



AGENDA

PUBLIC FINANCE AUTHORITY

REGULAR MEETING

WEDNESDAY, JULY 24, 2019, 5:00 P.M.

CITY HALL COUNCIL CHAMBERS

601 CARMEN DRIVE, CAMARILLO, CALIFORNIA

AGENDA REPORTS AND OTHER DISCLOSABLE PUBLIC RECORDS RELATED TO OPEN SESSION AGENDA ITEMS ARE AVAILABLE ON THE CITY'S WEBSITE UNDER COUNCIL MEETING INFO AT WWW.CITYOFCAMARILLO.ORG AND AT CITY HALL LOCATED AT 601 CARMEN DRIVE, CAMARILLO, IN THE OFFICE OF THE CITY CLERK DURING REGULAR BUSINESS HOURS, MONDAY THROUGH FRIDAY, 8:00 A.M. TO 5:00 P.M. MEETINGS ARE BROADCAST ON THE LOCAL GOVERNMENT CHANNELS – SPECTRUM CHANNEL 10 AND FRONTIER CHANNEL 29, AND ARE ALSO LIVESTREAMED ON THE CITY'S YOUTUBE CHANNEL [HTTPS://WWW.YOUTUBE.COM/USER/THECITYOFCAMARILLO/LIVE](https://www.youtube.com/user/thecityofcamarillo/live).

FOR YOUR INFORMATION – The PFA Board will hear from the public on any item on the agenda or an item of interest that is not on the agenda. The Board cannot take action on any item that is not on the agenda. These items may be referred to staff or scheduled on a future agenda. Comments are to be limited to three minutes for each speaker, unless extended by the Board, and each speaker may only speak once on each item. You have the opportunity to address the Board at the following times:

- A. AGENDA ITEM - at the time the Board considers the agenda item, and
- B. NON-AGENDA ITEMS - during Public Comments.

Please keep your comments brief and complete a speaker card for the City Clerk.

CALL TO ORDER

ROLL CALL

FLAG SALUTE

- I. AMENDMENTS TO THE AGENDA - this is the time and place to change the order of the agenda, delete or add any agenda item(s).
- II. PUBLIC COMMENTS
- III. CONSENT CALENDAR
 - A. Minutes

Approval receives and files minutes of the meeting of the Camarillo Public Finance Authority held January 23, 2019.

CONSENT CALENDAR ACTION:

A MOTION TO APPROVE THE RECOMMENDATION FOR CONSENT ITEM A.

RECESS / RECONVENE AT 7:30 P.M.

IV. DEPARTMENTAL

A. Water Revenue Bonds, Series 2019 - Authorizing the Issuance (Joint with the City Council)

Consider authorizing the sale of Water Revenue Bonds to fund \$12.7 million in costs to construct the North Pleasant Valley Desalter Facility.

Suggested Action: Adopt the Resolution authorizing the issuance of Water Revenue Bonds, Series 2019, approving an Indenture of Trust, an Installment Sale Agreement, a Preliminary Official Statement, and Bond sale document; and authorizing official actions and execution of documents related thereto.

V. ADJOURN

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN THIS MEETING, PLEASE CONTACT THE CITY CLERK AT (805) 388-5353. NOTIFICATION 48 HOURS PRIOR TO THE MEETING WILL ENABLE THE CITY TO MAKE REASONABLE ARRANGEMENTS TO ENSURE ACCESSIBILITY TO THIS MEETING.

MINUTES
CAMARILLO PUBLIC FINANCE AUTHORITY
REGULAR MEETING
WEDNESDAY, JANUARY 23, 2019

CALL TO ORDER/ROLL CALL

Chairman Kildee called the meeting to order at 12:35 a.m. on January 24, 2019.

Directors Present: Kevin Kildee, Chairman
Tony Trembley, Vice Chairman
Charlotte Craven, Director
Shawn Mulchay, Director
Susan Santangelo, Director

Staff Present: Dave Norman, Executive Director
Tully Clifford, Assistant City Manager
Dave Klotzle, Public Works Director
Jeffrie Madland, Secretary
Dave Murray, Police Department Commander
Carmen Nichols, Administrative Services Director
Brian Pierik, Legal Counsel
Genie Rocha, Treasurer
Joe Vacca, Community Development Director

I. AMENDMENTS TO THE AGENDA – NONE

II. PUBLIC COMMENTS – NONE

III. CONSENT CALENDAR

Director Craven moved, seconded by Vice Chairman Trembley, to approve Consent Calendar Items A and B.

A. Minutes

Approved the minutes of the Camarillo Public Finance Authority meeting held January 24, 2018. (Directors Mulchay and Santangelo abstained from approval of the minutes.)

B. Presentation of Annual Report

Received and filed.

Motion carried 5-0.

IV. DEPARTMENTAL – NONE

V. LEGAL COUNSEL – NONE

VI. COMMENTS FROM STAFF – NONE

VII. COMMENTS FROM BOARD MEMBERS – NONE

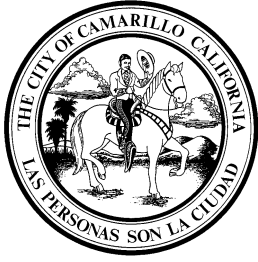
VIII. ADJOURNMENT

The meeting adjourned at 12:36 a.m.

ATTEST:

Secretary

Chair



City of Camarillo

Public Finance Authority

AGENDA REPORT

Date: July 24, 2019

To: Honorable Mayor and Councilmembers
Honorable Chairman and Board of Directors

From: Dave Norman, City Manager *DN*

Submitted by: Genie Rocha, Director of Finance

Subject: **Resolutions Authorizing the Issuance of the Water Revenue Bonds Series 2019**

SUMMARY

Consider authorizing the sale of Water Revenue Bonds (“the Bonds”) by the Camarillo Public Finance Authority (“the Authority”) to fund \$12.7 million in costs to construct the North Pleasant Valley Desalter Facility (“the Project”).

DISCUSSION

The Project will pump 4,500 acre-feet per year (AFY) of brackish groundwater from a rapidly rising non-native salty plume that is migrating into the central portion of the Pleasant Valley Groundwater Basin. The brackish groundwater will be treated using reverse osmosis technology at the Project, producing approximately 3,877 AFY of potable water. Salty brine from the treatment process will be discharged to an ocean outfall through the Calleguas Municipal Water District’s Regional Salinity Management Pipeline (SMP). The total project cost of \$66.28 million (which is funded by \$20 million in grants), yields estimated savings of approximately \$52 million over the 25-year period that the City has authorization to pump, based on the projected availability of groundwater. The savings is primarily due to the lower cost of desalter water compared to imported water.

The City originally estimated the cost of the Project to be \$54 million. There was a bid opening in December of 2018 which indicated that the actual cost of the Project was higher than anticipated. Bids were rejected in December and the Project was redesigned. New bids were opened on May 29, 2019. Currently projected costs total \$ 66.28 million. To pay for the estimated \$66.28 million in total costs associated with the planning, design, and construction of this Project, the City is proposing the following funding plan:

Estimated Project Costs \$66,284,000

Funding Sources

Water System Capital Fees	\$18,340,000
Prop 1 Grant	\$10,000,000
United States Bureau of Reclamation(USBR) Grant	\$ 5,000,000
Prop 84 Grant	\$ 5,028,000
Unrestricted Water Funds	\$15,221,000
Water Revenue Bond	<u>\$12,695,000</u>
Total Sources	<u>\$66,284,000</u>

The City's Water Utility fund has no current debt outstanding and has available funds of approximately \$43 million. The funding of \$18.3 million from water system capital fees and \$15.2 million from the unrestricted water fund balance will reduce the available water funds to \$9.5 million. These funds are required to meet the City's reserve policy and are needed to fund other scheduled capital improvements to the water system. Strong fund balances will also be required to obtain the desired "AA" bond rating.

The Water Revenue Bonds have a proposed term of 20 years generating net proceeds of approximately \$12,695,000. Even though the useful life of the Project is longer, the Bond term is limited due to the projected availability of ground water. Under current bond market conditions, the "all in" true interest cost of the proposed revenue Bonds (including all costs of issuance) is expected to be under 3% and annual debt service is expected to be under \$895,000. Final interest rates and debt service are subject to bond market conditions at time of sale of the Bonds. The Bonds will be callable (which means the issuer has the option to redeem them from the investor prior to its maturity) after eight years without penalty. There will also be an option for a special Bond call from USBR grant proceeds after three years. If the City is awarded additional USBR Grant funding, then unrestricted Water Funds will be available to call Bonds resulting in a reduction of annual debt service and shortening the term of the Bonds.

With respect to affordability and Bond security, for the year ending June 30, 2018 the water utility fund had operating revenues of \$17.7 million with net revenues available for debt service of \$3.8 million, or over three times the expected annual debt service on the Bonds. It is expected that the water revenue Bonds will be rated "AA or AA+" by S&P Global Ratings, the largest national bond rating agency. A rating has been applied for and is expected prior to the Authority and City Council meetings on July 24th.

The Bonds are proposed to be sold by competitive bid in early August 2019 with a closing later in the month. The City has sold bonds by competitive bid in the past for its Wastewater Revenue Bonds and Library Lease Revenue Bonds with positive results.

The public disclosures required under SB 450, effective January 1, 2018, are set forth below. The estimates have been determined as of July 1, 2019. Specifically, the following:

- 1) *The all-in true interest cost of the Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the new issue of Bonds is estimated to be 2.8%.*
- 2) *The finance charge of the Bonds, which means the sum of all fees and charges paid to third parties is estimated to be \$318,000.*
- 3) *The amount of proceeds received by the Authority from the sale of the Bonds less the finance charge of the Bonds described above, and any reserves or capitalized interest paid or funded with proceeds of the Bonds is estimated to be \$12,695,000.*
- 4) *The total payment amount, which means the sum total of all payments the City will make to pay debt service (principal and interest) on the Bonds, plus any finance charge of the Bonds not paid with the proceeds of the Bonds, calculated to the final maturity of the Bonds is estimated to be \$16,668,000.*

General Summary of Security: The Bonds are secured by installment payments to be made by the City from net revenues of the water enterprise. Net revenues are gross revenues (not including water conservation fees) minus operating and maintenance costs. The City covenants to maintain its rates and charges to have sufficient Net Revenue to make debt service payments at a 125% coverage level. There is no specific reserve fund required to secure the Bonds.

Indenture of Trust: This is the key legal document that lays out the legal structure and terms of the financing. It specifies payment dates, maturity dates of the Bonds; revenues and accounts specifically pledged to the repayment of the Bonds; flow of funds; default and remedy provisions; defeasance provisions in the event the Bonds are redeemed early; and covenants of the Authority. It is drafted by Bond Counsel and executed by the Authority and the Trustee.

Installment Sale Agreement: This document describes the obligations of the City, including the payment obligations of the City to make semi-annual installment payments from net water enterprise funds to the Authority which will be assigned to the Bond trustee to make payments on the Bonds. It also sets forth the additional parity obligation tests and the covenants to maintain rates and charges. It is drafted by Bond Counsel and executed by the City and the Authority.

Official Statement: This document describes the security for the Bonds and discloses potential risks of Bond repayment to prospective investors. It generally describes the sources of payment for the Bonds, the financial condition of the City's water enterprise, the economic and demographic characteristics of the City and water enterprise, and inherent known risk factors associated with the Bonds. It's important that this document not contain any material misstatements or omissions. A Preliminary Official Statement (often referred to as the "POS") is distributed to prospective bond underwriters prior to the Bond sale so that they can make an informed decision to purchase Bonds. The POS should be as close to final as possible with the final financial terms of the Bonds (interest rates and principal amounts) left necessarily blank because they will be determined at the

time the Bonds are sold. The Final Official Statement will be prepared shortly after the Bond sale and must be available in time for the Bond closing. The POS and Final Official Statement are drafted by Disclosure Counsel and the Final Official Statement is executed by the Authority and the City.

Continuing Disclosure Certificate: This agreement outlines the information related to the Bonds that the City will agree to provide on an annual basis to the Bond market. Disclosure is required annually, and on an exceptional basis for any of several enumerated events. This document is drafted by Disclosure Counsel and executed by the City and DAC.

Notice of Sale: The Bonds will have a term of 20 years and will be sold on a competitive basis at a true interest rate of not to exceed 3.38%. The sale of the Bonds is scheduled for August 6 at the offices of Columbia Capital Management through the Parity Bond bidding system at which time the City Manager or Finance Director will award the Bonds to the best bidder. Bids are submitted by potential underwriters on the day of the Bond sale, and each bid will specify the actual principal amounts, interest rates and prices at which the Bonds are proposed to be purchased. In each bid, the respective underwriter commits to purchase the Bonds at closing at the agreed upon price and principal amounts subject to certain closing conditions. The winning bidder will also provide a good faith deposit of \$250,000 should it fail to accept delivery of the Bonds on the Bond closing date.

Additional details of the financing can be found in the draft documents referenced above.

The attached resolutions approve all legal and related bond sale documents and authorizes the City and Authority to proceed with the issuance of water revenue bonds to finance approximately \$12.7 million of the Project costs.

BUDGET IMPACT

Annual debt service on the Water Revenue Bonds is expected to be under \$895,000 per year beginning in 2020 with final Bond maturity in 2039. All costs of issuance of the Bonds will be paid from Bond proceeds. Bond underwriting fees will be bid together with Bond interest cost at competitive sale. The source of repayment of the Bonds is net revenues from the City's water enterprise. The City General Fund is not obligated to repay the Bonds.

SUGGESTED ACTION

City Council:

Adopt the Resolution authorizing the execution of an Installment Sale Agreement with a not-to-exceed \$13,500,000 of total installment sale principal payments and a not-to-exceed \$895,000 of installment payment in any fiscal year, and approving a Preliminary Official Statement, Bond sale document; and authorizing official actions and execution of documents related thereto.

Camarillo Public Finance Authority:

Adopt the Resolution authorizing the issuance of Water Revenue Bonds, Series 2019, approving an Indenture of Trust, an Installment Sale Agreement, a Preliminary Official Statement, and Bond sale document; and authorizing official actions and execution of documents related thereto.

ATTACHMENTS

- Resolutions (CC, PFA)
- Indenture of Trust
- Installment Sale Agreement
- Preliminary Official Statement
- Continuing Disclosure Certificate
- Official Notice of Sale

Finance Review: GR

RESOLUTION NO. 2019-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAMARILLO APPROVING PROCEEDINGS TO FINANCE A PORTION OF THE COST OF A GROUNDWATER DESALTER PROJECT, APPROVING THE FORM AND AUTHORIZING EXECUTION AND DELIVERY OF RELATED DOCUMENTS AND APPROVING RELATED ACTIONS

The City Council of the City of Camarillo resolves as follows:

SECTION 1. The City Council of the City of Camarillo (the “City”) finds and declares as follows:

A. The City plans to finance a portion of the costs of a groundwater desalter facility known as the North Pleasant Valley Desalter Facility (the “Project”) which will be a part of the City’s municipal water system (the “Water System”).

B. The Camarillo Public Finance Authority (the “Authority”) is a joint powers entity duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement, dated November 4, 1998, by and between the City and the Camarillo Sanitary District (collectively, the “Members”), and under the provisions of Articles 1 through 4 (commencing with section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the “Act”), and is authorized pursuant to Article 4 of the Act to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations of, or for the purpose of making loans to, public entities, including the Members, and to provide financing for public capital improvements of public entities, including the Members.

C. For the purpose of providing funds to finance the Project, the Authority has determined to issue its Camarillo Public Finance Authority (Ventura County, California) Water Revenue Bonds, Series 2019 (the “Bonds”).

D. The Bonds will be issued under the provisions of Article 4 (commencing with section 6584) of the Act and an indenture of trust, by and between the Authority and U.S. Bank National Association, as trustee.

E. In order to provide for the repayment of the Bonds, the Authority will sell the Project to the City pursuant to an installment sale agreement (the “Installment Sale Agreement”), under which the City will agree to make installment payments (the “Installment Payments”) to the Authority payable from certain net revenues of the Water System, which will be calculated to be sufficient, in time and amount, to enable the Authority to pay the principal of and interest and premium (if any) on the Bonds when due and payable.

F. The City will covenant in the Installment Sale Agreement that it will not issue any obligations payable from net revenues of the Water System senior to the Installment Payments.

G. A preliminary official statement (the “Preliminary Official Statement”) describing the Bonds, to be used in connection with the marketing of the Bonds, has been prepared and has been presented to the City Council.

H. A notice of intention (the “Notice of Intention”) and a notice of sale (the “Notice of Sale”), relating to the sale of the Bonds, have been prepared and presented to the City Council.

I. On April 26, 2017, the City Council adopted a debt management policy to comply with section 8855(i) of the California Government Code (the “Debt Management Policy”).

J. The City Council has duly considered such transactions and wishes at this time to (i) make a finding that the financing of the Project with the proceeds of the Bonds will result in significant public benefit pursuant to section 6586.5(a)(2) of the California Government Code, (ii) approve said transactions in the public interests of the City, and (iii) make a finding that the financing evidenced by the Bonds and the Installment Sale Agreement is in compliance with the Debt Management Policy.

SECTION 2. The City Council hereby finds that significant public benefits will arise from the financing of the Project with the proceeds of the Bonds, in accordance with section 6586 of the California Government Code, in that the financing will result in demonstrable savings in effective interest rates, bond preparation, bond underwriting and bond issuance costs.

SECTION 3. The City Council hereby approves the issuance of the Bonds by the Authority for the purpose of providing funds to finance costs of the Project.

SECTION 4. The City Council hereby approves the Installment Sale Agreement in the form on file with the City Clerk. The Mayor, the City Manager and the Director of Finance (collectively, the “Authorized Officers”), each acting alone, are hereby authorized and directed for and in the name and on behalf of the City to execute, and the City Clerk is hereby authorized and directed to attest, the Installment Sale Agreement in said form together with such additions thereto or changes therein as are approved by the Authorized Officer executing the Installment Sale Agreement upon consultation with the City Attorney and Bond Counsel, so long as the aggregate principal component of the Installment Payments does not exceed \$13,500,000, the maximum annual Installment Payment does not exceed \$895,000 and the final payment date of the Installment Payments is not later than June 1, 2039. The execution by an Authorized Officer of the Installment Sale Agreement shall be conclusive evidence of the approval by the Authorized Officer of any changes thereto. The City Council hereby authorizes the delivery and performance of the Installment Sale Agreement.

SECTION 5. The City Council hereby approves the competitive sale of the Bonds by the Authority. The City Council hereby approves the Notice of Intention and the Notice of Sale in the respective forms on file with the City Clerk. The Authorized Officers are hereby authorized to approve changes to the Notice of Intention and to the Notice of Sale, upon consultation with the City Attorney and Bond Counsel, prior to their publication and dissemination. Columbia Capital Management, LLC, as municipal advisor to the Authority and the City (the Municipal Advisor”), is hereby authorized to cause to be furnished to prospective bidders copies of the final Notice of Sale.

The Municipal Advisor is hereby authorized and directed, on behalf of the Authority, to receive the bids for the purchaser of the Bonds at the time and place specified in the Notice of Sale, to examine said bids for compliance with the Notice of Sale and to verify the bid with the lowest true interest cost as provided in the Notice of Sale. In the event two or more bids setting forth identical true interest cost are received, the Municipal Advisor, on behalf of the Authority, may exercise its own discretion and judgment in advising that the award of the Bonds be made on a pro rata basis in such denominations as the Authority's Treasurer ultimately shall determine. The Treasurer of the Authority, on behalf of the Authority, may, in her discretion, reject any and all bids and waive any irregularity or informality in any bid. The Treasurer of the Authority, on behalf of the Authority, shall award the Bonds or reject all bids not later than the close of business on the date prescribed for the receipt of bids, unless such time of award is waived by the successful bidder.

SECTION 6. The City Council hereby approves the Preliminary Official Statement in the form on file with the City Clerk. The Authorized Officers, each acting alone, are hereby authorized to make changes to the Preliminary Official Statement prior to its dissemination to prospective investors, and to bring the Preliminary Official Statement into the form of a final official statement (the "Official Statement") including such additions thereto or changes therein as are recommended or approved by any of the Authorized Officers upon consultation with the City Attorney and Disclosure Counsel to the City with respect to the Bonds. Each Authorized Officer, acting alone, is hereby authorized to execute and deliver the Official Statement. The Underwriter is hereby authorized to distribute copies of the Preliminary Official Statement to persons who may be interested in purchasing the Bonds, and is directed to deliver copies of the Official Statement to all actual purchasers of the Bonds.

Each Authorized Officer, acting alone, is hereby authorized to execute a certificate or certificates to the effect that the Official Statement and the Preliminary Official Statement were deemed "final" as of their respective dates for purposes of Rule 15c2-12 of the Securities Exchange Act of 1934, and each of them is authorized to so deem such statements final.

SECTION 7. The Continuing Disclosure Certificate, in the form included in Appendix E to the Preliminary Official Statement, is hereby approved. The Authorized Officers, each acting alone, are hereby authorized to execute and deliver the Continuing Disclosure Certificate in said form, together with such additions thereto or changes therein as are recommended or approved by the Authorized Officer executing the Continuing Disclosure Certificate upon consultation with the City Attorney and the City's disclosure counsel with respect to the Bonds, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Continuing Disclosure Certificate by an Authorized Officer.

SECTION 8. The City Council hereby finds and determines that the financing evidenced by the Bonds and the Installment Sale Agreement is in compliance with the applicable provisions of the Debt Management Policy.

SECTION 9. The Authorized Officers, the City Clerk and all other officers of the City are each authorized and directed in the name and on behalf of the City to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by

the documents approved pursuant to this Resolution. Whenever in this Resolution any officer of the City is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person authorized by such officer to act on his or her behalf in the case such officer shall be absent or unavailable.

SECTION 10. The City Clerk shall certify to the adoption of this Resolution.

PASSED AND ADOPTED July 24, 2019.

Mayor

Attested to on _____.

City Clerk

I, Jeffrie Madland, City Clerk of the City of Camarillo, certify that Resolution No. 2019- was adopted by the City Council of the City of Camarillo at a regular meeting held July 24, 2019, by the following vote:

AYES: City Councilmembers:
NOES: City Councilmembers:
ABSENT: City Councilmembers:

City Clerk

RESOLUTION NO. 2019-

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CAMARILLO PUBLIC FINANCE AUTHORITY AUTHORIZING THE ISSUANCE AND SALE OF WATER REVENUE BONDS TO ASSIST THE CITY OF CAMARILLO IN THE FINANCING OF A PORTION OF THE COSTS OF A GROUNDWATER DESALTER PROJECT, APPROVING THE FORM AND AUTHORIZING EXECUTION AND DELIVERY OF RELATED DOCUMENTS AND APPROVING RELATED ACTIONS

The Board of Directors of the Camarillo Public Finance Authority resolves as follows:

SECTION 1. The Board of Directors of the Camarillo Public Finance Authority (the “Authority”) finds and declares as follows:

A. The Authority is a joint powers entity duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement, dated November 4, 1998, by and between the City of Camarillo (the “City”) and the Camarillo Sanitary District (collectively, the “Members”), and under the provisions of Articles 1 through 4 (commencing with section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the “Act”), and is authorized pursuant to Article 4 of the Act to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations of, or for the purpose of making loans to, public entities, including the Members, and to provide financing for public capital improvements of public entities, including the Members.

B. The City plans to finance a portion of the costs of a groundwater desalter facility, known as the North Pleasant Valley Desalter Facility (the “Project”), which will be a part of the City’s municipal water system (the “Water System”).

C. For the purpose of providing funds to finance the Project, the Authority has determined to issue its Camarillo Public Finance Authority (Ventura County, California) Water Revenue Bonds, Series 2019 (the “Bonds”).

D. The Bonds will be issued under the provisions of Article 4 (commencing with section 6584) of the Act and an indenture of trust (the “Indenture”), by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”).

E. In order to provide for the repayment of the Bonds, the Authority will sell the Project to the City pursuant to an installment sale agreement (the “Installment Sale Agreement”), under which the City will agree to make installment payments (the “Installment Payments”) to the Authority payable from certain net revenues of the Water System, which will be calculated to be sufficient, in time and amount, to enable the Authority to pay the principal of and interest and premium (if any) on the Bonds when due and payable.

F. The City will covenant in the Installment Sale Agreement that it will not issue any obligations payable from net revenues of the Water System senior to the Installment Payments.

G. A preliminary official statement (the “Preliminary Official Statement”) describing the Bonds, to be used in connection with the marketing of the Bonds, has been prepared and has been presented to the Board of Directors.

H. A notice of intention (the “Notice of Intention”) and an official notice of sale (the “Notice of Sale”), relating to the sale of the Bonds, have been prepared and presented to the Board of Directors.

I. As required pursuant to section 6586.5(a) of the California Government Code, a public hearing has been held by the City Council of the City in connection with the financing of the Project.

J. The Authority has duly considered such transactions and wishes at this time to approve said transactions in the public interests of the Authority.

SECTION 2. The Board of Directors hereby finds that significant public benefits will arise from the financing of the Project with the proceeds of the Bonds, in accordance with section 6586 of the California Government Code, in that the financing will result in demonstrable savings in effective interest rates, bond preparation, bond underwriting and bond issuance costs.

SECTION 3. The Board of Directors hereby authorizes the issuance of the Bonds under and pursuant to the Act and the Indenture, for the purpose of providing funds to finance costs of the Project. The Board of Directors hereby approves the Indenture in the form on file with the Secretary. The Chairperson, the Vice-Chairperson, the Executive Director and the Treasurer (collectively, the “Authorized Officers”) each acting alone, are hereby authorized and directed for and in the name and on behalf of the Authority to execute, and the Secretary is hereby authorized and directed to attest, the Indenture in said form together with such additions thereto or changes therein as are approved by the Authorized Officer executing the Indenture upon consultation with the Authority’s General Counsel and Bond Counsel, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Indenture by an Authorized Officer. The date, manner of payment, interest rate or rates, interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of redemption and other terms of the Bonds shall be as provided in the Indenture finally executed. The Board of Directors hereby authorizes the delivery and performance of the Indenture.

SECTION 4. The Board of Directors hereby approves the Installment Sale Agreement in the form on file with the Secretary. The Authorized Officers, each acting alone, are hereby authorized and directed for and in the name and on behalf of the Authority to execute, and the Secretary is hereby authorized and directed to attest, the Installment Sale Agreement in said form together with such additions thereto or changes therein as are approved by the Authorized Officer executing the Installment Sale Agreement upon consultation with the Authority’s General Counsel and Bond Counsel, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Installment Sale Agreement by an Authorized Officer. The Board of Directors hereby authorizes the delivery and performance of the Installment Sale Agreement.

SECTION 5. The Board of Directors hereby approves the competitive sale of the Bonds. The Board of Directors hereby approves the Notice of Intention in the form on file with the Secretary. The Secretary is hereby authorized and directed to cause to be published, once at least five (5) days prior to the date to receive bids for the purchase of the Bonds, the Notice of Intention in *The Bond Buyer*, a financial publication reasonably expected to be disseminated among prospective bidders for the Bonds, in said form, together with such changes thereto as shall be approved by an Authorized Officer following consultation with the Authority's General Counsel and Bond Counsel. The Board of Directors hereby approves the Notice of Sale in the form on file with the Secretary. Columbia Capital Management, LLC, as municipal advisor to the Authority and the City with respect to the Bonds (the Municipal Advisor"), is hereby authorized to cause to be furnished to prospective bidders copies of the Notice of Sale, in said form, together with such changes thereto as shall be approved by an Authorized Officer following consultation with the Authority's General Counsel and Bond Counsel.

The Municipal Advisor is hereby authorized and directed, on behalf of the Authority, to receive the bids at the time and place specified in the Notice of Sale, to examine said bids for compliance with the Notice of Sale and to verify the bid with the lowest true interest cost as provided in the Notice of Sale. In the event two or more bids setting forth identical true interest cost are received, the Municipal Advisor, on behalf of the Authority, may exercise its own discretion and judgment in advising that the award of the Bonds be made on a pro rata basis in such denominations as the Treasurer ultimately shall determine. The Treasurer of the Authority, may, in her discretion, reject any and all bids and waive any irregularity or informality in any bid. The Treasurer, on behalf of the Authority, shall award the Bonds or reject all bids not later than the close of business on the date prescribed for the receipt of bids, unless such time of award is waived by the successful bidder.

SECTION 6. The Board of Directors hereby approves the Preliminary Official Statement in the form on file with the Secretary. The Authorized Officers, each acting alone, are hereby authorized to make changes to the Preliminary Official Statement prior to its dissemination to prospective investors, and to bring the Preliminary Official Statement into the form of a final official statement (the "Official Statement") including such additions thereto or changes therein as are recommended or approved by any of the Authorized Officers upon consultation with the Authority's General Counsel and Disclosure Counsel to the Authority with respect to the Bonds. Each Authorized Officer, acting alone, is hereby authorized to execute and deliver the Official Statement. The Underwriter is hereby authorized to distribute copies of the Preliminary Official Statement to persons who may be interested in purchasing the Bonds, and is directed to deliver copies of the Official Statement to all actual purchasers of the Bonds.

Each Authorized Officer, acting alone, is hereby authorized to execute a certificate or certificates to the effect that the Official Statement and the Preliminary Official Statement were deemed "final" as of their respective dates for purposes of Rule 15c2-12 of the Securities Exchange Act of 1934, and each of them is authorized to so deem such statements final.

SECTION 7. The Bonds, when executed, shall be delivered to the Trustee for authentication. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee's certificate of authentication and registration appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to the purchaser of the Bonds

in accordance with written instructions executed on behalf of the Authority by an Authorized Officer, which instructions each Authorized Officer, acting alone, is hereby authorized to execute and deliver to the Trustee. Such instructions shall provide for the delivery of the Bonds to the purchaser thereof upon payment of the purchase price therefor.

SECTION 8. The Authorized Officers, the Secretary and all other officers of the Authority are each authorized and directed for and in the name and on behalf of the Authority to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the documents approved pursuant to this Resolution. Whenever in this Resolution any officer of the Authority is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person authorized by such officer to act on his or her behalf in the case such officer shall be absent or unavailable.

SECTION 9. The Secretary shall certify to the adoption of this Resolution.

PASSED AND ADOPTED July 24, 2019.

Chairperson

Attested to on _____.

Secretary

I, Jeffrie Madland, Secretary of the Camarillo Public Finance Authority, certify that Resolution No. 2019- was adopted by the Board of Directors of the Camarillo Public Finance Authority at a regular meeting held July 24, 2019, by the following vote:

AYES: Boardmembers:
NOES: Boardmembers:
ABSENT: Boardmembers:

Secretary

INDENTURE OF TRUST

by and between the

CAMARILLO PUBLIC FINANCE AUTHORITY

and

**U.S. BANK NATIONAL ASSOCIATION,
as Trustee**

Dated as of August 1, 2019

Relating to:

\$_____

**Camarillo Public Finance Authority
(Ventura County, California)
Water Revenue Bonds, Series 2019**

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST (this “Indenture”), dated for convenience as of August 1, 2019, is by and between the CAMARILLO PUBLIC FINANCE AUTHORITY, a joint exercise of powers entity organized and existing under and by virtue of the laws of the State of California (the “Authority”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under and by virtue of the laws of the United States of America with a corporate trust office in Los Angeles, California, and being qualified to accept and administer the trusts hereby created (the “Trustee”).

R E C I T A L S :

WHEREAS, the Authority was duly organized and is existing under and pursuant to that certain Joint Exercise of Powers Agreement, dated as of November 4, 1998, by and between the City of Camarillo, California (the “City”) and the Camarillo Sanitary District, and under the provisions of Articles 1 through 4 (commencing with section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the “Act”), and is authorized pursuant to Article 4 of the Act (the “Bond Law”) to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations of, or for the purpose of making loans to, the City and other public agencies and to provide financing for public capital improvements of the City and of other public agencies;

WHEREAS, the City plans to finance a portion of the costs of a groundwater desalter facility known as the North Pleasant Valley Desalter Facility (the “Project”) which will be a part of the City’s municipal water system (the “Water System”);

WHEREAS, for the purpose of providing funds to finance a portion of the costs of the Project, the Authority has determined to issue its Camarillo Public Finance Authority (Ventura County, California) Water Revenue Bonds, Series 2019, in the aggregate principal amount of \$_____ (the “Bonds”);

WHEREAS, the Bonds will be issued under the provisions of the Bond Law and this Indenture;

WHEREAS, in order to provide the revenues necessary to enable the Authority to pay debt service on the Bonds as it becomes due, the Authority proposes to sell the Project to the City pursuant to that certain installment sale agreement, dated as of August 1, 2019, by and between the Authority and the City (the “Installment Sale Agreement”) and to assign its right to receive installment payments under the Installment Sale Agreement (the “Installment Payments”), its right to enforce payment of the Installment Payments and otherwise to enforce its interest and rights under the Installment Sale Agreement in the event of a default thereunder by the City, to the Trustee pursuant to this Indenture;

WHEREAS, the City has covenanted in the Installment Sale Agreement that it will not issue any obligations senior to the Installment Payments;

WHEREAS, the amounts received by the Authority from the City under the Installment Sale Agreement will be sufficient to pay the principal of and interest on the Bonds when due;

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

WHEREAS, the Authority has determined that all acts and proceedings required by law necessary to make the Bonds, when executed by the Authority, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal special obligations of the Authority, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of the Indenture have been in all respects duly authorized.

A G R E E M E N T :

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the Bonds at any time issued and Outstanding under this Indenture according to their terms, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and delivered, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable consideration the receipt and sufficiency of which is hereby acknowledged, the Authority does covenant and agree with the Trustee, for the benefit of the respective Owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; AUTHORIZATION AND PURPOSE OF BONDS; EQUAL SECURITY

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall for all purposes of this Indenture, of any Supplemental Indenture, of the Installment Sale Agreement, of the Bonds and of any certificate, opinion, request or other documents herein mentioned have the meanings herein specified.

“Act” means Articles 1 through 4 (commencing with section 6500) of Chapter 5, Division 7, Title 1 of the California Government Code, as in existence on the Closing Date or as thereafter amended from time to time.

“Additional Payments” means the payments so described and required to be paid by the City pursuant to Section 4.7 of the Installment Sale Agreement.

“Authority” means the Camarillo Public Finance Authority, a joint exercise of powers authority organized and existing under and by virtue of the laws of the State, and any successor thereto.

“Authorized Denomination” means the amount of \$5,000 or any integral multiple thereof.

“Authorized Representative” means: (a) with respect to the Authority, its Chairperson, Vice-Chairperson, Executive Director, Treasurer, Secretary or any other person designated as an Authorized Representative of the Authority by a Written Certificate of the Authority signed by its Chairperson, Executive Director or Secretary, and filed with the City and the Trustee; and (b) with respect to the City, its Mayor, Vice-Mayor, City Manager, Director of Finance, City Clerk or any other person designated as an Authorized Representative of the City by a Written Certificate of the City signed by its Mayor, City Manager or City Clerk and filed with the Authority and the Trustee.

“Board of Directors” means the Board of Directors of the Authority.

“Bond Counsel” means (a) Quint & Thimmig LLP, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Authority of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Code.

“Bond Fund” means the fund by that name established and held by the Trustee pursuant to Section 5.01.

“Bond Law” means the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of the Act, as in existence on the Closing Date or as thereafter amended from time to time.

“Bond Year” means each twelve-month period extending from June 2 in one calendar year to June 1 of the succeeding calendar year, both dates inclusive; *provided* that the first Bond Year with respect to the Bonds shall commence on the Closing Date and end on June 1, 2020.

“Bonds” means the \$_____ aggregate principal amount of Camarillo Public Finance Authority (Ventura County, California) Water Revenue Bonds, Series 2019, authorized by and at any time Outstanding pursuant to this Indenture.

“Business Day” means (a) any day that is not a Saturday, Sunday or legal holiday or day on which banking institutions in the State are closed, or (b) a day on which the New York Stock Exchange is not closed.

“City” means the City of Camarillo, California.

“Closing Date” means the date of delivery of the Bonds to the Original Purchaser.

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

“Completion Date” means, with respect to the Project, the date on which the City files a Written Certificate with the Trustee stating that the acquisition and construction of the Project has been completed.

“Continuing Disclosure Certificate” means the continuing disclosure certificate to be executed on the Closing Date by the City, as it may be amended from time to time in accordance with the terms thereof.

“Costs of Issuance” means all expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds, including but not limited to all compensation, fees and expenses (including but not limited to fees and expenses for legal counsel) of the Authority or the City, initial fees and expenses of the Trustee (including but not limited to fees and expenses for legal counsel), compensation to any municipal advisor, financial consultant or underwriter, legal fees and expenses, filing and recording costs, rating agency fees, costs of preparation and reproduction of documents, out-of-pocket expenses of the Authority and the City, and the Authority and City staff costs and costs of printing.

“Costs of Issuance Fund” means the fund by that name established and held by the Trustee pursuant to Section 3.03.

“Debt Service” means, during any period of computation, the amount obtained for such period by totaling (a) the principal components of the Installment Payments and of payments with respect to Parity Obligations coming due and payable by their terms in such period; and (b) the interest component of the Installment Payments and of payments with respect to Parity Obligations coming due and payable by their terms in such period.

“Defeasance Obligations” means (a) cash, (b) direct non-callable obligations of the United States of America, (c) securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged, (d) Refcorp interest strips, and (e) CATS, TIGRS, STRPS.

“Event of Default,” with respect to this Indenture, means any of the events specified in Section 7.01 and with respect to the Installment Sale Agreement, means any of the events specified in Section 8.1 of the Installment Sale Agreement.

“Federal Securities” means (a) cash (insured at all times by the Federal Deposit Insurance Corporation), and (b) obligations of, or obligations guaranteed as to principal and interest by, the United States or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States including: (i) United States treasury obligations, (ii) all direct or fully guaranteed obligations, (iii) Farmers Home Administration, (iv) General Services Administration, (v) Guaranteed Title XI financing, (vi) Government National Mortgage Association (GNMA), and (vii) State and Local Government Series.

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

“Fiscal Year” means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the Authority or the City, as applicable, as its official fiscal year period.

“Fitch” means Fitch Ratings, Inc., New York, New York, or its successors.

“Government Obligations” means, with respect to the Bonds: (a) direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (*“U.S. Treasury Obligations”*), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith

and credit of the United States of America, or (d) evidence of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligator and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

“Gross Revenues” means all gross income and revenue received or receivable by the City from the ownership or operation of the Water System, determined in accordance with generally accepted accounting principles, including all fees, rates, tolls and charges (including connection fees and standby charges) received by the City for the Water Service and the other services of the Water System and all proceeds of insurance covering business interruption loss relating to the Water System and all other income and revenue howsoever derived by the City from the ownership or operation of the Water System or arising from the Water System, but excluding refundable deposits made to establish credit and advances or contributions in aid of construction and main extension fees. Notwithstanding the foregoing, Gross Revenues shall not in any event include (a) the proceeds of any current or future grants to the City for the cost of the Project, including but not limited to those from Metropolitan Water District of Southern California (Metropolitan) (either directly to the City or through the Calleguas Municipal Water District), the State of California Department of Water Resources (either directly to the City or through the County of Ventura), and the United States Department of the Interior Bureau of Reclamation; and (b) any funds attributable to the City’s Conservation Credit Program Fund.

“Indenture” means this Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture pursuant to the provisions hereof.

“Independent Accountant” means any certified public accountant or firm of certified public accountants, appointed and paid by the Authority or the City, and who, or each of whom (a) is in fact independent and not under domination of the Authority or the City; (b) does not have any substantial interest, direct or indirect, in the Authority or the City; and (c) is not connected with the Authority or the City as an officer or employee of the Authority or the City but who may be regularly retained to make annual or other audits of the books of or reports to the Authority or the City.

“Independent Counsel” means an attorney duly admitted to the practice of law before the highest court of the state in which such attorney maintains an office and who is not an employee of the Authority, the Trustee or the City.

“Information Services” means the Electronic Municipal Market Access System (referred to as “EMMA”), a facility of the Municipal Securities Rulemaking Board (at <http://emma.msrb.org>) or, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other national information services providing information with respect to called bonds as the Authority may designate in a Certificate of the Authority delivered to the Trustee.

"Installment Payment Date" means not later than the fifteenth (15th) calendar day of the month preceding each Interest Payment Date.

"Installment Payments" means the payments required to be paid by the City pursuant to Section 4.3 of the Installment Sale Agreement.

"Installment Sale Agreement" means that certain Installment Sale Agreement, dated as of August 1, 2019, by and between the Authority and the City, as originally executed and as it may from time to time be supplemented, modified or amended in accordance with the terms thereof and of this Indenture.

"Interest Account" means the account by that name established in the Bond Fund pursuant to Section 5.02.

"Interest Payment Date" means each June 1 and December 1, commencing December 1, 2019.

"Maintenance and Operation Costs" means the reasonable and necessary costs paid or incurred by the City for maintaining and operating the Water System, determined in accordance with Generally Accepted Accounting Principles, including all costs of water purchased by the City for resale through the Water System, all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the Water System in good repair and working order, all administrative costs of the City that are charged directly or apportioned to the operation of the Water System, such as salaries and wages of employees, overhead, taxes (if any) and insurance premiums, and all other reasonable and necessary costs of the City related to the Water System, the Indenture or the Installment Sale Agreement, such as compensation, reimbursement and indemnification of the Trustee and fees and expenses of independent certified public accountants; but excluding in all cases (a) depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles; and (b) any costs or expenses paid from amounts attributable to the City's Conservation Credit Program Fund.

"Maximum Annual Debt Service" means, as of any date of calculation by the City, the highest Debt Service during any Bond Year from the date of such calculation through the final maturity date of the Installment Payments and Parity Obligations.

"Moody's" means Moody's Investors Service, New York, New York, or its successors.

"Net Revenues" means, for any period, an amount equal to all of the Gross Revenues received during such period minus the amount required to pay all Maintenance and Operation Costs becoming payable during such period.

"Original Purchaser" means the original purchaser of the Bonds upon their delivery by the Trustee on the Closing Date.

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 11.09) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except: (a) Bonds theretofore

canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds with respect to which all liability of the Authority shall have been discharged in accordance with Section 10.02, including Bonds (or portions thereof) described in Section 11.09; and (c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to this Indenture.

“Owner,” whenever used herein with respect to a Bond, means the person in whose name the ownership of such Bond is registered on the Registration Books.

