

insurance companies rated Aaa by Moody's and AAA by S&P; and (iii) domestic structured investment companies rated Aaa by Moody's and AAA by S&P.

c. Acceptable providers of collateralized investment agreements shall consist of (i) registered broker/dealers subject to SIPC jurisdiction, if such broker/dealer has an uninsured, unsecured and unguaranteed rating of A1 or better by Moody's and A+ or better by S&P; (ii) domestic FDIC-insured commercial banks, or U.S. branches of foreign banks, rated at least A1 by Moody's and A+ by S&P; (iii) domestic insurance companies rated at least A1 by Moody's and A+ by S&P; and (iv) domestic structured investment companies rated Aaa by Moody's and AAA by S&P. Required collateral levels shall be as set forth in 10(f) below.

d. The investment agreement shall provide that if the provider's ratings fall below Aa3 by Moody's or AA- by S&P, the provider shall within ten (10) days either (i) repay the principal amount plus any accrued and interest on the investment; or (ii) deliver Permitted Collateral as provided below.

e. The investment agreement must provide for termination thereof if the provider's ratings are suspended, withdrawn or fall below A3 from Moody's or A- from S&P. Within ten (10) days, the provider shall repay the principal amount plus any accrued interest on the agreement, without penalty to the District.

f. The investment agreement shall provide for the delivery of collateral described in (i) or (ii) below ("Permitted Collateral") which shall be maintained at the following collateralization levels at each valuation date:

- (i) U.S. Government Securities at 104% of principal plus accrued interest; or
- (ii) Obligations of GNMA, FNMA or FHLMC (described in 2(d), 3(a) and 3(b) above) at 105% of principal and accrued interest.

g. The investment agreement shall require the Trustee to determine the market value of the Permitted Collateral not less than weekly and notify the investment agreement provider on the valuation day of any deficiency. Permitted Collateral may be released by the Trustee to the provider only to the extent that there are excess amounts over the required levels. Market value, with respect to collateral, may be determined by any of the following methods:

- (i) the last quoted "bid" price as shown in Bloomberg, Interactive Data Systems, Inc., The Wall Street Journal or Reuters;
- (ii) valuation as performed by a nationally recognized pricing service, whereby the valuation method is based on a composite average of various bid prices; or
- (iii) the lower of two bid prices by nationally recognized dealers.

Such dealers or their parent holding companies shall be rated investment grade and shall be market makers in the securities being valued.

h. Securities held as Permitted Collateral shall be free and clear of all liens and claims of third parties, held in a separate custodial account and registered in the name of the Trustee or the Agent.

i. The provider shall grant the Trustee a perfected first security interest in any collateral delivered under an investment agreement. For investment agreements collateralized initially and in connection with the delivery of Permitted Collateral under 10(f) above, the Trustee shall receive an opinion of counsel as to the perfection of the security interest in the collateral.

j. The investment agreement shall provide that moneys invested under the agreement must be payable and putable at par to the Trustee without condition, breakage fee or other penalty, upon not more than two (2) business days' notice, or immediately on demand for any reason for which the funds invested may be withdrawn from the applicable fund or account established under the authorizing document, as well as the following:

- (i) In the event of a deficiency in the debt service account;
- (ii) Upon acceleration after an event of default;
- (iii) Upon refunding of the Bonds in whole or in part;
- (iv) Reduction of any debt service reserve requirement for the Bonds; or
- (v) If a determination is later made by a nationally recognized bond counsel that investments must be yield-restricted.

Notwithstanding the foregoing, the agreement may provide for a breakage fee or other penalty that is payable in arrears and not as a condition of a draw by the Trustee if the District's obligation to pay such fee or penalty is subordinate to its obligation to pay debt service on the Bonds and to make deposits to any debt service reserve fund established for the Bonds.

(k) The investment agreement shall establish the following as events of default, the occurrence of any of which shall require the immediate liquidation of the investment securities:

- (i) Failure of the provider or the guarantor (if any) to make a payment when due or to deliver Permitted Collateral of the character, at the times or in the amounts described above;
- (ii) Insolvency of the provider or the guarantor (if any) under the investment agreement;
- (iii) Failure by the provider to remedy any deficiency with respect to required Permitted Collateral;
- (iv) Failure by the provider to make a payment or observe any

- covenant under the agreement;
  - (v) The guaranty (if any) is terminated, repudiated or challenged; or
  - (vi) Any representation of warranty furnished to the Trustee or the issuer in connection with the agreement is false or misleading.
- (l) The investment agreement must incorporate the following general criteria:
- (i) "Cure periods" for payment default shall not exceed two (2) business days;
  - (ii) The agreement shall provide that the provider shall remain liable for any deficiency after application of the proceeds of the sale of any collateral, including costs and expenses incurred by the Trustee;
  - (iii) Neither the agreement or guaranty agreement, if applicable, may be assigned (except to a provider that would otherwise be acceptable under these guidelines);
  - (iv) If the investment agreement is for a debt service reserve fund, reinvestments of funds shall be required to bear interest at a rate at least equal to the original contract rate.
  - (v) The provider shall be required to immediately notify the Trustee of any event of default or any suspension, withdrawal or downgrade of the provider's ratings; and
  - (vi) The agreement shall be unconditional and shall expressly disclaim any right of set-off or counterclaim.

(11) Forward delivery agreements in which the securities delivered mature on or before each interest payment date (for debt service or debt service reserve funds) or draw down date (construction funds) that meet the following criteria:

- (a) A specific written investment agreement governs the transaction.
- (b) Acceptable providers shall be limited to (i) any registered broker/dealer subject to the Securities Investor's Protection Corporation jurisdiction, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated A3/P-1 or better by Moody's and A-/A-1 or better by S&P; (ii) any commercial bank insured by the FDIC, if such bank has an uninsured, unsecured and unguaranteed obligation rated A3/P-1 or better by Moody's and A-/A-1 or better by S&P; and (iii) domestic structured investment companies rated Aaa by Moody's and AAA by S&P.
- (c) The forward delivery agreement shall provide for termination or assignment (to a qualified provider hereunder) of the agreement if the provider's ratings are suspended, withdrawn or fall below A3 or P-1 from Moody's or A- or A-1 from S&P. Within ten (10) days, the provider shall fulfill any obligations it may have with respect to shortfalls in market value.

There shall be no breakage fee payable to the provider in such event.

(d) Permitted securities shall include the investments listed in 1, 2 and 3 above.

(e) The forward delivery agreement shall include the following provisions:

- (i) The permitted securities must mature at least one (1) business day before a debt service payment date or scheduled draw. The maturity amount of the permitted securities must equal or exceed the amount required to be in the applicable fund on the applicable valuation date.
- (ii) The agreement shall include market standard termination provisions, including the right to terminate for the provider's failure to deliver qualifying securities or otherwise to perform under the agreement. There shall be no breakage fee or penalty payable to the provider in such event.
- (iii) Any breakage fees shall be payable only on debt service payment dates and shall be subordinated to the payment of debt service and debt service reserve fund replenishments.
- (iv) The provider must submit at closing a bankruptcy opinion to the effect that upon any bankruptcy, insolvency or receivership of the provider, the securities will not be considered to be a part of the provider's estate.
- (v) The agreement may not be assigned (except to a provider that would otherwise be acceptable under these guidelines).

(12) Forward delivery agreements in which the securities delivered mature after the funds may be required but provide for the right of the District or the Trustee to put the securities back to the provider under a put, guaranty or other hedging arrangement.

(13) Maturity of investments shall be governed by the following:

a. Investments of monies (other than reserve funds) shall be in securities and obligations maturing not later than the dates on which such monies will be needed to make payments.

b. Investments shall be considered as maturing on the first date on which they are redeemable without penalty at the option of the holder or the date on which the Trustee may require their repurchase pursuant to repurchase agreements.

c. Investments of monies in reserve funds not payable upon demand shall be restricted to maturities of five years or less.

(14) Any other investment which the District is permitted by law to make,

including without limitation investment in the Local Agency Investment Fund of the State of California (LAIF), provided that any investment of the type authorized pursuant to paragraphs (d),(f), (h) and (i) of Section 53601 of the California Government Code are additionally restricted as provided in the appropriate paragraph or paragraphs above applicable to such type of investment and provided further that investments authorized pursuant to paragraphs (k) and (m) of Section 53601 are not permitted.

To the extent that any of the requirements concerning Permitted Investments embodies a legal conclusion, the Trustee shall be entitled to conclusively rely upon a certificate from the appropriate party or an opinion from counsel to such party, that such requirement has been met.

“Principal Corporate Trust Office” means the corporate trust office of the Trustee at the address set forth in Section 9.10, provided that for purposes of payment, cancellation, surrender, redemption, exchange and transfer of Bonds, such term means the corporate trust office of the Trustee in San Francisco, California or such other or additional offices as may be designated by the Trustee from time to time.

“Principal Installment” means with respect to any particular Principal Payment Date, an amount equal to the sum of (i) the aggregate principal amount of Outstanding Serial Bonds payable on such Principal Payment Date as determined by the applicable Parity Obligation Instrument (but not including Sinking Fund Installments) and (ii) the aggregate of Sinking Fund Installments with respect to all Outstanding Term Bonds payable on such Principal Payment Date as determined hereby and by the applicable Parity Obligation Instrument.

“Principal Payment Date” means the date on which Principal Payments are required to be made pursuant to Section 2.01 hereof, and with respect to any Parity Obligations, any date on which principal is due and payable thereon, and continuing so long as any Parity Obligations remains Outstanding.

“Rate Stabilization Fund” means the fund by that name established and held by the District pursuant to Section 4.06 hereof.

“Record Date” means, with respect to the Series 2022 Bonds, the fifteenth (15th) calendar day of the month immediately preceding an Interest Payment Date or, with respect to any Parity Obligations, any other date established in the applicable Parity Obligation Instrument.

“Redemption Account” means the Account by that name established and held by the Trustee pursuant to Section 4.03 hereof.

“Redemption Price” means, with respect to any Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to this Indenture and the Parity Obligation Instrument pursuant to which the same was issued.

“Request of the District” means a request in writing signed by an Authorized Representative, or by any other officer of the District duly authorized by the Board for that purpose.

“Reserve Fund” [To be determined if necessary].

“Revenue Fund” means the fund by that name established and held by the District pursuant to Section 4.02 hereof.

“Revenues” means (1) all legally available moneys, fees, rates, receipts, rentals, charges and income received for, received by or derived from, the District’s ownership or operation of the Fire Protection and Emergency Services System or any of its lands or facilities or any other source whatsoever, including without limitation ad valorem property tax revenues and other special and general tax revenues, assessments, gifts, bequests, grants, devises, contributions, moneys received from the operation of the District’s business or the possession of its properties, insurance proceeds or condemnation awards, and all rights to receive the same, whether in the form of accounts, accounts receivable, contract rights or other rights, and the proceeds of the same whether now owned or held or hereafter coming into being, (2) plus the earnings on and income derived from the investment of such income, rents, rates, fees, charges, or other moneys, including amounts in the Rate Stabilization Fund and District Fire Protection and Emergency Services System reserves, plus (3) all amounts transferred from the Rate Stabilization Fund to the Revenue Fund during any Fiscal Year in accordance with Section 4.06 hereof, and (4) all other monies howsoever derived by the District from the operation of the Fire Protection and Emergency Services System or arising from the Fire Protection and Emergency Services System; but excluding (i) any deposits or advances subject to refund until such deposits or advances have become the property of the District, and (ii) any proceeds of assessments or taxes restricted by law to be used by the District to pay the Series 2022 Bonds or Parity Obligations.

