342	137,067
Jun-38	362,488	225,291	137,197
Jun-39	310,743	172,772	137,971
Jun-40	269,816	131,901	137,915
Jun-41	243,436	107,163	136,273
Jun-42	172,141	-	172,141
Jun-43	164,165	-	164,165
Jun-44	129,771	-	129,771
Jun-45	60,996	-	60,996
Total	14,396,960	11,122,693	3,274,267
Net Present Value of Savings			2,152,469



TRUST AGREEMENT

Dated as of [February] 1, 2021

by and between the

CITY OF WILLOWS

and

U.S. BANK NATIONAL ASSOCIATION as Trustee

**City of Willows
(Glenn County, California)
Taxable Pension Obligation Bonds, Series 2021**

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EXHIBIT A FORM OF 2021 BOND

TRUST AGREEMENT

THIS TRUST AGREEMENT made and entered into and dated as of [February] 1, 2021 (the "Trust Agreement") by and between U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as trustee (the "Trustee") and the CITY OF WILLOWS (the "City"), a duly organized, validly existing and operating municipal corporation and general law city, under the laws of the State of California.

WITNESSETH:

WHEREAS, the City is obligated by the Public Employees' Retirement Law, commencing with section 20000 of the California Government Code, as amended (the "Retirement Law"), to make payments to the California Public Employees' Retirement System (the "System") relating to pension benefits accruing to the System's members, including the City;

WHEREAS, the City is obligated specifically to make certain payments to the System in respect of current and retired public safety employees and miscellaneous employees under the pension programs of the System that amortize such obligations over a fixed period of time, including normal costs (collectively, the "Pension Obligation");

WHEREAS, the Pension Obligation is evidenced by a contract or contracts with the System with respect to public safety employees and miscellaneous employees of the City, as heretofore and hereafter amended from time to time (collectively, the "CalPERS Contract");

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

WHEREAS, for the purpose of refunding the City's obligations to the System evidenced by the CalPERS Contract and thereby providing funds to the System in payment of the Pension Obligation, the City has determined to issue an initial Series of Bonds hereunder, captioned the "City of Willows (Glenn County, California) Taxable Pension Obligation Bonds, Series 2021" in the aggregate principal amount of \$ _____ (the "2021 Bonds"), all pursuant to and secured by this Trust Agreement providing for the issuance of the 2021 Bonds and, collectively with Additional Bonds, the "Bonds," all in the manner provided herein;

WHEREAS, the City filed a complaint in the Superior Court of the State for the County of Glenn pursuant to the procedures available to it under section 860 *et seq.* of the California Code of Civil Procedure and following, seeking judicial validation of the transactions relating to the issuance of the Bonds;

WHEREAS, on _____, 2021, the court entered a default judgment to the effect, among other things, that the CalPERS Contract, this Trust Agreement and the Bonds are valid and binding obligations of the City under the Constitution and laws of the State;

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

WHEREAS, all acts and proceedings required by law necessary to make the Bonds, when executed by the City, authenticated and delivered by the Trustee and duly issued, the valid,

binding and legal obligations of the City payable in accordance with their terms, and to constitute this Trust Agreement a valid and binding agreement of the parties hereto for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Trust Agreement have been in all respects duly authorized;

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

ARTICLE I

DEFINITIONS; EQUAL SECURITY

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

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

"Additional Bonds" means all Bonds of the City authorized by and at any time Outstanding pursuant hereto and executed, issued and delivered in accordance with Article III.

"Aggregate Principal Amount" means, as of any date of calculation, the principal amount of the Bonds referred to.

"Authorized Denominations" means \$5,000 principal amount or any integral multiple thereof.

"Authorized Representative" means the Mayor, the Interim City Manager of the City of Willows and his or her respective designees designated in writing to the Trustee.

"Beneficial Owner" means the beneficial owner of each such Bond, determined under the rules of DTC.

"Bond Fund" means the Bond Fund established in Section 4.01(a) of the Trust Agreement.

"Bonds" means the 2021 Bonds and all Additional Bonds.

"Business Day" means any day other than a Saturday or Sunday or day upon which the Trustee is authorized by law to remain closed.

"CalPERS Contract" means the contracts relating to the Safety Plan (ID _____) and the Miscellaneous Plan (ID _____), each between the City and the System, as heretofore and hereafter amended from time to time.

"Certificate of the City" means an instrument in writing signed by any one of the Authorized Representatives of the City or such officer's designee, or by any other officer of the City duly authorized by the City Council of the City in writing to the Trustee for that purpose. If and to the extent required by the provisions of Section 10.07, each Certificate of the City shall include the statements provided for in Section 10.07.

"City" means the City of Willows, California.

"Closing Date" means the date on which the 2021 Bonds are delivered to the original purchaser for the 2021 Bonds.

"Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate executed by the City dated the date of issuance and delivery of the 2021 Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Corporate Trust Office" means such corporate trust office of the Trustee as may be designated from time to time by written notice from the Trustee to the City, initially being in _____, California. The Trustee may designate in writing to the City and the Owner such other office or agency from time to time for purposes of registration, transfer, exchange, payment or redemption of Bonds.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the City and related to 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 or placement agent, fees and charges for preparation, execution and safekeeping of the Bonds, if any, and any other cost, charge or fee in connection with the original execution and delivery of the Bonds.

"Costs of Issuance Fund" means the Costs of Issuance Fund established in Section 2.12(b).

"Defeasance Securities" means:

(a) Cash; and

(b) Obligations of or obligations guaranteed as to principal and interest by, the United States or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States, including:

- U.S. Treasury obligations
- All direct or fully guaranteed obligations
- Farmers Home Administration
- General Services Administration
- Guaranteed Title XI financing
- Government National Mortgage Association (GNMA)
- State and Local Government Series

Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt (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).

"DTC" means The Depository Trust Company, New York, New York, a limited-purpose trust company organized under the laws of the State of New York, and its successors as securities depository for the Bonds including any such successor appointed pursuant to Section 2.07 hereof.

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

"Independent Certified Public Accountant" means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State or a comparable successor, appointed and paid by the City, and who, or each of whom

--
(a) is in fact independent according to the Statement of Auditing Standards No. 1 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 member, officer or employee of the City, but who may be regularly retained to audit the accounting records of and make reports thereon to the City.

"Interest Account" means the account by that name established in Section 4.02.

"Interest Payment Date" means each February 1 and August 1, commencing August 1, 2021.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

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

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 7.02) all Bonds except

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

(b) Bonds paid or deemed to have been paid within the meaning of Section 9.01; and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the City pursuant hereto.

"Owner" means any person who shall be the registered owner of any Outstanding Bond.

"Permitted Investments" means any of the following to the extent permitted by the laws of the State:

(a) Defeasance Securities;

(b) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- Export-Import Bank
- Rural Economic Community Development Administration

- U.S. Maritime Administration
- Small Business Administration
- U.S. Department of Housing & Urban Development (PHA's)
- Federal Housing Administration
- Federal Financing Bank;

(c) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC)
- Obligations of the Resolution Funding Corporation (REFCORP)
- Senior debt obligations of the Federal Home Loan Bank System
- Senior debt obligations of other Government Sponsored Agencies approved by the Bond Insurer;

(d) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks (including the Trustee and its affiliates) which have a rating on their short-term certificates of deposit on the date of purchase of "A-1" or "A-1+" by Standard & Poor's Ratings Services and which mature not more than three hundred sixty (360) calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

(e) Commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by Standard & Poor's Ratings Services and which matures not more than two hundred seventy (270) calendar days after the date of purchase;

(f) Investments in a money market fund rated at the time of purchase "AAAm" or "AAAm-G" or better by Standard & Poor's Ratings Services, including funds for which the Trustee or its affiliates receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise;

(g) Pre-refunded municipal obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(i) which are rated at the time of purchase, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Standard & Poor's Ratings Services or any successors thereto; or

(ii) which are fully secured as to interest and principal and redemption premiums, if any, by an escrow consisting only of cash or obligations described in paragraph (2) of the definition of Defeasance Securities, which escrow may be applied only to the payment

of such interest and principal and redemption premiums, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premiums, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(h) Municipal obligations rated at the time of purchase "Aaa/AAA" or general obligations of States with a rating of "A2/A" or higher by Standard & Poor's Ratings Services; and

(i) The Local Agency Investment Fund (as that term is defined in section 16429.1 of the California Government Code, as such section may be amended or re-codified from time to time).