“Parity Obligations” means any leases, loan agreements, installment sale agreements, bonds, notes, interest rate swap agreements, currency swap agreements, forward payment agreements, futures, or contracts providing for payments based on levels of, or changes in, interest rates, currency exchange rates, stock or other indices, or contracts to exchange cash flows or a series of payments, or contracts, including, without limitation, interest rate floors or caps, options, puts or calls to hedge payment, currency, rate, spread, or similar exposure (except termination payments relating thereto which shall be payable on a subordinate basis) or other obligations of the City payable from and secured by a pledge of and lien upon any of the Net Revenues on a parity with the pledge of and lien on the Installment Payments under the Installment Sale Agreement.

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

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein, but only to the extent that the same are acquired at Fair Market Value (provided the Trustee may rely upon any Written Request of the Authority directing investment under this Indenture as a determination that such investment is a Permitted Investment):

(a) Government Obligations.

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by the Government National Mortgage Association and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself).

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies which are not backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

1. Federal Home Loan Bank System
Senior debt obligations

2. Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac)

Senior debt obligations

3. Federal National Mortgage Association (FNMA or Fannie Mae)

Senior debt obligations

4. Farm Credit System

Consolidated systemwide bonds and notes

(d) U.S. Government's U.S. Treasury money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, if rated by S&P, having a rating at the time of investment of "AAAm" or "AAAm-G"; and if rated by Moody's having a rating at the time of investment of "Aaa," including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries provide investment advisory or other management services.

(e) Certificates of deposit secured at all times by collateral described in (a) and/or (b) above. Such certificates must be issued by commercial banks or savings and loan associations (including the Trustee or its affiliates). The collateral must be held by a third party and the Owners must have a perfected first security interest in the collateral.

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC or secured at all times by collateral described in (a) and/or (b) above.

(g) The Local Agency Investment Fund of the State, created pursuant to 16429.1 of the California Government Code.

(h) Municipal obligations rated "A" or higher by S&P.

(i) Other forms of investments that satisfy the City's Investment Policy as of the time of investment.

"Principal Account" means the account by that name established in the Bond Fund pursuant to Section 5.02.

"Principal Corporate Trust Office" means the corporate trust office of the Trustee in Los Angeles, California, or such other or additional offices as may be specified in writing to the City and the Authority by the Trustee.

“Project” means the construction of a groundwater desalination facility be financed in part with the proceeds of the Bonds, as more specifically described in Exhibit A to the Installment Sale Agreement.

“Project Costs” means, with respect to any component of the Project, all costs of the acquisition and construction thereof which are paid from moneys on deposit in the Project Fund, including but not limited to:

(a) all costs required to be paid to any person under the terms of any agreement for or relating to the acquisition and construction of such component of the Project;

(b) obligations incurred for labor and materials in connection with the acquisition and construction of such component of the Project;

(c) the cost of performance or other bonds and any and all types of insurance that may be necessary or appropriate to have in effect in connection with the acquisition and construction of such component of the Project;

(d) all costs of engineering and architectural services, including the actual out-of-pocket costs for test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, development fees, sales commissions, and for supervising construction, as well as for the performance of all other duties required by or consequent to the proper acquisition and construction of such component of the Project;

(e) any sums required to reimburse the City for advances made for any of the above items or for any other costs incurred and for work done which are properly chargeable to the acquisition and construction of such component of the Project; and

(f) all financing costs incurred in connection with the acquisition and construction of such component of the Project, including but not limited to Costs of Issuance and other costs incurred in connection with the Installment Sale Agreement, this Indenture and the financing of the Project.

“Project Fund” means the fund by that name established and held by the Trustee pursuant to Section 3.04.

“Qualified Reserve Fund Credit Instrument” means an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company with respect to any Parity Obligations.

“Rate Stabilization Fund” means the fund by that name established and held by the City pursuant to Section 4.9 of the Installment Sale Agreement.

“Record Date” means, with respect to any Interest Payment Date, the fifteenth day of the calendar month preceding an Interest Payment Date.

“Redemption Fund” means the fund by that name established pursuant to Section 5.06.

“Registration Books” means the records maintained by the Trustee pursuant to Section 2.05 for the registration and transfer of ownership of the Bonds.

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

“Revenue Fund” means the fund by that name established and held by the City into which all Gross Revenues are deposited.

“Revenues” means (a) all amounts received by the Authority or the Trustee pursuant or with respect to the Installment Sale Agreement, including, without limiting the generality of the foregoing, all of the Installment Payments (including both timely and delinquent payments, any late charges, and whether paid from any source) and prepayments, but not including any Additional Payments, and (b) all interest, profits or other income derived from the investment of amounts in any fund or account established pursuant to this Indenture; but excluding any Additional Payments.

“S&P” means S&P Global Ratings, a Standard & Poor's Financial Services LLC business, New York, New York, or its successors.

“Securities Depositories” means The Depository Trust Company, 55 Water Street, 50th Floor, New York, NY 10041-0099, Attention: Call Notification Department, Fax (212) 855-7232; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Authority may designate in a Written Certificate of the Authority delivered to the Trustee.

“Sinking Account” means the account by that name in the Bond Fund established pursuant to Section 5.02.

“State” means the State of California.

“Subordinate Obligations” means any obligations of the City payable from and secured by a pledge of and lien upon any of the Net Revenues subordinate to the pledge of and lien upon the Net Revenues to secure payment of the Installment Payments and any Parity Obligations.

“Supplemental Indenture” means any indenture hereafter duly authorized and entered into between the Authority and the Trustee supplementing, modifying or amending this Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

“Tax Certificate” means the Certificate as to Arbitrage dated the Closing Date, executed by the City and the Authority, related to the Bonds.

“Term” when used with respect to the Installment Agreement means the term during which the Installment Agreement is effective, as provided in Section 4.2 thereof.

“Term Bonds” means the Bonds maturing on June 1, ____, and June 1, ____.

“Trustee” means U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, or any successor thereto acting as Trustee hereunder as provided in Section 8.01.

“Water Service” means the water furnished, made available or sold by the Water System.

“Water System” means all land and water facilities used by the City for the production, storage, conveyance, treatment and distribution of water now owned by the City, together with all additions, betterments, extensions or improvements to such facilities or any part thereof hereafter acquired or constructed by the City, including the Project.

“Written Certificate,” “Written Request” and “Written Requisition” of the Authority or the City mean, respectively, a written certificate, request or requisition signed in the name of the Authority or the City by its respective Authorized Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

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.

Section 1.03. Authorization and Purpose of Bonds. The Authority has reviewed all proceedings heretofore taken relative to the authorization of the Bonds and has found, as a result of such review, and hereby finds and determines that all things, conditions, and acts required by law to exist, happen and/or be performed precedent to and in the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Authority is now authorized under each and every requirement of law to issue the Bonds in the manner and form provided in this Indenture. Accordingly, the Authority hereby authorizes the issuance of the Bonds pursuant to this Indenture for the purposes described herein.

Section 1.04. Equal Security. In consideration of the acceptance of the Bonds by the Owners thereof, this Indenture shall be deemed to be and shall constitute a contract between the Authority and the Owners from time to time of the Bonds; and the covenants and agreements herein set forth to be performed on behalf of the Authority shall be for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any of the 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

AUTHORIZATION OF BONDS

Section 2.01. Authorization of Bonds. The Authority hereby authorizes the issuance of the Bonds, which shall constitute special obligations of the Authority, for the purpose of providing funds to finance the Project. The Bonds are hereby designated the "Camarillo Public Finance Authority (Ventura County, California) Water Revenue Bonds, Series 2019." The aggregate principal amount of Bonds initially issued and Outstanding under this Indenture shall be _____ dollars (\$_____). At any time after the execution of this Indenture, the Authority may execute and the Trustee shall authenticate and, upon the Written Request of the Authority, deliver the Bonds to the Original Purchaser. This Indenture constitutes a continuing agreement with the Trustee and the Owners from time to time of the Bonds to secure the full payment of the principal of and interest on all the Bonds, subject to the covenants, provisions and conditions herein contained.

Section 2.02. Terms of the Bonds.

(a) The Bonds shall be issued in fully registered form without coupons in Authorized Denominations, so long as no Bond shall have more than one maturity date.

(b) The Bonds shall mature on June 1 in each of the years and in the principal amounts, and shall bear interest at the rates per annum, as follows:

Maturity Date (June 1)	Principal Amount	Interest Rate
_____	_____	_____

(c) Interest on the Bonds shall be payable semiannually on each Interest Payment Date, calculated based on a 360-day year of twelve (12) thirty-day months, to the person whose name appears on the 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 of the Trustee mailed by first class mail to the Owners at the respective addresses of such Owners as they appear on the Registration Books; *provided however*, that payment of interest may be made by wire transfer in immediately available funds to an account in the United States of America to any Owner of Bonds in the aggregate principal amount of \$1,000,000 or more who shall furnish written wire instructions to the Trustee at least five (5) days before the applicable Record Date. Principal of any Bond shall be paid by check of the Trustee upon presentation and surrender thereof at the Principal Corporate Trust Office, except as provided in Section 2.04. Principal of and interest on the Bonds shall be payable in lawful money of the United States of America.

(d) Each Bond shall be dated as of the date of authentication thereof and shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (b) unless it is authenticated on or before November 15, 2019, in which event it shall bear interest from the Closing Date; *provided, however*, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Section 2.03. Transfer and Exchange of Bonds. Any Bond may, in accordance with its terms, be transferred on the Registration Books by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Transfer of any Bond shall not be permitted by the Trustee during the period established by the Trustee for selection of Bonds for redemption or if such Bond has been selected for redemption pursuant to Article IV. Whenever any Bonds or Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and shall deliver a new Bond or Bonds for a like aggregate principal amount and of like maturity. The Trustee may require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer shall be paid by the Authority.

Any Bond may be exchanged at the Principal Corporate Trust Office for a like aggregate principal amount of Bonds of other authorized denominations and of like maturity. Exchange of any Bond shall not be permitted during the period established by the Trustee for selection of Bonds for redemption or if such Bond has been selected for redemption pursuant to Article IV. The Trustee may require the Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer shall be paid by the Authority.

Section 2.04. Book-Entry System. Notwithstanding any provision of this Indenture to the contrary:

(a) The Bonds shall be initially issued registered in the name of "Cede & Co.," as nominee of The Depository Trust Company, the depository designated by the Original Purchaser, and shall be evidenced by one certificate maturing on each of the maturity dates set forth in Section 2.02 hereof to be in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except:

(i) to any successor of The Depository Trust Company or its nominee, or of any substitute depository designated pursuant to paragraph (ii) of this subsection (a) ("substitute depository"); provided that any successor of The Depository Trust Company or substitute depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(ii) to any substitute depository designated in a written request of the Authority, upon (A) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository or (B) a determination by the Authority that The Depository Trust Company or its successor is no longer able to carry out its functions as depository; provided that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) to any person as provided below, upon (A) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository or (B) a determination by the Authority that The Depository Trust Company or its successor is no longer able to carry out its functions as depository; provided that no substitute depository which is not objected to by the Authority and the Trustee can be obtained.

(b) In the case of any transfer pursuant to paragraph (i) or paragraph (ii) of subsection (a) of this Section 2.04, upon receipt of all Outstanding Bonds by the Trustee, together with a written request of an Authorized Representative of the Authority to the Trustee, a single new Bond shall be issued, authenticated and delivered for each maturity of such Bonds then outstanding, registered in the name of such successor or such substitute depository or their nominees, as the case may be, all as specified in such written request of an Authorized Representative of the Authority. In the case of any transfer pursuant to paragraph (iii) of subsection (a) of this Section 2.04, upon receipt of all Outstanding Bonds by the Trustee together with a written request of an Authorized Representative of the Authority, new Bonds shall be issued, authenticated and delivered in such denominations and registered in the names of such persons as are requested in a written request of the Authority provided the Trustee shall not be required to deliver such new Bonds within a period less than sixty (60) days from the date of receipt of such a written request of an Authorized Representative of the Authority.

(c) In the case of partial redemption or an advance refunding of any Bonds evidencing all of the principal maturing in a particular year, The Depository Trust Company shall, at the Authority's expense, deliver the Bonds to the Trustee for cancellation and re-registration to reflect the amounts of such reduction in principal.

(d) The Authority and the Trustee shall be entitled to treat the person in whose name any Bond is registered as the absolute Owner thereof for all purposes of this Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the Authority; and the Authority and the Trustee shall have no responsibility for transmitting payments to, communication with, notifying or otherwise dealing with any beneficial owners of the Bonds. Neither the Authority nor the Trustee will have any responsibility or obligations, legal or otherwise, to the beneficial owners or to any other party including The Depository Trust Company or its successor (or substitute depository or its successor), except for the registered owner of any Bond.

(e) So long as all outstanding Bonds are registered in the name of Cede & Co. or its registered assign, the Authority and the Trustee shall reasonably cooperate with Cede & Co., as sole registered Owner, or its registered assign in effecting payment of the principal of and interest on the Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

(f) So long as all Outstanding Bonds are registered in the name of Cede & Co. or its registered assigns (hereinafter, for purposes of this paragraph (f), the "Owner"):

(i) All notices and payments addressed to the Owners shall contain the Bonds' CUSIP number.

(ii) Notices to the Owner shall be forwarded in the manner set forth in the form of blanket issuer letter of representations (prepared by The Depository Trust Company) executed by the Authority and received and accepted by The Depository Trust Company.

Section 2.05. Registration Books. The Trustee will keep or cause to be kept, at the Principal Corporate Trust Office, sufficient records for the registration and transfer of ownership of the Bonds, which shall at all reasonable times upon reasonable prior notice be open to inspection during regular business hours by the Authority and the City; 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 such records, the ownership of the Bonds as hereinbefore provided.

Section 2.06. Form and Execution of Bonds. The Bonds shall be signed in the name and on behalf of the Authority with the facsimile signature of its Executive Director and attested with the facsimile signature of its Secretary, and shall be delivered to the Trustee for authentication by it. In case any officer of the Authority who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed shall have been authenticated or delivered by the Trustee or issued by the Authority, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Authority as though the individual who signed the same had continued to be such officer of the Authority. Also, any Bond may be signed on behalf of the Authority by any individual who on the actual date of the execution of such Bond shall be the proper officer although on the nominal date of such Bond such individual shall not have been such officer.

Only such of the 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 Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.07. Temporary Bonds. The Bonds may be issued in temporary form exchangeable for definitive Bonds when ready for delivery. Any temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Authority, shall be in fully registered form without coupons and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Authority and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Authority issues temporary Bonds it will execute and deliver definitive Bonds as promptly thereafter as practicable, and thereupon the temporary Bonds may be surrendered, for cancellation, at the Principal Corporate Trust Office and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.08. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Authority, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and evidence of such cancellation shall be delivered to the Authority. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Authority and the Trustee and, if such evidence be satisfactory to the Trustee and indemnity for the Authority and the Trustee satisfactory to the Trustee shall be given, the Authority, at the expense of the Owner of such lost, destroyed or stolen Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Bond, the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee). The Authority may require payment by the Owner of a sum not exceeding the actual cost of preparing each new Bond issued under this Section 2.08 and of the expenses which may be incurred by the Authority and the Trustee in the premises. Any Bond issued under the provisions of this Section 2.08 in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Authority whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Indenture with all other Bonds secured by this Indenture.

Section 2.09. CUSIP Numbers. None of the Trustee, the Authority or the City shall be liable for any defect or inaccuracy in the CUSIP number that appears on any Bond or in any redemption notice. The Trustee may, in its discretion, include in any redemption notice a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and

are included in such notice solely for the convenience of the Owners and that none of the Trustee, the Authority or the City shall be liable for any inaccuracies in such numbers.

ARTICLE III

ISSUANCE OF THE BONDS; APPLICATION OF PROCEEDS

Section 3.01. Issuance of the Bonds. At any time after the execution of this Indenture, the Authority may execute and the Trustee shall authenticate and, upon the Written Request of the Authority, deliver the Bonds to the Original Purchaser in the aggregate principal amount of _____ dollars (\$_____).

Section 3.02. Application of Proceeds of Sale of Bonds.

(a) Upon the receipt of payment for the Bonds on the Closing Date of \$_____, which amount represents the principal amount of the Bonds of \$_____, less \$_____, representing an underwriter's discount, plus \$_____, representing an original issue premium, the Trustee shall apply the proceeds of sale thereof as follows:

(i) The Trustee shall deposit the amount of \$_____ in the Costs of Issuance Fund; and

(ii) The Trustee shall deposit the amount of \$_____ in the Project Fund.

(b) The Trustee may, in its sole discretion, establish such funds or accounts in its records to facilitate the foregoing deposits.

Section 3.03. Establishment and Application of Costs of Issuance Fund.

(a) The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Costs of Issuance Fund."

(b) The moneys in the Costs of Issuance Fund shall be disbursed by the Trustee to pay the Costs of Issuance.

(c) The Trustee shall disburse moneys in the Costs of Issuance Fund only upon a receipt of one or more Written Requisitions signed by an Authorized Representative of the City setting forth the amounts to be disbursed for payment or reimbursement of Costs of Issuance and the name and address of the person or persons to whom said amounts are to be disbursed, and stating that the amounts to be disbursed are for Costs of Issuance properly chargeable to the Costs of Issuance Fund.

(d) The Trustee shall be responsible for the safekeeping and investment (in accordance with Section 8.02 hereof) of the moneys held in the Costs of Issuance Fund and the payment thereof in accordance with this Section 3.03, but the Trustee shall not be responsible for the accuracy of any of the facts in any such Written Requisitions.

(e) On November 21, 2019, or upon the earlier Written Request of the City, all amounts remaining in the Costs of Issuance Fund shall be transferred by the Trustee to the Project Fund and the Costs of Issuance Fund shall be closed.

Section 3.04. Establishment and Application of Project Fund.

(a) The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Project Fund."

(b) Except as otherwise provided herein, moneys in the Project Fund shall be used solely for the payment of the Project Costs.

(c) The Trustee shall disburse moneys in the Project Fund from time to time to pay Project Costs (or to reimburse the City for payment of Project Costs) upon receipt by the Trustee of a Written Requisition of the City which: (i) states with respect to each disbursement to be made (A) the requisition number, (B) the name and address of the person, firm or corporation to whom payment will be made, (C) the amount to be disbursed, (D) that each obligation mentioned therein is a proper charge against the Project Fund and has not previously been disbursed by the Trustee from amounts in the Project Fund, (E) that all conditions precedent set forth in the Installment Sale Agreement with respect to such disbursement have been satisfied, and (F) that the amount of such disbursement is for a Project Cost; (ii) specifies in reasonable detail the nature of the obligation; and (iii) is accompanied by a bill or statement of account (if any) for each obligation. The Trustee may conclusively rely on the information contained in any Written Requisition and shall have no responsibility with respect to the application of any funds disbursed in accordance with such Written Requisitions.

(d) Upon the filing with the Trustee of a Written Certificate of the City pursuant to Section 3.2 of the Installment Sale Agreement stating that the Project has been completed, the Trustee shall withdraw the amount then on deposit in the Project Fund identified by the City as not needed to pay any remaining Project Costs and transfer such amount to the City for deposit by the City in the Revenue Fund and when there are no funds remaining in the Project Fund, the Project Fund shall be closed.

Section 3.05. Validity of Bonds. The validity of the authorization and issuance of the Bonds is not dependent on and shall not be affected in any way by any proceedings taken by the Authority or the Trustee with respect to or in connection with the Installment Sale Agreement. The recital contained in the Bonds that the same are issued pursuant to the Constitution and laws of the State shall be conclusive evidence of their validity and of compliance with the provisions of law in their issuance.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Terms of Redemption.

(a) *Mandatory Redemption of Bonds From Optional Prepayment of Installment Payments.* The Bonds maturing on or after June 1, 2028 shall be subject to mandatory redemption as a whole or in part, upon thirty (30) days' written notice to the Trustee by the City (or such shorter period as shall be acceptable by the Trustee in its sole discretion) of its intention to optionally prepay the Installment Payments, on any date on or after June 1, 2027, from the optional prepayment of Installment Payments pursuant to Section 9.2 of the Installment Sale Agreement, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium. Any such redemption shall be in such order of maturity as the City shall designate (and, if no specific order of redemption is designated by the City, in inverse order of maturity).

(b) *Sinking Fund Redemption.* The Term Bonds maturing on June 1, ____ (the "____ Term Bonds") shall be subject to redemption from Mandatory Sinking Fund Payments in part on June 1, ____, and on each June 1 thereafter, to and including June 1, ____, to the extent of the sinking fund payment made by the Authority derived from Installment Payments made by the City with respect to each such redemption date, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium, as follows:

<u>Sinking Account Redemption Date (June 1)</u>	<u>Principal Amount to be Redeemed or Purchased</u>
---	---

†Maturity

The Term Bonds maturing on June 1, ____ (the "____ Term Bonds") shall be subject to redemption from Mandatory Sinking Fund Payments in part on June 1, ____, and on each June 1 thereafter, to and including June 1, ____, to the extent of the sinking fund payment made by the Authority derived from Installment Payments made by the City with respect to each such redemption date, at a redemption price equal to the principal amount thereof to be redeemed,

together with accrued interest thereon to the date fixed for redemption, without premium, as follows:

Sinking Account Redemption Date (June 1)	Principal Amount to be Redeemed or Purchased

†Maturity

In the event that the Trustee shall redeem ____ Term Bonds or the ____ Term Bonds in part but not in whole pursuant to subsection (a) or (c) of this Section 4.01, the amount of the ____ Term Bonds or ____ Term Bonds to be redeemed in each subsequent year pursuant to this subsection (b) shall be reduced in such order as shall be determined by the City.

(c) *Extraordinary Redemption*: Up to \$5,000,000 principal amount of the Bonds are callable for redemption prior to their stated maturity dates at the option of the Authority, in part on any date on or after June 1, 2022, upon thirty (30) days' written notice to the Trustee by the City (or such shorter period as shall be acceptable by the Trustee in its sole discretion), from the prepayment by the City of Installment Payments under the Installment Sale Agreement from the proceeds of a grant from the U.C. Bureau of Reclamation, if any, received by the City with respect to the Project after the Closing Date, at a redemption price equal to the principal amount of the Bonds called for redemption, together with accrued interest to the date fixed for redemption, without premium. Any such redemption shall be in inverse order of maturity.

Section 4.02. Selection of Bonds for Redemption. Whenever provision is made in this Indenture for the redemption of less than all of the Bonds of a particular maturity, the Trustee shall select the Bonds to be redeemed from all Bonds of such maturity or such given portion thereof not previously called for redemption, by lot in any manner which the Trustee in its sole discretion shall deem appropriate and fair. For purposes of such selection, the Trustee shall treat each Bond as consisting of separate \$5,000 portions and each such portion shall be subject to redemption as if such portion were a separate Bond.

Section 4.03. Notice of Redemption. Notice of redemption shall be mailed by first class mail, postage prepaid, not less than twenty (20) nor more than sixty (60) days before any redemption date, to the respective Owners of any Bonds designated for redemption at their addresses appearing on the Registration Books, to the Securities Depositories and to the Information Services. Each notice of redemption shall state the date of the notice, the redemption date, the place or places of redemption, whether less than all of the Bonds (or all Bonds of a single maturity) are to be redeemed, the CUSIP numbers and (in the event that not all Bonds within a maturity are called for redemption) Bond numbers of the Bonds to be redeemed, the maturity or maturities of the Bonds to be redeemed, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed and, if such redemption is made pursuant to Section 4.01(a), that such redemption is conditioned upon receipt by the Trustee

of sufficient funds to insure the payment of the redemption price, including principal and interest. Each such notice shall also state that on the redemption date there will become due and payable on each of said Bonds the redemption price thereof, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered. Neither the failure to receive any notice nor any defect therein shall affect the sufficiency of the proceedings for such redemption or the cessation of accrual of interest from and after the redemption date. Notice of redemption of Bonds shall be given by the Trustee, at the expense of the Authority, for and on behalf of the Authority.

The Authority has the right to rescind any notice of the redemption of Bonds pursuant to Section 4.01(a) by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of redemption shall be cancelled 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 Bonds then called for redemption, and such cancellation shall not constitute a default under this Indenture. The City, the Authority 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 under this Section.

Section 4.04. Partial Redemption of Bonds. Upon surrender of any Bonds redeemed in part only, the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bonds surrendered.

Section 4.05. Effect of Redemption. Notice of redemption having been duly given as aforesaid, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, the Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption shall become due and payable, interest on the Bonds so called for redemption shall cease to accrue, said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture, and the Owners of said Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

All Bonds redeemed pursuant to the provisions of this Article shall be canceled by the Trustee upon surrender thereof and destroyed.

Section 4.06. Purchase of Bonds. In lieu of redemption of Bonds as provided in this Article IV, amounts held by the Trustee for such redemption received from the City may also be used, upon receipt by the Trustee at least sixty (60) days prior to the redemption date of the written request of an Authorized Representative of the Authority, for the purchase of Bonds at public or private sale as and when and at such prices (including brokerage, accrued interest and other charges) as the City may in its discretion direct, but not to exceed the redemption price which would be payable if such Bonds were redeemed. The aggregate principal amount of Bonds of the same maturity purchased in lieu of redemption pursuant to this Section 4.06 shall not exceed the aggregate principal amount of Bonds of such maturity which would otherwise be subject to such redemption.

ARTICLE V

REVENUES; FUNDS AND ACCOUNTS; PAYMENT OF PRINCIPAL AND INTEREST

Section 5.01. Pledge and Assignment; Bond Fund.

(a) Subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, all of the Revenues and any other amounts (including proceeds of the sale of the Bonds) held in the Bond Fund (including the Interest Account, the Principal Account, the Sinking Account therein) and the Redemption Fund, each established pursuant to this Indenture, are hereby pledged to secure the payment of the principal of and interest on the Bonds. Said pledge shall constitute a first lien on and security interest in such assets and shall attach, be perfected and be valid and binding from and after the Closing Date, without any physical delivery thereof or further act.

(b) The Authority hereby transfers in trust, grants a security interest in and assigns to the Trustee, for the benefit of the Owners from time to time of the Bonds, all of the Revenues and all of the rights of the Authority in the Installment Sale Agreement (except for certain rights to indemnification set forth therein and rights to the Additional Payments provided for therein), and the Trustee shall be entitled to and shall collect and receive all of the Revenues, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee. The Trustee also shall be entitled to and shall, subject to the provisions of Article VIII, take all steps, actions and proceedings which the Trustee determines to be reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the City under the Installment Sale Agreement.

The assignment of Installment Sale Agreement to the Trustee is solely in its capacity as Trustee under this Indenture and the duties, powers and liabilities of the Trustee in acting thereunder shall be subject to the provisions of this Indenture including, without limitation, the provisions of Article VIII hereof. The Trustee shall not be responsible for any representations, warranties, covenants or obligations of the Authority.

(c) Except as provided in Sections 5.06 and 5.07, all Revenues shall be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the "Bond Fund" which the Trustee shall establish, maintain and hold in trust. Within the Bond Fund there shall be established an Interest Account, a Principal Account and a Sinking Account. All Revenues deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in this Indenture.

Section 5.02. Allocation of Revenues. Not later than the Business Day preceding each Interest Payment Date, the Trustee shall transfer from the Bond Fund and deposit into the following respective accounts, the following amounts in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such

account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(a) The Trustee shall deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account equal to the amount of interest coming due and payable on the immediately succeeding Interest Payment Date on all Bonds then Outstanding.

(b) The Trustee shall deposit in the Principal Account an amount, if any, required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the Bonds coming due and payable on the immediately succeeding Interest Payment Date.

(c) The Trustee shall deposit in the Sinking Account an amount, if any, required to cause the aggregate amount on deposit in the Sinking Account to equal the aggregate principal amount of the Term Bonds required to be redeemed on the immediately succeeding Interest Payment Date pursuant to Section 4.01(b).

(d) If the then applicable immediately succeeding Interest Payment Date is December 1, all remaining moneys in the Bond Fund following the transfers provided for in (a), (b) and (c) shall be held by the Trustee in the Bond Fund and applied not later than the Business Day prior to the next succeeding June 1 Interest Payment Date as provided in this Section 5.02. If the then applicable immediately succeeding Interest Payment Date is June 1, all remaining moneys in the Bond Fund following the transfers provided for in (a), (b) and (c) shall be transferred by the Trustee to the City to be used for any lawful purpose of the City.

Section 5.03. Application of Interest Account. All amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to this Indenture).

Section 5.04. Application of Principal Account. All amounts in the Principal Account shall be used and withdrawn by the Trustee solely to pay the principal amount of the Bonds at their respective maturity dates.

Section 5.05. Application of Sinking Account. All amounts in the Sinking Account shall be used and withdrawn by the Trustee solely to pay the aggregate principal amount of the Term Bonds required to be redeemed on the immediately succeeding June 1st pursuant to Section 4.01(b).

Section 5.06. Application of Redemption Fund. The Trustee shall establish and maintain the Redemption Fund into which the Trustee shall deposit optional prepayments of Installment Payments described in Section 4.01(a). Amounts in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds to be redeemed pursuant to Section 4.01(a); *provided, however*, that at any time prior to the selection of Bonds for redemption, the Trustee may apply such amounts to the purchase of Bonds at public or private sale.

Section 5.07. Investments. All moneys in any of the funds or accounts established with the Trustee pursuant to this Indenture shall be invested by the Trustee solely in Permitted Investments. Such investments shall be directed by the City pursuant to a Written Request of the City filed with the Trustee at least two (2) Business Days in advance of the making of such investments (which Written Request shall certify that the investments constitute Permitted Investments). In the absence of any such directions, the Trustee shall invest any such moneys in Permitted Investments described in clause (d) of the definition thereof. Permitted Investments purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account.

All interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder shall be deposited in the Bond Fund, except that interest or gain derived from the investment of amounts in the Project Fund and the Costs of Issuance Fund shall be retained in such respective funds and used for the purposes thereof. To the extent that any investment agreement requires the payment of fees, such fees shall be paid from available moneys in the Bond Fund after the deposit of moneys described in Section 5.02(a), (b) and (c). For purposes of acquiring any investments hereunder, the Trustee may commingle funds held by it hereunder. The Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee or its affiliates may act as sponsor, advisor or depository with respect to any Permitted Investment. To the extent that any Permitted Investment purchased by the Trustee are registrable securities such Permitted Investment shall be registered in the name of the Trustee. The Trustee shall incur no liability for losses arising from any investments made pursuant to this Section 5.07.

Investments shall be valued by the Trustee at the market value thereof, exclusive of accrued interest. Deficiencies in the amount on deposit in any fund or account resulting from a decline in market value shall be restored no later than the succeeding valuation date.

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

Section 5.08. Valuation and Disposition of Investments. All moneys held by the Trustee shall be held in trust, but need not be segregated from other funds unless specifically required by this Indenture. Except as specifically provided in this Indenture, the Trustee shall not be liable to pay interest on any moneys received by it, but shall be liable only to account to the Authority for earnings derived from funds that have been invested.

The Authority covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Indenture, or otherwise containing gross proceeds of the Bonds (within the meaning of section 148 of the Code), shall be acquired, disposed of, and valued (as of the date that valuation is required by this Indenture or the Code) at Fair Market Value.

ARTICLE VI

PARTICULAR COVENANTS

Section 6.01. Punctual Payment. The Authority shall punctually pay or cause to be paid the principal of and interest on all the Bonds in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof, but only out of Revenues and other assets pledged for such payment as provided in this Indenture.

Section 6.02. Extension of Payment of Bonds. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section 6.02 shall be deemed to limit the right of the Authority to issue bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

Section 6.03. Against Encumbrances. The Authority shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other assets pledged or assigned under this Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by this Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, and reserves the right to issue other obligations for such purposes. Nothing in this Section 6.03 shall in any way limit the City's ability to encumber its assets in accordance with the Installment Sale Agreement.

Section 6.04. Power to Issue Bonds and Make Pledge and Assignment. The Authority represents and warrants that it is duly authorized pursuant to law to issue the Bonds and to enter into this Indenture and to pledge and assign the Revenues and other assets purported to be pledged and assigned, respectively, under this Indenture in the manner and to the extent provided in this Indenture and the Bonds and the provisions of this Indenture are and will be the legal, valid and binding special obligations of the Authority enforceable in accordance with their terms. The Authority and the Trustee shall at all times, subject to the provisions of Article VIII and to the extent permitted by law, defend, preserve and protect said pledge and assignment of Revenues and other assets and all the rights of the Owners under this Indenture against all claims and demands of all persons whomsoever.

Section 6.05. Accounting Records. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with industry standards, in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of Bonds, the Revenues, the Installment Sale Agreement and all funds and accounts established pursuant to this Indenture. Such books of record and account shall be available for inspection by the Authority and the City during business hours and under reasonable circumstances.

Section 6.06. No Additional Obligations. The Authority covenants that no additional bonds, notes or other indebtedness shall be issued or incurred which are payable out of the Revenues in whole or in part.

Section 6.07. Tax Covenants. The Authority covenants to and for the benefit of the Owners that, notwithstanding any other provisions of this Indenture (other than Section 11.01 hereof), it will:

(a) neither make or use nor cause to be made or used any investment or other use of the proceeds of the Bonds or the moneys and investments held in the funds and accounts established under this Indenture which would cause the Bonds to be arbitrage bonds under section 103(b) and section 148 of the Code and the Regulations issued under section 148 of the Code or which would otherwise cause the interest payable on the Bonds to be includable in gross income for federal income tax purposes;

(b) not take or cause to be taken any other action or actions, or fail to take any action or actions, which would cause the interest payable on the Bonds to be includable in gross income for federal income tax purposes;

(c) at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Authority on the Bonds will be excluded from the gross income, for federal income tax purposes, of the Owners pursuant to section 103 of the Code; and

(d) not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code and the Regulations.

In furtherance of the covenants in this Section 6.07, the Authority shall execute, deliver and comply with the provisions of the Tax Certificate, which is by this reference incorporated into this Indenture and made a part of this Indenture as if set forth in this Indenture in full including all of the defined terms therein, and by its acceptance of this Indenture the Trustee acknowledges receipt of the Tax Certificate and acknowledges its incorporation in this Indenture by this reference. The Trustee agrees it will invest funds held under this Indenture in accordance with the terms of this Indenture (this covenant shall extend throughout the term of the Bonds, to all funds and accounts created under this Indenture and all moneys on deposit to the credit of any fund or account).

Section 6.08. Rebate Requirement. The Authority shall take any and all actions necessary to assure compliance with section 148(f) of the Code relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Bonds. The Treasurer of the Authority shall take note of any investment of monies hereunder in excess of the yield on the Bonds, and shall take such actions as are necessary to ensure compliance with this Section 6.08. If necessary to satisfy its obligations under this Section 6.08, the Authority may make a demand on the City to remit an Additional Payment in the amount so needed.

Section 6.09. Collection of Amounts Due Under the Installment Sale Agreement. The Trustee shall promptly collect all amounts due from the City pursuant to the Installment Sale Agreement. Subject to the provisions of Article VIII, the Trustee shall enforce, and take all steps, actions and proceedings which the Trustee determines to be reasonably necessary for the enforcement of all of its rights thereunder as assignee of the Authority, for the enforcement of all of the obligations of the City under the Installment Sale Agreement.

The Authority shall not amend, modify or terminate any of the terms of the Installment Sale Agreement, or consent to any such amendment, modification or termination, without the prior written consent of the Trustee. The Trustee shall give such written consent only if (a) in the opinion of Bond Counsel, such amendment, modification or termination will not materially adversely affect the interests of the Owners, or (b) the Trustee first obtains the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding to such amendment, modification or termination.

Section 6.10. Continuing Disclosure. The City has covenanted to comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure of the City to comply with the Continuing Disclosure Certificate shall not constitute an Event of Default hereunder; *provided, however*, that any Participating Underwriter or any Owner or beneficial owner of the Bonds may take such actions as may be necessary and appropriate to compel performance by the City of its obligations under the Continuing Disclosure Certificate, including seeking mandate or specific performance by court order.

Section 6.11. Waiver of Laws. The Authority shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension of law now or at any time hereafter in force that may adversely affect the covenants and agreements of the Authority contained in this Indenture or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Authority to the extent permitted by law.

Section 6.12. Further Assurances. The Authority will make, execute and deliver any and all such further indentures, 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 of the rights and benefits provided in this Indenture.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

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

(a) Default in the due and punctual payment of the principal of any Bonds when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise.

(b) Default in the due and punctual payment of any installment of interest on any Bonds when and as the same shall become due and payable.

(c) Default by the Authority in the observance of any of the other covenants, agreements or conditions on its part in this Indenture or in the Bonds, if such default shall have continued for a period of thirty (30) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority and the City by the Trustee; provided, however, that if in the reasonable opinion of the Authority the default stated in the notice can be corrected, but not within such thirty (30) day period, such default shall not constitute an Event of Default hereunder if the Authority shall commence to cure such default within such thirty (30) day period and thereafter diligently and in good faith cure such failure in a reasonable period of time.

(d) The occurrence and continuation of an event of default with respect to any Parity Obligation.

Section 7.02. Remedies Upon Event of Default. If any Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee may, and shall at the written direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding and receipt of indemnity to its satisfaction, and payment of its fees and expenses, including the fees and expenses of its counsel, shall in its own name and as the Trustee of an express trust:

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Owners under, and require the Authority or the City to carry out any agreements with or for the benefit of the Owners of Bonds and to perform its or their duties under the Installment Sale Agreement and this Indenture, provided that any such remedy may be taken only to the extent permitted under the applicable provisions of the Installment Sale Agreement or this Indenture, as the case may be;

(b) bring suit upon the Bonds;

(c) by action or suit in equity require the Authority to account as if it were the trustee of an express trust for the Owners of Bonds; or

(d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of Bonds hereunder.

Upon the occurrence of an Event of Default, the Trustee shall be entitled as a matter of right to the appointment of a receiver or receivers for the Revenues, *ex parte*, and without notice, and the Authority consents to the appointment of such receiver upon the occurrence of an Event of Default. In the case of any receivership, insolvency, bankruptcy, or other judicial proceedings affecting the Authority or the City, the Trustee shall be entitled to file such proofs of claims and other documents as may be necessary or advisable in order to have the claims of the Trustee and the Bond Owners allowed in such proceedings, without prejudice, however, to the right of any Bond Owner to file a claim on his or her own behalf; provided, the Trustee shall be entitled to compensation and reimbursement for the reasonable fees and expenses of its counsel and indemnity for its reasonable expenses and liability from the Authority, the City or the Bond Owners, as appropriate.

Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Bond Owner any plan of reorganization, arrangement, adjustment, or composition affecting the Bonds or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Bond Owner in any such proceeding without the approval of the Bond Owners so affected.

Section 7.03. Application of Revenues and Other Funds After Default. If an Event of Default shall occur and be continuing, all Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of this Indenture shall be applied by the Trustee as follows and in the following order:

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

(b) To the payment of the principal of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping or otherwise noting thereon of the payment if only partially paid, or surrender thereof if fully paid) in accordance with the provisions of this Indenture, as follows:

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

Second: To the payment to the persons entitled thereto of the unpaid principal of any Bonds which shall have become due, whether at maturity or by acceleration or redemption, with interest on the overdue principal at the rate borne by the respective Bonds (to the extent permitted by law), and, if the amount available shall not be sufficient to pay in full all the Bonds, together with such interest, then to the payment thereof

ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference.

Section 7.04. Trustee to Represent Owners. The Trustee is hereby irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the Bonds, this Indenture and applicable provisions of any law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Owners, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under the Bonds, this Indenture or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Revenues and other assets pledged under this Indenture, pending such proceedings. All rights of action under this Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Owners of such Bonds, subject to the provisions of this Indenture.

Section 7.05. Owners' Direction of Proceedings. Anything in this Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable satisfaction, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would expose it to liability.

Section 7.06. Limitation on Owners' Right to Sue. Notwithstanding any other provision hereof, no Owner of any Bonds shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture, the Installment Sale Agreement or any other applicable law with respect to such Bonds, unless (a) such Owner shall have 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 the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) such Owner or Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee shall have failed 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; and

(e) no direction inconsistent with such written request shall have been given to the Trustee during such sixty (60) day period by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture or the rights of any other Owners of Bonds, or to enforce any right under the Bonds, this Indenture, the Installment Sale Agreement or other applicable law with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of this Indenture.

Section 7.07. Absolute Obligation of Authority. Nothing in Section 7.06 or in any other provision of this Indenture or in the Bonds contained shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective Owners of the Bonds at their respective dates of maturity, or upon call for redemption, as herein provided, but only out of the Revenues and other assets herein pledged therefor, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

Section 7.08. Termination of Proceedings. In case any proceedings taken by the Trustee or any one or more Owners on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Owners, then in every such case the Authority, the Trustee and the Owners, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the Authority, the Trustee and the Owners shall continue as though no such proceedings had been taken.

Section 7.09. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

Section 7.10. No Waiver of Default. No delay or omission of the Trustee or of any Owner of the Bonds to exercise any right or power arising upon the occurrence of 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 an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or the Owners of the Bonds may be exercised from time to time and as often as may be deemed expedient.

Section 7.11. Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the City, the Authority, the Trustee, their officers, employees and agents, 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 Authority shall be for the sole and exclusive benefit of the City, the Authority, the Trustee, their officers, employees and agents, and the Owners.

ARTICLE VIII

THE TRUSTEE

Section 8.01. Appointment of Trustee. U.S. Bank National Association, a national banking association organized and existing under and by virtue of the laws of the United States of America, is hereby appointed Trustee by the Authority 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 Authority agrees that it will maintain a Trustee having a corporate trust office in the State, with (or if a member of a bank holding company system, its parent holding company shall have) 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 Bonds are Outstanding. If such national banking association, 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 8.01 the combined capital and surplus of such national banking association, 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 principal of and interest on the Bonds when duly presented for payment at maturity, or on redemption or purchase prior to maturity, and to cancel all Bonds upon payment thereof. The Trustee shall keep accurate records of all funds administered by it and of all Bonds paid and discharged.

Section 8.02. Acceptance of Trustee. 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 or waiver of 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 and diligence in their exercise, as a prudent person would use in the conduct of its 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, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder. The Trustee shall not be responsible for any misconduct or negligence on the part of any agent, receiver or attorney appointed with due care by it hereunder. The Trustee may conclusively rely upon an opinion of counsel as full and complete protection for any action taken or suffered by it hereunder.