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

“Securities Depositories” means The Depository Trust Company; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the District may designate in writing to the Trustee.

“Serial Bonds” means all Bonds other than Term Bonds.

“Series” when used with respect to less than all of the Bonds, means and refers to all of the Bonds delivered on original issuance in a simultaneous transaction, regardless of variations in maturity, interest rate or other provisions, and any Bond thereafter delivered in lieu of or substitution for any of such Bonds pursuant to Sections 2.02, 2.05, 2.06, 2.07, 2.09 and 7.04 hereof.

“Series 2022 Bonds” means the \$ \_\_\_\_\_ North County Fire Protection District of Monterey (Monterey County), Series 2022 Taxable Revenue Bonds (CalPERS UAL Prepayment Project), issued and at any time Outstanding hereunder.

“Sinking Fund Installment” means, with respect to any particular date, the amount of money required hereby or by or pursuant to a Parity Obligation Instrument to be paid by the District on such date toward the retirement of any particular Term Bonds prior to their respective stated maturities.

“State” means the State of California.

“Subordinate Debt Service Coverage Requirement” means for any Fiscal Year, or other period of time for which such calculation is made, that Net Revenues for such Fiscal Year, or other period of calculation, must be at least equal to one hundred one percent (101%) of Maximum Annual Debt Service for such period of calculation.

“Subordinate Obligations” means all bonds, notes or other obligations (including without limitation long-term contracts, loans, sub-leases or other legal financing arrangements) of the District payable from and secured by a pledge of and lien upon any of the Revenues issued or incurred pursuant to Section 3.05(e) hereof.

“Subordinate Obligation Instrument” means the resolution, financing agreement, lease agreement, trust indenture or installment sale agreement adopted, entered into or executed and delivered by the District, and under which Subordinate Obligations are issued.

“Subordinate Obligation Payments” means all installment, lease or loan payments scheduled to be paid by the District under all respective Subordinate Obligation Instruments.

“Supplemental Indenture” means any supplement or amendment to this Indenture which complies with the provisions of Section 7.01 or 7.02 hereof.

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

“Term Bonds” means, with respect to any Series 2022 Bonds or any Parity Obligations, such Series 2022 Bonds or Parity Obligations which are payable prior to their stated maturity by operation of Sinking Fund Installments.

“Trustee” means The Bank of New York Mellon Trust Company, N.A., appointed by the District to act as trustee hereunder pursuant to Section 6.01 hereof, and its assigns or any other corporation or association which may at any time be substituted in its place, as provided in such Section 6.01.

**SECTION 1.02. Rules of Construction.** All references in this Indenture to “Articles,” “Sections,” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; and the words “herein,” “hereof,” “hereunder,” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons.

**SECTION 1.03. Authorization and Purpose of Series 2022 Bonds.** The District has reviewed all proceedings heretofore taken relative to the authorization of the Series 2022 Bonds and has found, as a result of such review, and hereby finds and determines that all things, conditions, and acts required by law to exist, happen and/or be performed precedent to and in the issuance of the Series 2022 Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the District is now authorized, as an exercise of the municipal affairs power of the District as a fire protection district under and pursuant to the constitution and laws of the State and pursuant to the Bond Law and each and every requirement of law, to issue the Series 2022 Bonds in the manner and form provided in this Indenture.

Accordingly, the District hereby authorizes the issuance of the Series 2022 Bonds pursuant to the Bond Law and this Indenture for the purposes specified in this Indenture.

**SECTION 1.04. Equal Security.** In consideration of the acceptance of the Series 2022 Bonds by the Owners thereof, this Indenture shall be deemed to be and shall constitute a contract among the District, the Trustee and the Owners from time to time of the Series 2022 Bonds; and the covenants and agreements herein set forth to be performed on behalf of the District shall be for the equal and proportionate benefit, security and protection of all Owners of the Series 2022 Bonds without preference, priority or distinction as to security or otherwise of any of the Series 2022 Bonds over any of the others by reason of the number or date thereof or the time of sale, execution or delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

## ARTICLE II

### ISSUANCE OF SERIES 2022 BONDS

**SECTION 2.01. Terms of Series 2022 Bonds.** The Series 2022 Bonds authorized to be issued by the District under and subject to the Bond Law and the terms of this Indenture shall be designated the “North County Fire Protection District of Monterey (Monterey County), Series 2022 Taxable Revenue Bonds (CalPERS UAL Prepayment Project),” and shall be issued in the original principal amount of Million \_\_\_\_ Hundred and \_\_\_\_ Thousand Dollars (\$ \_\_\_\_\_).

The Series 2022 Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof, so long as no Series 2022 Bond shall have more than one maturity date. The Series 2022 Bonds shall mature on [February] 1 in each of the years and in the amounts, and shall bear interest at the rates, as follows:

Maturity Date ([February] 1)	Principal Amount	Interest Rate Per Annum
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Interest on the Series 2022 Bonds shall be payable on each Interest Payment Date to the person whose name appears on the Bond Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check or draft of the Trustee mailed by first class mail to the Owner or, at the option of any Owner of at least \$1,000,000 aggregate principal amount of the Bonds with respect to which written instructions have been filed with the Trustee prior to the Record Date, by wire transfer, at the address of such Owner as it appears on the Bond Registration Books.

In the event there exists a default in payment of interest due on such Interest Payment Date, such interest shall be payable on a payment date established by the Trustee to the persons in whose names the Bonds are registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee to the registered Owners of the Bonds not less than 15 days preceding such special record date. Principal of and premium (if any) on any Series 2022 Bond shall be paid upon presentation and surrender thereof at the Principal Corporate Trust Office of the Trustee in San Francisco, California. Both the principal of and interest and premium (if any) on the Series 2022 Bonds shall be payable in lawful money of the United States of America.

The Series 2022 Bonds shall be dated the Closing Date and bear interest based on a 360-day year comprised of twelve 30-day months from the Interest Payment Date next preceding the date of authentication thereof, unless said date of authentication is an Interest Payment Date, in which event such interest is payable from such date of authentication, and unless said date of authentication is prior to January 15, 2022, in which event such interest is payable from the Closing Date; provided, however, that if, as of the date of authentication of any Series 2022 Bond, interest thereon is in default, such Series 2022 Bond shall bear interest from the date to which interest has previously been paid or made available for payment thereon in full.

## **SECTION 2.02. Redemption of Series 2022 Bonds.**

### **(a) Optional Redemption.**

The Series 2022 Bonds maturing on or before [February] 1, 20\_\_ shall not be subject to optional redemption prior to maturity. The Series 2022 Bonds maturing on or after [February] 1, 20\_\_ shall be subject to redemption prior to their respective maturity dates, at the option of the District, as a whole, or in part, in integral multiples of \$5,000, by such maturities as are selected by the District (or, if the District fails to designate such maturities, then pro rata among maturities), and by lot within a maturity, on any date on or after [February] 1, 20\_\_, from any source of available funds, at the principal amount of the Series 2022 Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

The District shall be required to give the Trustee written notice of its intention to redeem Series 2022 Bonds under this subsection (a) at least forty-five (45) days prior to the date fixed for redemption (or such later date that is acceptable to the Trustee).

(b) Mandatory Sinking Fund Redemption.

The Series 2022 Bonds maturing [February] 1, 20\_\_ are subject to mandatory redemption, in part by lot, from Sinking Fund Installments in each year as set forth in the following schedule, commencing [February] 1, 20\_\_, and on [February] 1 in each year thereafter to and including [February] 1, 20\_\_ at a redemption price equal to the principal amount of the Series 2022 Bonds to be redeemed, plus accrued but unpaid interest thereon to the date fixed for redemption, without premium.

<u>Sinking Fund Installment Date ([February] 1)</u>	<u>Principal Amount To be Redeemed</u>
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\* Maturity

The Series 2022 Bonds maturing [February] 1, 20\_\_ are subject to mandatory redemption, in part by lot, from Sinking Fund Installments in each year as set forth in the following schedule, commencing [February] 1, 20\_\_, and on [February] 1 in each year thereafter to and including [February] 1, 20\_\_ at a redemption price equal to the principal amount of the Series 2022 Bonds to be redeemed, plus accrued but unpaid interest thereon to the date fixed for redemption, without premium.

<u>Sinking Fund Installment Date ([February] 1)</u>	<u>Principal Amount To be Redeemed</u>
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\* Maturity

If some but not all of the Series 2022 Bonds have been redeemed pursuant to optional redemptions, the total amount of Sinking Fund Installments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the Series 2022 Bonds so redeemed by reducing each such future Sinking Fund Installment as shall be designated by the District pursuant to written notice filed with the Trustee, or in the absence of such direction, on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000.

(c) Additional Bonds. Any Parity Obligations issued pursuant to Section 3.05 of this Indenture may be made subject to redemption prior to maturity, as a whole or in part, at such time or

times, and upon payment of the principal amount thereof and accrued interest thereon plus such premium or premiums, if any, as may be determined by the District in the applicable Parity Obligation Instrument.

(d) Reserved.

(e) Notice of Redemption. Unless waived by any Owner of Series 2022 Bonds to be redeemed, notice of any redemption of Series 2022 Bonds shall be given, at the expense of the District, by the Trustee by mailing a copy of a redemption notice by first class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Owner of the Series 2022 Bond or Series 2022 Bonds to be redeemed at the address shown on the Series 2022 Bond Registration Books; provided, that neither the failure to receive such notice nor any immaterial defect in any notice shall affect the sufficiency of the proceedings for the redemption of the Series 2022 Bonds. Any such notice also shall be given to the Securities Depositories and the Information Services on the same date that it is given to the Owner of the Series 2022 Bonds.

(f) Contents of Notice. All notices of redemption shall be dated and shall state:

- (i) the CUSIP numbers of all Outstanding Series 2022 Bonds being redeemed;
- (ii) the stated interest rate with respect to each Series 2022 Bond being redeemed;
- (iii) the maturity date of each Series 2022 Bond being redeemed;
- (iv) the Redemption Price;
- (v) that on the redemption date the Redemption Price will become due and payable with respect to each such Series 2022 Bond or portion thereof called for redemption, and that interest with respect thereto shall cease to accrue from and after said date; and
- (vi) the place or places where such Series 2022 Bonds are to be surrendered for payment of the Redemption Price, which places of payment may include the Principal Corporate Trust Office of the Trustee.

The District shall have the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of optional redemption shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Outstanding Series 2022 Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under this Indenture. The District and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

(g) Consequences of Notice. Notice of redemption having been given as aforesaid, the Series 2022 Bonds or portions of Series 2022 Bonds so to be redeemed shall, on the redemption date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the District shall default in the payment of the Redemption Price) such Series 2022 Bonds or portions of Series 2022 Bonds shall cease to have interest accrue thereon. Upon surrender of such Series 2022 Bonds for redemption in accordance with said notice, such Series 2022 Bonds shall be paid by the Trustee at the Redemption Price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Series 2022 Bond, there shall be prepared for the Owner a new Series 2022 Bond or Series 2022 Bonds of the same maturity in the amount of the unredeemed principal. All Series 2022 Bonds which have been redeemed shall be cancelled and destroyed by the Trustee and shall not be redelivered. Neither the failure of any Series 2022 Bond Owner to receive any notice so mailed nor any defect therein shall affect the sufficiency of the proceedings for redemption of any Series 2022 Bonds nor the cessation of accrual of interest thereon.