The value of the above investments shall be determined as follows:

(a) For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued at fair market value. The Trustee shall have no duty in connection with the determination of fair market value other than to follow: (i) its normal practices in the purchase, sale and determining the value of Permitted Investments; and (ii) the investment directions of the City. The Trustee may utilize and rely on computerized securities pricing services that may be available to it, including those available through its regular accounting system;

(b) As to certificates of deposit and bankers' acceptances, the face amount thereof; and

(c) As to any investment not specified above, the value thereof established by prior agreement among the City, the Trustee and, if applicable, the Bond Insurer.

"Principal Account" means the account by that name established in Section 4.02.

"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.

"Principal Amount" means as to any Bond, the principal amount thereof.

"Principal Payment Date" means each August 1, commencing August 1, 2021.

"Rating Agencies" means S&P Global Ratings or, if S&P Global Ratings no longer maintains a rating on the Bonds, any other nationally recognized bond rating agency then maintaining a rating on the Bonds, but, in each instance, only so long as S&P Global Ratings or other nationally recognized rating agency then maintains a rating on the Bonds.

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

"Refunding Fund" means the fund by that name established in Section 2.12(a).

"Representation Letter" means the Letter of Representations from the City and the Trustee to DTC, or any successor securities depository for the Bonds.

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

"Serial Bonds" means Bonds for which no sinking fund payments are provided.

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

"State" means the State of California.

"Surplus Account" means the account by that name established in Section 4.02.

"Supplemental Trust Agreement" means any trust agreement then in full force and effect which has been duly executed and delivered by the City and the Trustee amendatory hereof or supplemental hereto; but only if and to the extent that such Supplemental Trust Agreement is specifically authorized hereunder.

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

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

"Trust Agreement" means this Trust Agreement, dated as of [February] 1, 2021, between the City and the Trustee, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Trust Agreements executed pursuant to the provisions hereof.

"Trustee" means U.S. Bank National Association, or any other association or corporation which may at any time be substituted in its place as provided in Section 6.01.

"2021 Bonds" means the City of Willows (Glenn County, California) Taxable Pension Obligation Bonds, Series 2021.

"Underwriter" means, for the 2021 Bonds, Hilltop Securities Inc., and for any Additional Bonds, the underwriter for such Additional Bonds.

"Written Request of the City" means an instrument in writing signed by any one of the Authorized Representatives of the City or such officer's designee, or by any other officer of the City duly authorized by the City Council of the City in writing to the Trustee for that purpose.

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

ARTICLE II

ISSUANCE OF 2021 BONDS; GENERAL BOND PROVISIONS

Section 2.01. Authorization and Purpose of Bonds. The City has reviewed all proceedings heretofore taken relative to the authorization of the Bonds and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and that the City is now duly authorized, pursuant to each and every requirement of the Act, to issue the Bonds in the form and manner and for the purpose provided herein and that the Bonds shall be entitled to the benefit, protection and security of the provisions hereof.

The obligations of the City under the Bonds, including the obligation to make all payments of interest and principal when due, are obligations of the City imposed by law and are absolute and unconditional, without any right of set-off or counterclaim. Neither the Bonds nor the obligation of the City to make payments on the Bonds constitute an indebtedness of the City, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

Section 2.02. Terms of the 2021 Bonds; General Bond Provisions. The 2021 Bonds shall be designated "City of Willows (Glenn County, California) Taxable Pension Obligation Bonds, Series 2021" and shall be in the aggregate principal amount of \$_____. The 2021 Bonds shall be dated the date of original delivery, shall be issued only in fully registered form in denominations of five thousand dollars (\$5,000) or any integral multiple of five thousand dollars (\$5,000) (not exceeding the principal amount of 2021 Bonds maturing at any one time), and shall mature on the dates and in the principal amounts and bear interest at the rates as set forth in the following table:

Payment Date (August 1)	Principal Amount	Rate of Interest %
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The Bonds shall bear interest at the rates (based on a 360-day year of twelve 30-day months) set forth above, payable on the Interest Payment Dates for the Bonds. The Bonds shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless such date of authentication is an Interest Payment Date or during the period from the sixteenth day of the month preceding an Interest Payment Date to such Interest Payment Date, in which event they shall bear interest from such Interest Payment Date, or unless such date of authentication is prior to the first Record Date, in which event they shall bear interest from their dated date; provided, however, that if at the time of authentication of any Bond interest is then in default on the Outstanding Bonds, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the Outstanding Bonds. Payment of interest on the Bonds due on or before the maturity or prior redemption thereof shall be made to the person whose name appears in the 2021 Bonds registration books kept by the Trustee pursuant to Section 2.08 as the registered owner thereof as of the close of business on the Record Date for an Interest Payment Date, whether or not such day

is a Business Day, such interest to be paid by check mailed on the Interest Payment Date by first-class mail to such registered owner at the address as it appears in such books; provided, that upon the written request of an Owner of \$1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable Record Date, interest shall be paid by wire transfer in immediately available funds. Any such written request shall remain in effect until rescinded in writing by the Owner.

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

Section 2.03. Redemption of 2021 Bonds.

(a) *Optional Redemption.* The 2021 Bonds maturing on or before August 1, 20__ shall not be subject to optional redemption prior to maturity. The 2021 Bonds maturing on or after August 1, 20__ shall be subject to redemption prior to their maturity date, at the option of the City, pro rata within a maturity on any date on or after August 1, 20__, at a redemption price equal to the principal amount of the 2021 Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium. In the event of a redemption of the 2021 Bonds pursuant to this Section 2.03(a), the City shall provide the Trustee with a revised sinking fund schedule giving effect to the redemption so completed.

(b) *Mandatory Sinking Fund Redemption.* The 2021 Term Bonds maturing on August 1, 20__ are subject to mandatory sinking fund redemption on the dates and in the amounts specified below, at a redemption price equal to the principal amount thereof, plus accrued interest to the date of redemption, without premium. The principal amount of such term bonds to be so redeemed and the dates therefor shall be as follows:

Redemption Date (August 1)	Principal Amount
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† Maturity Date

The 2021 Term Bonds maturing on August 1, 20__ are subject to mandatory sinking fund redemption on the dates and in the amounts specified below, at a redemption price equal to the principal amount thereof, plus accrued interest to the date of redemption, without premium. The principal amount of such term bonds to be so redeemed and the dates therefor shall be as follows:

Redemption Date (August 1)	Principal Amount
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† Maturity Date

(c) *Selection of Bonds for Redemption.* If less than all of the outstanding Bonds are to be redeemed prior to maturity, redemption payments will be made on a pro rata basis within a maturity to each Owner in whose name such Bonds are registered at the close of business on the 15th day of the calendar month immediately preceding the redemption date.

So long as the Bonds are held in book-entry form, Bonds equal to \$5,000 or any integral multiple thereof will be redeemed within a maturity on a pro rata pass-through distribution of principal basis in accordance with DTC procedures; and, if the DTC operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, the portions of the Bonds will be selected for redemption, in accordance with DTC procedures, by lot.

It is the City's intent that the redemption allocations described in this Trust Agreement with respect to the Bonds within a maturity be made on a pro rata pass-through distribution of principal basis. However, the City can provide no assurance that DTC, the Participants or any other intermediaries will allocate redemptions among Beneficial Owners on such basis.