(c) The Trustee shall not be responsible for any recital herein, or in the Bonds, or for any of the supplements thereto or instruments of further assurance, or for the sufficiency of the security for the 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 Authority hereunder.

(d) Except as provided in Section 3.02, the Trustee shall not be accountable for the use of any proceeds of sale of the Bonds delivered hereunder. The Trustee may become the Owner of Bonds secured hereby with the same rights which it would have if not the Trustee; may acquire and dispose of other bonds or evidences of indebtedness of the Authority 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 Bonds, whether or not such committee shall represent the Owners of the majority of the Bonds.

(e) The Trustee shall be protected in acting, in good faith and without negligence, upon any notice, request, consent, certificate, order, affidavit, letter, telegram, requisition, facsimile transmission, electronic mail or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken or omitted to be taken by the Trustee in good faith and without negligence 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 Bond, shall be conclusive and binding upon all future Owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof. The Trustee shall not be bound to recognize any person as an Owner of any Bond or to take any action at his request unless the ownership of such Bond by such person shall be reflected on the 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 Written Certificate of the Authority 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 8.02(h) hereof, shall also be at liberty to accept a Written Certificate of the Authority 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.

(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. 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, or under the Installment Sale Agreement, except failure by the Authority to make any of the payments to the Trustee required to be made by the Authority pursuant hereto or failure by the Authority to file with the Trustee any document required by this Indenture to be so filed subsequent to the issuance of the Bonds, unless the Trustee shall be specifically notified in writing of such default by the Authority or by the owners of a majority in principal amount of the 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, 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, accountants and representative, shall have the right (but not any duty) fully to inspect all books, papers and records of the Authority pertaining to the Bonds, and to make copies of any of such books, papers and records such 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 hereof.

(k) Notwithstanding anything elsewhere in this Indenture with respect to the execution of any 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 Authority to the execution of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

(l) Before taking any action under Article VII hereof or this Article VIII at the request or direction of the Owners, the Trustee may require payment or reimbursement of its fees and expenses, including fees and expenses of counsel and receipt of an indemnity bond satisfactory to it from the Owners to protect it against all liability, except liability which is adjudicated to have resulted from its own negligence or willful misconduct in connection with any action so taken. Before being required to take any action, the Trustee may require an opinion of counsel acceptable to the Trustee, which opinion shall be made available to the Authority and the City, which counsel may be counsel to either of the parties hereto or to the City, or a verified certificate of any party hereto, or both, concerning the proposed action. If it does so in good faith, the Trustee shall be absolutely protected in relying thereon.

(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.

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

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

The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon or other paper or document.

(o) The Trustee shall have no responsibility for or liability in connection with assuring that all of the procedures or conditions to closing set forth in the contract for purchase of the Bonds have been met on the Closing Date, or that all documents required to be delivered on the Closing Date to the parties are actually delivered, except its own responsibility to receive the proceeds of the sale of the Bond and to deliver the Bonds or other certificates expressly required to be delivered by it and its counsel.

The Trustee may assume that parties to the contract for purchase of the Bonds have waived their rights to receive documents or to require the performance of procedures if the parties to whom such documents are to be delivered or for whom such procedures are to be performed do not require delivery or performance on or prior to the Closing Date.

(p) The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

(q) The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the Project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar even and/or occurrences beyond the control of the Trustee.

(r) Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of the Authority or City, and such certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

Section 8.03. 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 Bond upon the amounts held hereunder for the foregoing fees, charges and expenses incurred by it respectively.

Section 8.04. Notice to Owners of Default. If an Event of Default hereunder occurs with respect to any Bonds of which the Trustee has been given or is deemed to have notice, as provided

in Section 8.02(h) hereof, then the Trustee shall immediately give written notice thereof, by first-class mail to the Owners of the Bonds, 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 Authority to make any payment when due, the Trustee shall, within thirty (30) days of the Trustee's knowledge thereof, give such notice to the Owners unless the Trustee in good faith determines that it is in the best interests of the Owners not to give such notice.

Section 8.05. Intervention by Trustee. In any judicial proceeding to which the Authority is a party which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of the Owners of any of the Bonds, the Trustee may intervene on behalf of such Owners, and subject to Section 8.02(l) hereof, shall do so if requested in writing by the Owners of at least twenty-five percent (25%) of the Bonds.

Section 8.06. Removal of Trustee. The Owners of a majority of the Bonds may at any time, and the Authority 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, whereupon the Authority (with the written consent of the City) 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 8.01.

Section 8.07. Resignation by Trustee. The Trustee and any successor Trustee may at any time give written notice of its intention to resign as Trustee hereunder, such notice to be given to the Authority and the City by first class mail. Upon receiving such notice of resignation, the Authority (with the written approval of the City) 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 Authority shall cause notice thereof to be given by first class mail, postage prepaid, to the Owners at their respective addresses set forth on the Registration Books.

Section 8.08. Appointment of Successor Trustee. In the event of the removal or resignation of the Trustee pursuant to Sections 8.06 or 8.07, respectively, and if the Owners shall not have approved a successor Trustee, then, with the prior written consent of the City, the Authority shall promptly appoint a successor Trustee. In the event the Authority shall for any reason whatsoever fail to appoint a successor Trustee within sixty (60) days following the delivery to the Trustee of the instrument described in Section 8.06 or within sixty (60) days following the receipt of notice by the Authority pursuant to Section 8.07, the Trustee may, at the expense of the Authority, apply to a court of competent jurisdiction for the appointment of a successor Trustee meeting the requirements of Section 8.01 hereof. Any such successor Trustee appointed by such court shall become the successor Trustee hereunder notwithstanding any action by the Authority purporting to appoint a successor Trustee following the expiration of such ninety-day period.

Within sixty (60) days following the appointment of a successor Trustee hereunder, the former Trustee shall deliver to such successor Trustee (a) all funds and amounts held by the former Trustee hereunder, and (b) any and all information and documentation as may be required or reasonably requested by the Authority or such successor Trustee in connection with the transfer to such successor Trustee of all the duties and functions of the Trustee hereunder.

The Authority shall pay the reasonable costs and expenses of such former Trustee incurred in connection with such transfer.

Section 8.09. 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 meet the requirements set forth in Section 8.01, 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 8.10. Concerning any Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor Trustee and also to the Authority 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 Authority, or of the Trustee's successor, execute and deliver an instrument transferring to such successor Trustee 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 Authority 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 Trustee, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority.

Section 8.11. 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 co-trustee. The following provisions of this Section 8.11 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 Authority be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority. 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 8.12. Indemnification; Limited Liability of Trustee. The Authority covenants and agrees to indemnify and save the Trustee and its officers, directors, agents and employees, harmless against any loss, expense, including legal fees and expenses, and liabilities which it may incur arising out of or in the exercise and performance of its powers and duties hereunder or with respect to the Installment Sale Agreement, including the reasonable costs and expenses of defending against any claim of liability or arising out of any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading in any official statement or other disclosure utilized in connection with the sale of the Bonds, but excluding any and all losses, expenses and liabilities which are due to the negligence or misconduct of the Trustee, its officers, directors, agents or employees. No provision in this Indenture shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability hereunder if repayment of such funds or adequate indemnity against such liability or risk is not assured to it. The Trustee shall not be liable for any action taken or omitted to be taken by it in accordance with the direction of the Owners of at least a majority of the principal amount of the Bonds relating to the time, method and place of exercising any trust or power or conducting any proceeding or remedy available to the Trustee under this Indenture of for any special, indirect, consequential or punitive damages. The obligations of the Authority hereunder shall survive the resignation or removal of the Trustee, or the discharge of this Indenture.

ARTICLE IX

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 9.01. Amendments Permitted.

(a) This Indenture and the rights and obligations of the Authority and of the Owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority and the Trustee may enter into when the written consents of the Owners of a majority in aggregate principal amount of all Bonds then Outstanding shall have been filed with the Trustee. No such modification or amendment shall (i) extend the fixed maturity of any Bonds, or reduce the amount of principal thereof or extend the time of payment, or change the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Owner of each Bond so affected, or (ii) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or (iii) permit the creation of any lien on the Revenues and other assets pledged under this Indenture prior to or on a parity with the lien created by this Indenture except as permitted herein, or (iv) deprive the Owners of the Bonds of the lien created by this Indenture on such Revenues and other assets (except as expressly provided in this Indenture), without the consent of the Owners of all of the Bonds then Outstanding. It shall not be necessary for the consent of the Owners to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof.

(b) This Indenture and the rights and obligations of the Authority, of the Trustee and the Owners of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority and the Trustee may enter into without the consent of any Owners, if the Trustee has been furnished an opinion of counsel that the provisions of such Supplemental Indenture shall not materially adversely affect the interests of the Owners of the Bonds, including, without limitation, for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Authority in this Indenture contained other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the Authority;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Indenture, or in regard to matters or questions arising under this Indenture, as the Authority may deem necessary or desirable;

(iii) to modify, amend or supplement this Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute; or

(iv) to modify, amend or supplement this Indenture in such manner as to cause interest on the Bonds to remain excludable from gross income under the Code.

(c) The Trustee may in its discretion, but shall not be obligated to, enter into any such Supplemental Indenture authorized by subsections (a) or (b) of this Section 9.01 which materially adversely affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

(d) Prior to the Trustee's entering into any Supplemental Indenture hereunder, there shall be delivered to the Trustee an opinion of Bond Counsel stating, in substance, that such Supplemental Indenture has been adopted in compliance with the requirements of this Indenture and that the adoption of such Supplemental Indenture will not, in and of itself, adversely affect the exclusion from gross income for purposes of federal income taxes of interest on the Bonds.

(e) Written notice of any amendment or modification made pursuant to this Section 9.01 shall be given by the Authority to any rating agency then rating the Bonds at least ten (10) days prior to the effective date of such amendment or modification.

Section 9.02. Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to this Article IX, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Authority, the Trustee and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 9.03. Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after the execution of any Supplemental Indenture pursuant to this Article may, and if the Authority so determines shall, bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand on the Owner of any Bonds Outstanding at the time of such execution and presentation of his Bonds for the purpose at the Principal Corporate Trust Office or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation shall be made on such Bonds. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the Authority and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the Authority and authenticated by the Trustee, and upon demand on the Owners of any Bonds then Outstanding shall be exchanged at the Principal Corporate Trust Office, without cost to any Owner, for Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amount of the same series and maturity.

Section 9.04. Amendment of Particular Bonds. The provisions of this Article IX shall not prevent any Owner from accepting any amendment as to the particular Bonds held by him.

ARTICLE X

DEFEASANCE

Section 10.01. Discharge of Indenture. Any or all of the Outstanding Bonds may be paid by the Authority in any of the following ways, provided that the Authority also pays or causes to be paid any other sums payable hereunder by the Authority:

(a) by paying or causing to be paid the principal of and interest on such Bonds, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, Defeasance Obligations in the necessary amount (as provided in Section 10.03) to pay or redeem such Bonds; or

(c) by delivering to the Trustee, for cancellation by it, such Bonds.

If the Authority shall also pay or cause to be paid all other sums payable hereunder by the Authority, then and in that case, at the election of the Authority (evidenced by a Written Certificate of the Authority, filed with the Trustee, signifying the intention of the Authority to discharge all such indebtedness and this Indenture), and notwithstanding that any of such Bonds shall not have been surrendered for payment, this Indenture and the pledge of Revenues and other assets made under this Indenture with respect to such Bonds and all covenants, agreements and other obligations of the Authority under this Indenture with respect to such Bonds shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon the Written Request of the Authority, the Trustee shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver to the City all moneys or securities or other property held by it pursuant to this Indenture which are not required for the payment or redemption of any of such Bonds not theretofore surrendered for such payment or redemption.

Section 10.02. Discharge of Liability on Bonds. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 10.03) to pay or redeem any Outstanding Bonds (whether upon or prior to the maturity or the redemption date of such Bonds), provided that, if such Bonds are to be redeemed prior to maturity, notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the Authority in respect of such Bonds shall cease, terminate and be completely discharged, and the Owners thereof shall thereafter be entitled only to payment out of such money or securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of Section 10.04.

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

Section 10.03. Deposit of Money or Securities with Trustee. Whenever in this Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to this Indenture and shall be:

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

(b) Defeasance Obligations, the principal of and interest on which when due will, in the written opinion of an Independent Accountant filed with the City, the Authority and the Trustee, provide money sufficient to pay the principal of and interest on the Bonds to be paid or redeemed, as such principal and interest become due, provided that in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Trustee shall have been made for the giving of such notice;

provided, in each case, that (i) the Trustee shall have been irrevocably instructed (by the terms of this Indenture or by Written Request of the Authority) to apply such money to the payment of such principal and interest with respect to such Bonds, and (ii) the Authority shall have delivered to the Trustee an opinion of Bond Counsel to the effect that such Bonds have been discharged in accordance with this Indenture (which opinion may rely upon and assume the accuracy of the Independent Accountant's opinion referred to above).

Section 10.04. Unclaimed Funds. Notwithstanding any provisions of this Indenture, and subject to applicable provisions of State law, any moneys held by the Trustee in trust for the payment of the principal of, or interest on, any Bonds and remaining unclaimed for two (2) years after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption as provided in this Indenture), if such moneys were so held at such date, or two (2) years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall be repaid to the City free from the trusts created by this Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease; *provided, however,* that before the repayment of such moneys to the Authority as aforesaid, the Trustee shall (at the written request and cost of the Authority) first mail to the Owners of Bonds which have not yet been paid, at the addresses for such Owners shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Authority of the moneys held for the payment thereof.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Liability of Authority Limited to Revenues. Notwithstanding anything in this Indenture or in the Bonds contained, the Authority shall not be required to advance any moneys derived from any source other than the Revenues and other assets pledged under this Indenture for any of the purposes in this Indenture mentioned, whether for the payment of the principal of or interest on the Bonds or for any other purpose of this Indenture. Nevertheless, the Authority may in its sole and absolute discretion, but shall not be required to, advance for any of the purposes hereof any funds of the Authority which may be made available to it for such purposes.

Section 11.02. Limitation of Rights to Parties and Owners. Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any person other than the Authority, the Trustee, the City and the Owners of the Bonds, any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Trustee, the City, the Authority and the Owners of the Bonds.

Section 11.03. Funds and Accounts. Any fund or account required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with industry standards to the extent practicable, and with due regard for the requirements of Section 5.08 and for the protection of the security of the Bonds and the rights of every Owner thereof. The Trustee may establish such funds and accounts as it deems necessary to perform its obligations hereunder. The Trustee shall deliver a monthly accounting to the Authority of the funds and accounts held hereunder; provided, that the Trustee shall not be obligated to deliver an accounting for any fund or account that has had no activity since the last reporting date and that has a balance of zero.

Section 11.04. Waiver of Notice; Requirement of Mailed Notice. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver. Whenever in this Indenture any notice shall be required to be given by mail, such requirement shall be satisfied by the deposit of such notice in the United States mail, postage prepaid, by first class mail.

Section 11.05. Destruction of Bonds. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the Authority of any Bonds, the Trustee shall, in lieu of such cancellation and delivery, destroy such Bonds as may be allowed by law, and at the

written request of the Authority the Trustee shall deliver a certificate of such destruction to the Authority.

Section 11.06. Severability of Invalid Provisions. If any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Authority hereby declares that it would have entered into this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

Section 11.07. Notices. All written notices to be given under this Indenture shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective either (a) upon transmission by facsimile transmission or other form of telecommunication, confirmed by telephone, (b) after deposit in the United States mail, postage prepaid, upon receipt, or (c) in the case of personal delivery to any person, upon actual receipt. The Authority, the City or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the Authority:	Camarillo Public Finance Authority c/o City of Camarillo 601 Carmen Drive Camarillo, CA 93010 Attention: Director of Finance Phone: (805) 388-5320
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If to the City:	City of Camarillo 601 Carmen Drive Camarillo, CA 93010 Attention: Director of Finance Phone: (805) 388-5320
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If to the Trustee:	U.S. Bank National Association, 633 West Fifth Street, 24 th Floor Los Angeles, CA 90071 Attention: Global Corporate Trust Phone: (213) 615-6062
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The City, the Authority and the Trustee, by notice given hereunder, may designate different addresses or phone numbers to which subsequent communications will be given hereunder.

Section 11.08. Evidence of Rights of Owners. Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Owners may be in any

number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Owners in person or by an 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, or of the holding by any person of Bonds transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and the Authority if made in the manner provided in this Section 11.08.

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 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 acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The ownership of Bonds shall be proved by the Registration Books.

Any request, consent, or other instrument or writing of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in accordance therewith or reliance thereon.

Section 11.09. Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are known by the Trustee to be owned or held by or for the account of the Authority or the City, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section 11.09 if the pledgee shall certify to the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

Upon request, the Authority or the City shall specify to the Trustee those Bonds disqualified pursuant to this Section 11.09.

Section 11.10. Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest or principal due on any date with respect to particular Bonds (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto, subject, however, to the provisions of Section 10.04 hereof but without any liability for interest thereon.

Section 11.11. Waiver of Personal Liability. No Board member, officer, agent or employee of the Authority shall be individually or personally liable for the payment of the principal of or interest on the Bonds or be subject to any personal liability or accountability by reason of the

issuance thereof; but nothing herein contained shall relieve any such Board member, officer, agent or employee from the performance of any official duty provided by law or by this Indenture.

Section 11.12. Successor Is Deemed Included in All References to Predecessor. Whenever in this Indenture the City, the Authority or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the City, the Authority or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

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

Section 11.14. Governing Law. This Indenture shall be governed by and construed in accordance with the laws of the State applicable to contracts made and performed in the State.

IN WITNESS WHEREOF, the CAMARILLO PUBLIC FINANCE AUTHORITY has caused this Indenture to be signed in its name by its officers identified below and U.S. BANK NATIONAL ASSOCIATION 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.

CAMARILLO PUBLIC FINANCE
AUTHORITY

By: _____
Treasurer

ATTEST:

By: _____
Secretary

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Vice President

03057.02;J16103

EXHIBIT A

FORM OF BONDS

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

**CAMARILLO PUBLIC FINANCE AUTHORITY
(VENTURA COUNTY, CALIFORNIA)
WATER REVENUE BOND, SERIES 2019**

INTEREST RATE:	MATURITY DATE:	ORIGINAL ISSUE DATE:	CUSIP:
_____%	June 1, ____	August __, 2019	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

The CAMARILLO PUBLIC FINANCE AUTHORITY, a joint exercise of powers entity duly organized and existing under and by virtue of the laws of the State of California (the "Authority"), for value received, hereby promises to pay to the Registered Owner specified above or registered assigns (the "Registered Owner"), on the Maturity Date specified above (subject to any right of prior redemption hereinafter provided for), the Principal Amount specified above, in lawful money of the United States of America, and to pay interest thereon in like lawful money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond unless (i) this Bond is authenticated on or before an Interest Payment Date and after the close of business on the fifteenth day of the month preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (ii) this Bond is authenticated on or before November 15, 2019, in which event it shall bear interest from the Original Issue Date specified above; *provided, however*, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on this Bond, at the Interest Rate per annum specified above, payable semiannually on June 1 and December 1 in each year, commencing December 1, 2019 (collectively, the "Interest Payment Dates"), calculated on the basis of a 360-day year composed of twelve 30-day months. Principal hereof is payable upon presentation and surrender hereof at the principal corporate trust office (the "Office") of U.S. Bank National Association, as trustee (the "Trustee"). Interest hereon is payable by check of the Trustee mailed to the Registered Owner hereof at the Registered Owner's address as it appears on the registration books of the Trustee as of the close of business on the fifteenth day of the month preceding each Interest Payment Date (a "Record Date"), or, upon written request filed with the Trustee (at least five days prior) to such Record Date by a Registered Owner of at least \$1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available

funds to an account in the United States designated by such Registered Owner in such written request.

This Bond is not a debt of the County of Ventura, the City of Camarillo (the “City”), the State of California, or any of its political subdivisions (other than the Authority), and neither the City, said County, said State, nor any of its political subdivisions (other than the Authority), is liable hereon nor in any event shall this Bond be payable out of any funds or properties of the Authority other than the Revenues (as defined in the Indenture) and funds pledged therefor under the Indenture.

This Bond is one of a duly authorized issue of bonds of the Authority designated as the “Camarillo Public Finance Authority (Ventura County, California) Water Revenue Bonds, Series 2019” (the “Bonds”), in an aggregate principal amount of _____ dollars (\$_____), all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions) and all issued pursuant to the provisions of Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code, commencing with section 6584 of said Code (the “Bond Law”), and pursuant to an Indenture of Trust, dated as of August 1, 2019, by and between the Authority and the Trustee (the “Indenture”) and a resolution of the Authority adopted on July 24, 2019 authorizing the issuance of the Bonds. Reference is hereby made to the Indenture (copies of which are on file at the office of the Trustee) and all supplements thereto for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Revenues, and the rights thereunder of the owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Authority thereunder, to all of the provisions of which the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds have been issued by the Authority to (a) finance a portion of the costs of a groundwater desalter facility (the “Project”) which will be a part of the City’s municipal water system (the “Water System”), and (b) pay costs of issuance of the Bonds.

The Bonds are special obligations of the Authority payable from revenues (the “Revenues”), consisting primarily of installment payments (the “Installment Payments”) payable by the City under an installment sale agreement, dated as of August 1, 2019, between the Authority, as seller, and the City, as purchaser (the “Installment Sale Agreement”), pursuant to which the Authority will sell the Project to the City. The Installment Payments, if made when due under the Installment Sale Agreement, will be sufficient to pay the principal of and interest on the Bonds when due.

The City is legally required under the Installment Sale Agreement to make Installment Payments from a first and prior lien on the Net Revenues of the Water System. “Net Revenues” are the Gross Revenues of the Water System, less Maintenance and Operation Costs of the Water System (as such capitalized terms are defined in the Indenture). In addition to the Installment Payments, Net Revenues are pledged to payments with respect to any Parity Obligations (as defined in the Indenture) hereafter issued or incurred by the City. The City has covenanted under the Installment Sale Agreement to prescribe, revise and collect such charges from the services and facilities of the Water System which will produce gross revenues sufficient in each Fiscal Year to provide Net Revenues equal to at least 1.25 times the aggregate of the Installment Payments and

payments with respect to any Parity Obligations hereafter issued or incurred by the City in such Fiscal Year. The Installment Payments are not subject to abatement.

The rights and obligations of the Authority and the owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such modification or amendment shall extend the fixed maturity of any Bonds, or reduce the amount of principal thereof, or extend the time of payment, or change the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the owner of each Bond so affected.

The Bonds maturing on or after June 1, 2028 are subject to mandatory redemption as a whole, or in part in such order of maturity as the City shall designate (and, if no specific order of redemption is designated by the City, in inverse order of maturity), on any date on or after June 1, 2027, from the optional prepayment of Installment Payments pursuant to the Installment Sale Agreement, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The Bonds maturing on June 1, ____, are subject to redemption from Mandatory Sinking Fund Payments in part on June 1, ____, and on each June 1 thereafter to and including June 1, ____, to the extent of the sinking fund payment made by the Authority, derived from Installment Payments by the City, with respect to each such redemption date, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium, as follows:

Sinking Account Redemption Date (June 1)	Principal Amount to be Redeemed or Purchased
--	---

†Maturity

The Bonds maturing on June 1, ____, are subject to redemption from Mandatory Sinking Fund Payments in part on June 1, ____, and on each June 1 thereafter to and including June 1, ____, to the extent of the sinking fund payment made by the Authority, derived from Installment Payments by the City, with respect to each such redemption date, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium, as follows:

Sinking Account Redemption Date (June 1)	Principal Amount to be Redeemed or Purchased
--	---

†Maturity

In the event that the Trustee redeems Bonds maturing on June 1, ____, or June 1, ____, in part but not in whole pursuant to the other redemption provisions of the Indenture, the amount of the Bonds maturing on June 1, ____, or June 1, ____, to be redeemed in each subsequent year as described above will be reduced in such order as shall be determined by the City.

Up to \$5,000,000 principal amount of the Bonds are callable for redemption prior to their stated maturity date at the option of the Authority, in part on any date on or after June 1, 2022, from the prepayment by the City of Installment Payments under the Installment Sale Agreement from the proceeds of a grant from the U.S. Bureau of Reclamation, if any, received by the City with respect to the Project after the issuance of the Bonds, at a redemption price equal to the principal amount of the Bonds called for redemption, together with accrued interest to the date fixed for redemption without premium. Any such redemption shall be in inverse order of maturity.

As provided in the Indenture, notice of redemption shall be mailed by the Trustee by first class mail not less than twenty (20) nor more than sixty (60) days prior to the redemption date to the respective owners of any Bonds designated for redemption at their addresses appearing on the registration books of the Trustee, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for redemption or the cessation of accrual of interest thereon from and after the date fixed for redemption. The Authority has the right to rescind any notice of the redemption of Bonds from the optional prepayment by the City of Installment Payments by written notice to the Fiscal Agent on or prior to the date fixed for redemption as further described in the Agreement.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon registration of such transfer, a new Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor. This Bond may be exchanged at the Office of the Trustee for Bonds of the same tenor, aggregate principal amount, interest rate and maturity, of other authorized denominations, subject to the provisions of the Indenture.

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

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Authority or the Trustee for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

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

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

IN WITNESS WHEREOF, the CAMARILLO PUBLIC FINANCE AUTHORITY has caused this Bond to be executed in its name and on its behalf with the facsimile signature of its Executive Director and attested to by the facsimile signature of its Secretary, all as of the Original Issue Date specified above.

CAMARILLO PUBLIC FINANCE
AUTHORITY

By: _____
Executive Director

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture.

Dated: _____

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Signatory

FORM OF ASSIGNMENT

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

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

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

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

Dated: _____

Signature Guaranteed:

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

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

INSTALLMENT SALE AGREEMENT

Dated as of August 1, 2019

by and between the

**CAMARILLO PUBLIC FINANCE AUTHORITY,
as Seller**

and the

**CITY OF CAMARILLO, CALIFORNIA,
as Purchaser**

Relating to:

\$ _____

**Camarillo Public Finance Authority
(Ventura County, California)
Water Revenue Bonds, Series 2019**

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EXHIBIT A:	DESCRIPTION OF THE PROJECT
EXHIBIT B:	SCHEDULE OF INSTALLMENT PAYMENTS

INSTALLMENT SALE AGREEMENT

THIS INSTALLMENT SALE AGREEMENT (this "Installment Sale Agreement"), dated for convenience as of August 1, 2019, is by and between the CAMARILLO PUBLIC FINANCE AUTHORITY, a joint exercise of powers entity organized and existing under and by virtue of the laws of the State of California, as Seller (the "Authority"), and CITY OF CAMARILLO, CALIFORNIA, a municipal corporation organized and existing under and by virtue of the laws of the State of California, as Purchaser (the "City").

RECITALS:

WHEREAS, the City plans to finance a portion of the costs of a groundwater desalter facility known as the North Pleasant Valley Desalter Facility (the "Project") which is to be a part of the City's municipal water system (the "Water System");

WHEREAS, for the purpose of providing funds to finance a portion of the costs of the Project, the Authority has determined to issue its Camarillo Public Finance Authority (Ventura County, California) Water Revenue Bonds, Series 2019, in the aggregate principal amount of \$_____ (the "Bonds");

WHEREAS, in order to provide the revenues necessary to enable the Authority to pay debt service on the Bonds as it becomes due, the Authority proposes to sell the Project to the City pursuant to this Installment Sale Agreement and to assign its right to receive Installment Payments under this Installment Sale Agreement (the "Installment Payments"), its right to enforce payment of the Installment Payments and otherwise to enforce its interest and rights under this Installment Sale Agreement in the event of a default hereunder by the City, to U.S. Bank National Association, as trustee (the "Trustee"), pursuant to that certain Indenture of Trust, dated as of August 1, 2019, by and between the Authority and the Trustee (the "Indenture"); and

WHEREAS, the Authority and the City have duly authorized the execution and delivery of this Installment Sale Agreement.

AGREEMENT:

NOW, THEREFORE, for and in consideration of the premises and the material covenants hereinafter contained, and for other valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby formally covenant, agree and bind themselves as follows:

ARTICLE I

DEFINITIONS AND EXHIBITS

Section 1.1. Definitions. Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms used in this Installment Sale Agreement shall have the respective meanings specified in Section 1.01 of the Indenture.

Section 1.2. Exhibits. The following exhibits are attached to, and by this reference are made a part of, this Installment Sale Agreement:

Exhibit A:	Description of the Project
Exhibit B:	Schedule of Installment Payments

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1. Representations, Covenants and Warranties of Authority. The Authority makes the following covenants, representations and warranties as the basis for its undertakings herein contained:

(a) *Due Organization and Existence*. The Authority is a joint exercise of powers entity, duly organized and existing under and by virtue of the laws of the State; has power to enter into this Installment Sale Agreement and the Indenture; is possessed of full power to own and hold, improve and equip real and personal property, and to sell and repurchase the same; and has duly authorized the execution and delivery of each of the aforesaid agreements.

(b) *Due Execution*. The Authorized Representative of the Authority executing this Installment Sale Agreement and the Indenture are fully authorized to execute the same pursuant to official action taken by the Board of Directors.

(c) *Valid, Binding and Enforceable Obligations*. This Installment Sale Agreement and the Indenture have been duly authorized, executed and delivered by the Authority and constitute the legal, valid and binding agreements of the Authority, enforceable against the Authority in accordance their respective terms.

(d) *No Conflicts*. The execution and delivery of this Installment Sale Agreement and the Indenture by the Authority, the consummation of the transactions on the part of the Authority herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof by the Authority, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the Authority is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Authority, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions on the part of the Authority contemplated by this Installment Sale Agreement and the Indenture or the financial condition, assets, properties or operations of the Authority.

(e) *Consents and Approvals*. No consent or approval of any trustee or holder of any indebtedness of the Authority, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery by the Authority of this Installment Sale Agreement and the Indenture, or the consummation of any transaction on the part of the Authority herein or therein contemplated, except as have been obtained or made and as are in full force and effect.

(f) *No Litigation.* There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending with respect to which the Authority has been served with process or, to the knowledge of the Authority after reasonable investigation, threatened against or affecting the Authority or the assets, properties or operations of the Authority which, if determined adversely to the Authority or its interests, would have a material and adverse effect upon the consummation of the transactions on the part of the Authority contemplated by or the validity of this Installment Sale Agreement or the Indenture, or upon the financial condition, assets, properties or operations of the Authority, and the Authority is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation by the Authority of the transactions on its part contemplated by this Installment Sale Agreement or the Indenture or the financial conditions, assets, properties or operations of the Authority.

Section 2.2. Representations, Covenants and Warranties of the City. The City makes the following covenants, representations and warranties to the Authority as of the date of the execution and delivery of this Installment Sale Agreement:

(a) *Due Organization and Existence.* The City is a municipal corporation and general law city organized and existing under the laws of the State, has full legal right, power and authority under the laws of the State to enter into this Installment Sale Agreement and to carry out and consummate all transactions on its part contemplated hereby and thereby, and by proper action the City has duly authorized the execution and delivery by the City of this Installment Sale Agreement.

(b) *Due Execution.* The Authorized Representative of the City executing this Installment Sale Agreement have been fully authorized to execute the same pursuant to a resolution duly adopted by the City Council of the City.

(c) *Valid, Binding and Enforceable Obligations.* This Installment Sale Agreement has been duly authorized, executed and delivered by the City and constitutes the legal, valid and binding obligation of the City enforceable against the City in accordance with its terms.

(d) *No Conflicts.* The execution and delivery of this Installment Sale Agreement by the City, the consummation of the transactions on the part of the City herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof by the City, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the City is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the City, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions on the part of the City contemplated by this Installment Sale Agreement, or the financial condition, assets, properties or operations of the City.

(e) *Consents and Approvals.* No consent or approval of any trustee or holder of any indebtedness of the City or of the voters of the City, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery by the City of this Installment Sale Agreement, or the consummation of any transaction on the part of the City herein or therein contemplated, except as have been obtained or made and as are in full force and effect.

(f) *No Litigation.* There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending with respect to which the City has been served with process or, to the knowledge of the City after reasonable investigation, threatened against or affecting the City or the assets, properties or operations of the City which, if determined adversely to the City or its interests, would have a material and adverse effect upon the consummation of the transactions on the part of the City contemplated by or the validity of this Installment Sale Agreement, or upon the financial condition, assets, properties or operations of the City, and the City is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation by the City of the transactions on its part contemplated by this Installment Sale Agreement, or the financial conditions, assets, properties or operations of the City.

ARTICLE III

ISSUANCE OF THE BONDS; ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 3.1. The Bonds. The Authority has authorized the issuance of the Bonds pursuant to the Indenture in the aggregate principal amount of _____ dollars (\$_____). The Authority agrees that the proceeds of sale of the Bonds shall be paid to the Trustee on the Closing Date for deposit and application pursuant to the terms and conditions of the Indenture, which terms and conditions authorize the City to draw upon the Project Fund to finance costs of the Project. The City hereby approves the Indenture and the assignment to the Trustee of the rights of the Authority assigned or purported to be assigned thereunder.

Section 3.2. Acquisition and Construction of the Project. Subject to Section 3.4 hereof, the Authority hereby agrees with due diligence to supervise and provide for, or cause to be supervised and provided, for the acquisition and construction of the Project in accordance with purchase orders, construction contracts and other documents relating thereto and approved by the City pursuant to all applicable requirements of law. Payment for Project Costs shall be made from amounts on deposit in the Project Fund pursuant to Section 3.04 of the Indenture. All contracts for, and all work relating to, the acquisition and construction of the Project shall be subject to all applicable provisions of law relating to the acquisition and construction of public works by the City. The Authority expects that the acquisition and construction of the Project will be completed on or before August 1, 2022; *provided, however*, that the failure to complete all components of Project by the estimated completion date thereof shall not constitute an Event of Default hereunder or a grounds for termination hereof, nor shall such failure result in the diminution, abatement or extinguishment of the obligations of the City hereunder to pay the Installment Payments and the Additional Payments.

The City shall have the right from time to time, in its sole discretion, to determine which components of the Project are to be financed, so long as each such component is generally described in Exhibit A attached hereto.

Upon the completion of the acquisition and construction of the Project, but in any event not later than thirty (30) days following such completion, an Authorized Representative of the City shall execute and deliver to the Trustee a Written Certificate which (a) states that the acquisition and construction of the Project have been substantially completed, and (b) identifies (i) the amounts, if any, to remain on deposit in the Project Fund for payment of Project Costs thereafter intended to be requisitioned by the City and (ii) the amount, if any, to be transferred by the Trustee from the Project Fund to the City for deposit by the City in the Revenue Fund.

Section 3.3. Grant of Easements. The City hereby grants to the Authority all necessary easements, rights of way and rights of access in and to all real property or interests therein now or hereafter acquired and owned by the City, as may be necessary or convenient to enable the Authority to acquire, construct and install the Project thereon or thereabouts. The City covenants that it will execute, deliver and record any and all additional documents as may be required to

be executed, delivered and recorded to establish such easements, rights of way and rights of access.

Section 3.4. Appointment of City as Agent of Authority. The Authority hereby appoints the City as its agent to carry out all phases of the acquisition and construction of the Project pursuant to and in accordance with the provisions hereof. The City hereby accepts such appointment and assumes all rights, liabilities, duties and responsibilities of the Authority regarding the acquisition and construction of the Project. The City, as agent of the Authority hereunder, shall enter into, administer and enforce all purchase orders or other contracts relating to the acquisition and construction of the Project. The City shall submit Written Requisitions of the City to the Trustee from time to time pursuant to and in accordance with the provisions of Section 3.04 of the Indenture for payment, or for reimbursement to the City for payment, of all Project Costs. All contracts for, and all work relating to, the acquisition and construction of the Project shall be subject to all applicable provisions of law relating to the acquisition, construction, improvement, and equipping of capital projects like the Project and property by joint powers authorities and by municipal entities within the State.

ARTICLE IV

SALE OF PROJECT; TERM OF THE INSTALLMENT SALE AGREEMENT; INSTALLMENT PAYMENTS

Section 4.1. Sale of Project. The Authority hereby sells the Project to the City, and the City hereby purchases the Project from the Authority, upon the terms and conditions set forth in this Installment Sale Agreement. Title to the Project shall vest in the City as of the Closing Date.

Section 4.2. Term of Sale. This Installment Sale Agreement shall take effect on the Closing Date and shall end on the earlier of June 1, 2039, or such earlier date on which the Installment Payments and any Additional Payments have been paid in full and the Bonds shall no longer be Outstanding under the Indenture.

Section 4.3. Installment Payments.

(a) *Obligation to Pay*. In consideration of the sale of the Project by the Authority hereunder, the City agrees to pay to the Authority, its successors and assigns, as the purchase price for the Project during each Fiscal Year, from Net Revenues, the Installment Payments (denominated into components of principal and interest) for the Project in the respective principal amounts specified in Exhibit B hereto, plus interest commencing on the Closing Date, to be due and payable on the respective Installment Payment Dates commencing November 15, 2019. The Installment Payments are in amounts equal to the scheduled debt service payments on the Bonds. Any amount held in the Bond Fund, the Interest Account, the Principal Account or the Sinking Account on any Installment Payment Date, derived from any source of funds of the City, shall be credited towards the Installment Payment then due and payable by the City.

(b) *Special Obligation; Absolute and Unconditional Obligations; No Abatement*. The City's obligation to pay the Installment Payments shall be a special obligation limited solely to Net Revenues. Under no circumstances shall the City be required to advance any moneys derived from any source of income other than the Net Revenues and other sources specifically identified herein for the payment of the Installment Payments, nor shall any other funds or property of the City be liable for the payment of the Installment Payments. However, the obligation of the City to pay the Installment Payments from Net Revenues and to perform and observe the other agreements contained herein is absolute and unconditional and is not subject to: (a) any reduction or abatement whatsoever due to the destruction of or damage to the Project or any portion thereof, or taking of the Project or any portion thereof in eminent domain proceedings; or (b) any defense or any right of set-off, counterclaim or recoupment arising out of any breach by the Authority or the Trustee of any obligation to the City or otherwise with respect to the Project, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the City by the Authority or the Trustee. Until all of the Installment Payments and other amounts coming due and payable hereunder have been fully paid or prepaid, the City will not suspend or discontinue payment of any Installment Payments or such other amounts, and will perform and observe all other agreements contained in this Installment Sale Agreement.

(c) *Reduction Upon Partial Prepayment.* In the event the City prepays less than all of the remaining principal components of the Installment Payments pursuant to Section 9.2 hereof, the amount of such prepayment shall be applied to reduce the principal component of the subsequent remaining Installment Payments and the interest component of each subsequent remaining Installment Payment shall be reduced by the aggregate corresponding amount of interest which would otherwise be payable with respect to the Bonds redeemed as a result of such prepayment.

(d) *Rate on Overdue Payments.* In the event the City should fail to make any of the payments required in this Section 4.4 so that there are insufficient moneys on hand in the Interest Account, the Principal Account or the Sinking Account to pay any Installment Payment in full on an Installment Payment Date, the Installment Payment in default shall continue as an obligation of the City until the amount in default shall have been fully paid and the City agrees to pay the same with interest thereon, to the extent permitted by law, from the date thereof at the rate of interest payable on the Bonds.

(e) *Assignment.* The City understands and agrees that all Installment Payments have previously been assigned by the Authority to the Trustee in trust, pursuant to Section 5.01 of the Indenture, for the benefit of the Owners of the Bonds, and the City hereby assents to such assignment. The Authority hereby directs the City, and the City hereby agrees, to pay all of the Installment Payments to the Trustee at its Principal Corporate Trust Office.

Section 4.4. Pledge and Application of Net Revenues.

(a) *Pledge of Net Revenues.* The City hereby agrees that the payment of the Installment Payments shall be secured by a pledge, charge and first and prior lien upon Net Revenues, and Net Revenues sufficient to pay the Installment Payments as they become due and payable are hereby pledged, charged, assigned, transferred and set over by the City to the Authority and its assigns for the purpose of securing payment of the Installment Payments. The Net Revenues shall constitute a trust fund for the security and payment of the Installment Payments.

(b) *Deposits to and Transfers from Revenue Fund.* All of the Gross Revenues shall be deposited by the City immediately upon receipt in the Revenue Fund, which the City hereby agrees to establish as a separate fund in its books and records.

The City shall withdraw from the Revenue Fund such amounts at such times as shall be required to pay all Maintenance and Operation Costs as they come due and payable.

The City covenants and agrees that all Gross Revenues will be held by the City in the Revenue Fund in trust for the benefit of the Trustee (as assignee of the rights of the Authority hereunder), the owners of any Parity Obligations.

On or before each Installment Payment Date, the City shall withdraw from the Revenue Fund and transfer to the Trustee, for deposit into the Bond Fund, an amount which, together with the balance then on deposit in the Bond Fund (other than amounts resulting from the prepayment of the Installment Payments pursuant to Article IX and other than amounts required for payment of the principal or interest with respect to any Bonds which have matured or been called for redemption but which have not been presented for payment), is equal to the aggregate amount

of the Installment Payment coming due and payable on the next succeeding Interest Payment Date.

In addition, the City shall withdraw from the Revenue Fund such amounts at such times as shall be required to pay (i) the principal of and interest on any Parity Obligations and otherwise comply with the provisions of the instruments authorizing the issuance of any Parity Obligations; and (ii) pay all other amounts when and as due and payable hereunder.

(c) *Release from Lien.* Following the transfer described in paragraph (b) of this Section 4.4 with respect to the June 1 Interest Payment Date, Net Revenues and amounts in the Revenue Fund in excess of amounts required for the payment of Installment Payments and any Parity Obligations in that Bond Year shall be released from the lien of this Installment Sale Agreement and shall be available for any lawful purpose of the City.

Section 4.5. Rates, Fees and Charges.

(a) The City will, at all times while any of the Installment Payments, any Parity Obligations and any Subordinate Obligations remain Outstanding, fix, prescribe and collect rates, fees and charges for the Water Service for each Fiscal Year so as to yield Gross Revenues at least sufficient, after making reasonable allowances for contingencies and errors in the estimates, to pay the following amounts during such Fiscal Year in the order below set forth:

(i) All current Maintenance and Operation Costs.