(h) Partial Redemption of Series 2022 Bonds. In the event only a portion of any Series 2022 Bond is called for redemption, then upon surrender of such Series 2022 Bond redeemed in part only, the District shall execute and the Trustee shall authenticate and deliver to the Owner, at the expense of the District, a new Series 2022 Bond or Series 2022 Bonds, of the same maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Series 2022 Bond or Series 2022 Bonds.

(i) Manner of Redemption. Whenever any Series 2022 Bonds are to be selected for redemption, the Trustee shall determine, by lot, the numbers of the Series 2022 Bonds to be redeemed, and shall notify the District thereof.

All Series 2022 Bonds redeemed pursuant to this Section and all Series 2022 Bonds purchased by the District pursuant to this subsection shall be cancelled and destroyed pursuant to Section 9.08.

(j) Purchase in Lieu of Redemption. At any time prior to the selection of Series 2022 Bonds for redemption, the Trustee may, upon written direction of the District, apply amounts held for redemption of Series 2022 Bonds to the purchase of Series 2022 Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest payable from the Interest Account) as the District may direct the Trustee, except that the purchase price (exclusive of accrued interest) may not exceed the redemption price of such Series 2022 Bonds; and provided further that in the case of optional redemption, in lieu of redemption at such next succeeding date of redemption, or in combination therewith, amounts for redemption may be used for payment of such Series 2022 Bonds to be redeemed in order of their due date as set forth in a request of the District.

**SECTION 2.03. Form of Series 2022 Bonds.** The Series 2022 Bonds, the Trustee's certificate of authentication, and the assignment to appear thereon, shall be substantially in the respective forms set forth in Exhibit A attached hereto and by this reference incorporated herein,

with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

**SECTION 2.04. Execution of Series 2022 Bonds.** The Series 2022 Bonds shall be signed in the name and on behalf of the District with the manual or facsimile signatures of an Authorized Representative and attested by the manual or facsimile signature of its Board Clerk/Administrative Manager under the seal of the District. Such seal may be in the form of a facsimile of the District's seal and shall be imprinted or impressed upon the Series 2022 Bonds. The Series 2022 Bonds shall then be delivered to the Trustee for authentication by it. In case any officer who shall have signed any of the Series 2022 Bonds shall cease to be such officer before the Series 2022 Bonds so signed shall have been authenticated or delivered by the Trustee or issued by the District, such Series 2022 Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the District as though the individual who signed the same had continued to be such officer of the District. Also, any Series 2022 Bond may be signed on behalf of the District by any individual who on the actual date of the execution of such Series 2022 Bond shall be the proper officer although on the nominal date of such Series 2022 Bond such individual shall not have been such officer.

Only such of the Series 2022 Bonds as shall bear thereon a certificate of authentication in substantially the form set forth in Exhibit A, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee shall be conclusive evidence that the Series 2022 Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

**SECTION 2.05. Transfer of Series 2022 Bonds.** Any Series 2022 Bond may, in accordance with its terms, be transferred upon the Bond Registration Books by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Series 2022 Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. The Trustee will require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. Whenever any Series 2022 Bond shall be surrendered for transfer, the District shall execute and the Trustee shall thereupon authenticate and deliver to the transferee a new Series 2022 Bond or Series 2022 Bonds of like tenor, maturity and aggregate principal amount. No Series 2022 Bonds, the notice of redemption of which has been mailed pursuant to Section 2.02(e), shall be subject to transfer pursuant to this Section.

**SECTION 2.06. Exchange of Series 2022 Bonds.** Series 2022 Bonds may be exchanged at the Principal Corporate Trust Office of the Trustee, for Series 2022 Bonds of the same tenor and maturity and of other authorized denominations. No Series 2022 Bonds the notice of redemption of which has been mailed pursuant to Section 2.02(e) shall be subject to exchange pursuant to this Section.

**SECTION 2.07. Temporary Bonds.** The Series 2022 Bonds may be issued initially in temporary form exchangeable for definitive Series 2022 Bonds when ready for delivery. The temporary Series 2022 Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the District and may contain such reference to any of the

provisions of this Indenture as may be appropriate. Every temporary Series 2022 Bond shall be executed by the District and be registered and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Series 2022 Bonds. If the District issues temporary Series 2022 Bonds, it will execute and furnish definitive Bonds without delay, and thereupon the temporary Series 2022 Bonds may be surrendered, for cancellation, in exchange therefor at the Principal Corporate Trust Office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Series 2022 Bonds an equal aggregate principal amount of definitive Series 2022 Bonds of authorized denominations. Until so exchanged, the temporary Series 2022 Bonds shall be entitled to the same benefits under this Indenture as definitive Series 2022 Bonds authenticated and delivered hereunder.

**SECTION 2.08. Series 2022 Bond Registration Books.** The Trustee will keep or cause to be kept at its trust office sufficient Series 2022 Bond Registration Books for the registration and transfer of the Series 2022 Bonds, which shall at all times during regular business hours, and upon reasonable notice, be open to inspection by the District; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Series 2022 Bonds as hereinbefore provided.

**SECTION 2.09. Series 2022 Bonds Mutilated, Lost, Destroyed or Stolen.** If any Series 2022 Bond shall become mutilated, the District, at the expense of the Owner of said Series 2022 Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Series 2022 Bond of like maturity and principal amount in exchange and substitution for the Series 2022 Bond so mutilated, but only upon surrender to the Trustee of the Series 2022 Bond so mutilated. Every mutilated Series 2022 Bond so surrendered to the Trustee shall be cancelled by it and delivered to, or upon the order of, the District. If any Series 2022 Bond issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the District and the Trustee and, if such evidence be satisfactory to them and indemnity satisfactory to them shall be given, the District, at the expense of the Series 2022 Bond Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Series 2022 Bond of like maturity and principal amount in lieu of and in substitution for the Series 2022 Bond so lost, destroyed or stolen (or if any such Series 2022 Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Series 2022 Bond the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee). The District may require payment of a reasonable fee for each new Series 2022 Bond issued under this Section and of the expenses which may be incurred by the District and the Trustee.

Any Series 2022 Bond issued under the provisions of this Section in lieu of any Series 2022 Bond alleged to be lost, destroyed or stolen shall constitute an original contractual obligation on the part of the District whether or not the Series 2022 Bond alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Series 2022 Bonds secured by this Indenture.

**SECTION 2.10. Book Entry System.**

(a) Original Delivery. The Series 2022 Bonds shall be initially delivered in the form of a separate single fully registered Series 2022 Bond (which may be typewritten) for each maturity of the

Series 2022 Bonds. Upon initial delivery, the ownership of each such Series 2022 Bond shall be registered on the Series 2022 Bond Registration Books maintained by the Trustee pursuant to Section 2.08 hereof in the name of the Nominee. Except as provided in subsection (c), the ownership of all of the Outstanding Series 2022 Bonds shall be registered in the name of the Nominee on such Series 2022 Bond Registration Books.

With respect to Series 2022 Bonds the ownership of which shall be registered in the name of the Nominee, the District and the Trustee shall have no responsibility or obligation to any Depository System Participant or to any person on behalf of which the District holds an interest in the Series 2022 Bonds. Without limiting the generality of the immediately preceding sentence, the District and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the Series 2022 Bonds, (ii) the delivery to any Depository System Participant or any other person, other than a Series 2022 Bond Owner as shown in the Registration Books, of any notice with respect to the Series 2022 Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Series 2022 Bonds to be redeemed in the event the District elects to redeem the Series 2022 Bonds in part, (iv) the payment to any Depository System Participant or any other person, other than a Series 2022 Bond Owner as shown in the Registration Books, of any amount with respect to principal, premium, if any, or interest represented by the Series 2022 Bonds or (v) any consent given or other action taken by the Depository as Owner of the Series 2022 Bonds. The District and the Trustee may treat and consider the person in whose name each Series 2022 Bond is registered as the absolute owner of such Series 2022 Bond for the purpose of payment of principal, premium, if any, and interest represented by such Series 2022 Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 2022 Bond, for the purpose of registering transfers of ownership of such Series 2022 Bond, and for all other purposes whatsoever. The Trustee shall pay the principal, interest and premium, if any, represented by the Series 2022 Bonds only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to payment of principal, interest and premium, if any, represented by the Series 2022 Bonds to the extent of the sum or sums so paid. No person other than a Series 2022 Bond Owner shall receive a Series 2022 Bond evidencing the obligation of the District to make payments of principal, interest and premium, if any, pursuant to this Trust Indenture. Upon delivery by the Depository to the Nominee of written notice to the effect that the Depository has determined to substitute a new Nominee in its place, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice the District shall promptly deliver a copy of the same to the Trustee.

(b) Representation Letter. In order to qualify the Series 2022 Bonds for the Depository's book-entry system, the District shall execute and deliver to such Depository a letter representing such matters as shall be necessary to so qualify the Series 2022 Bonds. The execution and delivery of such letter shall not in any way limit the provisions of subsection (a) above or in any other way impose upon the District or the Trustee any obligation whatsoever with respect to persons having

interests in the Series 2022 Bonds other than the Series 2022 Bond Owners. Upon the written acceptance by the Trustee, the Trustee shall agree to take all action reasonably necessary for all representations of the Trustee in such letter with respect to the Trustee to at all times be complied with. In addition to the execution and delivery of such letter, the District may take any other actions, not inconsistent with this Trust Indenture, to qualify the Series 2022 Bonds for the Depository's book-entry program.

(c) Transfers Outside Book-Entry System. In the event that either (i) the Depository determines not to continue to act as Depository for the Series 2022 Bonds, or (ii) the District determines to terminate the Depository as such, then the District shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the District and the Trustee in the execution of replacement Series 2022 Bonds by providing the Trustee with a list showing the interests of the Depository System Participants in the Series 2022 Bonds, and by surrendering the Series 2022 Bonds, registered in the name of the Nominee, to the Trustee on or before the date such replacement Series 2022 Bonds are to be issued. The Depository, by accepting delivery of the Series 2022 Bonds, agrees to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the District fails to identify another Securities Depository to replace the Depository, then the Series 2022 Bonds shall no longer be required to be registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging Series 2022 Bonds shall designate, in accordance with the provisions hereof.

In the event the District determines that it is in the best interests of the beneficial owners of the Series 2022 Bonds that they be able to obtain certificated Series 2022 Bonds, the District may notify the Depository System Participants of the availability of such certificated Series 2022 Bonds through the Depository. In such event, the Trustee will execute, transfer and exchange Series 2022 Bonds as required by the Depository and others in appropriate amounts; and whenever the Depository requests, the Trustee and the District shall cooperate with the Depository in taking appropriate action (y) to make available one or more separate certificates evidencing the Series 2022 Bonds to any Depository System Participant having Series 2022 Bonds credited to its account with the Depository, or (z) to arrange for another Securities Depository to maintain custody of a single certificate evidencing such Series 2022 Bonds, all at the District's expense.