"Pro rata" means, in connection with any optional redemption in part, with respect to the allocation of amounts to be redeemed, the application to such amounts of a fraction, the numerator of which is equal to the amount of the specific maturity of the Bonds held by an Owner of such Bonds, and the denominator of which is equal to the total amount of such maturity of Bonds, then Outstanding.

(d) *Notice of Redemption.* If the City elects to redeem Bonds as provided above, the City shall, at least 45 days (or such lesser number of days acceptable to the Trustee) prior to the redemption date, give written notice to the Trustee of its election to so redeem, the redemption date and the principal amount of the Bonds to be redeemed. Notice of redemption shall be mailed by first class mail or electronically transmitted by the Trustee, on behalf and at the expense of the City, not less than 20 nor more than 60 days prior to the redemption date to the respective Owners of Bonds designated for redemption at their addresses appearing on the bond registration books of the Trustee. The Trustee shall also provide such additional notice of redemption of Bonds at the time and as may be required by the MSRB. Each notice of redemption shall state the date of such notice, the Bonds to be redeemed, the Series and 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), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity are to be redeemed, the distinctive certificate numbers of the Bonds of such maturity to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each notice of optional redemption shall also state that such optional redemption may be rescinded by the City and that, unless such redemption is so rescinded, and provided that on said date funds are available for payment in full of the Bonds then called for redemption, on said date there will become due and payable on each of such Bonds the redemption price thereof or of said specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice.

Failure by the Trustee to give notice pursuant to this Section 2.03 to any one or more of the Information Services or Securities Depositories, or the insufficiency of any such notice shall not affect the sufficiency of the proceedings for redemption. The failure of any Owner to receive any redemption notice mailed to such Owner and any defect in the notice so mailed shall not affect the sufficiency of the proceedings for redemption.

The City shall have the right to rescind any optional redemption by providing the Trustee with written notice of such rescission at least two Business Day prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default hereunder. The Trustee

shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

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

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

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

Section 2.06. Transfer and Payment of Bonds. Any Bond may, in accordance with its terms, be transferred in the books required to be kept pursuant to the provisions of Section 2.08 by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bonds for cancellation at the Corporate Trustee Office of the Trustee, accompanied by delivery of a duly executed written instrument of transfer in a form acceptable to the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer, the City shall execute and the Trustee shall authenticate and deliver to the transferee a new Bond or Bonds of the same series and maturity for a like aggregate principal amount. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer shall be paid by the City. The Trustee shall require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer as a condition precedent to the exercise of such privilege.

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

The Trustee shall not be required to register the transfer of or exchange any Bond which has been selected for redemption in whole or in part, from and after the day of mailing of a notice of redemption of such Bond selected for redemption in whole or in part as provided in Section 2.03.

Section 2.07. Book-Entry Bonds. Notwithstanding any provision of this Trust Agreement to the contrary, the transfer provisions of Section 2.06 hereof do not apply if the ownership of the Bonds is in book-entry form.

(a) Except as provided in subparagraph (d) of this Section 2.07, the registered Owner of all of the Bonds shall be DTC, and the Bonds shall be registered in the name of Cede & Co., as

nominee for DTC. Notwithstanding anything to the contrary contained in this Trust Agreement, payment of interest with respect to any Bond registered as of each Record Date in the name of Cede & Co. shall be made by wire transfer of same-day funds to the account of Cede & Co. on the Interest Payment Date for the Bonds at the address indicated on the Record Date or special record date for Cede & Co. in the Bond registration books required to be kept by the Trustee pursuant to the provisions of Section 2.09 hereof or as otherwise provided in the Representation Letter.

(b) The Bonds shall be initially executed and delivered in the form of separate single fully registered Bonds in the amount of each separate stated maturity of the Bonds. Upon initial execution and delivery, the ownership of such Bonds shall be registered in the Bond registration books required to be kept by the Trustee pursuant to the provisions of Section 2.09 hereof in the name of Cede & Co., as nominee of DTC. The Trustee and the City shall treat DTC (or its nominee) as the sole and exclusive Owner of the Bonds registered in its name for the purposes of payment of the principal, premium, if any, or interest with respect to the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Owners under this Trust Agreement, registering the transfer of Bonds, obtaining any consent or other action to be taken by Owners and for all other purposes whatsoever, and neither the Trustee nor the City shall be affected by any notice to the contrary. Neither the Trustee nor the City shall have any responsibility or obligation to any person claiming a beneficial ownership interest in the Bonds under or through DTC, or any other person which is not shown on the Bond registration books required to be kept by the Trustee pursuant to the provisions of Section 2.09 hereof as being an Owner, with respect to (i) the accuracy of any records maintained by DTC; (ii) the payment by DTC of any amount of the principal, premium, if any, or interest on the Bonds; (iii) any notice which is permitted or required to be given to Owners under this Trust Agreement or the selection by DTC of any person to receive payment in the event of a partial redemption of the Bonds; or (iv) any consent given or other action taken by DTC as Owner. The Trustee shall pay all principal, premium, if any, and interest on the Bonds only to DTC, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to the principal, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. Except under the conditions of (d) below, no person other than DTC shall receive an executed Bond representing the right to receive principal, premium, if any and interest pursuant to this Trust Agreement. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the term "Cede & Co." in this Trust Agreement shall refer to such new nominee of DTC.

(c) To qualify the Bonds for DTC's book-entry system, the City and the Trustee (if required) will execute, countersign and deliver to DTC the Representation Letter. The execution and delivery of the Representation Letter shall not in any way limit the provisions of this Section 2.07 or in any other way impose upon the Trustee or the City any obligation whatsoever with respect to persons having interests in the Bonds other than the Owners, as shown on the Bond registration books required to be kept by the Trustee pursuant to the provisions of Section 2.08 hereof.

(d) If (i) DTC, including any successor as securities depository for the Bonds, determines not to continue to act as securities depository for the Bonds, or (ii) the City determines that the incumbent securities depository shall no longer so act and delivers a written certificate to the Trustee to that effect, then the City will discontinue the book-entry system with the incumbent securities depository for the Bonds. If the City determines to replace the incumbent securities depository for the Bonds with another qualified securities depository, the City shall prepare or direct the preparation of a new single, separate fully registered Bond for the aggregate outstanding principal amount of Bonds of each maturity, registered in the name of such successor or substitute qualified securities depository, or its nominee, or make such other arrangement

acceptable to the City, the Trustee and the successor securities depository for the Bonds as are not inconsistent with the terms of this Trust Agreement. If the City fails to identify another qualified successor securities depository for the Bonds to replace the incumbent securities depository, then the Bonds shall no longer be restricted to being registered in the Bond registration books required to be kept by the Trustee pursuant to the provisions of Section 2.08 hereof in the name of the incumbent securities depository or its nominee, but shall be registered in whatever name or names the incumbent securities depository for the Bonds, or its nominee, shall designate. In such event the City shall execute and deliver a sufficient quantity of Bonds as to carry out the transfers and exchanges provided in this Section 2.07 and Sections 2.06 and 2.10 hereof. All such Bonds shall be in fully registered form in denominations authorized by this Trust Agreement.

(e) Notwithstanding any other provision of this Trust Agreement to the contrary, so long as any Bond is registered in the name of DTC, or its nominee, all payments with respect to the principal, premium, if any, and interest on such Bond and all notices with respect to such Bonds shall be made and given, respectively, as provided in the Representation Letter.

(f) In connection with any notice or other communication to be provided to Owners pursuant to this Trust Agreement by the City or the Trustee with respect to any consent or other action to be taken by Owner, the City or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than 15 calendar days in advance of such record date to the extent possible.