(ii) The Installment Payments and all payments required with respect to any Parity Obligations.

(iii) Payments required with respect to any Subordinate Obligations.

(iv) All payments to meet any other obligations of the City which are charges, liens or encumbrances upon, or payable from, the Gross Revenues.

(v) Any other lawful purposes of the City, including, but not limited to, deposits to the Rate Stabilization Fund in accordance with Section 4.9.

(b) In addition, the City shall fix, prescribe and collect rates, fees and charges for the Water Service during each Fiscal Year which are sufficient to yield Net Revenues at least equal to (i) one hundred twenty-five percent (125%) of the amounts payable under the preceding paragraph (a)(ii) above in such Fiscal Year, and (ii) one hundred percent of the amounts payable under the preceding paragraph (a)(iii) above in such Fiscal Year.

Section 4.6. Limitations on Future Obligations Secured by Net Revenues.

(a) *No Obligations Superior to Installment Payments.* In order to protect the availability of the Net Revenues and the security for the Installment Payments and any Parity Obligations, the City hereby agrees that the City shall not, so long as any Installment Payments or any Parity

Obligations are outstanding, issue or incur any obligations payable from Gross Revenues or Net Revenues superior to the Installment Payments or any Parity Obligations.

(b) *Parity Obligations.* Additional obligations may be issued on a parity with the Installment Payments and any then existing Parity Obligations subject to the following specific conditions which are hereby made conditions precedent to the issuance and delivery of such Parity Obligations, except that the City need not comply with subparagraph (ii) if the proposed Parity Obligations are incurred to prepay or post a security deposit for the payment of the Installment Payments or Parity Obligations:

(i) The City shall be in compliance with all covenants set forth in the Installment Sale Agreement and with all covenants set forth in the agreements relating to any then existing Parity Obligations.

(ii) The Net Revenues, calculated on sound accounting principles, as shown by the books of the City for the latest Fiscal Year or any more recent consecutive twelve (12) month period selected by the City, plus at the option of the City, either or both of the items hereinafter in this covenant designated (A) and (B), shall at least equal one hundred twenty percent-five (125%) of Maximum Annual Debt Service immediately subsequent to the issuance of such Parity Obligations. The items any or all of which may be added to such Net Revenues for the purpose of issuing or incurring Parity Obligations hereunder are the following:

(A) An allowance for Net Revenues from any additions to or improvements or extensions of the Water System to be made with the proceeds of such Parity Obligations, and also for Net Revenues from any such additions, improvements or extensions which have been made from moneys from any source but in any case which, during all or any part of such Fiscal Year or such twelve (12) month period, were not in service, all in an amount equal to seventy percent (70%) of the estimated additional average annual Net Revenues to be derived from such additions, improvements and extensions for the first thirty-six (36) month period in which each addition, improvement or extension is respectively to be in operation, all as shown in the written report of an Independent Financial Consultant engaged by the City.

(B) An allowance for earnings arising from any increase in the charges made for service from the Water System which has become effective prior to the incurring of such Parity Obligations but which, during all or any part of such Fiscal Year or such twelve (12) month period, was not in effect, in an amount equal to the amount by which the Net Revenues would have been increased if such increase in charges had been in effect during the whole of such Fiscal Year or such twelve (12) month period, all as shown in the written report of an Independent Financial Consultant engaged by the City.

(iii) The instrument providing for the issuance of such Parity Obligations shall provide that:

(A) The proceeds of such Parity Obligations shall be applied to the acquisition, construction, improvement, financing or refinancing of additional facilities, improvements or extensions of existing facilities within the Water System, or otherwise for facilities, improvements or property which the City determines are of benefit to the Water System, or for the purpose of refunding the Installment Payments or any Parity Obligations in whole or in part, including all costs (including costs of issuing such Parity Obligations and including capitalized interest on such Parity Obligations during any period which the City deems necessary or advisable) relating thereto;

(B) Interest on such Parity Obligations shall be payable on May 15 and November 15 in each year of the term of such Parity Obligations, except the first year during which year interest may be payable on any May 15 or November 15; and

(C) The principal of such Parity Obligations shall be payable on May 15 in any year in which principal is payable.

(iv) A reserve fund may, but shall not be required to, be established for such Parity Obligations.

(c) *Subordinate Obligations.* The City further covenants that the City shall not issue or incur any Subordinate Obligations unless Net Revenues, calculated in the same manner as described in paragraph (b) above, are equal to at least 125% of Maximum Annual Debt Service and 100% of maximum annual debt service on all Subordinate Obligations outstanding immediately subsequent to the incurring of such Subordinate Obligations.

Section 4.7. Additional Payments. In addition to the Installment Payments, the City shall pay from Net Revenues when due all costs and expenses incurred by the Authority to comply with the provisions of the Indenture and this Installment Sale Agreement, including, without limitation all Costs of Issuance (to the extent not paid from amounts on deposit in the Costs of Issuance Fund), compensation due to the Trustee for its fees, costs and expenses incurred under the Indenture, compensation due to the Authority for its fees, costs and expenses incurred under the Indenture and this Installment Sale Agreement, any amount to be rebated to the federal government pursuant to Section 4.8 below and Section 6.08 of the Indenture, and all costs and expenses of attorneys, auditors, engineers and accountants.

Section 4.8. Payment of Rebatable Amounts. The City agrees to furnish all information to, and cooperate fully with, the Authority and its officers, employees, agents and attorneys, in order to assure compliance with the provisions of Section 6.08 of the Indenture. In the event that the Authority shall determine, pursuant to Section 6.08 of the Indenture, that any amounts are due and payable to the United States of America thereunder and that neither the Authority nor the Trustee has on deposit an amount of available moneys (excluding moneys on deposit in the Bond Fund and the accounts therein or in the Redemption Fund) to make such payment, the Authority shall promptly notify the City of such fact. Upon receipt of any such notice, the City shall promptly pay to the Trustee from any source of legally available funds, the amounts determined by the Authority to be due and payable to the United States of America under such Section 6.08.

Section 4.9. Rate Stabilization Fund.

(a) The City is hereby authorized to create, if deemed necessary by the City, a rate stabilization fund (the "Rate Stabilization Fund"),

(b) From time to time, the City may deposit in the Rate Stabilization Fund from Gross Revenues such amounts as the City may determine, provided that deposits for each Fiscal Year may be made until (but not after) one hundred eighty (180) days following the end of such Fiscal Year.

(c) The City may withdraw amounts from the Rate Stabilization Fund (i) for transfer to the Revenue Fund for inclusion in Gross Revenues for any Fiscal Year, such withdrawals to be made until (but not after) one hundred eighty (180) days after the end of such Fiscal Year, or (ii) for any other lawful purpose of the City.

(d) All interest or other earnings on deposits in the Rate Stabilization Fund shall be withdrawn therefrom and accounted for as Gross Revenues.

(e) Notwithstanding the foregoing, (i) no deposit of Gross Revenues to the Rate Stabilization Fund may be made to the extent that such Gross Revenues were included the calculations of Section 4.6 hereof and withdrawal of the Gross Revenues to be deposited in the Rate Stabilization Fund from Gross Revenues that would cause noncompliance with Section 4.5 and (ii) no deposit of Net Revenues shall be made in the Rate Stabilization Fund to the extent that such deposit would cause noncompliance with Section 4.5(b) in any Fiscal Year.

(f) The Rate Stabilization Fund is not pledged to secure the payment of the Installment Payments, the payments with respect to any Parity Obligations or the payments with respect to any Subordinate Obligations.

ARTICLE V

MAINTENANCE, TAXES, INSURANCE AND OTHER MATTERS

Section 5.1. Maintenance, Utilities, Taxes and Assessments. Throughout the Term of this Installment Sale Agreement, all improvement, repair and maintenance of the Water System shall be the responsibility of the City, and the City shall pay for or otherwise arrange for the payment of all utility services supplied to the Water System, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Water System resulting from ordinary wear and tear.

The City shall also pay or cause to be paid all taxes and assessments of any type or nature, if any, charged to the Authority or the City affecting any Water System or the respective interests or estates therein; *provided, however,* that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the City shall be obligated to pay only such installments as are required to be paid during the Term of this Installment Sale Agreement as and when the same become due.

The City may, at the City's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority shall notify the City that, in its opinion, by nonpayment of any such items, the interest of the Authority hereunder or under the Indenture will be materially adversely affected, in which event the City shall promptly pay such taxes, assessments or charges or provide the Authority with full security against any loss which may result from nonpayment, in form satisfactory to the Authority.

Section 5.2. Operation of Water System. The City covenants and agrees to operate or cause to be operated the Water System in an efficient and economical manner and to operate, maintain and preserve or caused to be operated, maintained and preserved the Water System in good repair and working order. The City covenants that, in order to fully preserve and protect the priority and security of the Bonds, the City shall pay from the Gross Revenues and discharge all lawful claims for labor, materials and supplies furnished for or in connection with the Water System which, if unpaid, may become a lien or charge upon the Gross Revenues, or upon the Net Revenues prior or superior to the lien granted hereunder, or which may otherwise impair the ability of the City to pay the Installment Payments in accordance herewith.

Section 5.3. Insurance. The City shall maintain or cause to be maintained, throughout the Term of this Installment Sale Agreement, but only if and to the extent available at reasonable cost from reputable insurers, liability and casualty insurance in such amounts and against such risks as shall be appropriate for water systems of like size and with similar facilities as the Water System. Such insurance may be maintained as part of or in conjunction with any other insurance carried by the City and may be maintained in whole or in part in the form of self-insurance by the City or in the form of the participation by the City in a joint powers agency or other program

providing pooled insurance. All amounts collected from insurance against accident to or destruction of any portion of the Water System shall be used to repair, rebuild or replace such damaged or destroyed portion of the Water System. The proceeds of liability insurance shall be applied toward the extinguishment or satisfaction of the liability with respect to which such proceeds shall have been paid.

Section 5.4. Eminent Domain. Any amounts received as awards as a result of the taking of all or any part of the Water System by the lawful exercise of eminent domain, at the election of the City (evidenced by a Written Certificate of the City filed with the Trustee and the Authority) shall either (a) be used for the acquisition or construction of improvements and extension of the Water System in replacement of the condemned portions thereof, or (b) deposited to the Revenue Fund to be applied against the City's obligation to make the Installment Payments and payments with respect to any Parity Obligations in accordance with written instructions of the City filed with the Trustee.

Section 5.5. Records and Accounts. The City shall keep proper books of record and accounts of the Water System, separate from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the Water System and the Revenue Fund. Said books shall, upon prior request, be subject to the reasonable inspection by the Owners of not less than ten percent (10%) in aggregate principal amount of the Outstanding Bonds, or their Representative authorized in writing. The City shall cause the books and accounts of the Water System to be audited annually by an Independent Accountant (which audit may be combined with, or be a component of, the annual audit of the City's general fund and other funds), not more than one hundred eighty (180) days after the close of each Fiscal Year, and shall make a copy of such report available for inspection by the Owners at the office of the City.

Section 5.6. Continuing Disclosure. The City 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 Installment Sale Agreement, failure of the City to comply with the Continuing Disclosure Certificate shall not constitute an Event of Default hereunder; *provided, however*, that any Participating Underwriter or any Owner or beneficial owner of the Bonds may take such actions as may be necessary and appropriate to compel performance by the City of its obligations under this Section 5.6, including seeking mandate or specific performance by court order.

Section 5.7. Tax Covenants.

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

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

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

(d) *No Arbitrage.* The City shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Bonds to be “arbitrage bonds” within the meaning of section 148 of the Code.

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

Section 5.8. Use of Future Grant Funds. The City hereby agrees to use the proceeds of any grant funds received from the State or any other entity after the Closing Date for the Project, to the greatest extent possible to prepay Installment Payments pursuant to Section 9.3.

ARTICLE VI

DISCLAIMER OF WARRANTIES; ACCESS

Section 6.1. Disclaimer of Warranties. The Authority and the Trustee make no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the City of the Project, or any other representation or warranty with respect to the Project. In no event shall the Authority or the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising out of this Installment Sale Agreement or the Indenture for the existence, furnishing, functioning or City's use of the Project.

Section 6.2. Access to the Water System. The City agrees that the Authority and the Trustee, and any duly authorized representative thereof, shall have the right at all reasonable times to enter upon and to examine and inspect the Water System. The City further agrees that the Authority and the Trustee, and any duly authorized representative thereof, shall have such rights of access to the Water System as may be reasonably necessary to cause the proper maintenance of the Water System in the event of failure by the City to perform its obligations hereunder.

Section 6.3. Release and Indemnification Covenants. The City shall and hereby agrees to indemnify and save the Authority and the Trustee and their respective officers, agents, successors and assigns harmless from and against all claims, losses and damages, including legal fees and expenses, arising out of (a) the use, maintenance, condition or management of, or from any work or thing done on the Water System by the City, (b) any breach or default on the part of the City in the performance of any of its obligations under this Installment Sale Agreement, (c) any negligence or willful misconduct of the City or of any of its agents, contractors, servants, employees or licensees with respect to the Water System, (d) any act or negligence of any sublessee of the City with respect to the Water System, (e) the acquisition and construction of the Project or the authorization of payment of the Project Costs, (f) the performance by the Trustee of its duties and obligations under the Indenture, including any duties referred to in Section 8.12 of the Indenture, (g) the presence on, under or about, or release from, the Water System of any substance, material or waste which is, or which becomes, regulated or classified as hazardous or toxic under State, federal or local law, or (h) the offer, sale and issuance of the Bonds. No indemnification is made under this Section 6.3 or elsewhere in this Installment Sale Agreement for any willful misconduct or negligence by the Authority or the Trustee, or their respective officers, employees, successors or assigns. The rights of the Trustee and the obligations of the City under this Section 6.3 shall survive the termination of this Installment Sale Agreement and the resignation or removal of the Trustee.

Section 6.4. Non-Liability of Authority for Water System Obligations. The Authority and its successors and assigns shall have no obligation and shall incur no liabilities or debts whatsoever for the obligations, liabilities and debts of the City incurred in connection with the Water System.

ARTICLE VII

ASSIGNMENT, SALE AND AMENDMENT

Section 7.1. Assignment by the City. The obligations of the City under this Installment Sale Agreement may not be assigned by the City.

Section 7.2. Sale or Other Disposition of Water System. Except as provided herein, the City covenants that the Water System shall not be encumbered, sold, leased, pledged, any charge placed thereon, or otherwise disposed of, as a whole or substantially as a whole; *provided, however*, the City may lease the Water System to a related public entity that (a) assumes all liabilities of the City with respect to the Water System, and (b) covenants to maintain Gross Revenues sufficient to operate and maintain the Water System and as otherwise provided in Section 4.5(b) hereof, and duly provide for the punctual payment of all obligations assumed by such related public entity in connection with such lease including, but not limited to, the Installment Payments hereunder. Neither the Net Revenues nor any other funds pledged or otherwise made available to secure payment of the Installment Payments shall be mortgaged, encumbered, sold, leased, pledged, any charge placed thereon, or disposed or used except as authorized by the terms of this Installment Sale Agreement. The City shall not enter into any agreement which impairs the operation of the Water System or any part of it necessary to secure adequate Net Revenues to pay the Installment Payments, or which otherwise would impair the rights of the Owners and the owners of any Parity Obligations with respect to the Net Revenues. If any substantial part of the Water System shall be sold, the payment therefor shall either (a) be used for the acquisition or construction of improvements, extensions or replacements of projects constituting part of the Water System, or (b) to the extent not so used, be deposited to the Revenue Fund and paid to the Trustee to be applied to prepay the Installment Payments or any Parity Obligations, in accordance with written instructions of the City filed with the Trustee.

Section 7.3. Amendment of Installment Sale Agreement. The City and the Authority shall have the right to modify or amend this Installment Sale Agreement without the consent of any of the Owners or any of the owners of Parity Obligations, but only if such amendment or modification does not cause interest on the Bonds to be includable in gross income for federal income tax purposes in the opinion of Bond Counsel, and only if such amendment or modification does not materially adversely affect the interests of the Owners of the Bonds or the owners of any Parity Obligations in the opinion of Bond Counsel, and only if such amendment or modification is for any one or more of the following purposes:

(a) to provide for the issuance of Parity Obligations pursuant to Section 4.6(b);

(b) to add to the covenants and agreements of the City contained in this Installment Sale Agreement, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the City;

(c) to cure any ambiguity, or to cure, correct or supplement any defective provision contained herein, or in any other respect whatsoever as the Authority and the City may deem necessary or desirable; or

(d) to amend any provision thereof for the purpose of complying with the applicable requirements of the Code.

ARTICLE VIII

EVENTS OF DEFAULT

Section 8.1. Events of Default Defined. The following events shall be Events of Default hereunder:

(a) Failure by the City to pay any Installment Payment when and as the same become due and payable hereunder.

(b) Failure by the City to pay any Additional Payment when due and payable hereunder, and the continuation of such failure for a period of ten (10) days after written notice of nonpayment has been delivered to the City.

(c) Failure by the City 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 thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Authority or the Trustee; *provided, however*, that if the City shall notify the Authority and the Trustee that in its reasonable opinion the failure stated in the notice can be corrected, but not within such thirty (30) day period, such failure shall not constitute an Event of Default hereunder if the City shall commence to cure such failure within such thirty (30) day period and thereafter diligently and in good faith cure such failure in a reasonable period of time.

(d) The filing by the City of a voluntary petition in bankruptcy, or failure by the City promptly to lift any execution, garnishment or attachment, or adjudication of the City as a bankrupt, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted.

(e) The occurrence and continuation of any payment event of default under and as defined in the instruments authorizing the issuance of any Parity Obligations.

Section 8.2. Remedies on Default. Whenever any Event of Default shall have happened and be continuing, the Trustee as assignee of the Authority shall have the right, at its option and without any further demand or notice, but subject in all respects to the provisions of Article VII of the Indenture, to:

(a) take whatever action at law or in equity may appear necessary or desirable to collect the Installment Payments then due or thereafter to become due during the Term of this Installment Sale Agreement, or enforce performance and observance of any obligation, agreement or covenant of the City under this Installment Sale Agreement; and

(b) as a matter of right, in connection with the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and the Owners hereunder, cause the

appointment of a receiver or receivers of the Gross Revenues and other amounts pledged hereunder, with such powers as the court making such appointment shall confer.

Section 8.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Installment Sale Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this Article VIII it shall not be necessary to give any notice, other than such notice as may be required in this Article VIII or by law.

Section 8.4. Agreement to Pay Attorneys' Fees and Expenses. In the event either party to this Installment Sale Agreement shall default under any of the provisions hereof and the non-defaulting party, the Trustee or the Owner of any Bonds should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the non-defaulting party, the Trustee or such Owner, as the case may be, the reasonable fees of such attorneys and such other expenses so incurred.

Section 8.5. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Installment Sale Agreement shall be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 8.6. Trustee and Owners to Exercise Rights. Such rights and remedies as are given to the Authority under this Article VIII have been assigned by the Authority to the Trustee under the Indenture, to which assignment the City hereby consents. Such rights and remedies shall be exercised by the Trustee and the Owners of the Bonds as provided in the Indenture.

Section 8.7. Rights of the Owners of Parity Obligations. Notwithstanding anything in this Article VIII to the contrary, it is hereby acknowledged and agreed that the rights of the Trustee and the Owners hereunder in and to the Net Revenues and the Water System shall be exercised on a parity and proportionate basis with the rights of the owners of any Parity Obligations and any fiduciary acting for the benefit of such owners. The provisions of this Article VIII, and the provisions of any instruments authorizing the issuance of any Parity Obligations, shall be construed in accordance with the foregoing sentence.

ARTICLE IX

PREPAYMENT OF INSTALLMENT PAYMENTS

Section 9.1. Security Deposit. Notwithstanding any other provision of this Installment Sale Agreement, the City may on any date secure the payment of Installment Payments in whole or in part by irrevocably depositing with the Trustee or any other fiduciary an amount of cash which, together with amounts on deposit in the Bond Fund and the accounts therein, is either (a) sufficient to pay all such Installment Payments, including the principal and interest components thereof, in accordance with the Installment Payment schedule set forth in Exhibit A, or (b) invested in whole or in part in Federal Securities in such amount as will, in the written opinion of an Independent Accountant, together with interest to accrue thereon and together with any cash which is so deposited, be fully sufficient to pay all such Installment Payments when due pursuant to Section 4.3(a) or when due on any optional prepayment date pursuant to Section 9.2, as the City shall instruct at the time of said deposit. In the event of a security deposit pursuant to this Section 9.1 with respect to all of the Installment Payments, all obligations of the City under this Installment Sale Agreement, and all security provided by this Installment Sale Agreement for said obligations, shall cease and terminate, excepting only the obligation of the City to make, or cause to be made, all of such Installment Payments from such security deposit, the obligation of the City to pay the Additional Payments and to indemnify the Trustee pursuant to Section 6.3. Said security deposit shall be deemed to be and shall constitute a special fund for the payment of Installment Payments in accordance with the provisions of this Installment Sale Agreement.

Section 9.2. Optional Prepayment. The City may exercise its option to prepay the principal components of the Installment Payments in whole, or in part in integral multiples of \$5,000, on any date on or after May 15, 2028, by paying a prepayment price equal to the aggregate principal components of the Installment Payments to be prepaid, together with the interest component of the Installment Payment required to be paid on or accrued to such date. Such prepayment price shall be deposited by the Trustee in the Redemption Fund to be applied to the redemption of Bonds pursuant to Section 4.01(a) of the Indenture. The City shall give the Trustee written notice of its intention to exercise its option not less than thirty (30) days in advance of the date of exercise.

Section 9.3. Extraordinary Prepayment. The City may prepay up to \$5,000,000 of the principal components of the Installment Payments in part in integral multiples of \$5,000 and in inverse order of maturity, on any date on or after May 15, 2022, from the receipt of a grant from the U.S. Bureau of Reclamation, if any, received by the City with respect to the Project after the Closing Date, at a redemption price equal to the principal amount of the Bonds called for redemption, together with accrued interest to the date fixed for redemption without premium. The City shall give the Trustee written notice of its intention to exercise its use of such grant proceeds to prepay Installment Payments not less than thirty (30) days in advance of the use of such proceeds.

Section 9.4. Credit for Amounts on Deposit. In the event of prepayment of the principal components of the Installment Payments in full under this Article IX, such that the Indenture shall be discharged by its terms as a result of such prepayment, and upon payment in full of all Additional Payments and other amounts then due and payable hereunder, all available amounts

then on deposit in the funds and accounts established under the Indenture shall be credited towards the amounts then required to be so prepaid.

ARTICLE X

MISCELLANEOUS

Section 10.1. Notices. All written notices to be given under this Installment Sale Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective either (a) upon transmission by facsimile transmission or other form of telecommunication, confirmed by telephone, (b) upon receipt after deposit in the United States mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt.

If to the Authority:	Camarillo Public Finance Authority c/o City of Camarillo 601 Carmen Drive Camarillo, CA 93010 Attention: Director of Finance Phone: (805) 388-5320
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If to the City:	City of Camarillo 601 Carmen Drive Camarillo, CA 93010 Attention: Director of Finance Phone: (805) 388-5320
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If to the Trustee:	U.S. Bank National Association, 633 West Fifth Street, 24 th Floor Los Angeles, CA 90071 Attention: Global Corporate Trust Phone: (213) 615-6062
--------------------	---

The Authority, the City or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

Section 10.2. Binding Effect. This Installment Sale Agreement shall inure to the benefit of and shall be binding upon the Authority and the City and their respective successors and assigns.

Section 10.3. Severability. In the event any provision of this Installment Sale Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 10.4. Net Contract. This Installment Sale Agreement shall be deemed and construed to be a “net contract” and the City hereby agrees that the Installment Payments shall be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever.

Section 10.5. Further Assurances and Corrective Instruments. The Authority and the City agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed,

acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Project hereby sold or intended so to be or for carrying out the expressed intention of this Installment Sale Agreement.

Section 10.6. Execution in Counterparts. This Installment Sale Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.7. Applicable Law. This Installment Sale Agreement shall be governed by and construed in accordance with the laws of the State applicable to contracts made and performed in the State.

Section 10.8. Authorized Representative. Whenever under the provisions of this Installment Sale Agreement the approval of the Authority or the City is required, or the Authority or the City is required to take some action at the request of the other, such approval or such request shall be given for the Authority by an Authorized Representative of the Authority and for the City by an Authorized Representative of the City, and any party hereto shall be authorized to rely upon any such approval or request.

Section 10.9. Waiver of Personal Liability. All liabilities under this Installment Sale Agreement on the part of the City are solely liabilities of the City and the Authority hereby releases each and every Council member, officer, employee and agent of the City of and from any personal or individual liability under this Installment Sale Agreement. No Council member, officer, employee or agent of the City shall at any time or under any circumstances be individually or personally liable under this Installment Sale Agreement for anything done or omitted to be done by the City hereunder.

Section 10.10. Limitation of Rights to Parties and Owners. Nothing in this Installment Sale Agreement expressed or implied is intended or shall be construed to give to any person other than the Authority, the Trustee, the City and the Owners of the Bonds, any legal or equitable right, remedy or claim under or in respect of this Installment Sale Agreement or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Authority, the Trustee, the City and the Owners of the Bonds.

Section 10.11. Captions. The captions or headings in this Installment Sale Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Installment Sale Agreement.

IN WITNESS WHEREOF, the Authority has caused this Installment Sale Agreement to be executed in its name by its duly authorized officers; and the City has caused this Installment Sale Agreement to be executed in its name by its duly authorized officers, as of the date first above written.

CAMARILLO PUBLIC FINANCE
AUTHORITY, as Seller

By: _____
Executive Director

ATTEST:

By: _____
Secretary

CITY OF CAMARILLO, as Purchaser

By: _____
Director of Finance

ATTEST:

By: _____
City Clerk

03057.02:J16104

EXHIBIT A

DESCRIPTION OF THE PROJECT

The Project, known as the North Pleasant Valley Desalter Facility, includes planning, design, and construction of a groundwater desalter facility that will yield approximately 3,877 acre-feet per year (AFY) of potable water for a projected Project life of 25 years. The facility will be located at the northeast boundary of the City in existing agricultural land recently acquired by the City and annexed within City limits. Brackish groundwater for the Project will be extracted using the City's existing Wells A and B.

The Project will utilize the process of pretreatment filtration followed by reverse osmosis (RO) to produce a reliable, high-quality supply. Treated, stabilized (finished) water will be pumped to customers using the City's existing distribution infrastructure.

In addition to treatment processes, the Project includes a new administration building, emergency generator, canopy or building to protect the RO system, storage tanks, restroom, new pipeline to connect existing Wells A and B to the site, new pipeline to connect to the existing Water System, discharge brine connection to the salty brine from the treatment process to an ocean outfall through the existing Calleguas' Salinity Management Pipeline, and other site improvements as necessary. The Project will also include a solar car port over the parking area.

The Project also includes drilling three new nested monitoring wells. The nested monitoring wells will include independent well casings to monitor three aquifers in the Pleasant Valley Basin Upper Aquifer system, Hueneme, and Fox Canyon. The wells will be used to monitor water quality, level, and conductivity on a quarterly basis.

EXHIBIT B

SCHEDULE OF INSTALLMENT PAYMENTS

Installment Payment Date	Principal Component	Interest Component	Total Installment Payment
11/15/2019			
05/15/20			
11/15/20			
05/15/21			
11/15/21			
05/15/22			
11/15/22			
05/15/23			
11/15/23			
05/15/24			
11/15/24			
05/15/25			
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05/15/33			
11/15/33			
05/15/34			
11/15/34			
05/15/35			
11/15/35			
05/15/36			
11/15/36			
05/15/37			
11/15/37			
05/15/38			
11/15/38			
05/15/39			
Total			

PRELIMINARY OFFICIAL STATEMENT DATED JULY , 2019**NEW ISSUE
BOOK-ENTRY ONLY****RATING:**
S&P: “ ”

See “RATING” herein.

In the opinion of Quint & Thimmig LLP, Larkspur, California, Bond Counsel, subject however, to certain qualifications described in this Official Statement, under existing law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxation imposed by the State of California. See “TAX MATTERS.”



**[\$[principal amount]*
CAMARILLO PUBLIC FINANCE AUTHORITY
(Ventura County, California)
Water Revenue Bonds, Series 2019**

Dated: Date of Delivery**Due: June 1, as shown on the inside cover**

The [\$[principal amount]* Camarillo Public Finance Authority (Ventura County, California) Water Revenue Bonds, Series 2019 (the “Bonds”), are being issued by the Camarillo Public Finance Authority (the “Authority”) pursuant to an Indenture of Trust, dated as of August 1, 2019 (the “Indenture”), by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”). The Bonds are special obligations of the Authority payable from Revenues (as described herein) consisting primarily of installment payments (the “Installment Payments”) payable by the City of Camarillo (the “City”) under an installment sale agreement, dated as of August 1, 2019, by and between the Authority, as seller, and the City, as purchaser (the “Installment Sale Agreement”).

The Bonds are being issued in integral multiples of \$5,000. Interest on the Bonds is payable on June 1 and December 1 of each year, commencing December 1, 2019. See “THE BONDS” herein. The Bonds will be delivered in fully registered form only, and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). DTC will act as securities depository of the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only. Principal of, premium, if any, and interest on the Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payment to its participants for subsequent disbursement to the beneficial owners of the Bonds. See “THE BONDS—General” herein and “APPENDIX G—BOOK-ENTRY SYSTEM” herein.

The Bonds are being issued to (a) finance a portion of the costs of a groundwater desalter facility (the “Project”) which is to be a part of the City’s municipal water system (the “Water System”), and (b) pay costs incurred in connection with issuance, sale and delivery of the Bonds. See “THE PROJECT” herein.

The City is obligated under the Installment Sale Agreement to make Installment Payments from a first and prior lien on the Net Revenues of the Water System, on a parity with certain obligations of the City (the “Parity Obligations”) hereafter issued or incurred by the City. “Net Revenues” are the gross revenues of the Water System, less operating and maintenance expenses of the Water System. The Installment Payments are scheduled in an amount sufficient to pay, when due, the principal of and interest on the Bonds. The City has covenanted under the Installment Sale Agreement to prescribe, revise and collect such charges from the services and facilities of the Water System which will produce gross revenues sufficient in each Fiscal Year to provide Net Revenues equal to at least 1.25 times the aggregate of obligations of the City with respect to the Installment Payments and payments with respect to the Parity Obligations in such Fiscal Year. The City will covenant in the Installment Sale Agreement that it will not issue any obligations senior to the Installment Payments and any Parity Obligations. **The Installment Payments are not subject to abatement.**

A debt service reserve fund will *not* be funded for the Bonds.

THE OBLIGATION OF THE CITY TO MAKE THE INSTALLMENT PAYMENTS DESCRIBED HEREIN IS A LIMITED OBLIGATION OF THE CITY PAYABLE SOLELY FROM NET REVENUES OF THE WATER SYSTEM AND DOES NOT CONSTITUTE A DEBT OF THE CITY, VENTURA COUNTY, THE STATE OF CALIFORNIA OR ANY OF ITS OTHER POLITICAL SUBDIVISIONS IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

The Bonds are subject to redemption prior to maturity from optional prepayments of Installment Payments, from the proceeds of federal grant funds and from scheduled sinking fund payments, as described herein. See “THE BONDS—Redemption” herein.

THE BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM AND SECURED SOLELY BY A PLEDGE OF AMOUNTS HELD IN CERTAIN FUNDS AND ACCOUNTS UNDER THE INDENTURE AND THE REVENUES DERIVED FROM THE INSTALLMENT PAYMENTS MADE BY THE CITY UNDER THE INSTALLMENT SALE AGREEMENT.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND PRICES OR YIELDS**SEE THE INSIDE COVER**

* Preliminary, subject to change.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR GENERAL REFERENCE ONLY. IT IS NOT INTENDED TO BE A SUMMARY OF THE SECURITY OR TERMS OF THIS ISSUE. INVESTORS ARE ADVISED TO READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to approval as to their legality by Quint & Thimmig LLP, Larkspur, California, Bond Counsel, and subject to certain other conditions. Certain legal matters will be passed on for the Authority by Norton Rose Fulbright US LLP, Los Angeles, California, as Disclosure Counsel. Certain legal matters will be passed on for the City and the Authority by Burke Williams & Sorensen, LLP, Los Angeles, California, as City Attorney and Authority Counsel. It is anticipated that the Bonds, in book entry form, will be available for delivery through the facilities of DTC, on or about August 22, 2019.

Dated: August __, 2019

\$[principal amount]*
CAMARILLO PUBLIC FINANCE AUTHORITY
(Ventura County, California)
Water Revenue Bonds, Series 2019

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND PRICES OR YIELDS*

\$ _____ Serial Bonds

CUSIP† Prefix: _____

Maturity June 1	Principal Amount	Interest Rate	Yield	Price	CUSIP† Suffix
--------------------	---------------------	------------------	-------	-------	------------------

\$ _____ % Term Bonds due June 1, 20__, Price: _____, to yield _____%; CUSIP† _____

\$ _____ % Term Bonds due June 1, 20__, Price: _____, to yield _____%; CUSIP† _____

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Authority, the Underwriter, the Municipal Advisor or the City and are included solely for the convenience of the holders of the Bonds. None of the Authority, the Underwriter, the Municipal Advisor or the City is responsible for the selection or use of these CUSIP numbers and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Bonds.

* Preliminary, subject to change.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or for any other purpose.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the Authority or City in any press release and in any oral statement made with the approval of an authorized officer of the Authority or City, the words or phrases “will likely result”, “are expected to”, “will continue”, “is anticipated”, “estimate”, “project”, “forecast”, “expect”, “intend” and similar expressions identify “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the Authority or City since the date hereof.

Limit of Offering. No dealer, broker, salesperson or other person has been authorized by the Authority or the Underwriter to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. This Official Statement is not to be construed as a contract with the purchasers of the Bonds.

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness. The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or the Authority since the date hereof. All summaries of the Indenture and the Installment Sale Agreement (as such terms are defined herein), or other documents referred to in this Official Statement, are made subject to the provisions of such documents, respectively, and do not purport to be complete statements of any or all of such provisions.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

Public Offering Prices. The Underwriter may offer and sell the Bonds to certain dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and the Underwriter may change those public offering prices from time to time.

Website. The City of Camarillo maintains a website. However, the information maintained on the website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

**CAMARILLO PUBLIC FINANCE AUTHORITY
CITY OF CAMARILLO**

BOARD OF DIRECTORS/CITY COUNCIL

Kevin Kildee, *Chair/Mayor*
Tony Trembley, *Vice Chair/Vice Mayor*
Charlotte Craven, *Director/Councilmember*
Shawn Mulchay, *Director/Councilmember*
Susan Santangelo, *Director/Councilmember*

AUTHORITY/CITY OFFICIALS

Dave Norman, *Executive Director/City Manager*
Tully Clifford, *Assistant City Manager*
Dave Klotzle, *Public Works Director*
Carmen Nichols, *Administrative Services Director*
Genie Rocha, *Treasurer/Director of Finance*
Joseph Vacca, *Director of Community Development*
Jeffrie Madland, *Secretary/City Clerk*
Brian Pierik, *Authority Counsel/City Attorney*

SPECIAL SERVICES

Municipal Advisor

Columbia Capital Management, LLC
Glendale, California

Bond Counsel

Quint & Thimmig LLP
Larkspur, California

Disclosure Counsel

Norton Rose Fulbright US LLP
Los Angeles, California

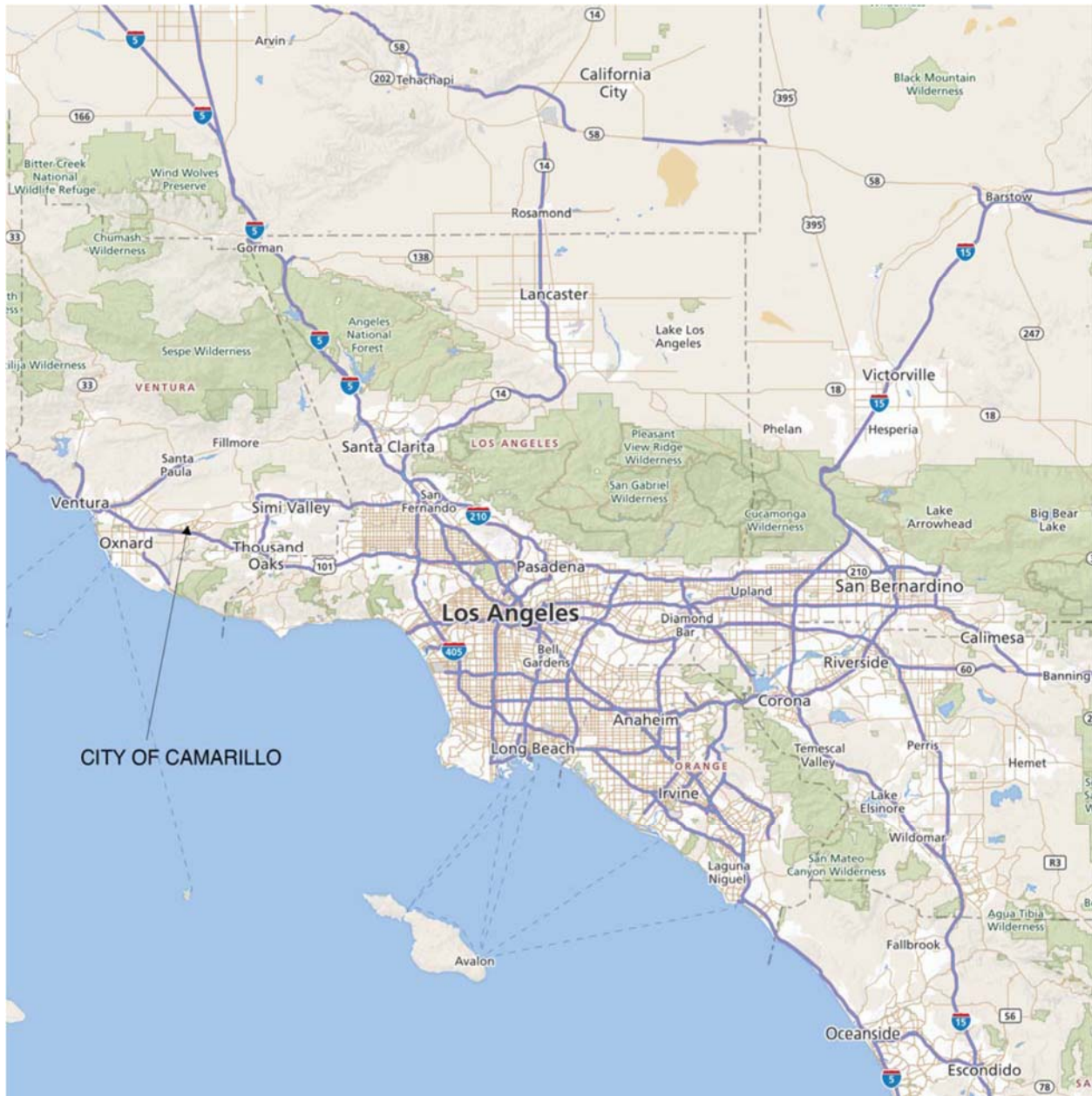
Trustee

U.S. Bank National Association
Los Angeles, California

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CITY OF CAMARILLO LOCATION MAP



OFFICIAL STATEMENT

**\$[principal amount]*
CAMARILLO PUBLIC FINANCE AUTHORITY
(Ventura County, California)
Water Revenue Bonds, Series 2019**

INTRODUCTION

This Introduction is not a summary of this Official Statement. It is only a brief description of, and guide to, and is qualified by, more complete and detailed information contained in the remainder of this Official Statement and the documents summarized or described herein. The offering of the above-captioned Bonds to potential investors is made only by means of the entire Official Statement and potential investors should thoroughly review it prior to purchasing such Bonds.

Unless otherwise defined herein, all capitalized terms used in this Official Statement that are defined in the Indenture (defined below) will have the meanings set forth therein, some of which are set forth in APPENDIX D—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.

Issuance of Bonds

The \$[principal amount]* Camarillo Public Finance Authority (Ventura County, California) Water Revenue Bonds, Series 2019 (the “Bonds”) are being issued by the Camarillo Public Finance Authority (the “Authority”) to (a) finance a portion of the costs of a groundwater desalter facility (the “Project”) which is to be a part of the municipal water system (the “Water System”) owned and operated by the City of Camarillo (the “City”), and (b) pay costs incurred in connection with issuance, sale and delivery of the Bonds.

The Bonds will be issued pursuant to an Indenture of Trust, dated as of August 1, 2019 (the “Indenture”), by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”). The Bonds will be issued under the provisions of Article 4 of Chapter 5 of Division 7 of Title 1 (commencing with section 6584) of the California Government Code (the “Act”). See “THE BONDS” and “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

Security for the Bonds

The Bonds are special limited obligations of the Authority payable from and secured by a pledge of the Revenues, consisting primarily of installment payments (the “Installment Payments”) payable by the City under an Installment Sale Agreement, dated as of August 1, 2019, by and between the Authority, as seller, and the City, as purchaser (the “Installment Sale Agreement”). See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

A debt service reserve fund will *not* be funded for the Bonds.

THE BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM AND SECURED SOLELY BY A PLEDGE OF AMOUNTS HELD IN CERTAIN FUNDS AND ACCOUNTS UNDER THE INDENTURE AND THE REVENUES DERIVED FROM THE INSTALLMENT PAYMENTS MADE BY THE CITY UNDER THE INSTALLMENT SALE AGREEMENT. THE BONDS DO NOT CONSTITUTE A DEBT OF THE AUTHORITY, THE CITY, THE COUNTY OF VENTURA (THE “COUNTY”) OR THE STATE OF CALIFORNIA (THE “STATE”) OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY

* Preliminary, subject to change.

CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND THEY DO NOT CONSTITUTE AN OBLIGATION FOR WHICH THE AUTHORITY, THE CITY, THE COUNTY OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER.

Installment Payments

In general, the City is required to pay to the Trustee, as assignee of the Authority, from a first and prior lien on the Net Revenues the Installment Payments which are designed to be sufficient in both time and amount to pay, when due, the principal of and interest on the Bonds. "Net Revenues" are the Gross Revenues of the Water System, less Maintenance and Operating Expenses.