(d) Payments to the Nominee. Notwithstanding any other provision of this Trust Indenture to the contrary, so long as any Series 2022 Bond is registered in the name of the Nominee, all payments with respect to principal, interest and premium, if any, represented by such Series 2022 Bond and all notices with respect to such Series 2022 Bond shall be made and given, respectively, as provided in the letter described in subsection (b) of this Section or as otherwise instructed by the Depository.



## ARTICLE III

### ISSUE OF SERIES 2022 BONDS; PARITY OBLIGATIONS

**SECTION 3.01. Issuance of Series 2022 Bonds.** Upon the execution and delivery of this Indenture, the District shall execute and deliver Series 2022 Bonds in the aggregate principal amount of \_\_\_\_\_ Million \_\_\_\_\_ Hundred and \_\_\_\_\_ Thousand Dollars (\$) to the Trustee for authentication and delivery to the Original Purchaser thereof upon the Request of the District.

**SECTION 3.02. Application of Proceeds of Series 2022 Bonds; Bond Proceeds Fund.** On the Closing Date, the Trustee shall apply the proceeds of the sale of the Series 2022 Bonds received or deemed to have been received from the Original Purchaser on the Closing Date, being an amount equal to \$ \_\_\_\_\_ (being an amount equal to the par amount of the Series 2022 Bonds (\$ \_\_\_\_\_) plus net original issue [premium][discount] of \$ \_\_\_\_\_, and less an Underwriter's discount of \$ \_\_\_\_\_, as follows (the Trustee may, in its discretion, establish one or more temporary funds or accounts to account for or facilitate the following transfers and deposits). As a result, the net amount to be wired to the Trustee will be \$ \_\_\_\_\_, whereupon the Trustee shall deposit such proceeds into the Bond Proceeds Fund, which is hereby established as a separate fund to be held by the Trustee in trust. The Trustee shall apply moneys in the Bond Proceeds Fund as follows:

- (a) The Trustee will deposit the amount of \$ \_\_\_\_\_ in the Costs of Issuance Fund; and
- (b) The Trustee will transfer the amount of \$ \_\_\_\_\_ to CalPERS for deposit and processing in accordance with the Irrevocable Payment Instructions.

After making the transfers from the Bond Proceeds Fund described in Section 3.02, and after transferring any moneys that remain in the Bond Proceeds Fund to the Debt Service Fund, the Trustee shall close the Bond Proceeds Fund.

**SECTION 3.03. Reserved.**

**SECTION 3.04. Costs of Issuance Fund.** There is hereby created a fund to be known as the "Series 2022 Taxable Revenue Bonds, Costs of Issuance Fund," which the District hereby covenants and agrees to cause to be maintained and which shall be held in trust by the Trustee. The moneys in the Costs of Issuance Fund shall be used in the manner provided by law solely for the purpose of the payment of Costs of Issuance upon receipt by the Trustee of one or more Requests of the District therefor, on or after the Closing Date, in the form of Exhibit B. Any funds remaining in the Costs of Issuance Fund on March 1, 2022, shall be transferred by the Trustee to the Debt Service Fund.

**SECTION 3.05. Issuance of Parity Obligations.**

(a) So long as the Series 2022 Bonds are outstanding, the District shall not issue or incur any obligations payable from Revenues or Net Revenues senior or superior to the payment of Debt Service on the Series 2022 Bonds. The District may at any time issue Parity Obligations payable

from Revenues on parity with Debt Service on the Series 2022 Bonds to provide financing or refinancing for an Fire Protection and Emergency Services System in such principal amount as shall be determined by the District. The District may issue or incur any such Parity Obligations subject to the following specific conditions, which are hereby made conditions precedent to the issuance and delivery of such Parity Obligations:

(1) No Event of Default shall have occurred and be continuing under this Indenture or any Parity Obligation Instrument; and

(2) The Net Revenues (calculated without taking into account any amounts transferred into the Revenue Fund from the Rate Stabilization Fund, calculated in accordance with Generally Accepted Accounting Principles, either (i) as shown by the books of the District for the latest Fiscal Year, as verified by a certificate of an Authorized Representative of the District, or (ii) as shown by the books of the District for any more recent twelve (12) month period within the preceding eighteen (18) months selected by the District, as verified by a certificate or opinion of an Independent Consultant employed by the District, plus in either case (at the option of the District) the Additional Revenues, shall be at least equal to one hundred ten percent (110%) of the amount of Maximum Annual Debt Service on all outstanding applicable Parity Obligations and the Parity Obligations to be issued.

The provisions of subsection (a)(2) of this Section shall not apply to any Parity Obligations if, and to the extent that (i) all of the proceeds of such Parity Obligations (other than proceeds applied to pay costs of issuing such Parity Obligations and to make the reserve fund deposit) shall be deposited in an irrevocable escrow held in cash or invested in Defeasance Securities for the purpose of paying the principal of and interest and premium (if any) on such outstanding Parity Obligations, and (ii) at the time of the incurring of such Parity Obligations, the District certifies in writing that maximum annual debt service on such Parity Obligations will not exceed Maximum Annual Debt Service on the outstanding Parity Obligations being refunded, and (iii) the final maturity of such Parity Obligations is not later than the final maturity of the Parity Obligations being refunded.

(b) In order to maintain the parity relationship of debt service payments on all Parity Obligations permitted hereunder, the District covenants that all payments in the nature of principal and interest or reserve account replenishment with respect to any Parity Obligations, will be structured to occur semi-annually on [February] 1 and [August] 1, in each year as such payments are due with respect to the Debt Service payments, and reserve account replenishment with respect to any Parity Obligations will be structured to occur within one year, and to otherwise structure the terms of such Parity Obligations to ensure that they are in all respects payable on a parity with the Debt Service payments on the Series 2022 Bonds and all Parity Obligations, and not prior thereto.

(c) The Parity Obligation Instrument under which Parity Obligations are proposed to be issued shall require that:

(i) An Event of Default under this Indenture shall constitute an event of default under such Parity Obligation Instrument;

(ii) An event of default under such Parity Obligation Instrument shall constitute an

Event of Default under this Indenture;

(iii) Remedies upon an event of default shall be substantially the same as the remedies provided in this Indenture;

(iv) Interest on such Parity Obligation will be payable on [February] 1 and [August] 1 in each year of the term of such Parity Obligation, and the principal of such Parity Obligation will be payable annually on [February] 1 (or, alternatively, semiannually on [February] 1 and [August] 1) in any year in which principal is payable; and

(v) An opinion of Bond Counsel delivered to the Trustee that the delivery of the Parity Obligation has been duly authorized by the District in accordance with this Indenture, and that such Parity Obligation will be legally valid and binding limited obligations of the District.

(d) Any collateral given or to be given to secure Parity Obligation (with the exception of Equipment Leases) shall also secure the Series 2022 Bonds on a pari passu basis.

(e) The District may at any time execute and incur any Subordinate Obligations upon satisfaction of the conditions set forth in Section 3.05(a) above, but on a subordinate basis to the Debt Service Payments on the Series 2022 Bonds and any outstanding Parity Obligations; *provided* that as a precondition to such execution and incurrence, the District delivers to the Trustee prior to such incurrence a Certificate of the District demonstrating that the estimated Debt Service Coverage Requirement for the most recent Fiscal Year or as shown by the books of the District for any other 12-month period selected by the District ending not more than 180 days prior to the date of issuance of such Subordinate Obligations, was at least equal to the Subordinate Debt Service Coverage Requirement (rather than the Debt Service Coverage Requirement that is otherwise required for the incurrence of Parity Obligations) for such period when adjusted to include approximate annual debt service for such proposed Subordinate Obligations as if it had been outstanding during such period.

**SECTION 3.06. Subordinate Obligations.** The District may issue bonds or other obligations secured by a lien on Revenues which is subordinate to the lien established hereunder, in the manner and as set forth in Section 3.05(e) hereof.

**SECTION 3.07. Validity of Series 2022 Bonds.** The validity of the authorization and issuance of the Series 2022 Bonds shall not be affected in any way by any proceedings taken by the District in connection with the Fire Protection and Emergency Services System, and the recital contained in the Series 2022 Bonds that the same are issued pursuant to the Bond Law shall be conclusive evidence of their validity and of the regularity of their issuance.

## ARTICLE IV

### PLEDGE OF REVENUES; FUNDS AND ACCOUNTS

#### **SECTION 4.01. Pledge of Revenues.**

(a) The District hereby transfers, places a charge upon, assigns and sets over to the Trustee, for the benefit of the Owners, that portion of the Revenues which is necessary to pay the principal or Redemption Price of and interest on the Bonds in any Fiscal Year, together with all moneys on deposit in the Debt Service Fund, and such portion of the Revenues is hereby irrevocably pledged to the punctual payment of the principal or Redemption Price of and interest on the Bonds. The Revenues shall not be used for any other purpose while any of the Bonds remain Outstanding, except that out of Revenues there may be apportioned and paid such sums for such purposes, as are expressly permitted by this Article and by provisions of this Indenture applicable to Parity Obligations. Said pledge shall constitute a first, direct and exclusive charge and lien on the Revenues for the payment of the principal or Redemption Price of and interest on the Bonds in accordance with the terms thereof.

(b) The Revenues constitute a trust fund for the security and payment of the principal or Redemption Price of and interest on the Bonds. The general fund of the District is not liable and the credit or taxing power of the District is not pledged for the payment of the principal or Redemption Price of and interest on the Bonds. The Owner of the Bonds shall not compel the exercise of the taxing power by the District or the forfeiture of its property. The principal or Redemption Price of and interest on the Bonds are not a debt of the District, nor a legal or equitable pledge, charge, lien or encumbrance, upon any of its property, or upon any of its income, receipts, or revenues except the Revenues of the Fire Protection and Emergency Services System.

**SECTION 4.02. Receipt and Deposit of Revenues.** The District covenants and agrees that all Revenues, when and as received, will be received and held by the District in trust hereunder and will be deposited by the District in a Revenue Fund to be established and held by the District, and will be accounted for through and held in trust in the Revenue Fund, and the District shall only have such beneficial right or interest in any of such money as in this Indenture provided. All such Revenues shall be transferred, disbursed, allocated and applied solely to the uses and purposes hereinafter in this Article set forth, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the District.

**SECTION 4.03. Establishment of Funds and Accounts and Allocation of Revenues.** The Debt Service Fund, as a special fund, and the Redemption Account, as a special account therein, are hereby created.

The Debt Service Fund and the Redemption Account therein shall be held and maintained by the Trustee.

All Revenues shall be held in trust by the District in the Revenue Fund and shall be applied, transferred, used and withdrawn only for the purposes hereinafter authorized in this Article.

(a) Debt Service Fund. On or before the fifth Business Day prior to each Interest Payment

Date, the District shall transfer from the Revenue Fund to the Trustee for deposit in the Debt Service Fund (i) an amount equal to the aggregate amount of interest to become due and payable on all Outstanding Series 2022 Bonds on the next succeeding Interest Payment Date, plus (ii) an amount equal to the aggregate amount of Principal Installments (including any Sinking Fund Installments) becoming due and payable on all Outstanding Series 2022 Bonds on the next succeeding Principal Payment Date.