Section 2.08. Exchange of Bonds. Bonds may be exchanged at the Corporate Trust Office of the Trustee for a like aggregate principal amount of Bonds of the same series and maturity of other Authorized Denominations. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange shall be paid by the City. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange as a condition precedent to the exercise of such privilege. The Trustee shall not be required to exchange any Bond which has been selected for redemption in whole or in part, from and after the day of mailing of a notice of redemption of such Bond selected for redemption in whole or in part as provided in Section 2.03.

Section 2.09. Bond Registration Books. The Trustee will keep at its Corporate Trust Office sufficient books for the registration and transfer of the Bonds which shall during normal business hours be open to inspection by the City, and upon presentation for such purpose the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer the Bonds in such books as hereinabove provided.

Section 2.10. Mutilated, Destroyed, Stolen or Lost Bonds. If any Bond shall become mutilated the Trustee at the expense of the Owner shall thereupon authenticate and deliver, a new Bond of like tenor and amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be cancelled. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given, the Trustee, at the expense of the Owner, shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Trustee may require payment of a reasonable sum for each new Bond issued under this Section 2.10 and of the expenses which may be incurred by the City and the Trustee in the premises. Any Bond issued under the provisions of this Section 2.10 in lieu of any Bond alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Trust Agreement with all other Bonds of the same series secured by this Trust Agreement. Neither the City nor the Trustee shall

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

Section 2.11. Temporary Bonds. The Bonds issued under this Trust Agreement may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed or typewritten, shall be of such denominations as may be determined by the City, shall be in fully registered form and may contain such reference to any of the provisions of this Trust Agreement as may be appropriate. Every temporary Bond shall be executed and authenticated as authorized by the City, in accordance with the terms of the Act. If the City issues temporary Bonds it will execute and furnish definitive Bonds without delay and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the Corporate Trust Office of the Trustee, and the Trustee shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of Authorized Denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Trust Agreement as definitive Bonds delivered hereunder.

Section 2.12. Procedure for the Issuance of 2021 Bonds; Application of Bond Proceeds. At any time after the sale of the 2021 Bonds in accordance with the Act, the City shall execute the 2021 Bonds for issuance hereunder and shall deliver them to the Trustee, and thereupon the 2021 Bonds shall be authenticated and delivered by the Trustee to the Underwriter of the 2021 Bonds upon the Certificate of the City. The proceeds of the purchase of the 2021 Bonds shall be applied to pay Costs of Issuance and the obligation of the City to the System pursuant to the Retirement Law, as set forth in the Certificate of the City.

(a) The Trustee shall deposit \$_____ of the proceeds of the 2021 Bonds in the Refunding Fund. On the Closing Date for the 2021 Bonds, the Trustee shall transfer all amounts in the Refunding Fund to the System pursuant to written instructions from an Authorized Representative.

(b) The Trustee shall deposit \$_____ of the proceeds of the 2021 Bonds in the Costs of Issuance Fund, which fund the City hereby agrees to maintain with the Trustee. All money in the Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay or reimburse the Costs of Issuance of the 2021 Bonds upon receipt of a Written Request of the City filed with the Trustee, each of which shall be sequentially numbered and shall state the person to whom payment is to be made, the amount to be paid, instructions for making the payment, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. Each such Written Request of the City shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts.

On the date which is three months following the Closing Date for the 2021 Bonds or upon the earlier Written Request of the City, any remaining balance in the Costs of Issuance Fund shall be transferred to the Interest Account.

Upon receipt of the purchase price of Additional Bonds, if any, the Trustee shall set aside and deposit the proceeds received from such sale as set forth in the Supplemental Trust Agreement authorizing such Additional Bonds, which proceeds may be deposited in the following respective accounts or funds:

(i) The Trustee shall deposit the amount, if any, set forth in the Supplemental Trust Agreement authorizing such Additional Bonds in the respective Refunding Fund. On the Closing Date for such Bonds, the Trustee shall promptly transfer all amounts in the

respective Refunding Fund to the System or to refund Bonds, as set forth in the Supplemental Trust Agreement authorizing such Additional Bonds.

(ii) The Trustee shall deposit the amount, if any, set forth in the Supplemental Trust Agreement authorizing such Additional Bonds in the respective Costs of Issuance Fund, which fund the City hereby agrees to maintain with the Trustee. All money in the Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay or reimburse the respective Costs of Issuance of the Additional Bonds upon receipt of a Written Request of the City filed with the Trustee, each of which shall be sequentially numbered and shall state the person to whom payment is to be made, the amount to be paid, instructions for making the payment, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. Each such Written Request of the City shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. On the date which is six months following the Closing Date for the Additional Bonds or upon the earlier Written Request of the City, any remaining balance in the respective Costs of Issuance Fund shall be transferred to the Interest Account.

Section 2.13. Validity of Bonds. The recital contained in the Bonds that the same are issued pursuant to the Act and pursuant hereto shall be conclusive evidence of their validity and of the regularity of their issuance, and all Bonds shall be incontestable from and after their issuance. The Bonds shall be deemed to be issued, within the meaning hereof, whenever the definitive Bonds (or any temporary Bonds exchangeable therefor) shall have been delivered to the purchaser thereof and the proceeds of sale thereof received.

ARTICLE III

ISSUANCE OF ADDITIONAL BONDS

Section 3.01. Conditions for the Issuance of Additional Bonds. The City may at any time issue Additional Bonds on a parity with the 2021 Bonds, but only subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such Additional Bonds:

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

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

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

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

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

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

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

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

(vii) The amount, if any, to be deposited from the proceeds of sale of such Additional Bonds in the Interest Account hereinafter referred to; and

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

Section 3.02. Procedure for the Issuance of Additional Bonds. At any time after the sale of any Additional Bonds in accordance with the Act, the City shall execute such Additional Bonds for issuance hereunder and shall deliver them to the Trustee, and thereupon such Additional Bonds shall be delivered by the Trustee to the purchaser thereof upon the Written Request of the City, but only upon receipt by the Trustee of the following documents or money or securities, all of such documents dated or certified, as the case may be, as of the date of delivery of such Additional Bonds by the Trustee:

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

- (b) A Written Request of the City as to the delivery of such Additional Bonds;
- (c) An Opinion of Counsel to the effect that (1) the City has executed and delivered the Supplemental Trust Agreement, and the Supplemental Trust Agreement is valid and binding upon the City and (2) such Additional Bonds are valid and binding obligations of the City;
- (d) A Certificate of the City stating that all requirements of Article III have been complied with and containing any other such statements as may be reasonably necessary to show compliance with the conditions for the issuance of such Additional Bonds contained herein;
- (e) Such further documents, money or securities as are required by the provisions of the Supplemental Trust Agreement providing for the issuance of such Additional Bonds.

ARTICLE IV

SECURITY FOR THE BONDS; FUNDS AND ACCOUNTS

Section 4.01. Assignment and Pledge for the Bonds; Bond Fund; Deposits to Bond Fund.

(a) There is hereby created a special trust fund designated as the "Bond Fund" that shall be held and administered by the Trustee as provided in this Trust Agreement. The Bonds shall be payable by the City from any source of legally available funds. The City hereby irrevocably assigns and pledges to the Trustee, in trust for the security of the Owners on the terms hereof, all the City's rights, title and interest in and to all money and securities for deposit in, or deposited in, the Bond Fund and any investment earnings thereon, and any collateral security for, and all proceeds of, any of the foregoing.

(b) The Trustee shall hold all the rights, title and interest received under this Section 4.01 and all money and securities (exclusive of money to which the Trustee is entitled in its own right as fees, indemnity, reimbursement or otherwise) received from the City or derived from the exercise of the City's powers hereunder in trust for the security of the Owners in accordance with the provisions hereof. The City shall from time to time execute, deliver, file and record such instruments as the Trustee may reasonably require to confirm, perfect or maintain the security created hereby and the assignment and pledge hereby of the rights, title and interest assigned and pledged by the City to the Trustee hereunder.