"Gross Revenues" means all gross income and revenue received or receivable by the City from the ownership or operation of the Water System, determined in accordance with generally accepted accounting principles, including all fees, rates, tolls and charges (including connection fees and standby charges) received by the City for the Water Service and the other services of the Water System and all proceeds of insurance covering business interruption loss relating to the Water System and all other income and revenue howsoever derived by the City from the ownership or operation of the Water System or arising from the Water System, but excluding refundable deposits made to establish credit and advances or contributions in aid of construction and main extension fees. Notwithstanding the foregoing, Gross Revenues will not in any event include (a) the proceeds of any current or future grants to the City for the cost of the Project, including but not limited to those from Metropolitan Water District of Southern California ("MWD") (either directly to the City or through the Calleguas Municipal Water District, its member agency ("CMWD"), the State of California Department of Water Resources (either directly to the City or through the County of Ventura), and the United States Department of the Interior Bureau of Reclamation; and (b) any funds attributable to the City's Conservation Credit Program Fund.

"Maintenance and Operation Costs" means the reasonable and necessary costs paid or incurred by the City for maintaining and operating the Water System, determined in accordance with Generally Accepted Accounting Principles, including all costs of water purchased by the City for resale through the Water System, and including all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the Water System in good repair and working order, and including all administrative costs of the City that are charged directly or apportioned to the operation of the Water System, such as salaries and wages of employees, overhead, taxes (if any) and insurance premiums, and including all other reasonable and necessary costs of the City, such as compensation, reimbursement and indemnification of the Trustee and fees and expenses of independent certified public accountants; but excluding in all cases (a) depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles; and (b) any costs or expenses paid from amounts attributable to the City's Conservation Credit Program Fund.

"Water System" means all land and water facilities used and useful by the City for the production, storage, conveyance, treatment and distribution of water now owned by the City, together with all additions, betterments, extensions or improvements to such facilities or any part thereof hereafter acquired or constructed by the City, including the Project.

The City has covenanted in the Installment Sale Agreement to prescribe, revise and collect such charges from the services and facilities of the Water System which will produce Gross Revenues sufficient in each Fiscal Year to provide Net Revenues equal to at least 1.25 times the aggregate annual payment requirements with respect to the Installment Sale Agreement and aggregate annual payment requirements with respect to any Parity Obligations in such Fiscal Year.

The City's obligations with respect to the Installment Sale Agreement and any additional obligations hereafter issued and incurred on a parity as to payment and security with the Installment Payments (the "Parity Obligations") are secured by a first lien on the Net Revenues.

The City has covenanted in the Installment Sale Agreement that it will not issue any obligations senior to the Installment Payments and Parity Obligations.

THE OBLIGATION OF THE CITY TO MAKE THE INSTALLMENT PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE AUTHORITY, THE CITY, THE COUNTY OR THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE AUTHORITY, THE CITY, THE COUNTY OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

The Authority

The Authority is a joint exercise of powers entity duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement, dated November 4, 1998, between the City and the Camarillo Sanitary District (the "District"), for the primary purpose of issuing revenue bonds to provide funds to acquire or construct public capital improvements for the benefit of the City. The members of the City Council of the City comprise the Authority's Board of Directors (the "Board"). The Authority has no independent staff and consequently is dependent upon the City's officers and employees to administer the day-to-day activities of the Authority on its behalf.

The City

The City was incorporated on October 22, 1964, as a general law city. The City, with a population as of January 2019 of 69,880, is located in the center of Ventura County whose population as of January 2019 was 856,598. It has an area of approximately twenty square miles and is situated in the Pleasant Valley area of the vast agricultural Oxnard Plain. Geographically, the City is midway between Los Angeles and Santa Barbara on Highway 101, nine miles inland from Naval Base Ventura County and the Pacific Ocean. It is 45 miles northwest of Los Angeles and 379 miles south of San Francisco. See APPENDIX C—GENERAL INFORMATION CONCERNING THE CITY OF CAMARILLO AND COUNTY OF VENTURA.

The City Council consists of five members elected at large for overlapping four-year terms. The Mayor is selected from the City Council members and serves a one-year term. On January 9, 2019, the City Council adopted a resolution declaring its intent to transition from at-large to district based elections. The City Council is responsible, among other things, for passing ordinances and resolutions, adopting the budget, appointing committees, and appointing a City Manager and City Attorney. As contract city, the City purchases certain public services through contracts with other agencies and private companies. The City is empowered to own and operate the Water System.

The Water System

Water service for most of the City is provided by the City's Water Division of the Public Works Department with other portions being served by neighboring water companies. The Water System provides water services to 13,799 connections of which 12,187 are residential connections and the remaining 1,612 are non-residential connections. For further information concerning the Water System, see "WATER SYSTEM."

Water System Finances

The audited financial results of the City's Water System are a part of the City's comprehensive annual financial reports. The City's fiscal year 2017-18 water revenues totaled \$16,089,147. Water sales are the primary source of revenue for the Water System and, in general, account for approximately 95% of Water System revenues. Other revenue sources include grants, charges for services and interest income.

The City has the power and authority to establish charges for service. The City's rates and charges are established by resolution of the City Council. The City can refuse or terminate service to delinquent customers and can require full payment of delinquent amounts and reconnection charges to resume service. Unpaid charges may become a lien on real property by recordation of a notice thereof.

For further information concerning the Water System finances, see "WATER SYSTEM FINANCES."

The County

The County was created by the State Legislature on March 22, 1872 out of the southeasterly portion of Santa Barbara County and covers an area of 1,873 square miles. It is bordered on the north by Kern County, on the northwest by Santa Barbara County, on the east by Los Angeles County, and on the south and southwest by the Pacific Ocean along 42 miles of coastline. There are ten incorporated cities within its borders: Ventura, Ojai, Oxnard, Port Hueneme, Camarillo, Santa Paula, Fillmore, Thousand Oaks, Moorpark and Simi Valley. For further information concerning the County, see APPENDIX C—GENERAL INFORMATION CONCERNING THE CITY OF CAMARILLO AND COUNTY OF VENTURA.

Book-Entry System

The Bonds are being issued as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC") and ultimate purchasers of Bonds will not receive physical certificates representing their interests in the Bonds. Transfers and exchanges of Bonds will be conducted in accordance with DTC procedures. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Bondholders or registered owners thereof means Cede & Co. as aforesaid, and not the Beneficial Owners (as defined in Appendix G) of the Bonds. See "THE BONDS—General" and APPENDIX G—BOOK-ENTRY SYSTEM.

Continuing Disclosure

The ultimate security for the payments of principal and interest on the Bonds comes from the Installment Payments to be made by the City, and, therefore, the City, as an obligated person within the meaning of the Rule (defined below), has agreed to undertake the continuing disclosure responsibilities required by the Rule as applicable to the Bonds. The Authority has not undertaken a commitment to provide any continuing disclosure with respect to the Bonds.

The City has covenanted in a continuing disclosure certificate (the "Continuing Disclosure Certificate") to provide, or cause to be provided, certain annual financial information and operating data including, but not limited to, its audited financial statements and, in a timely manner, notice of certain enumerated events for purposes of Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission (the "Rule"). See "CONTINUING DISCLOSURE" and APPENDIX F—FORM OF CONTINUING DISCLOSURE CERTIFICATE for a description of the specific nature of the annual reports and notices of certain enumerated events to be provided by the City, and a description of the terms of the Continuing Disclosure Certificate pursuant to which such reports and notices are to be made.

Tax Matters

In the opinion of Quint & Thimmig LLP, Larkspur, California, Bond Counsel, subject, however, to certain qualifications described in this Official Statement, under existing law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax. In addition, in the opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxation imposed by the State. See “TAX MATTERS.”

Certain Risk Factors

Certain events could affect the ability of the Authority to make payments when due on the Bonds and the ability of the City to make the Installment Payments when due. See “RISK FACTORS” for a discussion of some of the risk factors that should be considered, in addition to other matters set forth herein, in evaluating an investment in the Bonds.

Other Information

There follows in this Official Statement, which includes the cover page, the inside cover page and appendices hereto, a brief description of the Bonds, the Indenture, the Installment Sale Agreement and other documents, risk factors and certain other information relevant to the issuance of the Bonds. All references herein to the Indenture, the Installment Sale Agreement and other documents, agreements and statutes, and the description of the Bonds included in this Official Statement, do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entirety by reference to each such document, agreement or statute, and to the form of the Bonds included in the Indenture. A summary of certain provisions of the Indenture and the Installment Sale Agreement is included in APPENDIX D—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS. The audited financial statement of the City for fiscal year 2017-18 is included in APPENDIX A—“COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2018.”

During the initial offering period for the Bonds, copies of the Installment Sale Agreement and the Indenture may be obtained, upon written request and payment of the costs of duplication and mailing, from the Authority, c/o City of Camarillo, 601 Carmen Drive, Camarillo, California 93010, Attention: Director of Finance. After delivery of the Bonds, copies of such documents may be obtained from the Trustee.

The information set forth herein and in the Appendices hereto has been furnished by the City and the Authority and includes information which has been obtained from other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the City or the Authority.

The information and expressions of opinion herein speak only as of the date of this Official Statement and are subject to change without notice. Neither delivery of this Official Statement nor any sale made hereunder nor any future use of this Official Statement will, under any circumstances, create any implication that there has been no change in the affairs of the City or the Authority since the date hereof.

All financial and other information presented in this Official Statement has been provided by the City and the Authority from their records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial or other affairs of the City and the Authority. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future.

THE PROJECT

The proceeds of the Bonds will be used to finance a portion of the Project and to pay the costs of issuance of the Bonds.

Since the mid 1990's, water levels in the North Pleasant Valley groundwater basin have risen over 200-feet, while simultaneously degrading in water quality, through the infiltration of upstream discharges and the accumulation of salts. Historically, the City blended groundwater from City Wells A and B with imported State Water purchased from CMWD. However, salt concentrations in the groundwater are so high now that the City has dramatically cut back pumping from these wells because of diminishing blending feasibility. The construction of a brackish groundwater treatment facility will utilize a currently unusable resource to increase the City's water supply reliability, while removing salts from the watershed through brine disposal.

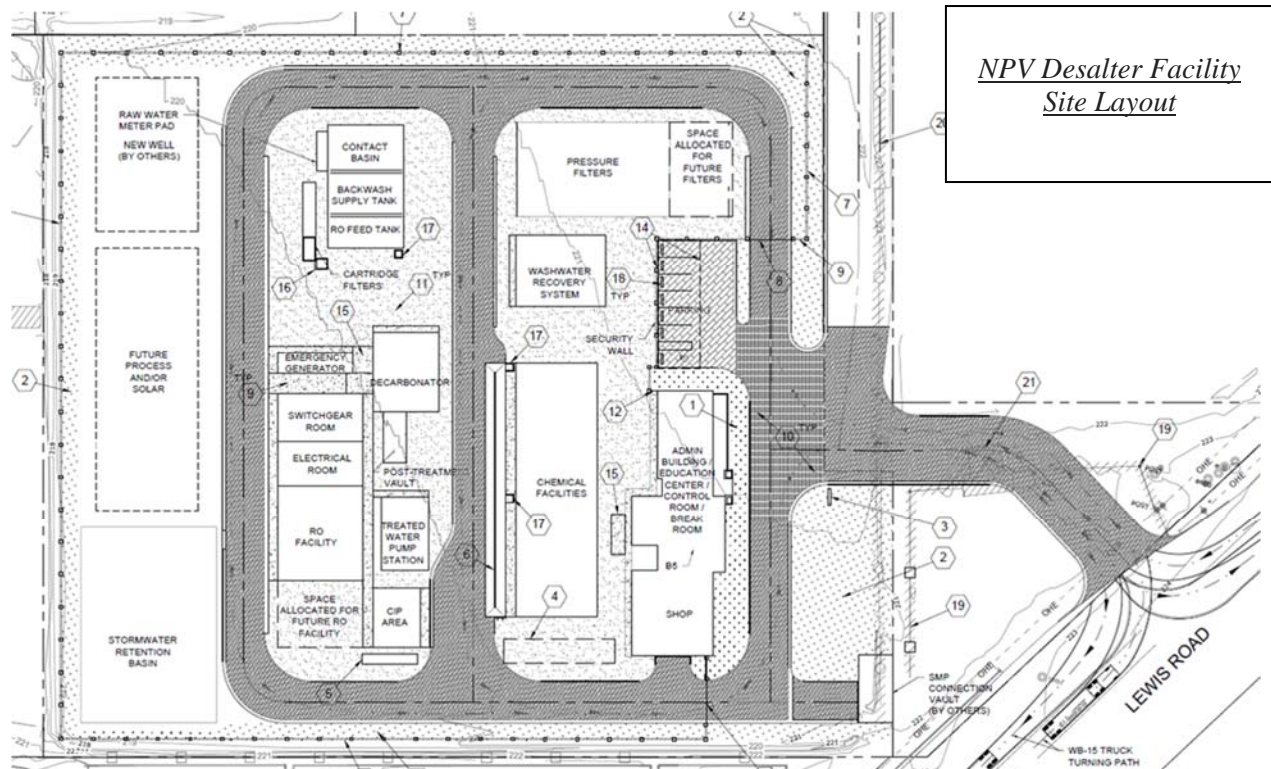
The City plans to construct the North Pleasant Valley Desalter ("NPV Desalter Facility") for the purposes of remediating local groundwater and augmenting its potable water supply. The Project will treat 4,500 acre-feet per year ("AFY") of brackish groundwater and yield up to an additional 3,877 AFY of potable water thereby reducing the need for like amount of imported water for use within the City's water service area. The Project will utilize a currently unusable resource to increase the City's water supply reliability, while removing salts from the watershed through brine disposal. The resulting remediation of the groundwater basin led to the Project being included as an implementation project in the Calleguas Creek Watershed Management Plan, 2008 Calleguas Creek Salts TMDL, and the Watershed Coalition of Ventura County Integrated Regional Water Management Plan 2014.

The Project includes the planning, design, and construction of a groundwater desalter facility that has useful economic life of forty years with the City estimating use over a 25-year period due to projected availability of groundwater and authorization to pump for the NPV Desalter Facility limited to a 25-year period. The NPV Desalter Facility will be located at the northeast boundary of the City in existing agricultural land recently acquired by the City and annexed within City limits. Brackish groundwater for the Project will be extracted using the City's existing Wells A and B, and a new extraction well to be located within the treatment plant site.

Architectural Renderings of the NPV Desalter Facility



The Project will utilize the process of pretreatment filtration followed by reverse osmosis (“RO”) to produce a reliable, high-quality supply. Treated, stabilized (finished) water will be pumped to customers using the City’s existing distribution infrastructure.



In addition to treatment processes, the Project includes a new administration building, emergency generator, canopy or building to protect the RO system, storage tanks, restroom, new pipeline to connect existing Wells A and B to the site, new pipeline to connect to the existing Water System, discharge brine connection to the salty brine from the treatment process to an ocean outfall through the existing Calleguas’ Salinity Management Pipeline, and other site improvements as necessary. The Project will also include a solar car port over the parking area.

The Project also includes drilling three new nested monitoring wells. The nested monitoring wells will include independent well casings to monitor three aquifers in the Pleasant Valley Basin (Upper Aquifer system, Hueneme, and Fox Canyon). The wells will be used to monitor water quality, level, and conductivity on a quarterly basis.

On June 10, 2015, June 20, 2016 and December 17, 2017, the City Council certified and approved for the Project a final Environmental Impact Report (EIR), a Supplemental EIR and a Second Supplemental EIR, respectively, in compliance with the California Environmental Quality Act. In August 2017, the City Council awarded contracts for the design of the Project. On June 17, 2019, the City Council awarded the contract for construction of the Project to W.M. Lyles Co., which company dates back over seventy years and is one of the two largest water contractors in the State. WSC Inc. has provided project management services, and Brown and Caldwell has provided civil engineering and surveying for the design of the Project. Construction of the NPV Desalter Facility is anticipated to begin in the summer of 2019 and be operational by the end of 2021.

Below are the estimated costs and estimated funding sources for the Project.

**TABLE 1
ESTIMATED COSTS OF THE PROJECT**

Item	Estimated Cost
Planning, Design and Land	
Environmental/Special Studies	\$ 195,000
Program Management - consultant (WSC)	590,000
Administration and Legal Expenses	700,000
Land Purchase, rights of way, appraisals	1,761,700
Design	3,447,331
Additional Elements Design	92,855
Operations Support - American Water	38,076
Funding and Financing - Federal Lobbyist	<u>370,140</u>
Planning, Design, and Land Subtotal	\$ 7,195,102
Construction Phase	
New well – production	\$ 2,200,000
Treatment Plant (includes 10% contingency)/Generator & Transformer	44,195,800
Treated Water & Sewer Pipelines, Surge Mitigation System & Lewis Rd Impr.	600,000
Other Miscellaneous Construction Costs	50,000
Conveyance Pipeline	1,650,000
Well A & B Rehabilitation	500,000
Salinity Management Pipeline Connection	500,000
Project Management Services During Construction	836,725
USBR - NEPA document	14,000
Construction Management & Inspection	3,036,360
Design Engineer Services During Construction	1,980,000
DDW Required - Corrosion Testing Study	276,585
Plant Operator Support During Construction	250,000
Four New Monitoring Wells	<u>3,000,000</u>
Construction Phase Subtotal	\$59,089,470
<u>TOTAL PROJECT COSTS</u>	<u>\$66,284,572</u>

Source: City of Camarillo.

**TABLE 2
ESTIMATED SOURCES OF FUNDS FOR THE PROJECT**

Estimated Funding Source	Amount
Water System Capital Fees	\$18,339,676
Unrestricted Water Funds	15,221,268
Proposition 1 Grant	10,000,000
Proposition 84 Grant	5,028,221
US Dept of Interior Bureau of Reclamation Grant	5,000,000
Bond Proceeds	<u>12,695,407</u>
TOTAL PROJECT BUDGET	\$66,284,572

Source: City of Camarillo.

SOURCES AND USES OF BOND PROCEEDS

The sources and uses of proceeds to be received from the sale of the Bonds are as follows:

Sources of Funds

Principal Amount of Bonds	
Plus: Original Issue Premium	
Total Sources	

Uses of Funds

Deposit to Project Fund ⁽¹⁾	
Cost of Issuance ⁽²⁾	
Total Uses	

- (1) The amount deposited in the Project Fund will be used to fund a portion of the Project. See "THE PROJECT."
- (2) This amount includes the Purchaser's discount, the fees and expenses of Bond Counsel, Disclosure Counsel, the Trustee, the City's municipal advisor and the rating agencies, costs of printing this Official Statement and other costs incurred in connection with the issuance of the Bonds.

DEBT SERVICE SCHEDULE

The following table sets forth the scheduled debt service due on the Bonds, assuming no redemption of Bonds (other than mandatory sinking payment redemption) prior to maturity.

Bond Year Ending June 1	Principal ⁽¹⁾	Interest	Total
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
TOTAL			

⁽¹⁾ Includes mandatory sinking fund installments.

Pursuant to the Installment Sale Agreement, the City is required to make Installment Payments which have been calculated to be sufficient to fund the scheduled interest and principal payments due on the Bonds. The Installment Payments are due on the fifteenth (15th) calendar day of the month preceding each Interest Payment Date. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Installment Payments.”

THE BONDS

General

The Bonds will be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof. The Bonds will mature on June 1 in each of the years and in the amounts, and will bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates set forth on the inside cover page hereof.

Interest on the Bonds will be payable semiannually on each June 1 and December 1, commencing December 1, 2019 (each, an “Interest Payment Date”), to the persons whose names appear on the Registration Books as the Owners thereof as of the fifteenth (15th) calendar day of the month immediately preceding each such Interest Payment Date (each, a “Record Date”), such interest to be paid by check of the Trustee mailed by first-class mail to the Owners at the respective addresses of such Owners as they appear on the Registration Books; provided, however, that payment of interest may be made by wire transfer in immediately available funds to an account in the United States of America to any Owner of Bonds in the aggregate principal amount of \$1,000,000 or more who furnishes written wire instructions to the Trustee at least five days before the applicable Record Date. Principal of any Bond and any premium upon redemption will be paid by check of the Trustee upon presentation and surrender thereof at the corporate trust office of the Trustee, except as provided in APPENDIX G—BOOK-ENTRY SYSTEM. Principal of and interest and premium (if any) on the Bonds will be payable in lawful money of the United States of America.

Each Bond will be dated as of its date of authentication and will bear interest from the Interest Payment Date next preceding such date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or (b) it is authenticated on or before November 15, 2019, in which event it will bear interest from the Closing Date; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

The Bonds, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company (“DTC,” and together with any successor securities depository, the “Securities Depository”). DTC will act as Securities Depository for the Bonds. Individual purchases of the Bonds will be made in book-entry form. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Bondholders or the Owners of the Bonds means Cede & Co. as aforesaid, and not the Beneficial Owners (as defined in Appendix G) of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, principal of and interest on the Bonds are payable by wire transfer of same day funds by the Trustee to Cede & Co., as nominee for DTC. DTC is obligated, in turn, to remit such amounts to the Participants for subsequent disbursement to the Beneficial Owners. See APPENDIX G—BOOK-ENTRY SYSTEM.

Transfer and Exchange of Bonds

Any Bond may, in accordance with its terms, be transferred on the Registration Books maintained by the Trustee by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly

executed in a form acceptable to the Trustee. Transfer of any Bond will not be permitted by the Trustee during the period established by the Trustee for selection of Bonds for redemption or if such Bond has been selected for redemption pursuant to the Indenture. Whenever any Bond or Bonds are required to be surrendered for transfer, the Authority will execute and the Trustee will authenticate and will deliver a new Bond or Bonds for a like aggregate principal amount and of like maturity. The Trustee may require the Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

Any Bond may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations and of like maturity. Exchange of any Bond will not be permitted during the period established by the Trustee for selection of Bonds for redemption or if such Bond has been selected for redemption. The Trustee may require the Bond Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange.

Redemption

Mandatory Redemption of Bonds From Optional Prepayment of Installment Payments. The Bonds maturing on or after June 1, 2028 are subject to mandatory redemption as a whole or in part from the determination of the City to optionally prepay the Installment Payments, on any date on or after June 1, 2027, from any available source of funds of the City, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium. Any such redemption shall be in such order of maturity as the City shall designate (and, if no specific order of redemption is designated by the City, in inverse order of maturity).

Mandatory Sinking Fund Redemption. The Bonds maturing on June 1, _____, are subject to redemption from Mandatory Sinking Fund Payments in part on June 1, _____, and on each June 1 thereafter to and including June 1, _____, to the extent of the sinking fund payment made by the Authority, derived from Installment Payments by the City, with respect to each such redemption date, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium, as follows:

Sinking Account Redemption Date (June 1)	Principal Amount to be Redeemed or Purchased
_____	_____
†Maturity	

In the event that the Trustee redeems Bonds maturing on in part but not in whole pursuant to the other redemption provisions of the Indenture, the amount of the Bonds maturing on to be redeemed in each subsequent year as described above will be reduced in such order as shall be determined by the City.

Extraordinary Redemption: Up to \$5,000,000 principal amount of the Bonds are callable for redemption prior to their stated maturity dates at the option of the Authority, in part on any date on or after June 1, 2022, upon thirty (30) days' written notice to the Trustee by the City (or such shorter period as shall be acceptable by the Trustee in its sole discretion), from the prepayment by the City of Installment Payments under the Installment Sale Agreement from the proceeds of a grant from the U.S. Bureau of Reclamation, if any, received by the City with respect to the Project after the Closing Date, at a redemption price equal to the principal amount of the Bonds called for redemption, together with accrued interest to the date fixed for redemption, without premium.

Partial Redemption; Selection. Whenever provision is made in the Indenture for the redemption of less than all of the Bonds of a particular maturity, the Trustee will select the Bonds to be redeemed from all Bonds of such maturity or such given portion thereof not previously called for redemption, by lot in any manner which the Trustee in its sole discretion deems appropriate and fair. For purposes of such selection, the Trustee will treat each Bond as consisting of separate \$5,000 portions and each such portion will be subject to redemption as if such portion were a separate Bond. Upon surrender of any Bonds redeemed in part only, the Authority will execute and the Trustee will authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bonds surrendered.

Purchase In Lieu of Redemption. In lieu of redemption of Bonds as described above, amounts held by the Trustee for such redemption received from the City may also be used, upon receipt by the Trustee at least sixty (60) days prior to the redemption date of the written request of an Authorized Representative of the Authority, for the purchase of Bonds at public or private sale as and when and at such prices (including brokerage, accrued interest and other charges) as the City may in its discretion direct, but not to exceed the redemption price which would be payable if such Bonds were redeemed. The aggregate principal amount of Bonds of the same maturity purchased in lieu of redemption pursuant to the foregoing provision of the Indenture shall not exceed the aggregate principal amount of Bonds of such maturity which would otherwise be subject to such redemption.

Notice of Redemption. Prior Notice of any such redemption will be given by the Trustee on behalf and at the expense of the City by mailing a copy of a redemption notice by first class mail at least 20 days and not more than 60 days prior to the date fixed for redemption to each Owner of the Bond or Bonds to be redeemed at the address shown on the Registration Books and to the Securities Depositories and to the Information Services; *provided, however*, that neither the failure to receive such notice nor any defect in any notice will affect the sufficiency of the proceedings for the redemption of the Bonds or the cessation of accrual of interest from and after the redemption date.

All notices of redemption will state the date of the notice, the redemption date, the place or places of redemption, whether less than all of the Bonds (or all Bonds of a single maturity) are to be redeemed, the CUSIP numbers and (in the event that not all Bonds within a maturity are called for redemption) Bond numbers of the Bonds to be redeemed, the maturity or maturities of the Bonds to be redeemed, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed and, if such redemption is made pursuant to the provisions of the Indenture for mandatory redemption from optional payments of Installment Payments, that such redemption is conditioned upon receipt by the Trustee of sufficient funds to ensure the payment of the redemption price, including principal, interest and redemption premium, if any. Each such notice shall also state that on the redemption date there will become due and payable on each of said Bonds the redemption price thereof, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered.

So long as the book-entry system is used for the Bonds, the Trustee will give any notice of redemption or any other notices required to be given to registered Owners of Bonds only to DTC. Any failure of DTC to advise any Participant (as herein defined), or of any Participant to notify the Beneficial Owner (as herein defined), of any such notice and its content or effect will not affect the validity of the redemption of the Bonds called for redemption or any other action premised on such notice. Beneficial Owners may desire to make arrangements with a Participant so that all notices of redemption or other communications to DTC which affect such Beneficial Owners, and notification of all interest payments, will be forwarded in writing by such Participant. See APPENDIX G—BOOK-ENTRY SYSTEM.

Effect of Redemption. The Bonds or portions of Bonds so to be redeemed will, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date interest with respect to such Bonds or portions of Bonds will cease to accrue. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds will be paid by the Trustee at the redemption price.

Installments of interest due on or prior to the redemption date will be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there will be prepared for the Owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal.

All Bonds paid at maturity or prepaid prior to maturity pursuant to the provisions of the Indenture will be cancelled upon surrender thereof and destroyed.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds are special limited obligations of the Authority payable solely from and secured solely by the Revenues pledged therefor under and as such term is defined in the Indenture, together with amounts on deposit from time to time in the funds and accounts held by the Trustee under the Indenture.

Under the Indenture, the Authority assigns to the Trustee, for the benefit of the Owners from time to time of the Bonds, all of the Revenues and all of the rights of the Authority in the Installment Sale Agreement (except for certain rights to indemnification set forth therein). The Trustee is entitled to collect and receive all of the Revenues, and any Revenues collected or received by the Authority are required to be held, and to have been collected or received, by the Authority as the agent of the Trustee and must be paid by the Authority to the Trustee.

THE BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM AND SECURED SOLELY BY A PLEDGE OF AMOUNTS HELD IN CERTAIN FUNDS AND ACCOUNTS UNDER THE INDENTURE AND THE REVENUES DERIVED FROM THE INSTALLMENT PAYMENTS MADE BY THE CITY UNDER THE INSTALLMENT SALE AGREEMENT. THE BONDS DO NOT CONSTITUTE A DEBT OF THE AUTHORITY, THE CITY, THE COUNTY OR THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND THEY DO NOT CONSTITUTE AN OBLIGATION FOR WHICH THE AUTHORITY, THE CITY, THE COUNTY OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER.

Revenues

“Revenues” are defined in the Indenture as (a) all Installment Payments (including both timely and delinquent payments, any late charges, and whether paid from any source) and prepayments thereof, and (b) subject to the provisions of the Indenture, all interest, profits or other income derived from the investment of amounts in any fund or account established pursuant to the Indenture.

Installment Sale Agreement

Special Obligation. The City’s obligation to pay the Installment Payments will be a special obligation limited solely to Net Revenues. Under no circumstances will the City be required to advance any moneys derived from any source of income other than the Net Revenues and other sources specifically identified in the Installment Sale Agreement for the payment of the Installment Payments, nor will any other funds or property of the City be liable for the payment of the Installment Payments.

The obligations of the City to make the Installment Payments from Net Revenues and to perform and observe the other agreements contained in the Installment Sale Agreement will be absolute and unconditional and will not be subject to any defense or any right of set-off, counterclaim or recoupment arising out of any breach of the City, the Authority or the Trustee of any obligation to the City or otherwise with respect to the

Project, whether under the Installment Sale Agreement or otherwise, or out of indebtedness or liability at any time owing to the City by the Authority or the Trustee. Until such time as all of the Installment Payments will have been fully paid or prepaid, the City (a) will not suspend, abate, or discontinue any payments provided for in the Installment Sale Agreement, (b) will perform and observe all other agreements contained in the Installment Sale Agreement, and (c) will not terminate the Installment Sale Agreement for any cause, including, without limiting the generality of the foregoing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, the taking by eminent domain of title to or temporary use of any or all of the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either thereof or any failure of the Authority or the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Indenture or the Installment Sale Agreement.

Pledge of Net Revenues. The City agrees that the payment of the Installment Payments shall be secured by a pledge, charge and first and prior lien upon Net Revenues, and Net Revenues sufficient to pay the Installment Payments as they become due and payable are pledged, charged, assigned, transferred and set over by the City to the Authority and its assigns for the purpose of securing payment of the Installment Payments. The Net Revenues shall constitute a trust fund for the security and payment of the Installment Payments.

Deposit to Revenue Fund; Transfer to Pay Installment Payments. All of the Gross Revenues shall be deposited by the City immediately upon receipt in the Revenue Fund.

The City shall withdraw from the Revenue Fund such amounts at such times as shall be required to pay all Maintenance and Operation Costs as they come due and payable.

The City covenants and agrees that all Gross Revenues will be held by the City in the Revenue Fund in trust for the benefit of the Trustee (as assignee of the rights of the Authority under the Installment Sale Agreement), the Owners, the owners of any Parity Obligations and the owners of any Subordinate Obligations.

On or before each Installment Payment Date, the City shall withdraw from the Revenue Fund and transfer to the Trustee, for deposit in the Bond Fund, an amount which, together with the balance then on deposit in the Bond Fund (other than amounts resulting from the prepayment of the Installment Payments and other than amounts required for payment of the principal of or interest on any Bonds which have matured or been called for redemption but which have not been presented for payment), is equal to the aggregate amount of the Installment Payment coming due and payable on the next succeeding Interest Payment Date.

In addition, the City shall withdraw from the Revenue Fund such amounts at such times as shall be required to pay (i) the principal of and interest on any Parity Obligations and otherwise comply with the provisions of the instruments authorizing the issuance of any Parity Obligations; and (ii) pay all other amounts when and as due and payable under the Installment Sale Agreement.

Release from Lien. Following the transfer with respect to a June 1 Interest Payment Date, Net Revenues in excess of amounts required for the payment of Installment Payments and any Parity Obligations in that year shall be released from the lien of the Installment Sale Agreement and shall be available for any lawful purpose of the City.

Rates, Fees and Charges. The City will, at all times while any of the Installment Payments, any Parity Obligations and any Subordinate Obligations remain Outstanding, fix, prescribe and collect rates, fees and charges for the Water Service for each Fiscal Year so as to yield Gross Revenues at least sufficient, after

making reasonable allowances for contingencies and errors in the estimates, to pay the following amounts during such Fiscal Year in the order below set forth:

- (1) All current Maintenance and Operation Costs.
- (2) The Installment Payments and all payments required with respect to any Parity Obligations.
- (3) Payments required with respect to any Subordinate Obligations.
- (4) All payments to meet any other obligations of the City which are charges, liens or encumbrances upon, or payable from, the Gross Revenues.
- (5) Any other lawful purposes of the City, including, but not limited to, deposits to the Rate Stabilization Fund in accordance with the Installment Sale Agreement.

In addition, the City shall fix, prescribe and collect rates, fees and charges for the Water Service during each Fiscal Year which are sufficient to yield Net Revenues at least equal to (i) one hundred twenty-five percent (125%) of the amounts payable under the preceding paragraph (2) above in such Fiscal Year and (ii) one hundred percent (100%) of the amounts payable under the preceding paragraph (3) above in such Fiscal Year.

No Obligations Superior to Installment Payments. In order to protect further the availability of the Pledged Net Revenues and the security for the Installment Payments and any Parity Obligations, the City agrees that the City shall not, so long as any Installment Payments or any Parity Obligations are outstanding, issue or incur any obligations payable from Gross Revenues superior to the Installment Payments or any Parity Obligations.

Incurrence of Parity Obligations. Additional obligations may be issued on a parity with the Installment Sale Agreement and any then existing Parity Obligations subject to the following specific conditions which are hereby made conditions precedent to the issuance and delivery of such Parity Obligations, except that the City need not comply with subparagraph (ii) if the proposed Parity Obligations are incurred to prepay or post a security deposit for the payment of the Installment Sale Agreement or Parity Obligations:

(i) The City shall be in compliance with all covenants set forth in the Installment Sale Agreement and with all covenants set forth in the agreements relating to then existing Parity Obligations.

(ii) The Net Revenues, calculated on sound accounting principles, as shown by the books of the City for the latest Fiscal Year or any more recent twelve (12) consecutive month period selected by the City, as shown by the books of the City, plus, at the option of the City, either or both of the items hereinafter in this covenant designated (A) and (B), shall at least equal one hundred twenty percent-five (125%) of Maximum Annual Debt Service immediately subsequent to the issuance of such Parity Obligations. The items any or all of which may be added to such Net Revenues for the purpose of issuing or incurring Parity Obligations hereunder are the following:

(A) An allowance for Net Revenues from any additions to or improvements or extensions of the Water System to be made with the proceeds of such Parity Obligations, and also for Net Revenues from any such additions, improvements or extensions which have been made from moneys from any source but in any case which, during all or any part of such Fiscal Year or such twelve (12) month period, were not in service, all in an amount equal to seventy percent (70%) of the estimated additional average annual Net Revenues to

be derived from such additions, improvements and extensions for the first thirty-six (36) month period in which each addition, improvement or extension is respectively to be in operation, all as shown in the written report of an Independent Financial Consultant engaged by the City.

(B) An allowance for earnings arising from any increase in the charges made for service from the Water System which has become effective prior to the incurring of such additional indebtedness but which, during all or any part of such Fiscal Year or such twelve (12) month period, was not in effect, in an amount equal to the amount by which the Net Revenues would have been increased if such increase in charges had been in effect during the whole of such Fiscal Year or such twelve (12) month period, all as shown in the written report of an Independent Financial Consultant engaged by the City.

(iii) The instrument providing for the issuance of such Parity Obligations shall provide that:

(A) The proceeds of such Parity Obligations shall be applied to the acquisition, construction, improvement, financing or refinancing of additional facilities, improvements or extensions of existing facilities within the Water System, or otherwise for facilities, improvements or property which the City determines are of benefit to the Water System, or for the purpose of refunding any Parity Obligations in whole or in part, including all costs (including costs of issuing such Parity Obligations and including capitalized interest on such Parity Obligations during any period which the City deems necessary or advisable) relating thereto;

(B) Interest on such Parity Obligations shall be payable on May 15 and November 15 in each year of the term of such Parity Obligations except the first year, during which year interest may be payable on any May 15 or November 15; and

(C) The principal of such Parity Obligations shall be payable on May 15 in any year in which principal is payable.

(iv) A reserve fund may, but shall not be required to, be established for such Parity Obligations.

Subordinate Obligations. The City further covenants that the City shall not issue or incur any Subordinate Obligations unless Net Revenues, calculated in the same manner as described in (ii) above with respect to additional Parity Obligations, are equal to at least 125% of Maximum Annual Debt Service and 100% of maximum annual debt service on all Subordinate Obligations outstanding immediately subsequent to the incurring of such Subordinate Obligations.

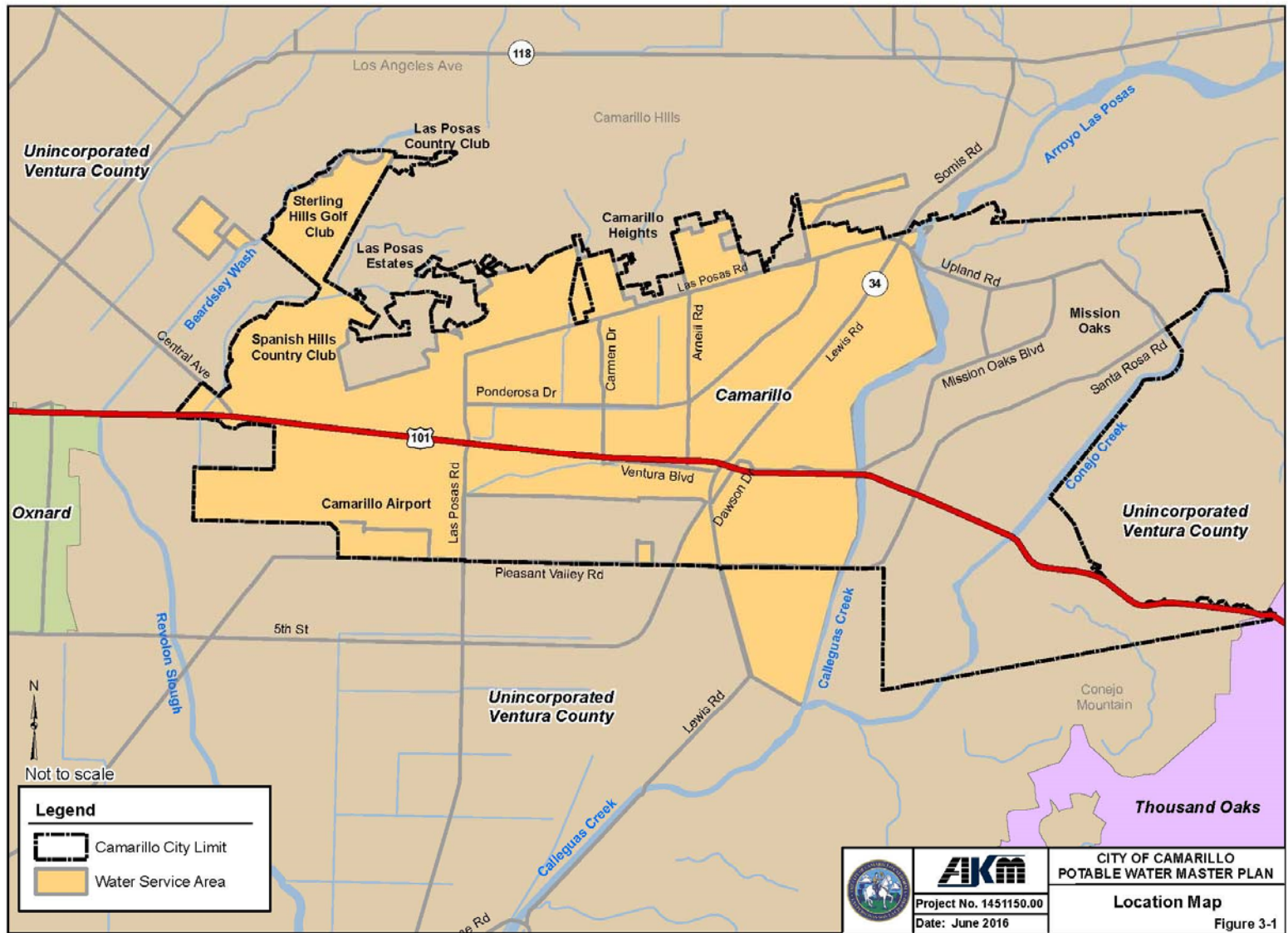
Additional Payments. In addition to the Installment Payments, the City will pay, from Net Revenues, when due all costs and expenses incurred by the Authority to comply with the provisions of the Indenture and the Installment Sale Agreement, including, without limitation all Costs of Issuance (to the extent not paid from amounts on deposit in the Costs of Issuance Fund), compensation due to the Trustee for its fees, costs and expenses incurred under the Indenture, compensation due to the Authority for its fees, costs and expenses incurred under the Indenture and all costs and expenses of attorneys, auditors, engineers and accountants.

Installment Payments. Installment Payments are required to be made by the City under the Installment Sale Agreement on the 15th day of each February and August (each a "Due Date"). The Trustee will apply such amounts as are necessary to make principal and interest payments due with respect to the Bonds on June 1 and December 1 of each year sufficient to meet the Bond amortization schedule.

Rate Stabilization Fund. A “Rate Stabilization Fund” is created under the Installment Sale Agreement and is held and maintained by the City. From time to time, the City may deposit in the Rate Stabilization Fund from Gross Revenues such amounts as the City may determine, provided that deposits for each Fiscal Year may be made until (but not after) 180 days following the end of such Fiscal Year. The City may withdraw amounts from the Rate Stabilization Fund (i) for transfer to the Revenue Fund for inclusion in Gross Revenues for any Fiscal Year, such withdrawals to be made until (but not after) 180 days after the end of such Fiscal Year, or (ii) for any other lawful purpose of the City. All interest or other earnings on deposit in the Rate Stabilization Fund will be withdrawn and accounted for as Gross Revenues. No deposit of Gross Revenues to the Rate Stabilization Fund may be made to the extent that such Gross Revenues were included in the calculations of the additional bonds test hereof and withdrawal of the Gross Revenues to be deposited in the Rate Stabilization Fund from Gross Revenues that would cause noncompliance with the rate covenant. The Rate Stabilization Fund is not pledged to secure the Installment Payments, the payments with respect to any Parity Obligations or the payments with respect to any Subordinate Debt.