(b) Debt Service Funds for Parity Obligations. On or before the fifth Business Day prior to each Interest Payment Date, the District shall also cause to be transferred from the Revenue Fund to the Trustee (or other party as appropriate relative to each Parity Obligation) for deposit in the debt service fund created for each issue of Parity Obligations (or if no debt service fund was created for an issue of Parity Obligations, otherwise set-aside for the payment of Parity Obligations) (i) an amount equal to the aggregate amount of interest to become due and payable on all Outstanding Parity Obligations on the next succeeding Interest Payment Date (or, as to Parity Obligations with annual interest payments, for a 6-month period), plus (ii) an amount equal to the aggregate amount of Principal Installments (including any Sinking Fund Installments) becoming due and payable on all Outstanding Parity Obligations on the next succeeding Principal Payment Date (or, as to Parity Obligations with annual principal payments, one-half of the annual principal payment amount).

All interest earnings and profits or losses on the investment of amounts in the Debt Service Fund shall be deposited in or charged to the Debt Service Fund and applied to the purposes thereof. No transfer and deposit need be made into the Debt Service Fund if the amount contained therein, taking into account investment earnings and profits, is at least equal to the Interest Requirement or Principal Installments to become due on the next Interest Payment Date or Principal Payment Date upon all Outstanding Series 2022 Bonds and Parity Obligations.

(c) Operating Costs. The District shall pay from the moneys in the Revenue Fund the budgeted Maintenance and Operation Costs as such costs become due and payable.

(d) Reserve Accounts. After making the payments, allocations and transfers provided for in subsections (a), (b) and (c) above, if the balance on hand in a reserve account for any issue of Parity Obligations is less than the Reserve Requirement or the reserve requirement applicable to such Parity Obligations, such deficiency (or payment due to the provider of a reserve policy or surety) shall be restored by transfers from the first moneys which become available in the Revenue Fund to the appropriate party to replenish such deficient amount, repay the provider of a reserve policy or surety, or to satisfy a reserve requirement established for any issue of Parity Obligations, on a pro rata basis.

(e) Surplus. As long as all of the foregoing payments, allocations and transfers are made at the times and in the manner set forth above in subsections (a) to (d), inclusive, any moneys remaining in the Revenue Fund may at any time be treated as surplus and applied for any lawful purpose.

#### **SECTION 4.04. Application of Debt Service Fund.**

(a) The Trustee shall withdraw from the Debt Service Fund, prior to each Interest Payment Date, an amount equal to the Interest Requirement payable on such Interest Payment Date,

and shall cause the same to be applied to the payment of said interest when due and is hereby authorized to apply the same to the payment of such interest.

(b) The Trustee shall withdraw from the Debt Service Fund, prior to each Principal Payment Date, an amount equal to the principal amount due on said Principal Payment Date (including any Sinking Fund Installments due and payable on said Principal Payment Date), and shall cause the same to be applied to the payment of such principal.

(c) All withdrawals and transfers under the provisions of subsection (a) or subsection (b) of this Section shall be made not earlier than two Business Days prior to the Interest Payment Date or Principal Payment Date to which they relate, and the amount so withdrawn or transferred shall, for the purposes of this Indenture, be deemed to remain in and be part of the appropriate fund or account until such Interest Payment Date or Principal Payment Date.

**SECTION 4.05. Application of Redemption Account.** There is hereby established with the Trustee the Redemption Account. On or before the date which is at least one day prior to any Interest Payment Date on which Series 2022 Bonds are subject to redemption pursuant to Section 2.02(a), the District shall transfer from the Revenue Fund to the Trustee for deposit in the Redemption Account an amount at least equal to the Redemption Price (excluding accrued interest, which is payable from the Debt Service Fund) of such Series 2022 Bonds to be redeemed on such date. In addition, the District shall transfer to the Trustee for deposit in the Redemption Account all amounts required to redeem any Series 2022 Bonds which are subject to redemption pursuant to Section 2.02(c), when and as such amounts become available. Amounts in the Redemption Account shall be applied by the Trustee solely for the purpose of paying the Redemption Price of Bonds to be redeemed pursuant to Sections 2.02 (a) or (c). If after all of the Series 2022 Bonds have been paid or deemed to have been paid, there are moneys remaining in the Redemption Account, such moneys shall be transferred by the Trustee to the District for deposit in the Revenue Fund.

**SECTION 4.06. Establishment of Rate Stabilization Fund.** The District has the right at any time to establish a rate stabilization fund (the "Rate Stabilization Fund") to be held by it and administered in accordance with this Section 4.06, for the purpose of stabilizing the rates and charges imposed by the District with respect to the Fire Protection and Emergency Services System. From time to time the District may deposit amounts in the Rate Stabilization Fund, from any source of legally available funds, including but not limited to Net Revenues that are released from the pledge and lien which secures the Bonds and any Parity Obligations, as the District may determine.

The District may, but is not required to, withdraw from any amounts on deposit in a Rate Stabilization Fund and deposit such amounts in the Revenue Fund in any Fiscal Year for the purpose of paying Debt Service coming due and payable in such Fiscal Year. Amounts so transferred from a Rate Stabilization Fund to the Revenue Fund shall constitute Revenues for such Fiscal Year (except as otherwise provided herein), and shall be applied for the purposes of the Revenue Fund. Amounts on deposit in a Rate Stabilization Fund shall not be pledged to or otherwise secure the Series 2022 Bonds or any Parity Obligations. The District has the right at any time to withdraw any or all amounts on deposit in a Rate Stabilization Fund and apply such amounts for any lawful purposes of the District.

**SECTION 4.07. Investments.** Money held by the Trustee in any fund or account hereunder shall be invested by the Trustee in Permitted Investments pending application as provided herein solely at the prior written direction of an Authorized Representative, shall be registered in the name of the Trustee where applicable, as Trustee, and shall be held by the Trustee. The District shall direct the Trustee prior to 12:00 p.m. Pacific time on the last Business Day before the date on which a Permitted Investment matures or is redeemed as to the reinvestment of the proceeds thereof. In the absence of such direction, the Trustee shall invest in investments authorized under clause (8) contained in the definition of "Permitted Investments." The Trustee may rely on the District's certification in such investment instructions that such investments are permitted by law and by any policy guidelines promulgated by the District. Money held in any fund or account hereunder may be commingled for purposes of investment only.

The Trustee may, with the prior written approval of an Authorized Representative, purchase from or sell to itself or any affiliate, as principal or agent, investments authorized by this Section 4.08. Any investments and reinvestments shall be made after giving full consideration to the time at which funds are required to be available hereunder and to the highest yield practicably obtainable giving due regard to the safety of such funds and the date upon which such funds will be required for the uses and purposes required by this Indenture. The Trustee or any of its affiliates may act as agent in the making or disposing of any investment and may act as sponsor or advisor with respect to any Permitted Investment. For investment purposes, the Trustee may commingle the funds and accounts established hereunder, but shall account for each separately.

The Trustee shall furnish the District periodic cash transaction statements which include detail for all investment transactions effected by the Trustee or brokers selected by the District. Upon the District's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request. The District further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

**SECTION 4.08. Valuation and Disposition of Investments.** For the purpose of determining the amount in any fund or account hereunder, all Permitted Investments shall be valued at the market value thereof not later than July 1 of each year. With the prior written approval of an Authorized Representative, the Trustee may sell at the best price obtainable, or present for redemption, any Permitted Investment so purchased by the Trustee whenever it shall be necessary in order to provide money to meet any required payment, transfer, withdrawal or disbursement from any fund or account hereunder, and the Trustee shall not be liable or responsible for any loss resulting from such investment or sale, except any loss resulting from its own negligence or willful misconduct.

Investments in any fund or account shall be deemed at all times to be a part of such fund or account, and any profit realized from such investment shall be credited to such fund or account and any loss resulting from such investment shall be charged to such fund or account. Interest earnings on investments in any fund or account shall be deposited in the Debt Service Fund.

## ARTICLE V

### COVENANTS OF THE DISTRICT

**SECTION 5.01. Punctual Payment: Compliance With Documents.** The District shall punctually pay or cause to be paid the interest and principal to become due with respect to all of the Series 2022 Bonds in strict conformity with the terms of the Series 2022 Bonds and of this Indenture, and will faithfully observe and perform all of the conditions, covenants and requirements of this Indenture and all Parity Obligation Instruments.

**SECTION 5.02. Against Encumbrances.** The District will not mortgage or otherwise encumber, pledge or place any charge upon the Fire Protection and Emergency Services System or any part thereof, or upon any of the Revenues or Net Revenues, except as provided in this Indenture.

**SECTION 5.03. Discharge of Claims.** The District covenants that in order to fully preserve and protect the priority and security of the Series 2022 Bonds the District shall pay from the Revenues and discharge all lawful claims for labor, materials and supplies furnished for or in connection with the Fire Protection and Emergency Services System which, if unpaid, may become a lien or charge upon the Revenues prior or superior to the lien of the Series 2022 Bonds and impair the security of the Series 2022 Bonds. The District shall also pay from the Revenues all taxes and assessments or other governmental charges lawfully levied or assessed upon or in respect of the Fire Protection and Emergency Services System or upon any part thereof or upon any of the Revenues therefrom.

**SECTION 5.04. Acquisition, Construction or Financing of any Improvements to the Fire Protection and Emergency Services System.** The District will acquire, construct, or finance improvements to the Fire Protection and Emergency Services System to be financed with the proceeds of any Parity Obligations with all practicable dispatch, and such improvements will be made in an expeditious manner and in conformity with laws so as to complete the same as soon as possible.

**SECTION 5.05. Maintenance and Operation of Fire Protection and Emergency Services System in Efficient and Economical Manner.** The District covenants and agrees to maintain and operate the Fire Protection and Emergency Services System in an efficient and economical manner and to operate, maintain and preserve the Fire Protection and Emergency Services System in good repair and working order.

**SECTION 5.06. Against Sale, Eminent Domain.**

(a) The District will not sell, lease or otherwise dispose of the Fire Protection and Emergency Services System or any part thereof essential to the proper operation of the Fire Protection and Emergency Services System or to the maintenance of the Net Revenues except as herein expressly permitted. The District will not enter into any lease or agreement which impairs the operation of the Fire Protection and Emergency Services System or any part thereof necessary to secure adequate Net Revenues for the payment of the interest on and principal or Redemption Price,



if any, on the Bonds, or which would otherwise impair the rights of the Owners with respect to the Net Revenues or the operation of the Fire Protection and Emergency Services System. Any real or personal property which has become non-operative or which is not needed for the efficient and proper operation of the Fire Protection and Emergency Services System, or any material or equipment which has worn out, may be sold at not less than the market value thereof without the consent of the Owners if such sale will not reduce Net Revenues and if all of the net proceeds of such sale are deposited in the Revenue Fund.

(b) If all or any part of the Fire Protection and Emergency Services System shall be taken by eminent domain proceedings, the net proceeds realized by the District therefrom shall, at the option of the District, either (a) be used for the acquisition or construction of improvements to the Fire Protection and Emergency Services System, or (b) be applied to prepay the Series 2022 Bonds and Parity Obligations on a pro rata basis.

**SECTION 5.07. Insurance.** The District covenants that it shall at all times maintain such insurance on the Fire Protection and Emergency Services System as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to such works or properties. If any useful part of the Fire Protection and Emergency Services System shall be damaged or destroyed, such part shall be restored to use. The net proceeds of insurance against accident to or destruction of the physical Fire Protection and Emergency Services System shall be used for repairing or rebuilding the damaged or destroyed portions of the Fire Protection and Emergency Services System.