(c) The City shall promptly deposit or cause to be deposited with the Trustee for deposit in the Bond Fund (i) on or before July 25 of each Fiscal Year (or such other date as provided in a Supplemental Trust Agreement) the amount which, together with moneys transferred pursuant to Section 4.02(c) hereof, is sufficient to pay the principal and interest coming due on the August 1 Interest Payment Date; and (ii) on or before January 25 of each Fiscal Year (or such other date as provided in a Supplemental Trust Agreement) the amount which is sufficient to pay the interest coming due on the February Interest Payment Date.

Section 4.02. Allocation of Moneys in Bond Fund. On or before each Interest Payment Date or date fixed for redemption of Bonds, the Trustee shall transfer from the Bond Fund, in immediately available funds, for deposit into the following respective accounts (each of which is hereby created and which the Trustee shall maintain in trust separate and distinct from the other funds and accounts established hereunder), the following amounts in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of funds sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any deposit is made to any account subsequent in priority:

(a) *Interest Account.* On each Interest Payment Date, the Trustee shall set aside from the Bond Fund and deposit in the Interest Account that amount of money which is equal to the amount of interest becoming due and payable on all Outstanding Bonds on such Interest Payment Date. No deposit need be made in the Interest Account if the amount contained therein is at least equal to the aggregate amount of interest becoming due and payable on all Outstanding Bonds on such Interest Payment Date. All money in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity).

(b) *Principal Account.* On or before each Principal Payment Date, the Trustee shall set aside from the Bond Fund and deposit in the Principal Account an amount of money equal to the amount of all sinking fund payments required to be made on such Principal Payment Date into

the respective sinking fund accounts for all Outstanding Term Bonds and the principal amount of all Outstanding Serial Bonds maturing on such Principal Payment Date.

All money in each of such accounts shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this Section 4.02.

No deposit need be made in the Principal Account if the amount contained therein is at least equal to the aggregate amount of the principal of all Outstanding Serial Bonds maturing by their terms on such Principal Payment Date plus the aggregate amount of all sinking fund payments required to be made on such Principal Payment Date for all Outstanding Term Bonds.

The Trustee shall establish and maintain within the Principal Account a separate subaccount for the Term Bonds of each series and maturity, designated as the "Sinking Account" (the "Sinking Account"), inserting therein the series and maturity (if more than one such account is established for such series) designation of such Bonds. With respect to each Sinking Account, on each mandatory sinking account payment date established for such Sinking Account, the Trustee shall apply the mandatory sinking account payment required on that date to the redemption (or payment at maturity, as the case may be) of Term Bonds of the series and maturity for which such Sinking Account was established, upon the notice and in the manner provided in Article II; provided that, at any time prior to giving such notice of such redemption, the Trustee may upon the Written Request of the City, apply moneys in such Sinking Account to the purchase for cancellation of Term Bonds of such series and maturity at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account), as may be directed by the City, except that the purchase price (excluding accrued interest) shall not exceed the redemption price that would be payable for such Bonds upon redemption by application of such Mandatory Sinking Account Payment. If, during the twelve-month period immediately preceding such mandatory sinking account payment date, the Trustee has purchased Term Bonds of such series and maturity with moneys in such Sinking Account, such Bonds so purchased shall be applied, to the extent of the full principal amount thereof, as applicable, to reduce such mandatory sinking account payment.

All money in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds, as applicable, as they shall become due and payable, whether at maturity or redemption, except that any money in any sinking fund account shall be used and withdrawn by the Trustee only to purchase or to redeem or to pay Term Bonds for which such Sinking Account was created.

(c) *Surplus Account.* On the Business Day following each August 1 Interest Payment Date, or on such other date as provided in a Supplemental Trust Agreement, any moneys remaining in the Bond Fund shall be deposited by the Trustee in the Surplus Account. So long as no event of default has occurred and is continuing, moneys deposited in the Surplus Account shall be transferred by the Trustee to or upon the order of the City, as specified in a Written Request of the City.

Section 4.03. Deposit and Investments of Money in Accounts and Funds. All money held by the Trustee in any of the accounts or funds established pursuant hereto shall be invested in Permitted Investments at the Written Request of the City. If no Written Request of the City is received, the Trustee shall hold such funds uninvested. Such investments shall, as nearly as practicable, mature on or before the dates on which such money is anticipated to be needed for disbursement hereunder. All interest, profits and other income received from any money so invested shall be deposited in the Bond Fund. The Trustee shall have no liability or responsibility for any loss resulting from any investment made or sold in accordance with the provisions of this Article IV, except for any loss due to the negligence or willful misconduct of the Trustee. The

Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charge therefor.

The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City the right to receive brokerage confirmations of security transactions as they occur, the City agrees it will not receive such confirmations from the Trustee to the extent permitted by law. The Trustee will furnish the City periodic cash transaction statements which shall include detail for all investment transactions made by the Trustee hereunder.

ARTICLE V

COVENANTS OF THE CITY

Section 5.01. Punctual Payment and Performance. The City will punctually pay the interest on and the principal of and redemption premiums, if any, to become due on every Bond issued hereunder in strict conformity with the terms hereof and of the Bonds, and will faithfully observe and perform all the agreements and covenants to be observed or performed by the City contained herein and in the Bonds.

Section 5.02. Extension of Payment of Bonds. The City shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Trust Agreement, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section 5.02 shall be deemed to limit the right of the City to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

Section 5.03. Additional Debt. The City expressly reserves the right to enter into one or more other agreements or indentures for any of its purposes and reserves the right to issue other obligations for such purposes.

Section 5.04. Power to Issue Bonds. The City is duly authorized pursuant to law to issue the Bonds and to enter into this Trust Agreement. The Bonds and the provisions of this Trust Agreement are the legal, valid and binding obligations of the City in accordance with their terms. The Bonds and any Additional Bonds shall constitute obligations imposed by law.

Section 5.05. Accounting Records and Reports. The City will keep or cause to be kept proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocation and application of moneys on deposit in the funds and accounts established hereunder.

Section 5.06. Prosecution and Defense of Suits. The City will defend against every suit, action or proceeding at any time brought against the Trustee upon any claim to the extent involving the failure of the City to fulfill its obligations hereunder; provided that the Trustee or any affected Owner at its election may appear in and defend any such suit, action or proceeding. The City, to the extent permitted by law, will indemnify and hold harmless the Trustee against any and all liability claimed or asserted by any person to the extent arising out of such failure by the City, and will indemnify and hold harmless the Trustee against any attorney's fees or other expenses which it may incur in connection with any litigation to which it may become a party by reason of its actions hereunder, except for any loss, cost, damage or expense resulting from the negligence, willful misconduct or breach of duty by the Trustee. Notwithstanding any contrary provision hereof, this covenant shall remain in full force and effect even though all Bonds secured hereby may have been fully paid and satisfied.

Section 5.07. Further Assurances. Whenever and so often as reasonably requested to do so by the Trustee or any Owner, the City will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments, and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Owners all rights, interests,

powers, benefits, privileges and advantages conferred or intended to be conferred upon them hereby.

Section 5.08. Waiver of Laws. The City shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in this Trust Agreement or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the City to the extent permitted by law.

Section 5.09. Compliance with Continuing Disclosure Certificate. The City has undertaken responsibility for compliance with continuing disclosure requirements with respect to S.E.C. Rule 15c2-12. Notwithstanding any other provision of this Trust Agreement, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Trustee may (and, at the request of any Participating Underwriter (as defined in the Continuing Disclosure Certificate) or the Owners of at least 25% aggregate principal amount in Outstanding Bonds, and upon receipt of indemnification satisfactory to it, shall) or any Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Section 5.09.

ARTICLE VI

THE TRUSTEE

Section 6.01. The Trustee. U.S. Bank National Association, shall serve as the Trustee for the Bonds for the purpose of receiving 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 interest on and principal of and redemption premiums, if any, on the Bonds presented for payment at the Corporate Trust Office of the Trustee with the rights and obligations provided herein. The City agrees that it will at all times maintain a Trustee having a corporate trust office in the State.