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CITY OF CAMARILLO WATER SERVICE AREA



THE WATER SYSTEM

General Description and History

The City's domestic water service area includes the majority of the City west of Calleguas Creek and several small portions of unincorporated Ventura County. The Water System provides potable water service to a population of approximately 42,869 residents, as well as commercial, industrial, and public facilities within an area that encompasses approximately 14.2 square miles (9,100 acres). This is about 75% percent of the City's total incorporated area of 12,186 acres. The Camrosa Water District, Pleasant Valley County Water District, Pleasant Valley Mutual Water Company, and Crestview Mutual Water Company serve the remaining 3,100 acres. In 2007, the County operated water system at the Camarillo Airport was transferred to the City and the capital infrastructure of the airport water system was upgraded and the City established a special rate zone applicable solely to the water users at the airport.

The Water System currently serves approximately 13,799 customer connections, including 12,187 residential, and 1,612 nonresidential.

The Water System currently employs 16 people full time, and operates one shift, seven days a week.

The City owns, operates and maintains approximately 200 miles of pipe ranging from 1-20 inches in diameter, four wells, six storage reservoirs, three pump stations and 11 pressure reducing valve stations.

In 2018, the City imported approximately 60% of its potable water, while the remaining 40% is local groundwater, pumped from the Pleasant Valley Basin. Over the past decade and a half, the City has blended its local groundwater with its purchases of imported water to ensure that it meets water quality standards. Until the early 1990s, the City could serve the groundwater it pumped from the Pleasant Valley Basin directly to its customers, without the need to blend it with higher quality water. However, in the early-to-mid-1990s, sharply escalating salt concentrations in the groundwater forced the City to curtail its pumping of local groundwater, and to blend what water it did pump with imported water in order to meet water quality standards. The rapid degradation in the City's groundwater quality can be primarily attributed to surface flows from several sources that recharge the Pleasant Valley Basin.

Over the past 40 years, large volumes of high-salinity water have been imported into the Calleguas Creek Watershed from the State Water Project, and surface water discharges from areas upstream of the City. The result is high surface and groundwater concentrations of salts throughout the watershed. Natural surface flow in the watershed upstream of the City's boundaries is augmented by discharges of groundwater from Simi Valley dewatering wells to Arroyo Simi, discharges of tertiary-treated effluent from the Simi Valley Water Quality Control Plant to Arroyo Simi, and occasional wet weather discharges from the Moorpark Water Reclamation Facility to Arroyo Las Posas. These sources of discharge all supplement natural surface flow in the Arroyo Las Posas and infiltrate into the Pleasant Valley Basin at the border of the Las Posas Valley Basin and the Pleasant Valley Basin. Along with the degradation of water quality during this timeframe, water levels in the northern portion of the Pleasant Valley Basin have risen over 200 feet, creating a brackish plume directly under the City.

The regional accumulation of salts in the Calleguas Creek Watershed led the California Regional Water Quality Control Board ("RWQCB") to issue a plan amendment with the overall goal to achieve a salt balance within each subwatershed, reduce salt load to surface water, and achieve and maintain water quality objectives for salts. The City's Wells A and B are located directly above the accumulated poor-quality groundwater and the City is well-positioned to correct the issue of high salt concentrations in the Pleasant Valley Basin which will benefit the entire watershed. Salt export is required throughout the watershed to effectively reduce salt loads to surface water and groundwater. Construction of the City's NPV Desalter Facility is an essential component to meeting mandated requirements to reduce salt concentrations in the

watershed, and the Project is specifically identified as an implementation strategy within the RWQCB's resolution.

Upon completion, the NPV Desalter Facility will be a water supply source for the Water System. Additional improvements of the Project will include a new administration building, emergency generator, canopy or building to protect the reverse osmosis system, storage tanks, restroom, new pipeline to connect existing Wells A and B to the site, new pipeline to connect to the existing Water System and other site improvements as necessary. The NPV Desalter's treatment process will discharge salty brine through CMWD's nearby Regional Salinity Management Pipeline ("SMP") to the ocean.

There are several agencies responsible for managing water resources in Ventura County: the Fox Canyon Groundwater Management Agency ("FCGMA"), the United Water Conservation District ("UWCD"), Calleguas Municipal Water District ("CMWD"), and Ventura County Water Protection District ("VCWPD"). Groundwater management and planning functions overlap between agencies but great cooperation has been seen over the past 20 years.

Management of the Water System

The City's Public Works Department is responsible for the management and operation of the Water System and the City's wastewater enterprise. The Water System division provides a dependable water supply to meet the current and future needs of its customers, manages and maintains infrastructure, monitors water quality, backflow prevention, and implements water conservation policies. The Public Works Director is the Department Head for the Water System and oversees the financial operation of the Water System. The Assistant Public Works Director/Environmental is the staff person with direct management and financial oversight of the Water System division and strategic planning. Engineering staff is responsible for capital project development (both public and private).

The Water System division staff and activities are organized into three subdivisions, water production, water distribution and water services/meter reading. The Water Superintendent and Assistant Water Superintendent manage the activities of the entire division with lead workers supervising each of the subdivisions.

The Water System division is staffed from 7:30 am to 4:00 pm, five days a week (Monday through Friday) and operators are assigned nine hour shifts on the weekends. An operator or distribution staff member is on call for all other times. Critical operations are monitored and alarmed through a SCADA system and electronic means. If an alarm condition occurs during off duty hours, the on-call operator is dispatched. Many of the support services for the Water System, such as customer service, finance and information technology are provided by City employees in other divisions/departments. In addition to the Assistant Public Works Director/Environmental, administrative support is provided by a public works administrative staff member.

The City currently employs 20 people to operate and maintain the Water System, including the following key employees:

- **Dave Klotzle** is the City's Director of Public Works Director. He heads the City's (a) Administrative Division which handles customer service, budget development and monitoring, department purchases, and overall general support, Capital Projects division which is responsible for the design and construction of public infrastructure projects, and preparing plans and specifications for contractors to bid, (c) Land Development division which reviews private development, provides plan checking services, fees, permits, and inspections throughout the development process, (d) Sanitary District which oversees the operation and maintenance of the City sewer system, (e) Streets/Landscape division which is responsible for maintaining the City's streets, sidewalks, landscape medians, parkways,

slope areas, graffiti removal and street sweeping, (f) Stormwater division which is responsible for maintaining the City's compliance with local, State, and Federal laws pertaining to stormwater runoff and pollution, (g) Traffic division oversees the maintenance of City traffic signals, street lights, and oversees traffic control on City streets, (h) Transit which oversees the City's public transportation services, and (i) Water division.

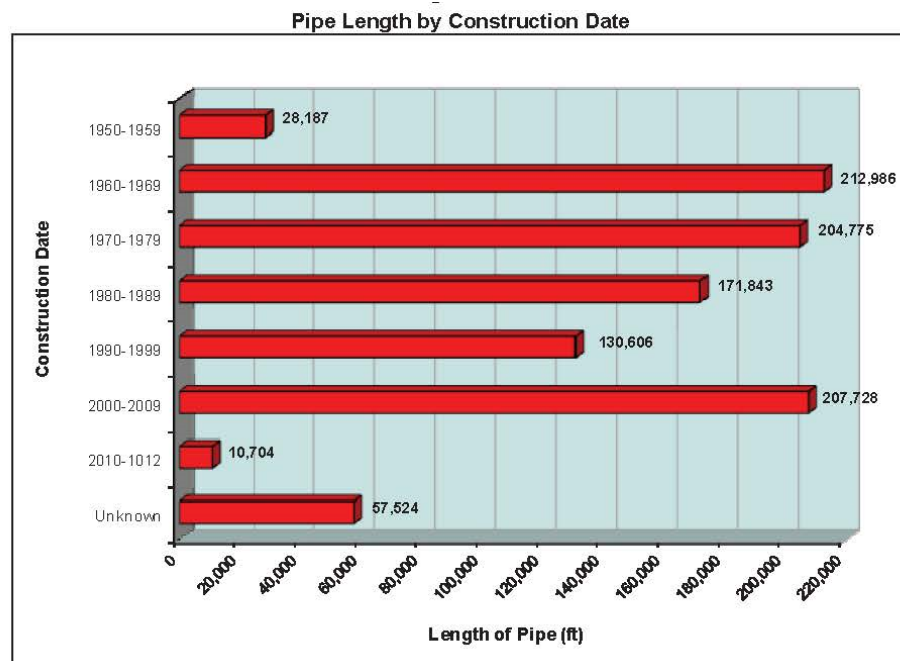
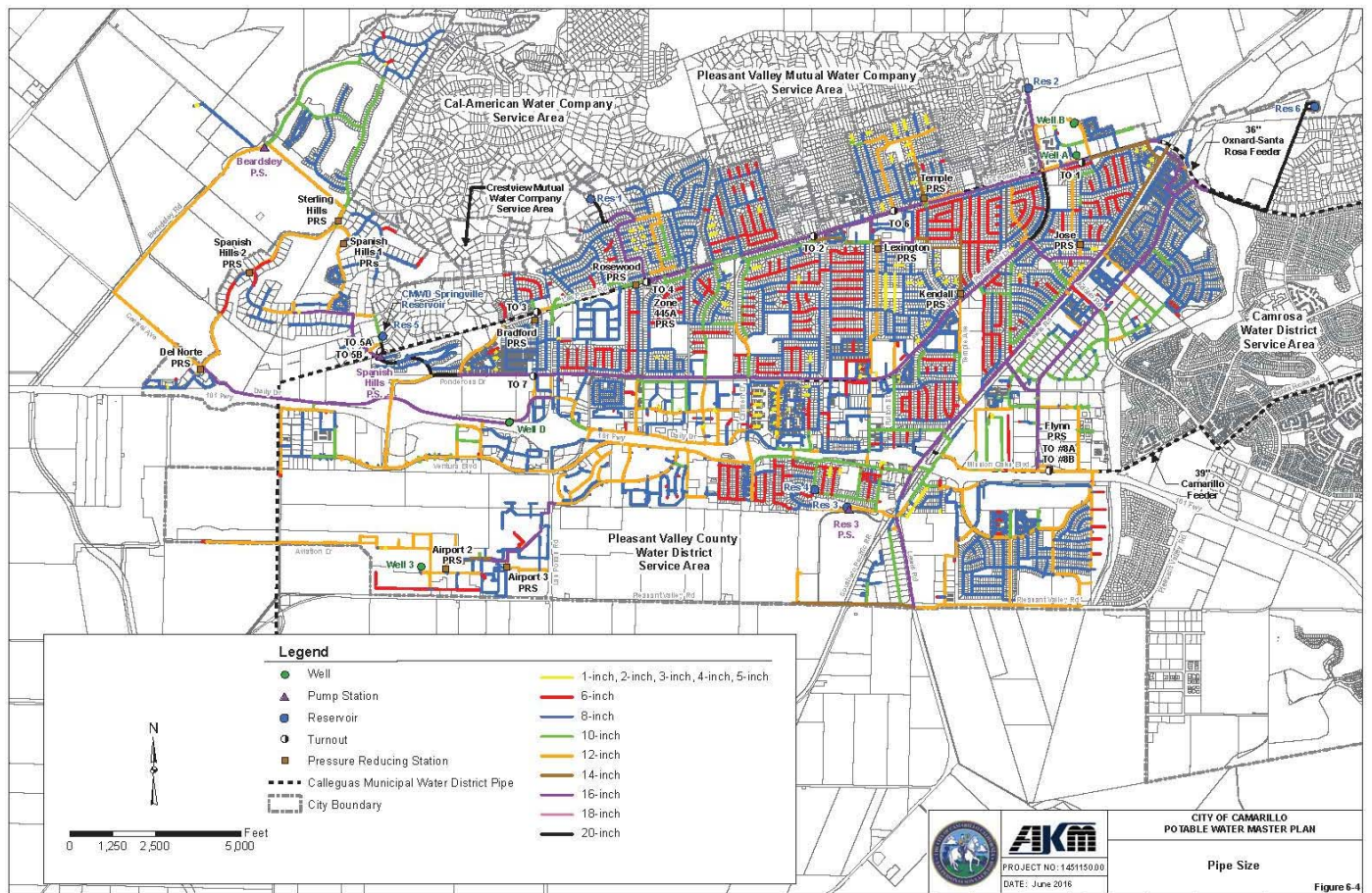
- **Tully Clifford** was appointed as the Assistant City Manager on May 29, 2018. As Assistant City Manager, Mr. Clifford assists the City Manager by overseeing the daily operations of the City Manager's Department including: economic development, public information, legislative analysis, City event planning, emergency operations preparation, refuse/recycling collection, and animal services. He also assists the City's Department Heads with key projects and service delivery as needed. Prior to joining the City, he was the Public Works Director for the City of Ventura and the Director of the Ventura County Watershed Protection District. He has served at other agencies as a city traffic engineer, public works director, and as a city manager. He holds Bachelor and Master degrees in Civil Engineering and a Master of Business Administration degree. Mr. Clifford is a registered professional engineer in the State of California.
- **Lucia McGovern** is the City's Deputy Director of Public Works since 2003 and manages the operations of the Water, Wastewater and Stormwater Divisions of the City's Public Works Department. Ms. McGovern oversees the operations and maintenance activities, budget development and oversight, monitors expenditures throughout the fiscal year, and performs strategic planning tasks, for all three divisions. Ms. McGovern is also responsible for compliance with local, State, and Federal regulations pertaining to drinking water, wastewater, water recycling, and stormwater. She has over 30 years of experience related to environmental regulatory field that impact drinking water, wastewater and stormwater treatment and water-reuse. Prior to joining the City, Ms. McGovern was a Water Resources Engineer for the California Regional Water Quality Control Board, Associate Engineer for City of Los Angeles – Bureau of Engineering, and Sr. Program Manager for West Basin Municipal Water District. She holds a Bachelor's degree in Chemical Engineering and a Master's degree in Environmental/Water Resources.

Water System Facilities

The Water System includes approximately 200 miles of pipe ranging from 1-20 inches in diameter, four wells, six storage reservoirs (four above ground and two underground) with a total combined capacity of 13.4 million gallons (MG), three booster pump stations, eight imported water supply connections, eleven pressure reducing valve stations, and 13,799 potable water meter connections. 14% of the water mains are 6-inch and 45% are 8-inch diameter pipes. About 36% of the Water System pipes are made of polyvinyl chloride and 58% are made of asbestos cement. The reservoirs are constructed of either steel or concrete and were placed into service or retrofitted from 1961 to 1999. The capital improvement plan for the Water System consists primarily of repair and replacement projects as well as the NPV Desalter Facility and expansion of the recycled water system. The latter two will serve to reduce the City's reliance on imported water.

The majority of the facilities and infrastructure of the Water System is less than fifty years old. Approximately 3% of the Water System was installed during the 1950's. Below are diagrams which show the location of the facilities and the pipeline age.

Location of Water System Facilities



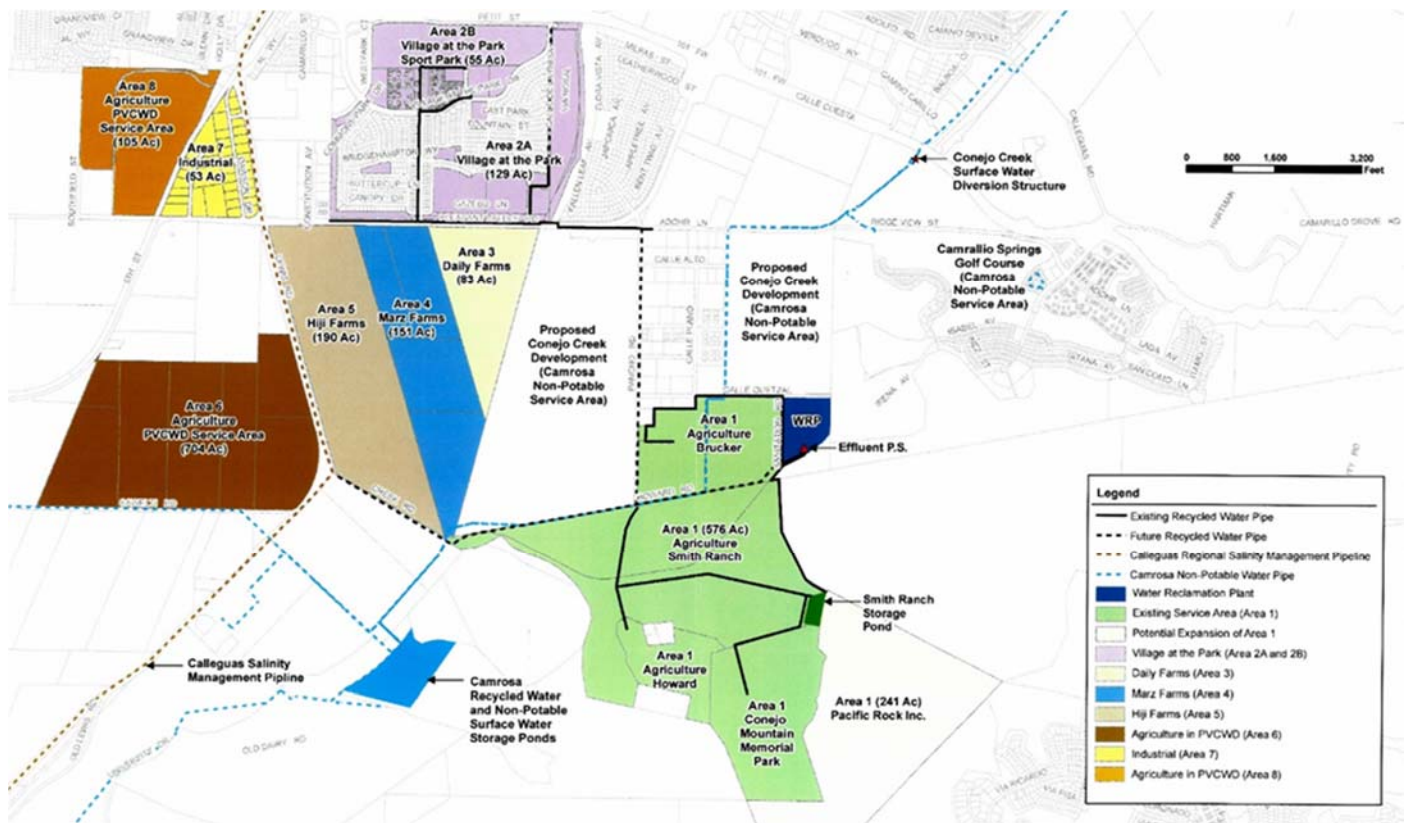
The Recycled Water System

The City's wastewater enterprise owns and operates a water reclamation plant located at the terminus of Howard Road, west of Conejo Creek. The treatment plant occupies a 20-acre site and has a current capacity of 7.25 million gallons per day (mgd). Total recycled water produced by the plant is 4.69 mgd or 5,252 AFY during non-drought conditions; during drought conditions the plant produces 3.5 mgd or 3,920 AFY. All inflow to the water reclamation plant is provided tertiary treatment before entering the City's recycled water system or being discharged to Conejo Creek, which lies directly adjacent to the east of the water reclamation plant.

In 2016, the City's wastewater enterprise completed construction of 8,840 feet of 24-inch diameter pipe from the water reclamation plant to the Calleguas Salinity Management Pipeline located in Lewis Road. This pipeline construction was broken out into two phases. Phase 1 was completed in early 2015 and includes a 16-inch connection at Pancho Road that provides service to Village at the Park, located about 3 miles northwest of the water reclamation plant. Phase 2 was completed in the fall of 2016, that included a connection point to Camrosa Water District's (neighboring water district) recycled water system.

The City's Water System owns and operates the recycled water system (pipelines), excluding the water reclamation plant. The City's Water System provides recycled water to 21 connection including farmlands, 55-acre park, cemetery, quarry, landscape on street medians, landscape areas at Village at the Park, and habitat mitigation areas along Calleguas Creek. A total of about 1,576 acres of land is irrigated with the recycled water.

The diagram below shows the reclaimed water service area.



Water Customers

The Water System currently serves approximately 13,799 customer connections, including 12,187 residential, and 1,612 nonresidential. Table 3 shows the number of connections for the Water System by class of customer as of June 30, for fiscal years ending June 30, 2015 through June 30, 2019.

TABLE 3
WATER SYSTEM
NUMBER OF CONNECTIONS BY CLASS OF CUSTOMERS
(As of June 30)

	2015	2016	2017	2018	2019 ⁽¹⁾
Single Family Residential	11,287	11,467	11,477	11,665	11,735
Multi-family Residential	421	422	425	451	452
Commercial/Institutional	910	902	897	873	914
Industrial	16	16	16	17	17
Landscape Irrigation	625	637	638	650	654
Other	16	11	21	25	20
Agricultural Irrigation	9	8	8	8	7
Total	13,284	13,463	13,482	13,689	13,799

Source: City of Camarillo

(1). As of May 31, 2019..

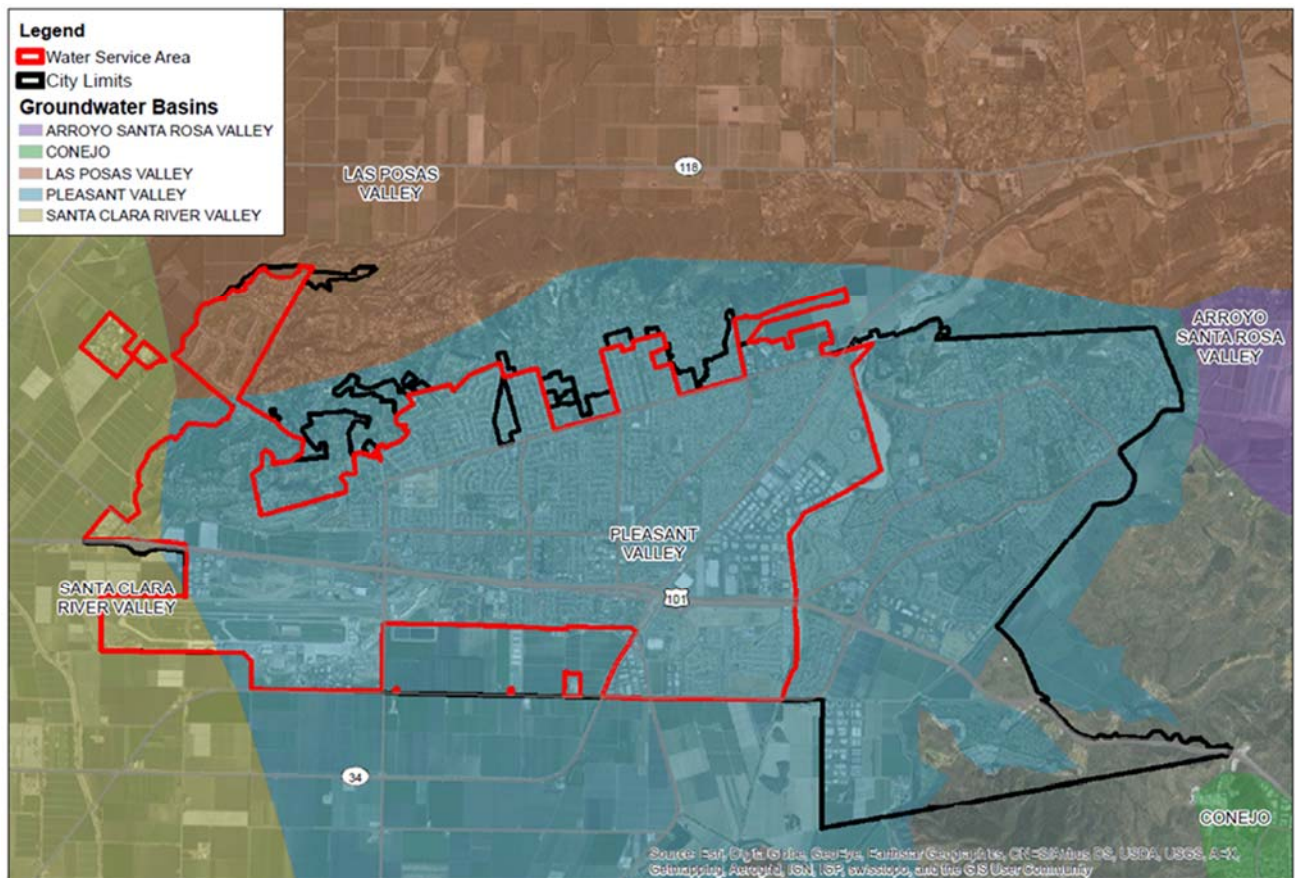
Water Supply

The City's Water System supplies potable water from two sources: groundwater and imported water. The City pumps groundwater from the Fox Canyon Aquifer in the Pleasant Valley Basin. The City's imported water supplier is CMWD, a member of MWD. MWD's imported water originates from the State Water Project ("SWP") and about 20% from the Colorado River Aqueduct; however, the City's imported supply from MWD has historically been from the SWP due to its location in the MWD supply system. Approximately 60% of the City's water supply is imported from CMWD. The remaining 40% is groundwater pumped from the Fox Canyon Aquifer in the Pleasant Valley Basin. Groundwater extraction is overseen by FCGMA.

The City's water service area lies almost entirely in the Pleasant Valley Basin as shown below, but there are also several separate groundwater basins in the area. The Pleasant Valley Basin historically has been replenished by subsurface inflows from the Oxnard Plain Basin, East and West Las Posas Basins, and the Santa Rosa Basin. Subsurface inflow over the past several years has been limited to only the Oxnard Plain and the East Las Posas Basins. Over pumping in the other basins has lowered water tables and prevented subsurface inflows into the Pleasant Valley Basin.

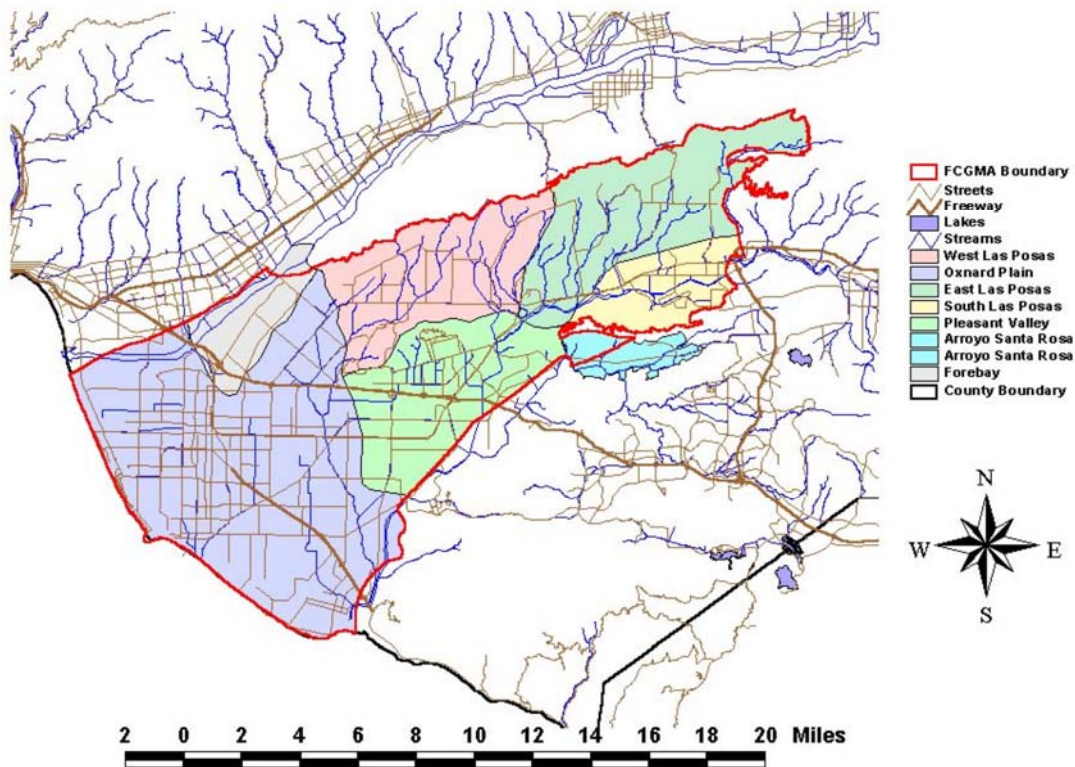
The Fox Canyon Aquifer is the major water bearing unit in the Pleasant Valley Basin and the Fox Canyon Aquifer accounts for more than half of the water needs for over 700,000 residents in the cities of Ventura, Oxnard, Port Hueneme, Camarillo, and Moorpark, plus the unincorporated communities of Saticoy, El Rio, Somis, Moorpark Home Acres, Nyeland Acres, Point Mugu and Montalvo.

Pleasant Valley Groundwater Basin



Groundwater Management. The FCGMA manages and protects both confined and unconfined aquifers within several groundwater basins underlying the southern portion of Ventura County. The FCGMA is an independent special district, separate from the County of Ventura or any city government. It was created by the California Legislature in 1982 to oversee Ventura County's groundwater resources. The boundary covers 183 square miles, and all lands lying above the Fox Canyon Aquifer. The prime objectives and purposes of the FCGMA are to preserve groundwater resources for agricultural, municipal, and industrial uses in the best interest of the public and for the common benefit of all water users. Protection of water quality and quantity along with maintenance of long-term water supply are included in those goals and objectives.

Groundwater Basins within the FCGMA



In May 2007, the FCGMA prepared a groundwater management plan in order to set specific, measurable management objectives for each basin, identify strategies to reach these goals, and set future FCGMA policy to help implement these strategies. The groundwater management plan discusses and reviews a number of aspects of groundwater management including: background information of the groundwater basins; water quality issues, both generally and basin-by-basin; the yield of the groundwater basins; current and in-development management strategies; and recommended actions to be taken by the FCGMA.

In April 2014, the FCGMA adopted Emergency Ordinance E in response to the State's mandated water use reduction targets. Under this ordinance, groundwater allocations are replaced with a Temporary Extraction Allocation (TEA) based on average annual reported extraction from 2003 to 2012. Beginning on July 1, 2014, the City's TEA was equal to 90% of the averaged extraction from 2003 to 2012. On January 1, 2015, the City's TEA was further reduced to 85% and then finally to 80% of the averaged 2003-2012 extraction starting on July 1, 2015. According to the FCGMA and the City's water master plan, the City's current TEA from the Pleasant Valley Basin is equal to 3,196.9 AFY.

In 2014, the State of California enacted the Sustainable Groundwater Management Act (the "SGMA") to provide a legislative framework for the sustainable management of groundwater supplies by local authorities. As the local authority charged with managing groundwater, FCGMA must adopt a Groundwater Sustainability Plan ("GSP") for submission to California Department of Water Resources. The purpose of the GSP is to provide measureable objectives and sustainable goals, within a 20-year timeframe, for the following effects: (1) groundwater levels and storage, (2) seawater intrusion, (3) degradation of water quality, (4) land subsidence, and (5) surface water depletions that have significant adverse impacts on beneficial uses.

The FCGMA began the development of a GSP in late 2015. While the State is calling for plan adoption and implementation by 2020, the FCGMA released a draft GSP in November 2017, and is currently conducting additional modeling and analyses, and holding workshops toward the goal of completing its GSP.

The FCGMA approved the NPV Desalter Facility by its Resolution 16-04, subject to conditions, including that the City is authorized to additionally extract a maximum of 4,500 AFY for operation of the NPV Desalter Facility with anticipated net production after treatment of up to an additional 3,800 AFY (thereby reducing reliance on like amount of imported water) for a period of 25 years for the Water System, without incurring surcharges or penalties for exceeding its groundwater allocation. The resolution also requires that the groundwater extracted and treated by the NPV Desalter Facility shall not be exported outside of FCGMA jurisdiction, and shall be provided exclusively to City water customers within its service area which is located within the Pleasant Valley Basin. The permitted allocation is subject to adjustment if the NVP Desalter Facility causes a significant degradation of groundwater resources that causes FCGMA not to meet its GSP goals and it is not addressed by City mitigation measures.

Groundwater Quality. Over the last 20-years, the City began observing a distinct change in groundwater quality, especially in the northern part of the Pleasant Valley Basin where Total Dissolved Solids (TDS) levels are in excess of 2,000 mg/L. During this same period, the northern part of the basin experienced a rapid rise in groundwater levels of over 200 feet, likely due to recharge of poor quality water from the Arroyo Las Posas. The City did not observe a similar rise in TDS in wells located in the southern part of the Pleasant Valley Basin over the same time period.

Due to the high TDS concentrations in the City's northern well field, the City must blend groundwater with imported water from CMWD. However, the continued rise in TDS concentrations in the northern part of the basin is hindering the City's ability to blend groundwater with imported water and still serve the product water within the TDS secondary Maximum Contaminant Level (MCL). The City has forecasted that in the near future, the City will have to abandon the northern well field and rely solely on the southern well field to supply groundwater unless the Project is built.

Groundwater Levels and Historical Trends. Historically, it was assumed that the lower aquifer system of the Pleasant Valley Basin was confined and received little overall recharge across the fault that extends from the Camarillo Hills to Port Hueneme. However, since the early 1990s, water levels began to rise in the northern adjacent basins. Rising water levels in City wells in the northern part of the Pleasant Valley Basin have led to the confirmation that the northern adjacent basins directly impact recharge rates, water quality, and water levels in the Pleasant Valley Basin area. Recharge in the area may be the result of uplift and folding of lower aquifer units that allow rapid stream flow percolation.

Sources of Recharge and Discharge. As mentioned previously, much of Pleasant Valley Basin's recharge originates with the Las Posas Basin to the north. As water makes its way southwest through the watershed, Las Posas Basin, as well as Pleasant Valley Basin, receive recharge water. CMWD supplements natural groundwater recharge in the area through the use of groundwater injection. Some of the SWP water imported by CMWD is stored in the Las Posas Groundwater Basin.

Basin Overdraft. Although the Pleasant Valley Basin, the basin which the City overlies and from which the City draws from, is managed by the FCGMA, the basin is not adjudicated. The FCGMA was created to moderate the use of groundwater within the area. In 1985, the FCGMA summed all water inputs and outputs to determine how much could be extracted from the basins in the region. Since that initial analysis, basin yield in the area has been recalculated several times. It has been found that many of the inland basins which do not adjoin the coastline are hydrologically connected to the coastal basins, as evidenced by the continuity of groundwater elevation contours across their boundaries.

The Oxnard Plain, the hydrologic region just south of the City, began experiencing saltwater intrusion into its groundwater supply as early as 1930. In the Port Hueneme area, seawater in the aquifer system reached its farthest point inland in the early 1980s. Following the high rainfall in year 1983, chloride levels began to decrease in many of the area's wells. This improving trend was accelerated in the 1990s as aquifer pressures were restored and seawater was pushed back towards the coast.

The lower aquifer system, of which the Fox Canyon Aquifer is a part of, did not drop below sea level until the late 1950s. The over pumping of the aquifers that led to seawater intrusion also led to land subsidence of up to 2.2 feet in the Pleasant Valley area as dewatered clay layers between aquifer zones collapsed from reduced hydrostatic pressures. This subsidence is permanent, as refilling the sand and gravel aquifers does not force water back into the dry clay layers.

Water Demand and Production. Total demands for the City from 2011 to 2018 averaged 8,952 AFY. In 2018, 3,163 acre-feet ("AF") came from groundwater sources (i.e., Pleasant Valley Basin), accounting for approximately 40% of the City's supply in fiscal year 2017-18 and 4,682 AF from imported water supplies (i.e., MWD's SWP supply via CMWD), accounting for the remaining 60%.

The City pumps water from three groundwater wells in the area. Upon the completion of the construction of the NPV Desalter Facility, the City will produce additional groundwater and reduce the City's reliance on imported water from CMWD.

In addition, the City has constructed a recycled water system to serve certain irrigation and greenbelt customers with conversion to recycled water ongoing. Production of recycled water acts as an offset to potable demand from other sources. The City manages the transmission and distribution of its groundwater and imported water.

Water production is the total amount of potable water treated by the City for distribution throughout its system. The amount of water produced by the City is always larger than metered consumption by customers because of system losses and other non-metered uses. Table 4 shows groundwater production, water purchases and storage data for the period from fiscal year 1998-99 through fiscal year 2018-19.

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TABLE 4
WATER SYSTEM
ANNUAL POTABLE WATER PRODUCTION, PURCHASES AND STORAGE
(AF)

Fiscal Year	Groundwater	Imported Water CMWD	Total Production	Reservoir Storage ⁽¹⁾
1999-00	3328.4	5787.9	9116.3	28.85
2000-01	3354.5	5859.6	9214.1	28.85
2001-02	3440.4	6175.8	9616.2	41.12
2002-03	4192.9	4926.5	9119.4	41.12
2003-04	4103.6	5386.6	9487.2	41.12
2004-05	3672.1	5463.6	9135.7	41.12
2005-06	3888.6	5432.6	9321.2	41.12
2006-07	3847.4	6503.7	10351.1	41.12
2007-08	4192.5	6337.6	10530.1	41.12
2008-09	4038.3	5932.0	9970.3	41.12
2009-10	4109.9	4861.6	8971.5	41.12
2010-11	3936.2	4727.7	8663.9	41.12
2011-12	4185.7	5140.1	9325.8	41.12
2012-13	3998.0	5652.7	9650.7	41.12
2013-14	4453.7	5125.0	9578.5	41.12
2014-15	3288.6	4803.8	8092.4	41.12
2015-16	3147.6	4278.2	7425.9	41.12
2016-17	2966.3	4308.9	7275.2	41.12
2017-18	3162.7	4681.9	7844.6	41.12
2018-19 ⁽²⁾	2542.9	3984.0	6526.9	41.12

Source: City of Camarillo.

(1) Total reservoir capacity is 41.12 AF.

(2) 2018-19 data is as of May 31, 2019.

Purchased Water Rates. The City relies on local groundwater and imported water to meet its demand. Purchased water is more costly per unit than groundwater. Currently groundwater supply costs are \$215 per AF. Imported water costs consists of MWD and CMWD water rates charged by CMWD. In addition to its volumetric rates, CMWD charges two monthly fixed charges to the City: a capacity reservation charge and a readiness-to-serve charge. Currently for imported water, the City pays the imported water CMWD combined tier 1 rate of \$1,561.68 per AF and effective January 1, 2020 will pay \$1,609.93 for the imported water CMWD combined tier 1 rate.

Water Consumption. Table 5 summarizes metered water consumption by customer class for fiscal years 2014-15 to 2018-19. Un-metered water uses include firefighting, evaporation, City usage for backwashing and line flushing, leaks/breaks and other system losses.

TABLE 5
WATER SYSTEM
METERED WATER USE BY CUSTOMER CLASS
(in AF by fiscal year ⁽¹⁾⁽²⁾)

Customer Class	2014-15	2015-16	2016-17	2017-18	2018-19⁽⁴⁾
Residential	4330.83	4626.53	4319.99	4518.38	4020.20
Commercial/Industrial/Government	1057.82	1126.42	1049.88	1040.46	909.70
Agricultural/Construction	206.42	247.54	97.60	54.74	45.31
Landscape	<u>1630.32</u>	<u>1967.87</u>	<u>1598.51</u>	<u>1904.45</u>	<u>1443.05</u>
Total Metered Water Use	7968.36	7225.39	7065.98	7518.03	6418.26
Total Water Production ⁽²⁾	8092.40	7425.80	7275.20	7844.70	6526.90
Unmetered Water Uses ⁽³⁾	124.04	200.41	209.22	326.67	108.64
Percentage of Unmetered Water Use	1.6%	2.8%	3.0%	4.3%	1.7%

Source: City of Camarillo.

(1) One AF equals 435.6 hundred cubic feet (ccf).

(2) Water production includes potable and reclaimed water.

(3) Includes water used for firefighting, evaporation, City usage for backwashing and line flushing, and system losses.

(4) 2018-19 data is as of May 31, 2019.

Water Rates and Charges

The Water System service charges are established by resolution adopted by a majority vote of the City Council. Prior to rate increases being implemented they must be presented to the rate payers through a Proposition 218 protest hearing process. This process has been completed for the rate increases associated with this financing. See “CONSTITUTIONAL LIMITATIONS ON TAXES AND WATER RATES AND CHARGES.” Utility rates and charges are reviewed as part of the City’s budgetary process. Once results of operations for the various enterprise funds are known, a determination is made as to whether it is appropriate for rate adjustments to be made. The timing of rate adjustments may or may not coincide with the budget adoption process, but the implications of any rate adjustments are considered in budget development. The process used to set rates follows State regulations concerning the operation of local government utilities. Typically, several public hearings are held to review staff studies and recommendations concerning rate adjustments before final adoption of rate changes. Annually, a compilation of charges for all City services is done to produce a comprehensive fee schedule for the Water System. Prior to June 1, the City Manager submits to the City Council a proposed preliminary budget for the next two fiscal years. The City’s fiscal year is July 1 through June 30. The proposed budget includes all funds, including the Revenue Fund and capital projects. The proposed budget includes expected expenditures (or expenses, as appropriate) and the means of financing them. Typically, extensive City Council review occurs during May, and public hearings are conducted in June to obtain citizen comments. The budget is adopted prior to July 1 in each year. In each year total expenditures of any fund may not exceed total appropriations for that fund. However, the City Council may legally amend the budget at any time during the fiscal year by the adoption of supplemental appropriations and transfers within the programs.

A comprehensive water rate study was last conducted for the City by Raftelis Financial Consultants, Inc. (“RFC”) in September 2017 which continued the cost of service (“COS”) rate basis for setting rates and charges. A Proposition 218 noticing process was conducted in September 2017 and a public hearing held on November 1, 2017. Following the public hearing, rate increases were adopted by a resolution for 2018 and 2019 of 2% for each year. In September 2018, RFC updated the rate model to reflect the fiscal year adopted

budget and the fiscal year 2018-2023 five-year capital improvement program. As a result, it was determined that a 1% rate increase would be sufficient to cover both operating and capital costs while maintaining targeted reserve levels, and the City Council adopted Resolution No. 2018-121 setting the current rates for 2019.

Water rates and charges are reviewed annually. RFC is in the process of preparing a new comprehensive water rate study for the City which encompasses a five-year financial planning horizon with two years of proposed rates.

Water rates are divided into two areas, the Camarillo Airport Water Zone (the “Airport Zone”) which consists of approximately 100 nonresidential customers, and all other property outside the Airport Zone which consists of approximately 13,800 customers. In 2015, the County operated water system at the Camarillo Airport was transferred to the City and the capital infrastructure of the airport water system was upgraded. Pursuant to the terms of a 2005 water system transfer agreement, capital costs of those system improvements will be amortized over a forty year period and the City established a special rate zone applicable solely to the water users at the airport.