Any such insurance shall be in the form of policies or contracts for insurance with insurers of good standing and shall be payable to the District, or may be in the form of self-insurance by the District. The District shall establish such fund or funds or reserves as it determines, in its sole judgment, are necessary to provide for its share of any such self-insurance.

**SECTION 5.08. Records and Accounts.** The District covenants that it shall keep proper books of record and accounts of the Fire Protection and Emergency Services System, separate from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the Fire Protection and Emergency Services System. Said books shall, upon reasonable request, be subject to the inspection of the Owners of not less than ten percent (10%) of the Outstanding Series 2022 Bonds or their representatives authorized in writing.

The District covenants that it will cause the books and accounts of the Fire Protection and Emergency Services System to be audited annually by an Independent Certified Public Accountant and will make available for inspection by the Series 2022 Bond Owners at the office of the Trustee in San Francisco, California, upon reasonable request, a copy of the report of such Independent Certified Public Accountant.

The District covenants that it will cause to be prepared annually, not more than two hundred seventy (270) days after the close of each Fiscal Year, as a part of its regular annual financial report, a summary statement showing the amount of Revenues and the amount of all other funds collected which are required to be pledged or otherwise made available as security for payment of principal of

and interest on the Series 2022 Bonds, the disbursements from the Revenues and other funds in reasonable detail. The District shall furnish a copy of the statement to the Trustee, and upon written request, to any Series 2022 Bond Owner.

**SECTION 5.09. Protection of Security and Rights of Owners.** The District will preserve and protect the security of the Series 2022 Bonds and the rights of the Owners, and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any Parity Obligations by the District, such Parity Obligations shall be incontestable by the District.

**SECTION 5.10. Against Competitive Facilities.** The District will not acquire, construct, operate or maintain any fire protection and emergency services system within the service area of the District that would be competitive with the Fire Protection and Emergency Services System.

**SECTION 5.11. Payment of Taxes, Etc.** The District will pay and discharge all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon the Fire Protection and Emergency Services System or any part thereof or upon any Revenues when the same shall become due. The District will duly observe and conform with all valid requirements of any governmental authority relative to the Fire Protection and Emergency Services System or any part thereof, and will comply with all requirements with respect to any state or federal grants received to assist in paying for the costs of the acquisition, construction or financing of any improvements to the Fire Protection and Emergency Services System.

**SECTION 5.12. Revenues; Net Revenues.**

(a) **Application of Revenues.** The District shall, to the extent permitted by law, assess, fix, prescribe, revise and/or collect (to the extent possible and feasible, at the District's discretion) rates, fees, taxes, assessments and charges for District services and facilities (and/or to reduce costs and expenses, as necessary) during each Fiscal Year to ensure that Revenues are at least sufficient, after making allowances for contingencies and error in the estimates, to yield Revenues sufficient to pay 100% of the following amounts in the following order of priority:

- (i) Debt Service on Outstanding Bonds and Equipment Leases in such Fiscal Year;
- (ii) all Maintenance and Operation costs due and payable in such Fiscal Year;
- (iii) all other payments required for compliance with this Indenture and the Parity Obligation Instruments pursuant to which any Parity Obligations shall have been issued; and
- (iv) all payments required to meet any other obligations of the District which are charges, liens, encumbrances upon or payable from the Revenues.

(b) **Covenant to Maintain Net Revenues.** The District shall also, to the extent permitted

by law, assess, fix, prescribe, revise and/or collect (to the extent possible and feasible, at the District's discretion) rates, taxes, fees, assessments and charges for District services and facilities (and/or to reduce costs and expenses, as necessary) during each Fiscal Year as necessary to maintain compliance with the Debt Service Coverage Requirement for each such Fiscal Year.

For the purpose of computing the amount of Revenues for any Fiscal Year or the amount of Net Revenues for any Fiscal Year for purposes of the preceding paragraph, the District shall be permitted to transfer amounts on deposit in the Rate Stabilization Fund for purposes of such computation, such transfers may be made until (but not after) one hundred eighty (180) days after the end of such Fiscal Year.

The District may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Net Revenues from such reduced rates and charges will at all times be sufficient to meet the requirements of this section.

(c) **Debt Service Coverage Violation Does Not Trigger Default on Bonds.** So long as the District makes due and timely payment of Debt Service on all Outstanding Bonds, any failure of the District to meet the Debt Service Coverage Requirement in any given Fiscal Year shall not cause a Default on the Bonds. To the extent, however, that the District fails to satisfy the Debt Service Coverage Requirement for two consecutive Fiscal Years (even though it has made due and timely payment of Debt Service on all Outstanding Bonds) the District hereby covenants that it will hire an Independent Consultant to review the Revenues and expenses of the District, and will (i) abide by such consultant's recommendations to revise the schedule of rates, assessments, taxes, fees and charges (to the extent possible and feasible, at the District's discretion) to increase Revenues, and/or to reduce any Operation and Maintenance Costs insofar as practicable, and (ii) take such other actions as are reasonably necessary (to the extent possible and feasible, at the District's discretion) so as to produce Net Revenues to cure such violation for future compliance.

**SECTION 5.13. No Priority for Additional Obligations.** The District covenants that no additional bonds or other obligations shall be issued or incurred having any priority in payment of principal or interest out of the Revenues or Net Revenues over the Bonds.

**SECTION 5.14. Further Assurances.** The District will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Bonds the rights and benefits provided in this Indenture.

**SECTION 5.15. Continuing Disclosure.** The District hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure of the District to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, any holder or beneficial owner of the Series 2022 Bonds may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

## ARTICLE VI THE TRUSTEE

**SECTION 6.01. Appointment of Trustee.** The Bank of New York Mellon Trust Company, N.A., a banking association organized and existing under and by virtue of the laws of the United States of America, is hereby appointed Trustee by the District for the purpose of receiving all moneys required to be deposited with the Trustee hereunder and to allocate, use and apply the same as provided in this Indenture. The District agrees that it will maintain a Trustee having a corporate trust office in California, with a combined capital and surplus of at least Fifty Million Dollars (\$50,000,000), and subject to supervision or examination by federal or State authority, so long as any Series 2022 Bonds are Outstanding. If such bank or trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this Section 5.01 the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee is hereby authorized to pay the Series 2022 Bonds when duly presented for payment at maturity, or on redemption or purchase prior to maturity, and to cancel all Series 2022 Bonds upon payment thereof. The Trustee shall keep accurate records of all funds administered by it and of all Series 2022 Bonds paid and discharged.

**SECTION 6.02. Acceptance of Trusts.** The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee, prior to the occurrence of an Event of Default and after curing all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default hereunder has occurred (which has not been cured or waived) the Trustee may exercise such of the rights and powers vested in it by this Indenture, and shall use the same degree of care and skill in their exercise, as a prudent and reasonable man would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers but shall be answerable for the selection of the same in accordance with the standard specified above, and shall be entitled to rely conclusively on advice of counsel of its choice concerning all matters of trust and its duty hereunder.

(c) The Trustee shall not be responsible for any recital herein, or in the Series 2022 Bonds, or for the validity of this Indenture or any of the supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Series 2022 Bonds issued hereunder or intended to be secured hereby and the Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, conditions or agreements on the part of the District hereunder. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Section 4.07.

(d) The Trustee shall not be accountable for the use of any proceeds of sale of the Series 2022 Bonds delivered hereunder. The Trustee may become the Owner of Series 2022 Bonds secured hereby with the same rights which it would have if not the Trustee; may acquire and dispose of other bonds or evidence of indebtedness of the District with the same rights it would have if it were not the Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Series 2022 Bonds, whether or not such committee shall represent the Owners of the majority in principal amount of the Series 2022 Bonds then Outstanding.

(e) In the absence of bad faith on its part, the Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed by it to be genuine and to have been signed or sent by the proper person or persons. Any action taken or omitted to be taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Series 2022 Bond, shall be conclusive and binding upon all future Owners of the same Series 2022 Bond and upon Series 2022 Bonds issued in exchange therefor or in place thereof. The Trustee shall not be bound to recognize any person as an Owner of any Series 2022 Bond or to take any action at his request unless the ownership of such Series 2022 Bond by such person shall be reflected on the Series 2022 Bond Registration Books.

(f) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a Certificate of the District as sufficient evidence of the facts therein contained and prior to the occurrence of an Event of Default hereunder of which the Trustee has been given notice or is deemed to have notice, as provided in Section 6.02(h) hereof, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed by it to be necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a Certificate of the District to the effect that an authorization in the form therein set forth has been adopted by the District, as conclusive evidence that such authorization has been duly adopted and is in full force and effect.

(g) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct as finally determined by a court of competent jurisdiction. The immunities and exceptions from liability of the Trustee shall extend to its officers, directors, employees and agents.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder except failure by the District to make any of the payments to the Trustee required to be made by the District pursuant hereto or failure by the District to file with the Trustee any document required by this Indenture to be so filed subsequent to the issuance of the Series 2022 Bonds, unless the Trustee shall be specifically notified in writing of such default by the District or by the Owners of at least twenty-five

percent (25%) in aggregate principal amount of the Series 2022 Bonds then Outstanding and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the Principal Corporate Trust Office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no Event of Default hereunder except as aforesaid.

(i) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect the Fire Protection and Emergency Services System, including all books, papers and records of the District pertaining to the Fire Protection and Emergency Services System and the Series 2022 Bonds, and to take such memoranda from and with regard thereto as may be desired but which is not privileged by statute or by law.

(j) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(k) Notwithstanding anything elsewhere in this Indenture with respect to the execution of any Series 2022 Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, the Trustee shall have the right, but shall not be required, to demand any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, as may be deemed desirable for the purpose of establishing the right of the District to the execution of any Series 2022 Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

(l) Before taking the action referred to in Section 8.03 the Trustee may require that an indemnity bond satisfactory in terms and amount be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is finally adjudicated by a court of competent jurisdiction to have been caused solely by its own negligence or willful misconduct in connection with any such action. The Trustee may consult with counsel 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.

(m) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law. The Trustee shall not be under any liability for interest on any moneys received hereunder except such as it may agree to in writing.

**SECTION 6.03. Fees, Charges and Expenses of Trustee.** The Trustee shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees (including expenses) and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services. Upon the occurrence of an Event of Default hereunder, but only upon an Event of Default, the Trustee shall have a first lien with right

of payment prior to payment of any Series 2022 Bond upon the amounts held hereunder for the foregoing fees, charges and expenses incurred by it respectively.

**SECTION 6.04. Notice to Series 2022 Bond Owners of Default.** If an Event of Default hereunder occurs with respect to any Series 2022 Bonds, of which the Trustee has been given or is deemed to have notice, as provided in Section 6.02(h) hereof, then the Trustee shall promptly give written notice thereof by first-class mail to the Owner of each such Series 2022 Bond, unless such Event of Default shall have been cured before the giving of such notice; provided, however, that unless such Event of Default consists of the failure by the District to make any payment when due, the Trustee may elect not to give such notice if and so long as the Trustee in good faith determines that it is in the best interests of the Series 2022 Bond Owners not to give such notice.