The City may at any time, unless there exists any event of default as defined in Section 8.01, with 30 days prior notice 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 bank, trust company or national banking association doing business and having a corporate trust office in Glenn or San Francisco, California, having a combined capital (exclusive of borrowed capital) and surplus of at least seventy-five million dollars (\$75,000,000) and subject to supervision or examination by federal or state authority. If such bank, national banking association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this section the combined capital and surplus of such bank, national banking association 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 thirty (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 is hereby authorized to pay or redeem the Bonds when duly presented for payment at maturity or on redemption prior to maturity. The Trustee shall cancel all Bonds upon payment thereof or upon the surrender thereof by the City and shall destroy such Bonds and a certificate of destruction shall be delivered to the City. The Trustee shall keep accurate records of all Bonds paid and discharged and cancelled by it.

The Trustee shall, prior to an event of default, and after the curing or waiver of all events of default that may have occurred, perform such duties and only such duties as are specifically set forth in this Trust Agreement and no implied duties or obligations shall be read into this Trust Agreement. The Trustee shall, during the existence of any event of default (that has not been cured or waived), exercise such of the rights and powers vested in it by this Trust Agreement, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

Section 6.02. Liability of Trustee. The recitals of facts, agreements and covenants herein and in the Bonds shall be taken as recitals of facts, agreements and covenants of the City, and the Trustee assumes no responsibility for the correctness of the same or makes any representation as to the sufficiency or validity hereof or of the Bonds, or shall incur any responsibility in respect

thereof other than in connection with the rights or obligations assigned to or imposed upon it herein, in the Bonds or in law or equity. The Trustee shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and such Owner's title thereto satisfactorily established, if disputed.

The Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct. The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in Aggregate Principal Amount of the Bonds at the time Outstanding, relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Trust Agreement.

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

The Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of a default or event of default thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it.

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

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

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

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

No provision of this Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers. The Trustee shall have no responsibility, 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 issuance of the Bonds. All immunities, indemnifications and releases from liability granted herein to the Trustee shall extend to the directors, employees, officers and agents thereof. The Trustee shall not be deemed to have knowledge of any Event of Default unless and until it shall have actual knowledge thereof by receipt of written notice thereof at its Corporate Trust Office.

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

Section 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 of this Trust Agreement (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence or willful misconduct, including the negligence or willful misconduct of any of its officers, directors, agents or employees.

The City, to the extent permitted by law, shall indemnify, defend and hold harmless the Trustee against any loss, damages, liability or expense including legal fees and expenses incurred without negligence, willful misconduct or bad faith on the part of the Trustee, (i) arising out of or in connection with the acceptance or administration of the trusts created hereby or the exercise or performance of any of its powers or duties hereunder, and (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 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 the Bonds, including costs and expenses (including attorneys' fees) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers hereunder. The rights of the Trustee and the obligations of the City under this Section 6.03 shall survive the discharge of the Bonds and this Trust Agreement and the resignation or removal of the Trustee.

ARTICLE VII

AMENDMENT OF THE TRUST AGREEMENT; SUPPLEMENTAL TRUST AGREEMENT

Section 7.01. Amendment of the Trust Agreement.

(a) This Trust Agreement and the rights and obligations of the City and of the Owners may be amended at any time by a Supplemental Trust Agreement which shall become binding when the written consents of the Owners of a majority in Aggregate Principal Amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 7.02, are filed with the Trustee. No such amendment shall (1) extend the maturity of or reduce the interest rate on or amount of interest on or principal of or redemption premium, if any, or extend the time of payment on any Bond without the express written consent of the Owner of such Bond, or (2) reduce the percentage of Bonds required for the written consent to any such amendment.

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

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

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

(iii) to provide for the issuance of any Additional Bonds and to provide the terms of such Additional Bonds, subject to the conditions and upon compliance with the procedure set forth in Article III (which shall be deemed not to adversely affect Owners);

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

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

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. Upon request of the Trustee, the City shall specify in a certificate to the Trustee those Bonds disqualified pursuant to this Section 7.02 and the Trustee may conclusively rely on such certificate.

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 his Bond for such purpose at the 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 office of the Trustee without cost to each Owner for its Bond or Bonds then Outstanding upon surrender of such Outstanding 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.

Section 7.05. Attorney's Opinion Regarding Supplemental Agreements. The Trustee shall be provided an Opinion of Counsel that any amendments or supplements to the Trust Agreement comply with the provisions of this Article VII and the Trustee may conclusively rely upon such opinion.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF HOLDERS

Section 8.01. Events of Default. If one or more of the following events (herein called "events of default") shall happen, that is to say:

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

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

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

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

Section 8.02. Remedies Upon an Event of Default. Upon the occurrence and continuance of any event of default, the Trustee may, and upon the written request of Owners of not less than 51% of the Aggregate Principal Amount of Bonds then Outstanding, and upon being indemnified to its satisfaction, shall:

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

(b) bring suit upon the defaulted Bonds.

(c) by suit, action or proceeding in equity, enjoin any acts or things which are unlawful, or the violation of any of the Owners' rights.

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

Section 8.03. Application of Revenues and Other Funds After Default. If an event of default shall occur and be continuing, all amounts then held or thereafter received by the Trustee

under any of the provisions of this Trust Agreement shall be applied by the Trustee as follows and in the following order:

(a) To the payment of any fees and expenses necessary in the opinion of the Trustee to protect the interests of the Owners of the Bonds and to the payment of the reasonable charges and expenses of the Trustee (including reasonable fees and disbursements of its counsel, agents and advisors) incurred in and about the performance of its powers and duties under this Trust Agreement;

(b) To the payment of the principal and interest then due with respect to the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of this Trust Agreement, as follows:

First: To the payment to the Persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the Persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the Persons entitled thereto of the unpaid principal of any Bonds which shall have become due, whether at maturity or by call for redemption, with interest on the overdue principal at the rate borne by the respective Bonds on the date of maturity or redemption and, if the amount available shall not be sufficient to pay in full all the Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the Persons entitled thereto, without any discrimination or preference.

Section 8.04. Non-Waiver. Nothing in this Article or in any other provision hereof or in the Bonds shall affect or impair the obligation of the City, which is absolute and unconditional, to pay the interest on and principal of and redemption premiums, if any, on the Bonds to the respective Owners of the Bonds at the respective dates of maturity or upon prior redemption as provided herein, or shall affect or impair the right of such Owners, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein and in the Bonds. A waiver of any default or breach of duty or contract by the Trustee or any Owner shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Trustee or any Owner to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Owners by the Act or by this Article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Owners.

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

Section 8.05. Actions by Trustee as Attorney-in-Fact. Any action, proceeding or suit which any Owner shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners, whether or not the Trustee is an Owner, and the Trustee is hereby appointed (and the successive Owners, by taking and holding the Bonds issued hereunder, shall be conclusively deemed to have so appointed it) the true and lawful attorney-in-fact of the Owners for the purpose of bringing any such action, proceeding or suit and for the purpose of doing and performing any and all acts and things for

and on behalf of the Owners as a class or classes as may be advisable or necessary in the opinion of the Trustee as such attorney-in-fact.

Section 8.06. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

Section 8.07. Limitation on Owners' Right to Sue. No Owner of any Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or equity, for any remedy under or upon this Trust Agreement, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an event of default as defined in Section 8.01 hereunder; (b) the Owners of at least a majority in Aggregate Principal Amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) said Owners shall have tendered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such request shall have been received by, and said tender of indemnity shall have been made to, the Trustee. Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any owner of Bonds of any remedy hereunder; it being understood and intended that no one or more owners of Bonds shall have any right in any manner whatever by his or their action to enforce any right under this Trust Agreement, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of the Trust Agreement shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Bonds.