Water bills contain two basic components, a service or meter charge which is designed to cover fixed costs and increases relative to the size of the meter, and a volume or usage charge which is designed to cover variable costs and includes elements such as water supply, delivery and capital costs. For all residential customers, the City employs an inclining 4-tiered commodity charge designed to encourage conservation. Outside of the City water customers pay higher rates due to additional costs incurred by the City for providing these customers service. The tiered structure is reviewed annually. Non-residential customers pay a fixed rate per unit of water used.

The City has the right to refuse or terminate water service to delinquent customers and to require full payment of delinquent amounts and reconnection charges to resume service. Unpaid charges may become a lien on property by recordation of a notice thereof.

Table 6 summarizes the current water rates which were adopted by the City Council on November 28, 2018, and reflect the 1% increase over the prior rates.

The City bills customers on a monthly basis. Based upon the current rate structure shown in Table 7, an average monthly water bill for a residential customer based on Tier II 15 units (approximately 11,000 gallons) of water use will be \$61.17 per month.

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TABLE 6
WATER SYSTEM
SUMMARY OF CURRENT WATER RATES
(as of January 1, 2019)

ALL CUSTOMERS EXCEPT AIRPORT ZONE
Monthly Charges and Fees

Meter Size	Fixed Service Charge (\$/month)
3/4"	\$ 23.82
1"	28.44
1-1/2"	50.54
2"	77.01
3"	147.65
4"	227.06
6"	447.82
8"	712.69
Fire Hydrant	\$176.89
Backflow Prevention Device	\$1.00

Customer Class	Volume Charge (\$/100 cubic feet) (HCF)
<u>Inside City Single Family</u>	
Tier I (1-9)	\$1.61
Tier II (10-18)	3.81
Tier III (19-24)	4.83
Tier (25+)	6.73
Multi-Family/Mobile Homes	
<u>Duplex/Triplex (per Dwelling Unit)</u>	
Tier I (1-9)	\$1.61
Tier II (10-18)	3.81
Tier III (19-24)	4.83
Tier (25+)	6.73
<u>Outside City Single Family</u>	
Tier I (1-9)	\$4.44
Tier II (10-18)	4.64
Tier III (19-24)	4.83
Tier (25+)	6.73
<u>Non-Residential</u>	
Commercial/Industrial/Governmental	\$2.75
Landscape RW ⁽²⁾ unavailable (Basic rate)	\$4.77
Landscape RW available (choose not to use)	\$5.15
Recycled Water (RW) – Landscape (limited)	\$1.91
Construction (temporary service FHM)	\$4.77
Agricultural	\$4.77

Source: City of Camarillo.

(1) A billing unit of water is equal to 100 cubic feet (HCF) or 748 gallons.

(2) RW=Recycled Water.

AIRPORT ZONE
Monthly Charges and Fees

Meter Size	Service Charge (\$/month)
3/4"	\$ 23.82
1"	28.44
1-1/2"	52.76
2"	92.08
3"	196.90
4"	393.49
6"	786.43
<u>Fire Hydrant</u>	
3/4"	\$ 17.44
1"	34.84
1-1/2"	69.64
2"	121.84
3"	261.07
4"	522.05
Backflow Prevention Device	\$1.00

Customer Class	Volume Charge (\$/100 cubic feet) (HCF)
Commercial/Industrial/Governmental	\$4.85
Landscape RW unavailable (Basic rate)	\$5.09
Construction (temporary service FHM)	\$7.83
Agricultural	\$6.04

Source: City of Camarillo.

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Table 7 presents the average monthly water bill paid by the residents of a single-family home in the City based on the fixed service charge and 15 HCF usage of water for the calendar years 2014 through 2019. The City's rates are determined based on the cost of service and to provide for ongoing operations and maintenance, debt service, and current and future capital needs.

TABLE 7
WATER SYSTEM
AVERAGE MONTHLY CHARGE FOR
SINGLE FAMILY RESIDENTIAL WATER USE
(Based on 15 HCF monthly usage)

Calendar Year	Average Monthly Bill
2014	\$50.10
2015	53.60
2016	57.41
2017	59.20
2018	60.51
2019	61.17

Source: City of Camarillo.

Comparative Rates

Table 8 shows comparative rates charged by water suppliers in the Ventura County area:

TABLE 8
WATER SYSTEM
SINGLE FAMILY RESIDENTIAL WATER BILL COMPARISON
(Approximately 15 HCF)
As of June 2019

Water Supplier	Monthly Bill
City of Thousand Oaks	\$99.58
City of Port Hueneme	94.62
City of Ventura	91.44
City of Simi Valley	88.40
City of Oxnard	83.69
Las Virgenes Water District	76.10
City of Santa Paula	73.34
Camrosa Water District	63.10
City of Camarillo	61.17
City of Fillmore	60.16

Source: City of Camarillo.

Principal Water Customers

Table 9 lists the City's ten largest customers of the Water System, as measured by Water service charge billings for fiscal year 2018, that are responsible for approximately 7.6% of Water System revenue. There are no water sales from any one customer that exceed 2.5% of total water sales revenue.

TABLE 9
WATER SYSTEM
PRINCIPAL WATER CUSTOMERS
For Fiscal Year 2017-18

User	Type of Business	Revenue	% of Total
Marz Farms	Agricultural	\$ 362,290	2.35%
Pleasant Valley Park & Rec District	Parks	308,005	1.99
Vina Del Mar HOA	Home Owners Association	123,023	0.80
Pleasant Valley School District	School	107,670	0.70
Semtech	Manufacturing Corp. Headquarters	63,211	0.41
State of CA Youth Authority	School	52,037	0.34
Del Prado Townhomes	Property Management	50,086	0.32
Sean McGrath	Agricultural	38,975	0.25
Oxnard Union High School	High School	36,190	0.23
Lamplighter Camarillo MHC LLC	Property Management	<u>34,965</u>	<u>0.23</u>
Total of Top Ten		<u>\$1,176,452</u>	<u>7.62%</u>

Source: City of Camarillo.

Capital Improvement Plan

As shown in Table 10, City's budgeted expenditures for its Water System Five-Year Capital Improvement Program for Fiscal Years 2019 through 2023 exceed \$60 million. The projects include the Project, reclaimed water storage reservoir, recycled water improvements, water infrastructure repairs, advanced metering infrastructure and replacement and upgrade of reservoir and pump stations.

The City currently intends to finance its first year of the Capital Improvement Program with a mix of developer fees, bond proceeds and available revenues on a pay-as-you-go basis.

The following table displays projects planned to be funded during the next five fiscal years and the sources for payment.

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TABLE 10
WATER SYSTEM
FIVE YEAR CAPITAL IMPROVEMENT PROGRAM

PROJECT TITLE	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	TOTAL
NPV Groundwater Desalter Facility ⁽¹⁾	\$8,220,000	\$26,885,204	\$26,885,204	-	-	\$61,990,407
Reclaimed Water Storage Reservoir	450,000	-	-	\$3,450,000	-	3,900,000
Recycled Water Improv. – Electrical	40,000	800,000	-	-	-	840,000
Reservoir No. 3 -Coating	100,000	300,000	-	-	-	400,000
Water Infrastructure Repairs	175,000	-	-	-	-	175,000
Advanced Metering Infrastructure	-	500,000	\$500,000	500,000	\$ 500,000	2,000,000
Charter Oak Pump Station 1 & 2	-	-	-	-	1,000,000	1,000,000
TOTAL	\$8,985,000	\$28,485,204	\$27,385,204	\$3,950,000	\$1,500,000	\$70,305,407

Source: City of Camarillo Public Works Department.

(1) \$4,244,165 in Project costs expended in fiscal year 2017-18, for a total Project cost of \$66,234,572.

WATER SYSTEM FINANCES

Budget Process and Financial Statements

The City staff provide estimates of revenues and expenditures for the upcoming fiscal year to the City Council. The City Council conducts public meetings and makes revisions as it deems desirable, adopting the proposed budget for the ensuing fiscal year (July 1 to June 30) in June to be effective as of July 1. The City's budget is prepared on the accrual basis and includes the Water System. For budgeting purposes, the City generally sets rates and charges to cover operating expenses and to finance general administrative expenses, debt service and capital projects. The City Council adopted its operating budget for the 2019-20 fiscal year on June 12, 2019. Customers are billed on a monthly basis. The City budgets assuming a 0.5% bad debt in the payment of bills and establishes its rates at a slightly higher amount to provide for bad debt expense. Water accounts are billed approximately every thirty (30) days for the previous month's service. Twenty-one (21) days after the bills are mailed, a 10% penalty is assessed on all unpaid accounts.

A copy of the audited financial statements of the City for fiscal year 2017-18 audited by Lance, Soll & Lunghard LLP, Brea, California, is included in APPENDIX A—"COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2018." The Water System is reported as an enterprise fund in the City's financial statements. The audited combined financial statements of the City for prior years are available upon request. Such request should be directed to the City Clerk's Office, 601 Carmen Drive, Camarillo, CA 93010. The City has not requested nor did the City obtain permission from the City's auditor to include the audited financial statements as an appendix to this Official Statement. Accordingly, the City's auditor has not performed any post-audit work on the financial statements.

The City accounts for its Water System activities using fund accounting methods to maintain control over resources that have been segregated for specific activities or objectives and to ensure and demonstrate compliance with finance-related legal or contractual requirements. The fund financial statements are prepared using the accrual basis of accounting. Under this method, all assets and liabilities associated with operations are included on the balance sheet, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

Revenues and Expenses

Table 11 summarizes the Water System's revenues, expenses, and changes in net position for fiscal years 2013-14 through 2017-18. The Water System's primary source of revenue is water sales which, in general, have accounted for approximately 90% of the Water System's revenue. In fiscal year 2017-18, single family and multifamily residential users accounted for 58% of sales by volume and 57% of revenues generated, with industrial, commercial and other users accounting for the balance. Other revenue sources include fixed service charges, grants, and interest income. Costs of sales and services account for about 70% of operating expenses, followed by expenses for administration and general and operations, and depreciation expense. The Water System's net gain in fiscal year 2017-18 was approximately \$4.4 million.

For fiscal year 2017-18, total operating revenue of \$17.7 million increased by \$2.6 million and operating expenses (including \$1 million of depreciation) of \$15 million increased by \$1.5 million, providing an increase of net operating gain of \$1.1 million when compared to the prior year. The Water System's net gain on an accrual basis decreased by \$0.3 million from the prior year.

The major changes in net income from the prior fiscal year were from the following:

- Charges for services increased \$1.5 million primarily due to increases in water sales.
- Net program revenue (revenues excluding general revenues) for Water System activities were \$2.1 million.
- Total grants and contributions decreased \$1.7 million primarily due to decreases in Prop 84 grants, developer fees and capital improvement fees as compared to the prior fiscal year.
- Total expenses increased \$1.5 million from prior fiscal year primarily due to increases in water purchase costs of \$0.8 million and an overall increase in personnel service costs of \$0.5 million.

Reserve Policy. Pursuant to the City's Reserve Level Policy, the City has established and required to maintain for the Water System a minimum reserve level for operations of three months operations and maintenance expenses, for rate stabilization an amount equal to 5% of commodity sales, and for restricted or emergency uses an amount equal to 1% of assets at replacement cost.

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TABLE 11
WATER SYSTEM
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For Fiscal Years Ending June 30

	2014	2015	2016	2017	2018
Operating Revenues⁽¹⁾					
Charges for services	\$15,247,231	\$13,640,075	\$13,681,246	\$14,372,963	\$15,903,517
Other	580	9,611	624,801	751,127	1,869,591
Total Operating Revenues	<u>15,247,811</u>	<u>13,649,686</u>	<u>14,306,047</u>	<u>15,124,090</u>	<u>17,773,108</u>
Operating Expenses⁽²⁾					
Administration and general	2,160,650	2,472,441	2,534,045	2,933,982	3,500,489
Cost of sales and services	10,068,100	9,343,219	9,198,497	9,527,382	10,476,476
Depreciation expense	1,016,087	1,043,038	1,060,690	1,025,597	1,054,665
Total Operating Expenses	<u>13,244,837</u>	<u>12,858,698</u>	<u>12,793,232</u>	<u>13,486,961</u>	<u>15,031,630</u>
Net operating income	2,002,974	790,988	1,512,815	1,637,129	2,741,478
Non-operating Revenues (Expenses)					
Investment earnings	161,615	154,983	272,386	159,071	398,896
Operating grants and contributions	3,153	62,888	6,610	8,057	-
Rental income	23,871	24,575	25,301	-	-
Interest expense	(100)	-	-	-	-
Contributions	-	-	-	-	-
Other	-	-	-	32,049	32,819
Gain (loss) on disposal of capital assets	-	-	-	-	(5,425)
Total Non-operating Revenues (Expenses), net	<u>188,539</u>	<u>242,446</u>	<u>304,297</u>	<u>199,177</u>	<u>426,290</u>
Income (loss) Before Contributions, Grants and Transfers	2,191,513	1,033,434	1,817,112	1,836,306	3,167,768
Capital contributions and grants	932,868	1,082,742	2,931,522	2,990,883-	1,254,675
Transfers in	-	-	-	-	-
Transfers out	(52,034)	(20,254)	(66,936)	(97,476)	-
Changes in Net Position	3,072,347	2,095,922	4,681,698	4,729,713	4,422,443
Net Position					
Beginning of year, as previously reported	55,674,097	58,746,444	56,231,371	60,913,069	65,642,782
Restatements	-	(4,610,995)	-	-	(14,200)
Beginning of year, as restated	<u>55,674,097</u>	<u>54,135,449</u>	<u>56,231,371</u>	<u>60,913,069</u>	<u>65,628,582</u>
End of Year	<u>\$58,746,444</u>	<u>\$56,231,371</u>	<u>\$60,913,069</u>	<u>\$65,642,782</u>	<u>\$70,051,025</u>

Source: City of Camarillo Audited Financial Statements for fiscal years ended June 30, 2014 through 2018.

(1) Includes restricted conservation revenues of \$617,507, \$627,408, and \$1,880,570 for fiscal years 2015-16, 2016-17 and 2017-18, respectively.

(2) Includes restricted conservation expenses of \$2,485, \$494,381, and \$581,128 for fiscal years 2015-16, 2016-17 and 2017-18, respectively.

In 2015, the City Council adopted a revised water conservation ordinance requiring any new development within the City's water service area to offset additional demand for water as a result of the development. Developments that received entitlements before the end of 2015, and those that submitted construction plans before the end of 2016, were given the option to pay the City a water demand credit amount prior to the end of 2017 which may only be used by the City to implement permanent water conservation measures to reduce water use in an amount equal to the new demand of the development. Under the Conservation Credit Program, the City has collected over \$3 million and spent approximately \$1.2 million. The cash balance for the Conservation Credit Program Fund is currently \$1.8 million and \$1.4 million of expenses is budgeted for fiscal year 2019-20. These funds are not part of Gross Revenues of the Water System and therefore may not be used to make Installment Payments.

Table 12 presents a five year summary of the statements of net position of the Water System.

TABLE 12
WATER SYSTEM
STATEMENT OF NET POSITION
For Fiscal Years Ending June 30

	2014	2015	2016	2017	2018
ASSETS:					
Current:					
Cash and investments	\$33,716,306	\$34,239,790	\$38,503,617	\$42,474,514	\$45,045,586
Receivables:					
Accounts	2,043,156	1,737,484	2,010,145	2,156,071	2,254,980
Accrued interest	59,204	50,828	69,274	100,111	203,440
Prepaid costs	2,240	3,504	-	7,500	1,628
Deposits	-	-	-	-	100,000
Restricted:					
Cash and investments	6,246	10	-	4,225	-
Total Current Assets	<u>35,827,152</u>	<u>36,031,616</u>	<u>40,583,036</u>	<u>44,742,421</u>	<u>46,605,634</u>
Noncurrent:					
Non-depreciable assets	3,550,002	3,375,221	1,481,125	-	-
Depreciable assets, net	21,497,063	23,405,126	25,191,861	-	-
Capital assets—net of accumulated depreciation	-	-	-	27,355,576	29,766,341
Net OPEB asset	-	-	-	-	7,804
Total Noncurrent Assets	<u>25,047,065</u>	<u>26,780,347</u>	<u>26,672,986</u>	<u>27,355,576</u>	<u>29,774,145</u>
TOTAL ASSETS	<u>60,874,217</u>	<u>62,811,963</u>	<u>67,256,022</u>	<u>72,097,997</u>	<u>77,379,779</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount from pension plan	-	398,346	433,993	1,122,765	1,193,622
Deferred amount from OPEB plan	-	-	-	-	13,274
Total Deferred Outflows of Resources	<u>-</u>	<u>398,346</u>	<u>433,993</u>	<u>1,122,765</u>	<u>1,206,896</u>
LIABILITIES:					
Current:					
Accounts payable	1,057,216	925,460	911,795	908,866	1,611,098
Accrued liabilities	-	-	-	108,497	114,797
Unearned revenues	76,927	78,518	74,996	90,449	96,024
Retentions payable	17,179	27,817	1,105	4,225	-
Deposits payable	164,888	172,891	179,158	183,577	194,965
Compensated absences	215,792	241,568	227,456	269,888	603,931
Total Current Liabilities	<u>1,532,002</u>	<u>1,446,254</u>	<u>1,394,510</u>	<u>1,565,502</u>	<u>2,620,815</u>
Noncurrent:					
Compensated absences	595,771	619,806	619,807	627,484	26,310
Net pension liability	-	4,051,007	4,315,343	5,010,001	5,551,190
Total Noncurrent Liabilities	<u>595,771</u>	<u>4,670,813</u>	<u>4,935,150</u>	<u>5,637,485</u>	<u>5,577,500</u>
TOTAL LIABILITIES	<u>2,127,773</u>	<u>6,117,067</u>	<u>6,329,660</u>	<u>7,202,987</u>	<u>8,198,315</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred amount from pension plan	-	861,871	447,286	374,993	302,938
Deferred amount from OPEB	-	-	-	-	34,397
Total Deferred Inflows of Resources	<u>-</u>	<u>861,871</u>	<u>447,286</u>	<u>374,993</u>	<u>337,335</u>
NET POSITION:					
Net investment in capital assets	25,047,065	26,780,347	26,272,986	27,355,576	29,766,341
Restricted for special projects and programs	10,564,435	10,304,043	12,691,490	14,929,268	14,186,183
Restricted for OPEB	-	-	-	-	7,804
Unrestricted	23,134,944	19,146,981	21,548,593	23,357,938	26,090,697
TOTAL NET POSITION	<u>\$58,746,444</u>	<u>\$56,231,371</u>	<u>\$60,913,069</u>	<u>\$65,642,782</u>	<u>\$70,051,025</u>

Source: City of Camarillo Audited Financial Statements for fiscal years ending June 30, 2014 through 2018.

Table 13 presents Water System revenues and expenditures for each of the fiscal years ending June 30, 2014 through 2018.

TABLE 13
WATER SYSTEM
HISTORICAL REVENUES AND EXPENDITURES
For Fiscal Years Ending June 30

	2014	2015	2016	2017	2018
Gross Revenues⁽¹⁾					
Revenue from Water Sales	\$14,580,727	\$13,052,272	\$13,121,787	\$13,723,167	\$15,354,127
Charges for Services	390,302	430,439	410,189	453,657	394,651
Fines/Assessments	152,822	143,110	114,842	124,213	135,804
Contributions	102,936	70,157	57,531	53,768	61,651
Interest Income	161,615	154,983	272,385	87,776	93,079
Other	147,834	48,438	67,021	230,022	49,835
Total Gross Revenues	\$15,536,236	\$13,899,400	\$14,043,754	\$14,672,604	\$16,089,147
Operation & Maintenance Expenses⁽²⁾					
Finance - Customer Service	439,635	420,809	442,375	444,428	414,127
Administration	2,082,994	1,958,691	2,043,753	2,038,534	2,515,837
Water Resource Management	77,655	240,595	288,355	178,621	177,345
Meter Readers	745,430	701,714	700,742	737,835	903,877
Purchased Water	6,813,268	6,540,602	6,211,808	6,474,539	7,295,377
Pumping	897,235	624,081	744,317	638,447	651,817
Treatment	263,582	224,255	228,707	263,200	245,356
Transmission and Distribution	908,954	814,174	850,781	916,040	875,217
Reclaimed Water	-	-	219,214	275,342	316,608
Depreciation	1,016,087	1,043,038	1,060,690	1,025,597	1,054,665
Total O&M Expenses	\$13,244,840	\$12,567,961	\$12,790,743	\$12,992,581	\$14,450,226
Net Revenues⁽¹⁾⁽²⁾	\$2,291,396	\$1,331,439	\$1,253,011	\$1,680,022	\$1,638,921
Plus: Depreciation	1,016,087	1,043,038	1,060,690	1,025,597	1,054,665
Net Revenues Available for Debt Service	\$3,307,483	\$2,374,477	\$2,313,701	\$2,705,620	\$2,693,586

Source: City of Camarillo.

(1) Does not include any restricted conservation funds.

(2) Does not include expenses payable from restricted conservation funds.

Projection of Revenues, Expenditures and Debt Service Coverage

Table 14 presents a summary of the projected operating results of the Water System, debt service and debt coverage for the five fiscal years ending June 30, 2019, through June 30, 2023.

Assumptions include the following:

- Water sales revenue assumes no increases to the current effective water rates.
- New connection growth estimates include 0.8% for fiscal year 2019-20, 1.685% for fiscal year 2020-21, 1.59% for fiscal year 2021-22, 0.91% for fiscal year 2022-23 and 0.10% for fiscal year 2023-24.
- Water demand projections include 2.0% for fiscal years 2019-20 through 2022-23 and 0.75% for fiscal year 2023-24.

- NPV Desalter Facility will commence producing water in January of 2022 (available half of fiscal year to offset purchased imported water).
- NPV Desalter Facility construction to take place over two years with reimbursable grant funds received within the same fiscal year.
- Revenue and expense inflationary factors include 2% general inflation except for salaries and benefits at 3%, water supply and energy costs at 5%, capital costs at 4% and interest income at 1%.

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TABLE 14
WATER SYSTEM
PROJECTION OF REVENUES, EXPENDITURES
AND DEBT SERVICE COVERAGE
For Fiscal Years Ending June 30

	2019	2020	2021	2022	2023
Gross Revenues					
Revenue from Water Sales	\$15,304,314	\$15,733,175	\$15,842,178	\$16,320,279	\$16,701,628
Charges for Services	398,045	384,045	391,726	399,560	407,552
Fines/Assessments	120,200	120,200	122,604	125,056	127,557
Investment/Contributions	222,000	262,000	260,100	265,302	270,608
Other	112,804	113,818	116,094	118,416	120,785
Total Gross Revenues	16,157,363	16,613,238	16,732,703	17,228,614	17,628,129
Operation & Maintenance Expenses⁽¹⁾					
Finance - Customer Service	489,237	511,227	524,340	537,819	554,553
Administration	2,619,696	2,512,350	2,562,781	2,614,227	2,692,654
Water Resource Management	200,630	205,132	209,235	213,419	219,822
Meter Readers	1,189,312	935,705	954,419	973,507	1,002,713
Purchased Water	6,576,814	7,100,799	7,807,718	7,260,435	6,525,797
Water Source ⁽²⁾	487,274	525,642	861,163	1,184,386	1,194,778
Pumping	736,924	719,566	733,957	748,636	771,096
Treatment	267,124	297,411	303,359	309,426	318,709
Transmission and Distribution	895,256	1,084,968	1,106,667	1,128,801	1,162,665
Reclaimed Water	298,012	322,507	328,957	335,536	342,247
Depreciation	1,050,000	1,031,932	1,052,571	1,073,622	1,095,094
Total O & M Expenses	14,810,279	15,247,239	16,445,168	16,379,815	15,880,127
Net Operating Revenues	1,347,084	1,365,999	287,535	848,799	1,748,003
Non-Operating Revenues(Expenses)					
Capital-related fees	1,077,962	95,000	2,057,867	297,483	326,755
Net Revenues ⁽¹⁾	2,425,047	1,460,999	2,345,402	1,146,281	2,074,758
Plus: Depreciation	1,050,000	1,031,932	1,052,571	1,073,622	1,095,094
Net Revenues Available for Debt Service	\$ 3,475,047	\$ 2,492,931	\$ 3,397,973	\$ 2,219,903	\$ 3,169,852
Debt Service					
2019 Installment Payments ⁽³⁾	-	831,778	830,000	831,250	831,500
Debt Service Coverage ⁽³⁾	-	300%	409%	267%	381%
Net Revenues less Capital-related fees	\$ 2,397,084	\$ 2,397,931	\$ 1,340,105	\$ 1,922,421	\$ 2,843,097
Debt Service Coverage w/o Cap. Related fees⁽³⁾	-	288%	161%	231%	342%
Beginning Cash	\$40,276,880	\$33,716,927	\$29,352,240	\$12,957,289	\$9,748,695
Plus net cash from operations	1,3347,084	1,365,999	287,535	848,799	1,748,003
Plus capital fees	1,077,962	95,000	2,057,867	297,483	326,755
Plus grants	0	10,014,110	10,014,110	0	0
Plus bond proceeds	0	12,645,407	0	0	0
Less capital expenditures	(8,985,000)	(28,485,204)	(28,754,464)	(4,354,875)	(1,736,438)
Less transfers out					
Ending Cash	\$33,716,927	\$29,352,240	\$12,957,289	\$9,748,695	\$10,087,015

Source: City of Camarillo.

(1) Excludes expenses payable from restricted conservation funds.

(2) Increase in groundwater pumping fee from \$216/AF to \$220/AF beginning mid-year fiscal year 2020-21.

(3) Estimated.

Impact of Drought on Water System Revenues and Expenses

The Water System's revenues are dependent upon the demand for water sales, which can be affected by weather, economy, population factors, more stringent drinking water regulations, or problems with the water supply.

In June 2014 the City Council, in response to the lowest recorded rainfall in calendar year 2013 and California Governor Brown's declaration of a state-wide drought emergency, requested 25% voluntary water use reductions from customers. On April 1, 2015, Governor Brown issued Executive Order B-29-15 directing the California State Water Resources Control Board (the "SWRCB") to impose restrictions on water use to achieve a statewide 25% reduction in urban water use through February 28, 2016. On May 5, 2015, the SWRCB adopted an emergency conservation regulation in accordance with the Governor's Executive Order. To reach the statewide 25% reduction, the May 2015 regulation assigned each urban water supplier a conservation standard, relative to cumulative water usage from June to February 2013, that ranged between 4% and 36% based on their residential gallons per capita for the months of July through September 2014. The state set the City's conservation standard at 20%. As a result of the request for voluntary water use reductions and the state drought restrictions, Water System customers decreased their water use by 20% in fiscal years 2015 to 2016 in compliance with the State's emergency conservation regulation.

On May 18, 2016, the SWRCB adopted a revised emergency conservation regulation that replaced the mandatory conservation standards with a new "self-certification" standard which required local water agencies to analyze their supply and demand for the next three water years to determine an agency specific conservation standard based on a potential supply shortfall, using the specific methodology proscribed by the State. If there is no projected water supply shortfall, the agency specific conservation standard is 0%. Using the State's required methodology indicates the City's available water supply is sufficient to meet demand for the next three years and there is no water supply shortfall at the end of Year 3 (September 30, 2019). Therefore, the City's new State conservation standard relative to 2013 is 0%. The City's new State conservation standard became effective June 1, 2016.

For the fiscal year ended June 30, 2015, water demand decreased by 16% from the prior year and resulted in water revenue decreasing by approximately \$1.6 million or 10%. For the fiscal year ended June 30, 2016, water demand decreased by 8% from the prior year and revenues increased by \$41,000 or 0.3%. To address the decline in water revenues, on December 8, 2015, the City Council approved a two-year water rate package which incorporated rate restructuring effective January 1, 2016 and a 2% per year increase in all water rates, fees, and charges.

Many of the Water System's costs are fixed and did not decrease as a result of the decline in water usage in fiscal years 2014, 2015 and 2016. Total operating expenses for the three year period from fiscal year 2014 through 2016, excluding depreciation and amortization, remained relatively flat. In fiscal year 2015, purchased water was 4,804 AF resulting in a decrease of \$272,666 from the prior year. In fiscal year 2016, purchased water was 4,278 AF resulting in a decrease of \$328,794 from the prior year. The Governor lifted the drought state of emergency for most of California (including the City) in April 2017.

Water Conservation

The City recently reduced water conservation requirements from a Stage 2 water supply condition with a 20% water use reduction goal, to a Stage 1 condition with a goal of 10% reduction in water use. This change is based on an increase in the water supply available to Southern California, due to significant rainfall in Northern California, which prompted the State of California to allow the City to remove the 20% water use reduction goal altogether. The City enacted a Stage 1 water supply condition to maintain a 10% water use reduction goal while allowing City water customers an additional day to water landscaping in an effort to minimize the amount of vegetation, especially trees, being lost due to the prolonged reduction in watering. Stage 1 includes the following rules: (a) landscape irrigation is allowed only on Monday, Wednesday, Friday

or Sunday between the hours of 6 pm and 8 am and for no more than 15 minutes per station, (b) except for new landscape, no watering landscape between the hours of 8 am and 6 pm, (c) landscape irrigation water must not be allowed to run-off to waste, (d) washing of hard surfaces, such as sidewalks, patios, driveways or parking lots, is prohibited, (e) self-closing shut-off nozzle must be attached to the hose when washing cars, trucks, boats or trailers, etc., (f) water leaks must be repaired within 72 hours of discovery or notification by the City, (g) ornamental fountains must use re-circulated water only and (h) water may be served only by request wherever food is served.

Outstanding Debt

As of August 1, 2019, the Water System does not have any outstanding debt.

City-Related Financial Information Affecting the Water System

Investments. The City has adopted an investment policy (the “Investment Policy”), last amended on September 26, 2018, to manage investment activities of the City, and funds for which the City provides financial management services. The Investment Policy is attached as APPENDIX B—INVESTMENT POLICY OF THE CITY.

Below is a schedule of the City’s fair market value of cash and investments, totaling \$220,026,592, as of May 31, 2019.

Schedule of Cash and Investments As of May 31, 2019

Investment	Amount	Percent of Total
Federal Agency Securities	\$ 62,574,201	28.44%
State Local Agency Investment Fund	107,500,000	48.86
Treasury Securities	40,552,968	18.43
Agencies	5,167,269	2.35
Certificates of Deposit	4,232,154	1.92
Total Investments	<u>\$220,026,592</u>	<u>100.00%</u>

Source: City of Camarillo.

Risk Management.

General. The City is a member of the California Joint Powers Insurance Authority (the “Insurance Authority”). The Insurance Authority is composed of 116 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Insurance Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The Insurance Authority began covering claims of its members in 1978. Each member government has an elected official as its representative on its Board of Directors. The Board operates through a nine-member Executive Committee.

Each member pays an annual contribution at the beginning of the coverage period. The total funding requirement for primary self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

Liability Insurance. In the primary liability program claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes

incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses have a sub-limit of \$40 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance. More detailed information about the various layers of coverage is available on the following website: <https://cjpia.org/protection/coverage-programs>.

Workers' Compensation. In the primary workers' compensation program claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For fiscal year 2017-18 the Insurance Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

Property Insurance. The City participates in the all-risk property protection program of the Insurance Authority. This insurance protection is underwritten by several insurance companies. City property is currently insured according to a schedule of covered property submitted by the City to the Insurance Authority. City property, as of June 30, 2018, had all-risk property insurance protection in the amount of \$176,260,856. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

Earthquake and Flood Insurance. The City purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Insurance Authority. City property, as of June 30, 2018, had earthquake protection in the amount of \$172,984,569. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

Pollution Legal Liability Insurance. The City participates in the pollution legal liability insurance program which is available through the Insurance Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Insurance Authority has an aggregate limit of \$50 million for the 3-year period from July 1, 2017 through July 1, 2020. Each member of the Insurance Authority has a \$10 million sub-limit during the 3-year policy term.

Crime Insurance. The City purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Insurance Authority.

Special Event Tenant User Liability Insurance. The City further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on agency property. The insurance premiums is paid by the tenant user and is paid to the City

according to a schedule. The City then pays for the insurance. The insurance is facilitated by the Insurance Authority.

Employee Retirement Plan.

This sub-caption contains certain information relating to the California Public Employees Retirement System (“CalPERS”). Neither the City nor the Authority has independently verified the information provided by CalPERS or makes any representations or expresses any opinion as to the accuracy of the information provided by CalPERS. Actuarial assessments are “forward-looking” statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or may be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

General. All qualified permanent and probationary employees are eligible to participate in the City of Camarillo Miscellaneous Plan, an agent multiple-employer defined benefit pension plan administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the plan are established by State statute and City resolution.

CalPERS issues a publicly available financial report, which includes a full description of the pension plan regarding benefit provisions, and assumptions and membership information that can be obtained at <https://www.calpers.ca.gov>. The most recent annual report issued by CalPERS to the City was in July 2018 (the “July 2018 CalPERS Report”). The July 2018 CalPERS Report includes information based on the June 30, 2017 actuarial valuation of assets included therein (the “2017 Actuarial Valuation”). Additional information about the CalPERS Plans can also be found in Note 13 to the City’s Audited Financial Statements attached as Appendix B to this Official Statement.

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

As of June 30, 2018, the City has 135 active employees, 140 inactive employees or beneficiaries currently receiving benefits, and 49 inactive employees entitled to but not yet receiving benefits that are covered by the benefit terms for the Miscellaneous Plan.

The City estimates that approximately 17% of the net pension liability is allocated to the City’s Water System.

Annual Payments and Contribution Rates. The schedule below illustrates the 4-year trend of City contributions. The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2017/18 were from June 30, 2016 public agency valuations.

Historical CalPERS Contribution Amounts by City

Measurement Period (ending June 30)	Actuarially determined City Contribution	City Contribution	Deficiency (excess)	Covered- Employee Payroll	Contributions as a % of Covered Payroll
2015	2,325,428	(2,325,428)	-	11,104,864	20.94%
2016	2,533,480	(2,533,480)	-	11,057,800	22.91
2017	2,703,270	(2,703,270)	-	11,487,379	23.53
2018	1,742,473	(1,742,473)	-	11,917,898	14.62

Source: City of Camarillo 2017/18 CAFR.

Funding Status of Plan. The table below summarizes the funded status of the City's retirement plan as of the most recent actuarial valuation date (June 30, 2017). Additional information regarding the City's employee retirement plan, annual pension costs, the funding status thereof and significant accounting policies related thereto is set forth in Note 13 to the City's comprehensive annual financial report, attached hereto as APPENDIX B.

CalPERS Funding History

Valuation Date (June 30)	Actuarial Accrued Liability (AAL) – Entry Age	Market Value of Assets	(Overfunded) Unfunded AAL	Funded Ratio	Annual Covered Payroll	(Overfunded) Unfunded AAL as a % of Covered Payroll
2011	\$ 77,946,695	\$ 54,558,924	\$23,387,771	70.0%	\$11,749,709	199.05%
2012	82,932,767	54,587,258	28,345,509	65.8	11,515,554	246.15
2013	87,380,121	61,594,276	25,785,845	70.5	10,939,950	235.70
2014	94,861,187	71,948,319	22,912,868	75.8	10,944,147	209.36
2015	98,426,640	72,724,195	25,702,445	73.9	10,884,352	236.14
2016	103,700,121	71,854,739	31,845,382	69.3	10,992,282	289.71
2017	107,662,264	78,806,292	28,855,972	73.2	11,667,749	247.31

Source: CalPERS annual valuation report dated July 2018.

Post-Retirement Medical Benefits (OPEB). The City participates in the CalPERS medical program, an agent multiple employer defined benefit healthcare plan administered by CalPERS. CalPERS established the plan under the Public Employee's Medical and Hospital Care Act (PEMHCA) as of July 1, 1988. Health insurance premiums of the plan are established and amended by the CalPERS Board. Employees who retire from the City and receive a CalPERS pension are eligible to participate in the PEMHCA health insurance plans for postemployment medical benefits. As a condition to the City's contract for health insurance for its active employees, CalPERS requires a minimum contribution for retirees who participate in a health insurance plan. Retirees can enroll in any of the available CalPERS medical plans. This benefit continues for the life of the retiree and surviving spouse. Benefit provisions for CalPERS are established by the Public Employees Retirement Law (Part 3 of the California Government Code, Section 20000 et seq.). In order to fund the retirees benefit, the City established an irrevocable trust with Public Agency Retirement Services (PARS). PARS issues a separate annual financial report, and copies of the report may be obtained by writing to PARS at 4350 Von Karman Ave., Suite 100, Newport Beach, CA 92660, or by calling (800) 540-6369.

As of the June 30, 2016 actuarial valuation, 140 active employees, 53 inactive employees or beneficiaries currently receiving benefits, and 6 inactive employees entitled to but not yet receiving benefits, for a total of 199 current and former employees were covered by the benefit terms under the Health Care Plan. The Health Care Plan and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between the City and the bargaining units. The annual contribution is based on the actuarially determined contribution. For the measurement date ended June 30, 2017, the City's cash contributions were \$98,470 in total payments, which were recognized as a reduction to the OPEB liability (asset).

As of the most recent actuarial valuation date on June 30, 2017, the Health Care Plan was 101.05% funded. The actuarial OPEB liability for benefits was \$4.09 million, and the Plan Fiduciary net position of assets was \$4.13 million, resulting in a net OPEB asset of \$42,738. The covered payroll (annual payroll of active employees covered by the Plan) was \$14.9 million, and the ratio of net OPEB liability to the covered payroll was -0.29%. Additional information regarding the City's net OPEB liability, the funding status thereof and significant accounting policies related thereto is set forth in Note 13 to the City's comprehensive annual financial report, attached hereto as APPENDIX B.

Defined Contribution Plan. The City established with the International City Managers Association (ICMA) an additional pension plan for all its employees (139 employees at June 30, 2018) through a 401(a) Defined Contribution Plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are participants from the date of employment. Benefit provisions and all other requirements are established by the plan and City ordinance. For regular full-time and part-time employees, the plan is contributory on the part of the City in an amount equal to 7% of the employee's base pay each payroll period.

The City's total payroll for the fiscal year 2017-18 was \$15,529,727. The City's contributions were calculated using the base salary amount of \$13,096,200 at 7%, amounting to \$916,734. Effective January 1, 2017 all employees not eligible for PERS contribute 0.5% of salary to the 457 PTS Plan. Employees hired after 1986 also contribute to Medicare. The assets of the plan are held for the exclusive benefit of the plan participants and their beneficiaries, and the assets shall not be diverted for any other purpose. Each participant directs the investments in the participant's separate accounts.

Section 457 Part-Time, Temporary, and Seasonal ("PTS") Deferred Compensation Plan. The City participates in the 457 PTS plan administered by ICMA Retirement Corporation. The primary purpose of this plan is to provide retirement income and other deferred benefits to City employees in accordance with the provisions of Section 457 of the Internal Revenue Code of 1986. Pursuant to the IRC 457 subsection (g); all amounts of compensation deferred under the deferred compensation plan, all property, or rights are solely the property and rights of the employee and beneficiaries of the plan. Employees not eligible for PERS after January 1, 2017 contribute 0.5% of salary to the plan, in addition to the 7% City contribution. All employees are fully vested upon enrollment. As of June 30, 2018, 19 employees participate in the plan and the ending investment balance was \$26,948.

CONSTITUTIONAL LIMITATIONS ON TAXES AND WATER RATES AND CHARGES

Articles XIIC and XIID

On November 5, 1996, the voters of the State approved Proposition 218, a constitutional initiative, entitled the "Right to Vote on Taxes Act" ("Proposition 218"). Proposition 218 added Articles XIIC and XIID to the California Constitution and contained a number of interrelated provisions affecting the ability of local governments, including the City, to levy and collect both existing and future taxes, assessments, fees and charges.

Section 1 of Article XIIC requires majority voter approval for the imposition, extension or increase of general taxes and Section 2 thereof requires two thirds voter approval for the imposition, extension or increase of special taxes. These voter approval requirements of Article XIIC reduce the flexibility of the City to raise revenues by the levy of general or special taxes and, given such voter approval requirements, no assurance can be given that the City will be able to enact, impose, extend or increase any such taxes in the future to meet increased expenditure requirements.

Section 3 of Article XIIC expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date such taxes, assessments, fees or charges were imposed. Section 3 expands the initiative power to include reducing or repealing assessments, fees and charges, which had previously been considered administrative rather than legislative matters and therefore beyond the initiative power. This extension of the initiative power is not limited by the terms of Article XIIC to fees imposed after November 6, 1996, the effective date of Proposition 218, and absent other legal authority could result in the reduction in any existing taxes, assessments or fees and charges imposed prior to November 6, 1996.

"Fees" and "charges" are not expressly defined in Article XIIC or in SB 919, the Proposition 218 Omnibus Implementation Act enacted in 1997 to prescribe specific procedures and parameters for local

jurisdictions in complying with Article XIIC and Article XIID (“SB 919”). However, on July 24, 2006, the California Supreme Court ruled in *Bighorn-Desert View Water Agency v. Virgil (Kelley)* (the “*Bighorn Decision*”) that charges for ongoing water delivery are property-related fees and charges within the meaning of Article XIID and are also fees or charges within the meaning of Section 3 of Article XIIC. The California Supreme Court held that such water service charges may, therefore, be reduced or repealed through a local voter initiative pursuant to Section 3 of Article XIIC.

In the *Bighorn Decision*, the Supreme Court stated that nothing in Section 3 of Article XIIC authorizes initiative measures that impose voter-approval requirements for future increases in fees or charges for water delivery. The Supreme Court stated that water providers may determine rates and charges upon proper action of the governing body and that the governing body may increase a charge which was not affected by a prior initiative or impose an entirely new charge.

The Supreme Court further stated in the *Bighorn Decision* that it was not holding that the initiative power is free of all limitations and was not determining whether the initiative power is subject to the statutory provision requiring that water service charges be set at a level that will pay debt service on bonded debt and operating expenses. Such initiative power could be subject to the limitations imposed on the impairment of contracts under the contract clause of the United States Constitution. Additionally, SB 919 provides that the initiative power provided for in Proposition 218 “shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after [the effective date of Proposition 218] assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights” protected by the United States Constitution. No assurance can be given that the voters of the City will not, in the future, approve initiatives which repeal, reduce or prohibit the future imposition or increase of assessments, fees or charges, including the City’s water service fees and charges, which are the source of Net Revenues pledged to the payment of debt service on the Installment Sale Agreement and any future Parity Obligations.