**SECTION 6.05. Intervention by Trustee.** In any judicial proceeding to which the District is a party which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of Owners of any of the Series 2022 Bonds, the Trustee may intervene on behalf of such Series 2022 Bond Owners, and subject to Section 6.02 hereof, shall do so if requested in writing by the Owners of at least twenty-five percent (25%) in aggregate principal amount of such Series 2022 Bonds then Outstanding.

**SECTION 6.06. Removal of Trustee.** The Owners of a majority in aggregate principal amount of the Outstanding Series 2022 Bonds may at any time, and the District may so long as no Event of Default shall have occurred and then be continuing, remove the Trustee initially appointed, and any successor thereto, by an instrument or concurrent instruments in writing delivered to the Trustee (where applicable), whereupon the District or such Owners, as the case may be, shall appoint a successor or successors thereto; provided that any such successor shall be a bank or trust company meeting the requirements set forth in Section 6.01 hereof.

**SECTION 6.07. Resignation by Trustee.** The Trustee and any successor Trustee may at any time resign by giving thirty (30) days' written notice by registered or certified mail to the District. Upon receiving such notice of resignation, the District shall promptly appoint a successor Trustee. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. Upon such acceptance, the District shall cause notice thereof to be given by first class mail to the Series 2022 Bond Owners at their respective addresses set forth on the Series 2022 Bond Registration Books. No resignation of the Trustee shall take effect until a successor is appointed and has accepted.

**SECTION 6.08. Appointment of Successor Trustee.** In the event of the removal or resignation of the Trustee pursuant to Sections 6.06 or 6.07, respectively, the District shall promptly appoint a successor Trustee. In the event the District shall for any reason whatsoever fail to appoint a successor Trustee within forty-five (45) days following the delivery to the Trustee of the instrument described in Section 6.06 or within forty-five (45) days following the receipt of notice by the District pursuant to Section 6.07, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee meeting the requirements of Section 6.01 hereof. Any such successor Trustee appointed by such court shall become the successor Trustee hereunder notwithstanding any action by the District purporting to appoint a successor Trustee following the expiration of such forty-five-day period.

Notwithstanding any other provision of this Trust Indenture, no removal, resignation or termination of the Trustee shall take effect until a successor shall be appointed; provided, however, that if for any reason whatsoever no successor Trustee shall have been appointed within 45 days following receipt of notice by the District pursuant to Section 6.07 above, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee which meets the requirements of Section 6.01 hereof.

**SECTION 6.09. Merger or Consolidation.** 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 be eligible under Section 6.01), shall be the successor to the Trustee and vested with all of the title to the trust estate and all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

**SECTION 6.10. Concerning any Successor Trustee.** Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the District an instrument in writing accepting such appointment hereunder and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor shall, nevertheless, on the Request of the District, or of its successor, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as the Trustee hereunder to its successor. Should any instrument in writing from the District be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the District.

**SECTION 6.11. Appointment of Co-Trustee.** It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in the case of litigation under this Indenture, and in particular in case of the enforcement of the rights of the Trustee on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or co-trustee. The following provisions of this Section 6.11 are adopted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or



conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Should any instrument in writing from the District be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to itsuch properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the District. In case any separate trustee or co-trustee, or a successor to either, shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

**SECTION 6.12. Indemnification: Limited Liability of Trustee.** The District shall indemnify and hold the Trustee harmless from and against all claims, losses, costs, expenses, liabilities and damages including legal fees and expenses arising from the exercise and performance of its duties hereunder and the termination of this Indenture. Such indemnity shall survive the resignation or removal of the Trustee hereunder. No provision in this Indenture shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability hereunder if it shall have reasonable grounds for believing repayment of such funds or adequate indemnity against such liability or risk is not assured to it. The Trustee shall not be liable for anyaction taken or omitted to be taken by it in accordance with the direction of a majority of the Owners of the principal amount of Series 2022 Bonds Outstanding relating to the time, method and place of conducting any proceeding or remedy available to the Trustee under this Indenture.

## ARTICLE VII

### MODIFICATION AND AMENDMENT OF THE INDENTURE

**SECTION 7.01. Amendment by Consent of Series 2022 Bond Owners.** This Indenture and the rights and obligations of the District and of the Owners of the Series 2022 Bonds may be modified or amended at any time by a Supplemental Indenture which shall become binding when the written consent of the Owners of a majority in aggregate principal amount of the Series 2022 Bonds then Outstanding, exclusive of Series 2022 Bonds disqualified as provided in Section 7.03 hereof, are filed with the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Series 2022 Bond or otherwise alter or impair the obligation of the District to pay the principal, interest or redemption premiums at the time and place and at the rate and in the currency provided therein of any Series 2022 Bond without the express written consent of the Owner of such Series 2022 Bond, (b) reduce the percentage of Series2022 Bonds required for the written consent to any such amendment or modification, or (c) withoutits written consent thereto, modify any of the rights or obligations of the Trustee.

**SECTION 7.02. Amendment Without Consent of Series 2022 Bond Owners.** This Indenture and the rights and obligations of the District and of the Owners of the Series 2022 Bonds may also be modified or amended at any time by a Supplemental Indenture which shall become

binding upon execution and delivery, without consent of any Series 2022 Bond Owners, but only to the extent permitted by law and only for any one or more of the following purposes:

(a) to add to the covenants and agreements of the District in this Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the District; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in any other respect whatsoever as the District may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not adversely affect the interests of the Owners of the Series 2022 Bonds.

**SECTION 7.03. Disqualified Series 2022 Bonds.** Series 2022 Bonds owned or held by or for the account of the District (but excluding Series 2022 Bonds held in any employees' retirement fund) shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Series 2022 Bonds in this article provided for, and shall not be entitled to consent to, or take any other action in this article provided for.

**SECTION 7.04. Endorsement or Replacement of Series 2022 Bonds After Amendment.** After the effective date of any action taken as hereinabove provided, the District may determine that the Series 2022 Bonds shall bear a notation, by endorsement in form approved by the District, as to such action, and in that case upon demand of the Owner of any Series 2022 Bond Outstanding at such effective date and presentation of his Series 2022 Bond for that purpose at the Principal Corporate Trust Office of the Trustee, a suitable notation as to such action shall be made on such Series 2022 Bond. If the District shall so determine, new Series 2022 Bonds so modified as, in the opinion of the District, shall be necessary to conform to such Series 2022 Bond Owners' action shall be prepared and executed, and in that case upon demand of the Owner of any Series 2022 Bond Outstanding at such effective date such new Series 2022 Bonds shall be exchanged at the Principal Corporate Trust Office of the Trustee, without cost to each Series 2022 Bond Owner, for Series 2022 Bonds then Outstanding, upon surrender of such Outstanding Series 2022 Bonds.

**SECTION 7.05. Amendment by Mutual Consent.** The provisions of this Article VII shall not prevent any Series 2022 Bond Owner from accepting any amendment as to the particular Series 2022 Bond held by him, provided that due notation thereof is made on such Series 2022 Bond. The Trustee may not enter into any amendment or supplement to this Indenture unless it shall have first received an opinion of Bond Counsel to the effect that such amendment or supplement will not adversely affect the validity or enforceability of the Series 2022 Bonds, and that such amendment or supplement is authorized or permitted by this Indenture and complies with the terms hereof.

## ARTICLE VIII

### EVENTS OF DEFAULT AND REMEDIES OF SERIES 2022 BONDOWNERS

**SECTION 8.01. Events of Default and Acceleration of Maturities.** The following events shall be Events of Default hereunder:

(a) Default in the due and punctual payment of the principal of any Series 2022 Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise;

(b) Default in the due and punctual payment of any installment of interest on any Series 2022 Bond when and as such interest installment shall become due and payable;

(c) Failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in the preceding clauses (a) or (b), for a period of sixty (60) days after written notice specifying such failure and requesting that it be remedied has been given to the District by the Trustee; provided, however, that if the District shall notify the Trustee that in its reasonable opinion the failure stated in the notice can be corrected, but not within such 60-day period, such failure shall not constitute an event of default thereunder if the District shall commence to cure such failure within such sixty (60) day period and thereafter diligently and in good faith cure such failure in a reasonable period of time;

(d) Default by the District under any Parity Obligation;

(e) The filing by the District of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the District, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the District or of the whole or any substantial part of its property;

(f) This Indenture or any Parity Obligation Instrument, or any material provision thereof, shall at any time for any reason cease to be the legal, valid and binding obligation of the District or shall cease to be in full force and effect, or shall be declared to be unenforceable, invalid or void, or the validity or enforceability thereof shall be contested by the District, or the District shall renounce the same or deny that it has any further liability thereunder; or

(g) Dissolution, termination of existence or insolvency of the District.

Upon the occurrence of an Event of Default, the Trustee may, and shall at the direction of the Owners of a majority of the principal amount of the Series 2022 Bonds, by written notice to the District, declare the principal of the Series 2022 Bonds to be immediately due and payable, whereupon that portion of the principal of the Series 2022 Bonds thereby coming due and there interest thereon accrued to the date of payment shall, without further action, become and be

immediately due and payable, anything in this Indenture or in the Series 2022 Bonds to the contrary notwithstanding. This provision, however, is subject to the condition that if, at any time after the principal of the Series 2022 Bonds shall have been so declared due and payable and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the District shall deposit with the Trustee a sum sufficient to pay all of the principal of and interest on the Series 2022 Bonds having come due prior to such declaration, with interest on such overdue principal and interest calculated at the rate of interest per annum then borne by the Outstanding Series 2022 Bonds, and the reasonable fees and expenses of the Trustee and those of its attorneys, and any and all other defaults known to the Trustee (other than in the payment of the principal of and interest on the Series 2022 Bonds having come due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of a majority in aggregate principal amount of the Series 2022 Bonds at the time Outstanding may, by written notice to the District and to the Trustee, on behalf of the Owners of all of the Outstanding Series 2022 Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

**SECTION 8.02. Application of Funds Upon Acceleration.** All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of this Indenture shall be applied by the Trustee in the following order upon presentation of the several Series 2022 Bonds, and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of the costs and expenses of the Trustee and of Series 2022 Bond Owners in declaring such Event of Default, including reasonable compensation to their agents, attorneys and counsel, and to the payment of the costs and expenses of the Trustee, if any, in carrying out the provisions of this Article VIII, including reasonable compensation to its agents, attorneys and counsel; and

Second, to the payment of the whole amount then owing and unpaid upon the Series 2022 Bonds for interest and principal, with interest on such overdue amounts to the extent permitted by law at the rate of interest then borne by the Outstanding Series 2022 Bonds, and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Series 2022 Bonds, then to the payment of such interest, principal and interest on overdue amounts without preference or priority among such interest, principal and interest on overdue amounts ratably in proportion to the aggregate of such interest, principal and interest on overdue amounts.

**SECTION 8.03. Other Remedies; Rights of Series 2022 Bond Owners.** Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy, in addition to the remedy specified in Section 8.01, at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Outstanding Series 2022 Bonds, and to enforce any rights of the Trustee under or with respect to this Indenture.

If an Event of Default shall have occurred and be continuing and if requested so to do by the Owners of at least twenty-five percent (25%) in aggregate principal amount of Outstanding Series 2022 Bonds and indemnified as provided in Section 6.02 (1), the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Article VIII, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Series 2022 Bond Owners.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Series 2022 Bond Owners) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Series 2022 Bond Owners hereunder or now or hereafter existing at law or in equity.