Section 8.08. Absolute Obligation of City. Nothing in this Section 8.08 or in any other provision of this Trust Agreement or in the Bonds contained shall affect or impair the obligation of the City, which is absolute and unconditional, to pay the principal of, premium, if any and interest on the Bonds to the respective Owners of the Bonds at their respective due dates as herein provided.

ARTICLE IX

DEFEASANCE

Section 9.01. Discharge of Bonds.

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

(b) Any Outstanding Bonds shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if (1) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the City shall have given to the Trustee in form satisfactory to it irrevocable instructions to provide notice in accordance with Section 2.03, (2) there shall have been deposited with the Trustee either (A) money in an amount which shall be sufficient or (B) Defeasance Securities which are not subject to redemption prior to maturity (including any such Defeasance Securities issued or held in book-entry form on the books of the City or the Treasury of the United States of America), the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient, in the opinion of an Independent Certified Public Accountant, to pay when due the interest to become due on such Bonds on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and redemption premiums, if any, on such Bonds, and (3) in the event such Bonds are not by their terms subject to redemption within the next succeeding 60 days, the City shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the Owners of such Bonds that the deposit required by clause (2) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this section and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and redemption premiums, if any, on such Bonds.

Section 9.02. Unclaimed Money. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Bonds or interest thereon which remains unclaimed for two (2) years after the date when such Bonds or interest thereon have become due and payable, either at their stated maturity dates or by call for redemption prior to maturity, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when such Bonds have become due and payable, shall be repaid by the Trustee to the City as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall not look to the Trustee for the payment of such Bonds.

ARTICLE X

MISCELLANEOUS

Section 10.01. Benefits of the Trust Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the City, the Trustee and the Owners any right, remedy or claim under or by reason hereof. Any agreement or covenant required herein to be performed by or on behalf of the City or any member, officer or employee thereof shall be for the sole and exclusive benefit of the Trustee and the Owners.

Section 10.02. Successor Is Deemed Included in All References to Predecessor. Whenever herein either the City or any member, officer or employee thereof or the Trustee is named or referred to, such reference shall be deemed to include the successor or assigns thereof, and all agreements and covenants required hereby to be performed by or on behalf of the City or the Trustee, or any member, officer or employee thereof, shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 10.03. Execution of Documents by Owners. Any declaration, request or other instrument which is permitted or required herein to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or 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, number and date of holding the same may be proved by the registration books relating to the Bonds at the office of the Trustee.

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

Section 10.04. Waiver of Personal Liability. No member, officer or employee of the City shall be individually or personally liable for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds by reason of their issuance, but nothing herein contained shall relieve any such member, officer or employee from the performance of any official duty provided by the Act or any other applicable provisions of law or hereby.

Section 10.05. Acquisition of Bonds by City. All Bonds acquired by the City, whether by purchase or gift or otherwise, shall be surrendered to the Trustee for cancellation.

Section 10.06. Destruction of Cancelled Bonds. Whenever provision is made for the return to the City of any Bonds which have been cancelled pursuant to the provisions hereof, the Trustee shall destroy such Bonds and furnish to the City a certificate of such destruction.

Section 10.07. Content of Certificates. Every Certificate of the City with respect to compliance with any agreement, condition, covenant or provision provided herein shall include (a) a statement that the person or persons making or giving such certificate have read such agreement, condition, covenant or provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements contained in such certificate are based; (c) a statement that, in the opinion of the

signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such agreement, condition, covenant or provision has been complied with; and (d) a statement as to whether, in the opinion of the signers, such agreement, condition, covenant or provision has been complied with.

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

Section 10.08. 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 sound accounting practice and with due regard for the protection of the security of the Bonds and the rights of the Owners. Any action required to occur hereunder on a day which is not a Business Day shall be required to occur on the next succeeding Business Day.

Section 10.09. Notices. All written notices to be given hereunder shall be given by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to the City:	City of Willows 201 North Lassen Street Willows, CA 95988 Attention: City Manager
If to the Trustee:	U.S. Bank National Association One California Street, Suite 1000 San Francisco, CA 94111 Attention: Global Corporate Trust

Section 10.10. Article and Section Headings and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof. 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 the Trust Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

Section 10.11. 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 the Act or any other applicable provisions of law. The City and the Trustee hereby declare that they would have executed and delivered the Trust Agreement and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 10.12. Execution in Several Counterparts. This Trust Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the City and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 10.13. Governing Law. This Trust Agreement shall be governed by and construed in accordance with the laws of the State.

Section 10.14. CUSIP Numbers. Neither the Trustee nor the City shall be liable for any defect or inaccuracy in the CUSIP number that appears on any Bond or in any redemption notice. The Trustee may, in its discretion, include in any redemption notice 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 City nor the Trustee shall be liable for any inaccuracies in such numbers.

IN WITNESS WHEREOF, the CITY OF WILLOWS has caused this Trust Agreement to be signed in its name by the Authorized Representative and U.S. Bank National Association, in acceptance of the trusts created hereunder, has caused this Trust Agreement to be signed by the officer thereunder duly authorized, all as of the day and year first above written.

CITY OF WILLOWS

By: _____
Interim City Manager

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

EXHIBIT A

FORM OF 2021 BOND

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

CITY OF WILLOWS
TAXABLE PENSION OBLIGATION BONDS
SERIES 2021

Interest Rate	Maturity Date	Original Issue Date	CUSIP
_____ %	August 1, ____	[February] __, 2021	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: _____ DOLLARS

The CITY OF WILLOWS, a municipal corporation and general law city duly organized and validly existing under and pursuant to the Constitution and laws of the State of California (the "City"), for value received hereby, promises to pay to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an Interest Payment Date or following the close of business on the fifteenth day of the month preceding an Interest Payment Date (the "Record Date") to such Interest Payment Date, in which event it shall bear interest from such Interest

Payment Date, or unless this Bond is authenticated prior to the Record Date for the first Interest Payment Date, in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable semiannually on each February 1 and August 1, commencing August 1, 2021 (each an "Interest Payment Date"). Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed on the Interest Payment Date by first-class mail to the registered owner hereof; provided that upon the written request of a registered owner of \$1,000,000 or more in aggregate principal amount of Bonds received by the Trustee (as hereinafter defined) prior to the applicable record date, interest shall be paid by wire transfer in immediately available funds. The principal hereof is payable in lawful money of the United States of America at the Corporate Trust Office of the Trustee.

This Bond is one of a duly authorized issue of bonds of the City designated as its "Taxable Pension Obligation Bonds, Series 2021" (the "Bonds") in aggregate principal amount of \$_____, all of like tenor and date (except for variations relating to numbers, maturities and

interest rates), and is issued under and pursuant to the provisions of Articles 10 and 11 (commencing with section 53570) of Chapter 3 of Division 2 of Title 5 of the California Government Code and all laws amendatory thereof or supplemental thereto (the "Act") and under and pursuant to the provisions of a trust agreement, dated as of [February] 1, 2021 (the "Trust Agreement"), between the City and U.S. Bank National Association, as trustee (the "Trustee") (copies of which are on file at the Corporate Trust Office of the Trustee).

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

The Bonds maturing on or before August 1, 20__ shall not be subject to optional redemption prior to maturity. The Bonds maturing on or after August 1, 20__ shall be subject to redemption prior to their maturity date, at the option of the City, pro rata within a maturity on any date on or after August 1, 20__, at a redemption price equal to the principal amount of the 2021 Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium. In the event of an optional redemption of the Bonds, the City shall provide the Trustee with a revised sinking fund schedule giving effect to the redemption so completed.