No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein; such right or power may be exercised from time to time as often as may be deemed expedient.

**SECTION 8.04. Power of Trustee to Control Proceedings.** In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the Series 2022 Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Series 2022 Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in principal amount of the Outstanding Series 2022 Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation. Any suit, action or proceeding which any Owner of Series 2022 Bonds 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 of Series 2022 Bonds similarly situated and the Trustee is hereby appointed (and the successive respective Owners of the Series 2022 Bonds issued hereunder, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners of the Series 2022 Bonds for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners of the Series 2022 Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact.

**SECTION 8.05. Appointment of Receivers.** Upon the occurrence of an Event of Default hereunder, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Series 2022 Bond Owners under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Net Revenues and other amounts pledged hereunder, pending such proceedings, with such powers as the court making such appointment shall confer.

**SECTION 8.06. Non-Waiver.** Nothing in this Article VIII or in any other provision of this Indenture, or in the Series 2022 Bonds, shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the interest on and principal of the Series 2022 Bonds to the respective Owners of the Series 2022 Bonds at the respective dates of maturity, as herein provided, out of the Net Revenues and other moneys herein pledged for such payment.

A waiver of any default or breach of duty or contract by the Trustee or any Series 2022 Bond Owners 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. No delay or omission of any Owner of any of the Series 2022 Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy conferred upon the Trustee or Series 2022 Bond Owners by the Bond Law or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Series 2022 Bond Owners, as the case may be.

If a suit, action or proceeding to enforce any right or exercise any remedy is abandoned or determined adversely to the Series 2022 Bond Owners, the District and the Series 2022 Bond Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

**SECTION 8.07. Rights and Remedies of Series 2022 Bond Owners.** No Owner of any Series 2022 Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Series 2022 Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee 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 written 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 Series 2022 Bonds of any remedy hereunder; it being understood and intended that no one or more Owners of Series 2022 Bonds shall have any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Series 2022 Bonds.

The right of any Owner of any Series 2022 Bond to receive payment of the principal of and interest and premium (if any) on such Series 2022 Bond as herein provided or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the written consent

of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Indenture.

**SECTION 8.08. Termination of Proceedings.** In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case, the District, the Trustee and the Series 2022 Bond Owners shall be restored to their former positions and rights hereunder, respectively, with regard to the property subject to this Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

## ARTICLE IX MISCELLANEOUS

**SECTION 9.01. Limited Liability of District.** Notwithstanding anything in this Indenture contained, the District shall not be required to advance any moneys derived from any source of income other than the Revenues for the payment of the principal of or interest on the Bonds, or any premiums upon the redemption thereof, or for the performance of any covenants herein contained (except to the extent any such covenants are expressly payable hereunder from the Revenues). The District may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose and may be used by the District for such purpose without incurring indebtedness.

The obligation of the District to pay interest and principal on the Series 2022 Bonds is a special obligation of the District payable solely from the Revenues, and does not constitute a debt of the District or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

**SECTION 9.02. Parties Interested Herein.** Nothing in this Trust Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the District, the Trustee and the Owners any right, remedy or claim under or by reason of this Indenture, or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the District shall be for the sole and exclusive benefit of the District, the Trustee and the Owners.

**SECTION 9.03. Discharge of Indenture.** If the District shall pay and discharge any or all of the Outstanding Series 2022 Bonds in any one or more of the following ways:

(a) by well and truly paying or causing to be paid the principal of and interest and premium (if any) on such Series 2022 Bonds, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established

pursuant to this Indenture, is fully sufficient to pay such Series 2022 Bonds, including all principal, interest and redemption premiums; or

(c) by depositing with a qualified escrow holder, in trust, Defeasance Securities in such amount as the District (verified by an Independent Certified Public Accountant) shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the Funds and Accounts established pursuant to this Indenture, be fully sufficient to pay and discharge the indebtedness on such Series 2022 Bonds (including all principal, interest and redemption premiums, if any) at or before their respective maturity dates;

and if such Series 2022 Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been mailed pursuant to Section 2.02(e) or provision satisfactory to the Trustee shall have been made for the mailing of such notice, then, at the election of the District, and notwithstanding that any of such Series 2022 Bonds shall not have been surrendered for payment, the pledge of the Net Revenues and other funds provided for in this Indenture with respect to such Series 2022 Bonds, and all other pecuniary obligations of the District under this Indenture with respect to all such Series 2022 Bonds, shall cease and terminate, except only the obligation of the District to pay or cause to be paid to the Owners of such Series 2022 Bonds not so surrendered and paid all sums due thereon from amounts set aside for such purpose as aforesaid, and all expenses and costs of the Trustee. Notice of such election shall be filed with the Trustee.

Any funds thereafter held by the Trustee, which are not required for said purposes, shall be paid over to the District.

Refunding Bonds may be issued at any time without regard to whether an Event of Default exists.

**SECTION 9.04. Content of Certificates.** Every certificate with respect to compliance with a condition or covenant provided for in this Indenture shall include (a) a statement that the person or persons making or giving such certificate have read such covenant or condition 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 or opinions 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 covenant or condition has been complied with; and (d) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

Any such certificate made or given by an officer of the District may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such officer knows that the certificate or opinion or representations with respect to the matters upon which his certificate may be based, as aforesaid, are erroneous, or in the exercise of reasonable care should have known that the same were erroneous. Any such certificate or opinion or representation made or given by counsel may be based, insofar as it relates to factual matters, on information with respect to which is in the possession of the District, upon the certificate or opinion of or representations by an officer or officers of the District, unless such counsel knows that the certificate or opinion or representations with respect to the matters upon which his certificate,



opinion or representation may be based, as aforesaid, are erroneous, or in the exercise of reasonable care should have known that the same were erroneous.

**SECTION 9.05. Execution of Documents by Series 2022 Bond Owners.** Any request, consent or other instrument required by this Indenture to be signed and executed by Series 2022 Bond Owners may be in any number of concurrent writings of substantially similar tenor and maybe signed or executed by such Series 2022 Bond Owners in person or by agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of the District if made in the manner provided in this Section 9.05.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument or writing acknowledged to him the execution thereof.

The ownership of Series 2022 Bonds shall be provided by the Series 2022 Bond Registration Books.

Any request, consent or vote of the Owner of any Series 2022 Bond shall bind every future Owner of the same Series 2022 Bond and the Owner of any Series 2022 Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the District in pursuance of such request, consent or vote.

In determining whether the Owners of the requisite aggregate principal amount of Series 2022 Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Series 2022 Bonds which are owned or held by or for the account of the District (but excluding Series 2022 Bonds held in any employees' retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, provided, however, that for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Series 2022 Bonds which the Trustee knows to be so owned or held shall be disregarded.

In lieu of obtaining any demand, request, direction, consent or waiver in writing, the Trustee may call and hold a meeting of the Series 2022 Bond Owners upon such notice and in accordance with such rules and obligations as the Trustee considers fair and reasonable for the purpose of obtaining any such action.

**SECTION 9.06. Waiver of Personal Liability.** No officer, agent or employee of the District shall be individually or personally liable for the payment of the interest on or principal of the Series 2022 Bonds; but nothing herein contained shall relieve any such officer, agent or employee from the performance of any official duty provided by law.

**SECTION 9.07. Partial Invalidity.** If any one or more of the covenants or agreements, or portions thereof, provided in this Indenture on the part of the District (or of the Trustee) to be performed should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of this Indenture or of the Series 2022 Bonds; but the Series 2022 Bond Owners shall retain all rights and benefits accorded to them under the Bond Law or any other applicable provisions of law. The District hereby declares that it would have entered into this Indenture and each and every other section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Series 2022 Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this Indenture or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

**SECTION 9.08. Destruction of Cancelled Series 2022 Bonds.** Whenever in this Indenture provision is made for the surrender to the District of any Series 2022 Bonds which have been paid or cancelled pursuant to the provisions of this Indenture, the Trustee shall destroy such Series 2022 Bonds and furnish to the District a certificate of such destruction.

**SECTION 9.09. Funds and Accounts.** Any Fund or Account required by this Indenture to be established and maintained by the District or the Trustee may be established and maintained in the accounting records of the District or the Trustee, as the case may be, either as a Fund or an Account, and may, for the purpose of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a Fund or as an Account. All such records with respect to all such Funds and Accounts held by the District shall at all times be maintained in accordance with generally accepted accounting principles and all such records with respect to all such Funds and Accounts held by the Trustee shall be at all times maintained in accordance with industry practices; in each case with due regard for the protection of the security of the Series 2022 Bonds and the rights of every Owner thereof.

**SECTION 9.10. Notices.**

(a) Any notice, request, direction, designation, consent, acknowledgment, certification, appointment, waiver or other communication required or permitted by this Indenture or the Series 2022 Bonds must be in writing except as expressly provided otherwise in this Indenture or the Series 2022 Bonds.

(b) The Trustee shall give written notice to the Rating Agencies if at any time (i) a successor Trustee is appointed under this Indenture, (ii) there is any amendment to this Indenture, (iii) Series 2022 Bonds are to be redeemed pursuant to Section 2.02, (iv) notice of any defeasance of the Series 2022 Bonds, or (v) if the Series 2022 Bonds shall no longer be Book-Entry Bonds. Notice in the case of an event referred to in clause (ii) hereof shall include a copy of any such amendment.

(c) Except as otherwise required herein, all notices required or authorized to be given to the District, the Trustee and the Rating Agencies pursuant to this Indenture shall be in writing and shall be sent by registered or certified mail, postage prepaid, to the following address:

If to the District: North County Fire Protection District of Monterey  
11200 Speegle Street  
Castroville, CA 95012  
Attention: Fire Chief  
Ph: (831) 633-2578

If to the Trustee: The Bank of New York Mellon Trust Company, N.A.  
400 South Hope Street, Suite 500  
Los Angeles, CA 90071  
Ph: 213-630-6240

(d) The parties above may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

**SECTION 9.12. Unclaimed Moneys.** Anything in this Indenture to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of any of the Series 2022 Bonds which remain unclaimed for two (2) years after the date when such Series 2022 Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee at such date, or for two (2) years after the date of deposit of such moneys if deposited with the Trustee after said date when such Series 2022 Bonds become due and payable, shall, at the Request of the District, be repaid by the Trustee to the District, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Series 2022 Bond Owners shall look only to the District for the payment of such Series 2022 Bonds.

*[Signature Page to Follow on Next Page]*

**IN WITNESS WHEREOF**, the North County Fire Protection District of Monterey has caused this Indenture to be signed in its name by its President and attested by its Secretary, and The Bank of New York Mellon Trust Company, N.A., in token of its acceptance of the trust created hereunder, has caused this Indenture to be signed in its corporate name by its officer identified below, all as of the day and year first above written.

**NORTH COUNTY FIRE PROTECTION  
DISTRICT OF MONTEREY**

By: \_\_\_\_\_  
Don Chapin, President

ATTEST:

By: \_\_\_\_\_  
Ramon Gomez, Secretary

**THE BANK OF NEW YORK  
MELLON TRUST COMPANY, N.A.**  
as Trustee

By: \_\_\_\_\_  
Authorized Officer