The Term Bonds maturing on August 1, 20__ are subject to mandatory sinking fund redemption on the dates and in the amounts specified below, at a redemption price equal to the principal amount thereof, plus accrued interest to the date of redemption, without premium. The principal amount of such term bonds to be so redeemed and the dates therefor shall be as follows:

Redemption Date (August 1)	Principal Amount
-------------------------------	---------------------

†Maturity Date

The Term Bonds maturing on August 1, 20__ are subject to mandatory sinking fund redemption on the dates and in the amounts specified below, at a redemption price equal to the principal amount thereof, plus accrued interest to the date of redemption, without premium. The principal amount of such term bonds to be so redeemed and the dates therefor shall be as follows:

Redemption Date (August 1)	Principal Amount
-------------------------------	---------------------

†Maturity Date

THE OBLIGATIONS OF THE CITY OF WILLOWS HEREUNDER, INCLUDING THE OBLIGATION TO MAKE ALL PAYMENTS OF INTEREST AND PRINCIPAL WHEN DUE, ARE OBLIGATIONS OF THE CITY OF WILLOWS IMPOSED BY LAW AND ARE ABSOLUTE AND UNCONDITIONAL, WITHOUT ANY RIGHT OF SET-OFF OR COUNTER CLAIM. NEITHER THE BONDS NOR THE OBLIGATION OF THE CITY OF WILLOWS TO MAKE PAYMENTS ON THE BONDS CONSTITUTE AN INDEBTEDNESS OF THE CITY OF WILLOWS, THE STATE OF CALIFORNIA, OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

This Bond is transferable only on a register to be kept for that purpose at the above-mentioned office of the Trustee by the registered owner hereof in person or by his duly authorized attorney upon payment of the charges provided in the Trust Agreement and upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon a new fully registered Bond or Bonds in the same aggregate principal amount of authorized denominations will be issued to the transferee in exchange therefor. The City and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of the interest hereon and principal hereof and for all other purposes, whether or not this Bond shall be overdue, and neither the City nor the Trustee shall be affected by any notice or knowledge to the contrary; and payment of the interest on and principal of this Bond shall be made only to such registered owner, which payments shall be valid and effectual to satisfy and discharge liability on this Bond to the extent of the sum or sums so paid.

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

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

IN WITNESS WHEREOF, the City of Willows has caused this Bond to be executed in its name and on its behalf by the signature of the Mayor and to be countersigned by the signature of the Assistant City Clerk of the City of Willows and has caused this Bond to be dated as of the original issue date specified above.

CITY OF WILLOWS

By: _____
Mayor

Countersigned

City Clerk

FORM OF CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Trust Agreement which has been authenticated on _____, 2021.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

FORM OF ASSIGNMENT

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

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

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

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

Dated: _____

Signature Guaranteed:

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

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

CITY OF WILLOWS

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF WILLOWS, STATE OF CALIFORNIA,
AUTHORIZING THE ISSUANCE AND SALE OF BONDS TO REFUND CERTAIN
PENSION OBLIGATIONS OF THE CITY, APPROVING THE FORM AND
AUTHORIZING THE EXECUTION OF A TRUST AGREEMENT, AUTHORIZING
JUDICIAL VALIDATION PROCEEDINGS RELATING TO THE ISSUANCE OF SUCH
BONDS AND AUTHORIZING ACTIONS RELATED THERETO**

RESOLVED, by the City Council (the "Council") of the City of Willows (the "City"), Glenn County, State of California, as follows:

WHEREAS, the City has previously elected to become a contracting member of the California Public Employees' Retirement System ("CalPERS");

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

WHEREAS, as of October, 2020, the City's total unfunded accrued actuarial liability to CalPERS for its Miscellaneous and Safety Plans was \$3,646,196 and \$4,689,066, respectively;

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

WHEREAS, the obligations of the City with respect to the Bonds, including the obligation to make all payments of interest and principal on the Bonds when due, will be obligations of the City imposed by law and will be absolute and unconditional, without any right of set-off or counterclaim, the Bonds will not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation, neither the Bonds nor the obligations of the City to make payments on the Bonds will constitute an indebtedness of the City, the State of California or any of its political subdivisions in contravention of any constitutional or statutory debt limitation or restriction and the Council will be obligated to make appropriations to pay the Bonds from any source of legally available funds of the City;

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

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

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WILLOWS AS FOLLOWS:

SECTION 1. Authorization. Bonds, in the aggregate principal amount of not to exceed ten million three hundred eighty thousand dollars (\$10,380,000) are hereby authorized to be issued by the City under and subject to the terms of the Bond Law and this Resolution for the purpose of refunding the City's obligation to CalPERS evidenced by the CalPERS Contract and paying the costs of issuance of the Bonds.

SECTION 2. Approval of Trust Agreement. The Council hereby approves trust agreement, by and between the City and U.S. Bank National Association, as trustee, prescribing the terms and provisions of the Bonds and the application of the proceeds of the Bonds in the form on file with the City Clerk (the "Trust Agreement"). The Mayor, the Interim City Manager and the Administrative Services Director (each, an "Authorized Officer"), each acting alone, are hereby authorized and directed to execute and deliver, and the City Clerk is hereby authorized and directed to attest to such signatures on, the Trust Agreement for and in the name and on behalf of the City in such form, together with such changes therein, deletions therefrom and additions thereto as the Authorized Officer executing the same shall approve, subject to the advice of Bond Counsel and the City Attorney, such approval to be conclusively evidenced by the execution and delivery of the Trust Agreement. Under no circumstances shall the elected Mayor be authorized to make any such changes on his or her own. The Council hereby authorizes the delivery and performance of the Trust Agreement.

SECTION 3. Offering and Sale of the Bonds. The Bonds shall be offered and sold to investors pursuant to a preliminary official statement the form of which shall be approved by the Council at a future meeting. The Council hereby authorizes the sale of the Bonds to Hilltop Securities Inc. (the "Underwriter") so long as the true interest rate on the Bonds does not exceed 4.00% per annum and so long as the Bonds mature no later than April 1, 2044. The form of bond purchase agreement, by and between the City and the Underwriter, shall be approved by the Council at a future meeting.

SECTION 4. Validation Action. In order to determine the validity of the Trust Agreement and the Bonds and the actions authorized by this Resolution and the Trust Agreement to be taken in connection therewith, the Council hereby authorizes the City Attorney, in concert with Bond Counsel, to prepare and cause to be filed and prosecuted to completion all proceedings required for the judicial validation of the Bonds in the Superior Court of Glenn County, under and pursuant to the provisions of sections 860 *et seq.* of the California Code of Civil Procedure. The Council further authorizes the Authorized Officers, the City Clerk, and any and all other officers, employees and agents of the City to take any and all actions, including the execution and delivery or appropriate documentation, as may be required to conclude such judicial validation proceedings.

SECTION 5. Official Actions. The Authorized Officers and any and all other officers of the City are hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and take any and all actions, which they, or any of them, may deem necessary or advisable in the issuance, sale and delivery of the Bonds. Whenever in this Resolution any officer of the City is directed to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable. All actions heretofore taken by any Authorized Officer or any office, employee or agent of the City with respect to the Bonds, the validation proceedings or in connection with or related to any of the agreements referred to herein are hereby approved, ratified and confirmed.

SECTION 6. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

SECTION 7. Certification. The City Clerk shall certify to the passage and adoption hereof.

PASSED, APPROVED AND ADOPTED at a regular meeting of the City Council on this 13th day of October, 2020, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

APPROVED:

ATTESTED:

Kerri Warren, Mayor

Tara Rustenhoven, City Clerk

EXHIBIT A

GOVERNMENT CODE SECTION 5852.1 DISCLOSURE

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

(A) True Interest Cost of the Bonds: 3.30%

(B) Finance Charges (Costs of Issuance): \$314,738.00

(C) Net Proceeds to be Received for the Bonds (net of finance charges): \$8,335,262.00

(D) Total Payment Amount through Maturity: \$11,122,692.93

The foregoing estimates constitute good faith estimates only.

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