Notwithstanding the fact that water service charges may be subject to reduction or repeal by voter initiative undertaken pursuant to Section 3 of Article XIIC, the City has covenanted to levy and charge rates which meet the requirements of the Installment Sale Agreement in accordance with applicable law.

Article XIID defines a “fee” or “charge” as any levy other than an *ad valorem* tax, special tax, or assessment imposed upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property-related service. A “property-related service” is defined as “a public service having a direct relationship to a property ownership.” In the *Bighorn Decision*, the California Supreme Court held that a public water agency’s charges for ongoing water delivery are fees and charges within the meaning of Article XIID. Article XIID requires that any agency imposing or increasing any property-related fee or charge must provide written notice thereof to the record owner of each identified parcel upon which such fee or charge is to be imposed and must conduct a public hearing with respect thereto. The proposed fee or charge may not be imposed or increased if a majority of owners of the identified parcels file written protests against it. As a result, the local government’s ability to increase such fee or charge may be limited by a majority protest.

The City’s water charge is comprised of a commodity charge based on the volume of water consumed and a fixed monthly service charge. The City has ratified prior water rate measures and otherwise complied with the applicable notice and protest procedures of Article XIID for its current water rates and charges.

In addition, Article XIID also includes a number of limitations applicable to existing fees and charges including provisions to the effect that (i) revenues derived from the fee or charge shall not exceed the funds required to provide the property-related service; (ii) such revenues shall not be used for any purpose other than that for which the fee or charge was imposed; (iii) the amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service

attributable to the parcel; and (iv) no such fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Property-related fees or charges based on potential or future use of a service are not permitted.

Article XIID establishes procedural requirements for the imposition of assessments, which are defined as any charge upon real property for a special benefit conferred upon the real property. Standby charges are classified as assessments. Procedural requirements for assessments under Article XIID include conducting a public hearing and mailed protest procedure, with notice to the record owner of each parcel subject to the assessment. The assessment may not be imposed if a majority of the ballots returned oppose the assessment, with each ballot weighted according to the proportional financial obligation of the affected parcel.

Existing, new or increased assessments are subject to the procedural provisions of Proposition 218. However, certain assessments existing on November 6, 1996, are classified as exempt from the procedures and approval process of Article XIID. Expressly exempt assessments include (i) an assessment imposed exclusively to finance capital costs or maintenance and operation expenses for sewers, water, flood control and drainage systems, but subsequent increases are subject to the procedures and approval requirements; (ii) an assessment imposed pursuant to a petition signed by all affected landowners (but subsequent increases are subject to the procedural and approval requirements); (iii) assessments, the proceeds of which are used exclusively to pay bonded indebtedness, where failure to pay would violate the U.S. Constitution's prohibition against the impairment of contracts; and (iv) any assessment which has previously received approval by a majority vote of the voters (but subsequent increases are subject to the procedural and approval requirements).

On July 14, 2008, the California Supreme Court ruled in *Silicon Valley Taxpayers Association, Inc. v. Santa Clara County Open Space Authority* (the "SCCOSA Decision") that the Santa Clara County Open Space Authority's county-wide assessment which was designed to fund the acquisition and maintenance of unspecified open-space lands in the County was invalid under Proposition 218. The Court held that deference should not be accorded to local agencies when Proposition 218 legislative acts are challenged. Under Proposition 218, courts must make an independent review of whether the assessment and formation of an assessment City meet the "special benefit" and proportionality requirements of Article XIID. Further, while an assessment will not be invalidated because it confers a benefit upon the public at large, the "special benefit" must affect the assessed property in a distinct and particular manner not shared by other parcels and the public at large. Specifically, in the SCCOSA Decision the assessment did not meet the requirements of a "special benefit" and the assessment was not proportional to the special benefits conferred. Finally, the Court held that the Santa Clara Open Space Authority did not meet the proportionality requirement of Article XIID because it did not specifically identify the improvements to be financed by the assessment and failed to sufficiently connect any costs of and benefits received from the open space assessment to the specific assessed parcels.

The City believes that current water fees and charges that are subject to Proposition 218 comply with the provisions thereof and that the City will comply with the rate covenant set forth in the Installment Sale Agreement in conformity with the provisions of Article XIID of the California State Constitution.

The interpretation and application of Proposition 218 will ultimately be determined by the courts or through implementing legislation with respect to a number of the matters described above, and it is not possible at this time to predict with certainty the outcome of such determination or the nature or scope of any such legislation.

RISK FACTORS

The following section describes certain special considerations and risk factors affecting the risk of nonpayment or the security for the Bonds. The following discussion is not meant to be an exhaustive or definitive description of the risks associated with a purchase of any Bond and does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following special factors regarding the Bonds, together with all other information in this Official Statement in order to make an informed investment decision with respect to the Bonds. There can be no assurance that other risk factors are not or will not become material in the future.

Net Revenues; Rate Covenant

Net Revenues are dependent upon the demand for water sales, which can be affected by population factors, more stringent drinking water regulations, or problems with the City's treatment facilities. There can be no assurance that water service demand will be consistent with the levels contemplated in this Official Statement. A decrease in the demand for water could require an increase in rates or charges in order to comply with the rate covenant. The City's ability to meet its rate covenant is dependent upon its capacity to increase rates without driving down demand to a level insufficient to meet debt service with respect to the Installment Payments and any future Parity Obligations. Projections shown herein assume rate increases not yet approved. If rates are not increased, the debt service coverages could be lower than presented.

Limitations on Remedies Available to Owners

The ability of the City to comply with its covenants under the Installment Sale Agreement and to generate Net Revenues sufficient to pay the Installment Payments and any future Parity Obligations may be adversely affected by actions and events outside of the control of the City, and may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or payers of assessments, fees and charges. Furthermore, any remedies available to the Owners upon the occurrence of an event of default under the Installment Sale Agreement are in many respects dependent upon judicial actions, which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

In addition to the limitations on Owner remedies contained in the Installment Sale Agreement, the rights and obligations under the Installment Sale Agreement may be subject to the following: the United States Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

Proposition 218

On November 5, 1996, the voters of the State approved Proposition 218, the so-called "Right to Vote on Taxes Act." Proposition 218 adds Articles XIII C and XIII D to the State Constitution which affect the ability of local governments to levy and collect both existing and future taxes, assessments, fees and charges. Proposition 218, which became effective on November 6, 1996 (although application of some of its provisions was deferred until July 1, 1997) changes, among other things, the procedure for the imposition of new or increased fees or charges. Specifically, Article XIII C requires that all new local taxes be submitted to the electorate for approval before such taxes become effective. General taxes, imposed for general

governmental purposes of the City, require a majority vote, and special taxes, imposed for specific purposes require a two-thirds vote.

As noted above under “CONSTITUTIONAL LIMITATIONS ON TAXES AND WATER RATES AND CHARGES - Article XIII C and XIII D,” the City believes that current water fees and charges that are subject to Proposition 218 comply with the provisions thereof and that the City will comply with the rate covenant set forth in the Installment Sale Agreement in conformity with the provisions of Article XIII D of the California State Constitution; however there can be no assurance that the voters of the City will not, in the future, approve an initiative which attempts to reduce the City’s water rates or curtail their increase.

Parity Obligations

As described in “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” above, the Installment Sale Agreement permits the City to issue or incur Parity Obligations, its obligations under which would be payable on a parity with the Installment Payments. In the event of a decline in Net Revenues available to the City, the existence of Parity Obligations could adversely affect the City’s ability to pay the Installment Payments.

Water System Expenses

There can be no assurance that expenses of the Water System will be consistent with the levels contemplated in this Official Statement. Changes in technology, changes in quality standards, increases in the cost of operation of the Water System or other expenses could require substantial increases in rates or charges in order to comply with the rate covenant in the Installment Sale Agreement. Such rate increases could drive down demand for water and related services or otherwise increase the possibility of nonpayment of the Installment Payments.

Future Land Use Regulations

Development within the City’s service area is contingent upon the future construction and acquisition of a number of public improvements such as arterial streets, water distribution facilities, sewage collection and transmission facilities, drainage facilities and street lighting, as well as the necessary local in-tract improvements. The installation of the necessary infrastructure improvements and the construction of the residential development are subject to the receipt of discretionary approvals from a number of public agencies concerning the layout and design of the development, the nature and extent of the improvements, land use, health and safety requirements and other matters. The failure to obtain any such approval could adversely affect the planned land development within the City.

In addition, there can be no assurance that land development operations within the City’s service area will not be adversely affected by future government policies, including, but not limited to, governmental policies to restrict or control development.

Earthquake, Fire and Other Risks

If there were to be an occurrence of natural or man-made disasters and hazards, including, without limitation, earthquakes, fires, floods, mudslides and other calamities, in the area of the City, there could be an interruption in the service provided by the Water System, resulting in a temporary reduction in the amount of Net Revenues available to pay the Installment Payments and debt service on any Parity Obligations when due. According to the City’s General Plan, the City is located in a moderate to high risk seismic environment and the City could be impacted by a major earthquake originating from the faults in the area including the San Andreas Fault located approximately 35 miles from the City.

The City is subject to very minimal flood risk. A small portion of the City is subject to Flood Zone B inundation classification (floods in excess of the 100 year storm level). A portion of the NPV Desalter

Facility site is in the 500-year floodplain. In the event the site floods, the City may temporarily cease production and may revert to alternative existing water sources.

The City's Emergency Operations Plan includes a hazard analysis for earthquake, flood, and fire risk required to comply with FEMA requirements for disaster relief funding.

Loss of Tax-Exemption

As discussed under the caption "TAX MATTERS," interest with respect to the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were delivered, as a result of future acts or omissions of the City in violation of its covenants in the Installment Sale Agreement. Should such an event of taxability occur, the Bonds are not subject to special redemption and will remain Outstanding until maturity or until redeemed under other provisions set forth in the Indenture.

Environmental Regulation

The allocation of groundwater from the Fox Canyon Aquifer is managed and regulated by FCGMA which has set limits on the amount of groundwater which the City may extract in a year. The City's current TEA from the Pleasant Valley Basin is equal to 3,196.9 AFY. The pending adoption of a GSP by FCGMA may affect the City's groundwater existing TEA allocation, as well as the agreed upon additional 4,500 AFY allocation for the NVP Desalter Facility (expected to net production after treatment of additional 3,877 AF annually of groundwater for the Water System). See "THE WATER SYSTEM – Water Supply" herein. Lower allocations will result in more imported water and higher Water System costs.

Additionally, the kind and degree of water treatment which is effected through the Water System is regulated, to a large extent, by the federal government and the State. Treatment standards set forth in federal and State law control the operations of the Water System and mandate the technology it must use. In the event that the federal government, acting through the Environmental Protection Agency, or the State, acting through the Department of Health Services, or additional federal or state legislation, should impose stricter water quality standards upon the Water System, the City's expenses could increase accordingly and rates and charges would have to be increased to offset those expenses. It is not possible to predict the direction federal or State regulation will take with respect to drinking water quality standards, although it is likely that both will impose more stringent standards with attendant higher costs.

Secondary Market for Bonds

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that any Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

Early Redemption Risk

Early prepayment of the Installment Payments and redemption of the Bonds may occur in whole or in part without premium, on any date if the City receives further State grant moneys, or if the City exercises its right to prepay Installment Payments in whole or in part pursuant to the provisions of the Indenture.

Investment Risk

The City administers a pooled investment program of moneys in its funds and accounts, including moneys in the Revenue Fund which will be used to make Installment Payments. The City has established an

investment policy which it believes to be prudently conservative. Nevertheless, the City's investments will be subject to market fluctuations and other risks over which the City has no control, and which could impair the City's ability to make Installment Payments.

No Debt Service Reserve

The Authority has not undertaken to fund any debt service reserve to secure the payment of debt service on the Bonds.

CONTINUING DISCLOSURE

The ultimate security for the payments of principal of and interest on the Bonds comes from the Installment Payments to be made by the City and, therefore, the City, as an obligated person within the meaning of the Rule (defined below), has agreed to undertake the disclosure responsibilities required by the Rule with respect to the Bonds by executing separate Continuing Disclosure Certificate. The Authority has not undertaken to provide any continuing disclosure required by the Rule.

The City has covenanted for the benefit of holders and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the City (the "Annual Report") by not later than nine months following the end of the City's fiscal year (which date would be March 31 following the current end of the City's fiscal year on June 30), commencing with the report for the 2018-19 fiscal year, and to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by the City with the Municipal Securities Rulemaking Board (the "MSRB"). The notices of material events will be filed by the City with the MSRB. The specific nature of the information to be made available and to be contained in the notices of material events is summarized below under the caption APPENDIX F—FORM OF CONTINUING DISCLOSURE CERTIFICATE. These covenants have been made in order to assist the Underwriter in complying with the Rule.

The City and its affiliated entities have continuing disclosure obligations related to prior issues. A review of the City's compliance with its previous continuing disclosure undertakings was conducted and it was found, during the preceding five years, that neither the City nor its related entities have failed to comply with their prior continuing disclosure undertakings.

TAX MATTERS

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The Authority and the City have covenanted in the Indenture and the Installment Sale Agreement, respectively, to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the Authority's and the City's compliance with the above-referenced covenants, under present law, in the opinion of Quint & Thimmig LLP, Bond Counsel, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax under the Internal Revenue Code of 1986, as amended (the "Code").

In rendering its opinion, Bond Counsel will rely upon certifications of the Authority and the City with respect to certain material facts within their respective knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The issue price (the “Issue Price”) for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public. The Issue Price of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page of this Official Statement.

If the Issue Price of a maturity of the Bonds is less than the principal amount payable at maturity, the difference between the Issue Price of each such maturity, if any, of the Bonds (the “OID Bonds”) and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the Authority comply with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the Issue Price or purchase Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond’s stated redemption price at maturity or, in the case of an OID Bond, its Issue Price plus accreted original issue discount reduced by payments of interest included in the computation of original issue discount and previously paid (the “Revised Issue Price”), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser’s election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price even if the purchase price exceeds par. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as “bond premium” and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor’s basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond’s basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment.

Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the “Service”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the Authority as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

In the further opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxation imposed by the State of California.

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding federal tax consequences arising with respect to the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

The complete text of the final opinion that Bond Counsel expects to deliver upon the issuance of the Bonds is set forth in APPENDIX E—FORM OF OPINION OF BOND COUNSEL.

MUNICIPAL ADVISOR

The City has retained Columbia Capital Management, LLC, Glendale, California, as municipal advisor (the “Municipal Advisor”) in connection with the planning, sale and delivery of the Bonds. The fees of the Municipal Advisor are contingent upon the delivery of the Bonds. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

LEGAL MATTERS

The validity of the Installment Sale Agreement, the Indenture and the Bonds, and certain other legal matters, are subject to the approving opinion of Quint & Thimmig LLP, Larkspur, California, Bond Counsel. A complete copy of the proposed form of Bond Counsel’s opinion is contained in APPENDIX E—FORM OF OPINION OF BOND COUNSEL. Norton Rose Fulbright US LLP, Los Angeles, California is serving as disclosure counsel to the Authority in connection with the Bonds. Certain legal matters will also be passed upon for the City and the Authority by Burke Williams & Sorensen, LLP, Los Angeles, California, City Attorney for the City and Counsel to the Authority.

Payment of the fees and expenses of Bond Counsel and Disclosure Counsel is contingent upon the execution and delivery of the Bonds.

LITIGATION

The City is not aware of any litigation that is pending or threatened concerning the validity of the Installment Sale Agreement. The City is not aware of any litigation pending or threatened questioning the political existence of the City or contesting the City's ability to make the Installment Payments. There are a few lawsuits and claims pending against the City. In the opinion of the City, the aggregate amount of liability that the City might incur as a result of adverse decisions in cases not covered under the City's various insurance programs would not materially adversely impact the City's ability to make the Installment Payments.

The Authority is not aware of any litigation that is pending or threatened concerning the validity of the Indenture or the Installment Sale Agreement or its issuance of the Bonds.

RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), has assigned their long-term municipal rating of "____" to the Bonds. This rating reflects the view of S&P as to the credit quality of the Bonds. The ratings reflect only the view of S&P, and explanation of the significance of the ratings may be obtained from S&P Global Ratings, 55 Water Street, New York, New York 10041 (212) 483-2000. There is no assurance that the ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P, circumstances so warrant.

Except as otherwise required in the Continuing Disclosure Certificate, the Authority and the City undertake no responsibility either to bring to the attention of the owners of any Bonds any downward revision or withdrawal of any rating obtained or to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the rating obtained may have an adverse effect on the marketability or market price of the Bonds.

UNDERWRITING

_____ (the "Initial Purchaser") has purchased the Bonds from the Authority at a competitive sale at an aggregate purchase price of \$_____ (representing the aggregate principal amount of the Bonds, plus/less a premium/discount of \$_____, less a purchaser discount of \$_____). The public offering prices may be changed from time to time by the Initial Purchaser. The Initial Purchaser may offer and sell Bonds to certain dealers and others at prices lower than the offering prices shown on the inside cover page hereof.

MISCELLANEOUS

Insofar as any statements made in this Official Statement involve matters of opinion or of estimates, whether or not expressly stated, they are set forth as such and not as representations of fact. No representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the owners of the Bonds.

The execution and delivery of this Official Statement have been duly authorized by the Authority and the City.

**CAMARILLO PUBLIC FINANCE
AUTHORITY**

By _____
Treasurer

CITY OF CAMARILLO

By _____
City Manager

APPENDIX A

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

APPENDIX B

INVESTMENT POLICY OF THE CITY

APPENDIX C

GENERAL INFORMATION CONCERNING THE CITY OF CAMARILLO AND THE COUNTY OF VENTURA

The following information concerning the City of Camarillo and Ventura County is included only for the purpose of supplying general information regarding the community. The Bonds are not a debt of the City, County, the State or any of its political subdivisions, and neither the City, the County, the State nor any of its political subdivisions is liable therefor.

Introduction

The City of Camarillo. The City of Camarillo (the “City”) was incorporated in 1964 under the general laws of the State of California. Since the early 1900s, Camarillo has been an agricultural community that has evolved into a rural, suburban community on the outskirts of the Los Angeles metropolitan area with a balanced base of land uses established under the City’s general plan. The City is located in the center of Ventura County (the “County”). The City has an area of approximately 20 square miles and is situated in the Pleasant Valley area of the vast agricultural Oxnard Plain. Geographically, Camarillo is midway between Los Angeles and Santa Barbara on Highway 101, nine miles inland from the Naval Base Ventura County at Port Hueneme and Point Mugu and the Pacific Ocean.

The City operates under the council-manager form of government. The City Council consists of five members elected at large for overlapping four-year terms. The Mayor is selected from the City Council members and serves a one-year term. On January 9, 2019, the City Council adopted Resolution No. 2019-13 declaring the City’s intent to transition from at-large to district based elections pursuant to Elections Code Section 10010 and directed the City Manager to take appropriate action to implement the Resolution. The City Council is responsible, among other things, for passing ordinances and resolutions, adopting the budget, appointing committees, and appointing a City Manager and City Attorney.

Ventura County. The County of Ventura was created by the State Legislature on March 22, 1872 out of the southeasterly portion of Santa Barbara County and covers an area of 1,873 square miles. It is bordered on the north by Kern County, on the northwest by Santa Barbara County, on the east by Los Angeles County, and on the south and southwest by the Pacific Ocean along 42 miles of coastline. There are ten incorporated cities within its borders: Ventura, Ojai, Oxnard, Port Hueneme, Camarillo, Santa Paula, Fillmore, Thousand Oaks, Moorpark and Simi Valley. The largest employment segments comprising over 80 percent of the total employment distribution include service industries, retail, government, manufacturing, and agriculture and food production. With its mild climate, geographical diversity including beaches and pristine and rugged wilderness, year-round recreational and cultural opportunities, and a reputation as one of the safest populated areas in the country, the County is a popular tourist destination.

Ventura County continues to be a valued destination for business interests in Southern California. The area’s mild climate, costal access, proximity to the greater Los Angeles area, and the only deep-water port between Los Angeles and San Francisco, all contribute to the County’s business allure. The County’s traditional economic strength in agriculture, food processing, and mineral production is supplemented by the prominence of the service industry, small manufacturing businesses, the electronics industry, tourism, the biotechnology giant, Amgen, and the military presence of the Naval Base Ventura County at Port Hueneme and Point Mugu.

Governance and Management of the City

The members of the City Council, their occupations, and the expiration date of their terms are as follows:

Councilmember	Term Expires	Occupation
Kevin Kildee, Mayor	November 2020	Small Business Owner
Tony Trembley, Vice Mayor	November 2020	Attorney
Charlotte Craven, Councilmember	November 2022	Homemaker
Shawn Mark Mulchay, Councilmember	November 2022	Business Operations Manager/Cabinet Maker
Susan Santangelo, Councilmember	November 2022	Health Services Nursing Supervisor

Dave Norman was appointed City Manager in April 2016, after having served as the City's Assistant City Manager in 2015, and as the City's Community Development Director from late 2012 to early 2015. He has oversight management responsibility for all departments, divisions, and offices of the City including City Manager's Office, City Attorney, City Clerk's Office, Community Development, Finance, Administrative Services, Police Department, and Public Works. Mr. Norman also serves as the City Treasurer, and District Manager of the Camarillo Sanitary District. Mr. Norman previously served as City Manager in the California cities of Port Hueneme, Cypress, and Aliso Viejo. He holds a Master's Degree in Public Administration.

Genie Rocha is the Director of Finance for the City. She heads the City's Finance Department which handles general accounting, financial reporting, budgeting, purchasing, utility billing, centralized cashiering, business licensing, and treasury functions and services. Previously, Ms. Rocha was the Director of Finance for the City of Goleta, Treasury Manager for the City of Santa Barbara, and Chief Financial Officer and Director of Finance for the City of Temecula. She began her career working for public sector auditing firms, where she performed audits of various public agencies. Ms. Rocha is a licensed Certified Public Accountant and holds a Bachelor's degree in Business Administration.

Population

The table below summarizes population of the City of Camarillo and Ventura County.

CITY OF CAMARILLO and VENTURA COUNTY Population

Year	City of Camarillo	Ventura County
2015	67,428	852,505
2016	68,026	854,886
2017	68,207	855,973
2018	68,452	857,415
2019	69,880	856,598

Source: California Department of Finance, E-4 Population Estimate for Cities, Counties, and the State, 2015-2019, with 2010 Census Benchmark.

Employment

The following table summarizes the historical numbers of workers by industry in the Oxnard-Thousand Oaks-Ventura Metropolitan Statistical Area for the last five years.

**OXNARD-THOUSAND OAKS-VENTURA MSA
(VENTURA COUNTY)
Labor Force and Industry Employment by Industry**

	2014 ⁽¹⁾	2015 ⁽¹⁾	2016 ⁽²⁾	2017 ⁽²⁾	2018 ⁽²⁾
Total, All Industries	318,600	321,300	328,900	333,500	335,000
Total Farm	25,600	26,500	23,100	21,700	21,700
Mining and Logging	1,300	1,000	900	900	900
Construction	13,700	14,200	14,800	16,400	16,900
Manufacturing	30,500	30,400	25,400	25,700	26,400
Wholesale Trade	13,000	12,600	13,300	13,200	13,200
Retail Trade	39,000	39,700	42,300	42,400	41,400
Transportation, Warehousing & Utilities	6,200	6,000	6,400	6,500	6,600
Information	5,500	5,100	5,000	5,100	4,900
Financial Activities	18,700	17,800	17,500	16,700	16,500
Professional & Business Services	35,500	34,700	41,100	43,000	43,200
Educational & Health Services	41,000	42,700	45,400	47,300	48,700
Leisure & Hospitality	35,000	35,900	36,500	37,600	37,500
Other Services	9,900	9,600	9,500	9,500	9,400
Government	43,800	45,300	47,700	47,500	47,700

Source: California Employment Development Department, based on March 2018 benchmark.

Note: Does not include proprietors, self-employed, unpaid volunteers or family workers, domestic workers in households, and persons involved in labor/management trade disputes. Employment reported by place of work. Items may not add to totals due to independent rounding.

(1) Annual Average. 2015 is last available full year average.

(2) As of December 1.

The following tables summarize historical employment and unemployment for the City, County, the State of California and the United States for the last five years:

**CITY, VENTURA COUNTY, CALIFORNIA, and UNITED STATES
Civilian Labor Force, Employment, and Unemployment
(Annual Averages)**

Year	Area	Labor Force	Employment	Unemployment	Unemployment Rate ⁽¹⁾
2014	City of Camarillo	33,800	31,900	1,900	5.6%
	Ventura County	430,100	401,500	28,600	6.6
	California	18,755,000	17,348,600	1,406,400	7.5
	United States	155,922,000	146,305,000	9,617,000	6.2
2015	City of Camarillo	33,800	32,300	1,600	4.7%
	Ventura County	427,600	403,500	24,100	5.6
	California	18,893,200	17,723,300	1,169,900	6.2
	United States	157,130,000	148,834,000	8,296,000	5.3
2016	City of Camarillo	33,500	32,100	1,400	4.1%
	Ventura County	425,700	403,400	22,200	5.2
	California	19,102,700	18,065,000	1,037,700	5.4
	United States	159,187,000	151,436,000	7,751,000	4.9
2017	City of Camarillo	33,500	32,300	1,300	3.6%
	Ventura County	424,700	405,600	19,100	4.5
	California ⁽²⁾	19,224,100	18,302,800	921,300	4.8
	United States	160,320,000	153,337,000	6,982,000	4.4
2018	City of Camarillo	33,600	32,600	1,000	2.7%
	Ventura County	425,700	409,700	16,100	3.8
	United States	162,075,000	155,761,000	6,314,000	3.9

Source: California Employment Development Department, Labor Force Data for Subareas, Annual Average 2014-2018, April 19, 2019 with March 2018 Benchmark, and US Department of Labor – Bureau of Labor Statistics.

(1) The unemployment rate is computed from unrounded data, therefore, it may differ from rates computed from rounded figures available in this table.

(2) Latest year data is available.

Construction Activity

The following table reflects the five-year history of building permit valuation for the City and the County.

CITY OF CAMARILLO Building Permits and Valuation (Dollars in Thousands)

	2014	2015	2016	2017	2018
<u>Permit Valuation:</u>					
New Single-family	\$19,235	\$38,737	\$32,498	\$ 24,099	\$ 32,106
New Multi-family	36,703	0	13,395	80,575	51,541
Res. Alterations/Additions	<u>5,709</u>	<u>3,426</u>	<u>5,176</u>	<u>4,719</u>	<u>5,217</u>
Total Residential	61,647	42,153	51,069	109,393	88,864
Total Nonresidential	17,160	11,954	11,350	14,098	14,242
Total All Building	\$78,807	\$54,107	\$62,419	\$123,491	\$103,106
<u>New Dwelling Units:</u>					
Single Family	47	95	121	105	46
Multiple Family	252	0	116	507	306
Total	299	95	237	612	352

Source: Construction Industry Research Board: Building Permit Summary – California Cities and Counties Data for Calendar Years 2014-2018.

Note: Totals may not add due to independent rounding.

COUNTY OF VENTURA Building Permits and Valuation (Dollars in Thousands)

	2014	2015	2016	2017	2018
<u>Permit Valuation:</u>					
New Single Family	\$169,066	238,296	236,653	266,347	392,515
New Multi-family	102,515	69,261	147,123	231,823	107,224
Res. Alterations/Additions	<u>72,971</u>	<u>66,458</u>	<u>64,656</u>	<u>200,617</u>	<u>148,312</u>
Total Residential	344,552	374,014	448,431	698,787	648,051
Total Nonresidential	150,140	189,936	188,450	226,873	357,979
Total All Building	\$494,692	563,950	636,881	925,660	1,006,030
<u>New Dwelling Units:</u>					
Single Family	450	615	652	851	637
Multiple Family	632	394	1,011	1,638	612
Total	1,082	1,009	1,663	2,489	1,249

Source: Construction Industry Research Board: Building Permit Summary – California Cities and Counties Data for Calendar Years 2014-2018.

Note: Totals may not add due to independent rounding.

Commercial Activity

Taxable sales in the City of Camarillo and Ventura County are shown below.

CITY OF CAMARILLO Taxable Sales, 2013-2017 (dollars in thousands)

	2013	2014	2015	2016	2017
Retail and Food Services					
Motor Vehicles and Parts Dealers	\$ 74,601	\$ 72,663	\$ 72,720	\$ 66,023	\$ 63,136
Home Furnishings and Appliances Stores	19,893	17,246	16,687	18,115	21,982
Bldg Mtrl. and Garden Equip. and Supplies	94,164	102,175	109,244	104,891	103,612
Food and Beverage Stores	51,535	50,996	51,358	50,519	52,630
Gasoline Stations	141,221	136,291	114,715	96,698	106,636
Clothing and Clothing Accessories Stores	380,817	387,888	382,378	385,215	377,174
General Merchandise Stores	81,965	73,156	72,983	71,389	67,417
Food Services and Drinking Places	137,305	148,760	160,890	167,531	170,960
Other Retail Group	96,098	99,922	97,907	98,494	101,219
Total Retail and Food Services	\$1,077,600	\$1,089,098	\$1,078,883	\$1,058,877	\$1,064,767
All Other Outlets	224,052	242,984	237,473	233,359	248,300
Totals All Outlets ⁽¹⁾	\$1,301,651	\$1,332,082	\$1,316,357	\$1,292,236	\$1,313,067

Source: California Board of Equalization, Taxable Sales in California (Sales & Use Tax) & California Department of Tax and Fee Administration..

(1) Last available full year data.

VENTURA COUNTY Taxable Sales, 2013-2017 (dollars in thousands)

	2013	2014	2015 ⁽¹⁾	2016	2017
Retail and Food Services					
Motor Vehicles and Parts Dealers	\$1,711,680	\$1,838,611	\$2,164,303	\$2,219,586	\$2,303,095
Home Furnishings and Appliances Stores	182,384	194,787	536,773	553,807	573,487
Electronics and Appliance Stores	278,023	284,528	NA	NA	NA
Bldg Mtrl. and Garden Equip. and Supplies	641,660	684,286	774,857	780,831	844,236
Food and Beverage Stores	548,619	573,416	605,333	612,455	648,122
Health and Personal Care Stores	235,123	245,121	NA	NA	NA
Gasoline Stations	1,248,682	1,208,107	1,020,472	918,266	945,052
Clothing and Clothing Accessories Stores	863,178	907,629	939,280	979,664	977,483
Sporting Goods, Hobby, Book and Music Stores	287,960	296,249	NA	NA	NA
General Merchandise Stores	1,112,454	1,136,487	1,036,797	1,020,719	1,037,011
Miscellaneous Store Retailers	282,115	301,383	NA	NA	NA
Nonstore Retailers	114,840	179,892	NA	NA	NA
Other Retail Group	NA	NA	1,103,164	1,196,849	1,203,488
Food Services and Drinking Places	1,193,290	1,250,941	1,434,389	1,492,701	1,570,033
Total Retail and Food Services	\$8,700,008	\$9,101,437	\$9,615,370	\$9,774,880	\$10,102,010
All Other Outlets	3,258,250	3,722,859	4,168,975	3,971,070	3,799,205
Totals All Outlets ⁽²⁾	\$11,958,258	\$12,824,296	\$13,784,346	\$13,745,950	\$13,901,215

Source: California Board of Equalization, Taxable Sales in California (Sales & Use Tax) & California Department of Tax and Fee Administration..

(1) As a result of a re-evaluation of the sample and universe coverage for the industries covered by the Current Employment Statistics for the industries analyzed by the Bureau of Labor Statistics (based on North American Industry Classification System industries), in 2015 certain employment categories have been collapsed or discontinued. For example, the Furniture and Home Appliance Stores and Electronics and Appliance Stores have been collapsed and certain other categories, as reflected in the table above, have been discontinued.

(2) Last available full year data.

Median Household Income

The following table summarizes the estimated median household income for the City of Camarillo, Ventura County, the State of California and the nation for the years 2013 through 2017.

CITY OF CAMARILLO, VENTURA COUNTY, CALIFORNIA and UNITED STATES Median Household Income

<u>Year</u>	<u>Area</u>	<u>Median Household Income</u>
2013	City of Camarillo	\$86,287
	Ventura County	76,544
	California	61,094
	United States	53,046
2014	City of Camarillo	\$87,120
	Ventura County	77,335
	California	61,489
	United States	53,482
2015	City of Camarillo	\$88,152
	Ventura County	77,348
	California	61,818
	United States	53,889
2016	City of Camarillo	\$88,125
	Ventura County	78,593
	California	63,783
	United States	55,322
2017	City of Camarillo	\$92,780
	Ventura County	81,972
	California	67,169
	United States	57,652

Source: US Census Bureau American Community Survey Data 5-Year Estimate 2013-2017.

APPENDIX D

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

APPENDIX E
FORM OF OPINION OF BOND COUNSEL

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “Disclosure Certificate”), dated August __, 2019, is executed and delivered by the City of Camarillo, California (the “City”), for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “Rule”).

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Certificate shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

“*Annual Report*” means an Annual Report described in and consistent with Section 3 of this Disclosure Certificate.

“*Annual Filing Date*” means the date, set in Section 2(a) and Section 2(f), by which the Annual Report is to be filed with the MSRB.

“*Annual Financial Information*” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Certificate.

“*Audited Financial Statements*” means the financial statements (if any) of the City for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Certificate.

“*Bonds*” means \$[principal amount]* Camarillo Public Finance Authority (County of Ventura, California) Water Revenue Bonds, Series 2019.

“*Certification*” means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, or Failure to File Event notice delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, or Failure to File Event notice, required to be submitted to the MSRB under this Disclosure Certificate. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the City and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

“*Disclosure Representative*” means the Director of Finance of the City or his or her designee, or such other person as the City shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“*Disclosure Dissemination Agent*” shall mean Digital Assurance Certification LLC, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

“*Failure to File Event*” means the City’s failure to file an Annual Report on or before the Annual Filing Date.

* Preliminary, subject to change.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Force Majeure Event” means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent’s reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Certificate.

“Holder” means any person (i) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (ii) treated as the owner of any Bonds for federal income tax purposes.

“Information” means, collectively, the Annual Reports, the Audited Financial Statements (if any), the Notice Event notices, and the Failure to File Event notices.

“Issuer” means the Camarillo Public Finance Authority.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Marketplace Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Notice Event” means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Certificate.

“Obligated Person” means any person, including the City, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities). With respect to the Bonds, only the City constitutes the Obligated Person.

“Official Statement” means that Official Statement, dated August __, 2019, prepared by the Issuer and the City in connection with the Bonds.

“SEC” means the United States Securities and Exchange Commission.

“Trustee” means U.S. Bank National Association, as trustee under the Indenture off Trust, dated as of August 1, 2019, by and between the Issuer and the Trustee, as amended and supplemented, providing for the issuance of the Bonds.

SECTION 2. Provision of Annual Reports and Other Disclosures.

(a) The City shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy for the Trustee, not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB no later than March 31 following the end of each fiscal year, commencing with the report for Fiscal Year 2018-19. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Certificate.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the City of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the City will not be able to file the Annual Report within the time required under this Disclosure Certificate, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent that a Failure to File Event has occurred and to immediately send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the City irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit A without reference to the anticipated filing date for the Annual Report.

(d) If Audited Financial Statements of the City are prepared but not available prior to the Annual Filing Date, the City shall, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, together with a copy for the Trustee, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

- (i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;
- (ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) with the MSRB;
- (iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the MSRB;
- (iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed by the City pursuant to Section 4(a) or 4(b)(ii) when filing pursuant to Section 4(c) of this Disclosure Certificate.

- (v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Certificate, as applicable), promptly file a completed copy of Exhibit A to this Disclosure Certificate with the MSRB, identifying the filing as “Failure to provide annual financial information as required” when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Certificate;

(f) The City may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Trustee (if any) and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Certificate and that is accompanied by a Certification and all other information required by the terms of this Disclosure Certificate will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain an update of the following operating data with respect to the City’s Water System for the preceding Fiscal Year (to the extent not included in the audited financial statements described in paragraph (b) below, substantially similar to that provided in the corresponding tables and charts in the official statement for the Bonds, as follows:

- (i) Table 3— Number of Connections by Class of Customers;
- (ii) Table 4— Annual Potable Water Production, Purchases and Storage;
- (iii) Table 5—Metered Water Use by Customer Class;
- (iv) Table 6—Summary of Current Water Rates;
- (v) Table 9—Principal Water Customers;
- (vi) Using format of Table 14, a calculation of Debt Service Coverage; and
- (vii) The Water System’s budgeted expenditures for its capital improvement program for the next five years.

(b) Audited Financial Statements prepared in accordance with generally accepted accounting principles (“GAAP”) as described in the Official Statement will also be included in the Annual Report. If audited financial statements are not available, then, unaudited financial statements, prepared in accordance with GAAP as described in the Official Statement will be included in the Annual Report. Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the City is an Obligated Person, which have been previously filed with the Securities and Exchange Commission or available to the public on the MSRB Internet website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The City will clearly identify each such document so incorporated by reference.

Any Annual Financial Information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of Bond holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;¹
13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive Certificate to undertake such an action or the termination of a definitive Certificate relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

¹ For the purposes of the event described in subsection (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

15. Incurrence of a Financial Obligation of an Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of an Obligated Person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of an Obligated Person, any of which reflect financial difficulties.

The City shall, in a timely manner not in excess of ten (10) business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Certificate), include the text of the disclosure that the City desires to make, contain the written authorization of the City for the Disclosure Dissemination Agent to disseminate such information, and identify the date the City desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the City or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the City determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Certificate), include the text of the disclosure that the City desires to make, contain the written authorization of the City for the Disclosure Dissemination Agent to disseminate such information, and identify the date the City desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the City as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with the MSRB in accordance with Section 2(e)(iv) hereof.

SECTION 5. CUSIP Numbers. Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements, Notice Event notices, and Failure to File Event notices, the City shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

SECTION 6. Additional Disclosure Obligations. The City acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the City, and that the failure of the Disclosure Dissemination Agent to so advise the City shall not constitute a breach by the Disclosure Dissemination Agent of any of its duties and responsibilities under this Disclosure Certificate. The City acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Certificate.

SECTION 7. Voluntary Filings. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Certificate or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, or Failure to File Event notice, in addition to that required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, or Failure to File Event notice in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, or Failure to File Event notice.

SECTION 8. Termination of Reporting Obligation. The obligations of the City and the Disclosure Dissemination Agent under this Disclosure Certificate shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the City is no longer an Obligated Person with respect to such Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required with respect to such Bonds.

SECTION 9. Disclosure Dissemination Agent. Digital Assurance Certification LLC will serve as the initial Disclosure Dissemination Agent under this Disclosure Certificate. The City may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of the Disclosure Dissemination Agent, whether by notice of the City or the Disclosure Dissemination Agent, the City agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Certificate for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the City shall remain liable, until payment in full, for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the City.

SECTION 10. Remedies in Event of Default. In the event of a failure of the City or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Certificate, the Holders' rights to enforce the provisions of this Disclosure Certificate shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Certificate. Any failure by a party to perform in accordance with this Disclosure Certificate shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) Article VI of the Indenture is hereby made applicable to this Disclosure Certificate as if this Disclosure Certificate were (solely for this purpose) contained in the Indenture. The Disclosure Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Disclosure Dissemination Agent, the Trustee, their officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of the disclosure of information pursuant to this Disclosure Certificate or arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Disclosure Dissemination Agent's negligence or willful misconduct. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the City has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Certificate. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination

Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the City and shall not be deemed to be acting in any fiduciary capacity for the City, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the City's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the City has complied with this Disclosure Certificate. The Disclosure Dissemination Agent may conclusively rely upon certifications of the City at all times.

The obligations of the City under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the City.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Disclosure Certificate shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City and the Disclosure Dissemination Agent may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the City and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the City nor the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right but not the duty to adopt amendments to this Disclosure Certificate necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days prior written notice of the intent to do so together with a copy of the proposed amendment to the City. No such amendment shall become effective if the City shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Trustee of the Bonds, the Disclosure Dissemination Agent, the participating underwriters (as defined in the Rule), and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Certificate shall be governed by the laws of the State of California (other than with respect to conflicts of laws).

The City has caused this Disclosure Certificate to be executed, on the date first written above.

CITY OF CAMARILLO, as Obligated Person

By: _____

Name: _____

Title: _____

ACCEPTED AND AGREED TO:

DIGITAL ASSURANCE CERTIFICATION LLC,
as Disclosure Dissemination Agent

By: _____

Name: _____

Title: _____

EXHIBIT A
NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Issuer: Camarillo Public Finance Authority

Obligated Person: City of Camarillo, California

Name of Bond Issue: \$[principal amount] Camarillo Public Finance Authority (Ventura County, California) Water Revenue Bonds, Series 2019

Date of Issuance: August __, 2019

NOTICE IS HEREBY GIVEN that the City of Camarillo (the “City”) has not provided an Annual Report with respect to the above-named Bonds as required by the Disclosure Certificate of the City. The City anticipates that the Annual Report will be filed by _____.

Dated: ____, 20__

Digital Assurance Certification LLC, as Disclosure
Dissemination Agent

cc: Trustee

APPENDIX G

BOOK-ENTRY SYSTEM

The information in this Appendix G concerning The Depository Trust Company (“DTC”), New York, New York, and DTC’s book-entry system has been obtained from DTC and the Authority takes no responsibility for the completeness or accuracy thereof. The City and the Authority cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on

behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal, premium (if any), and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Principal, premium (if any), and interest payments with respect to the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the Bonds are required to be printed and delivered.

10. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, representing the Bonds will be printed and delivered to DTC in accordance with the provisions of the Indenture.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City and the Authority believe to be reliable, but the City and the Authority take no responsibility for the accuracy thereof.

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “Disclosure Certificate”), dated August __, 2019, is executed and delivered by the City of Camarillo, California (the “City”), for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “Rule”).

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Certificate shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

“*Annual Report*” means an Annual Report described in and consistent with Section 3 of this Disclosure Certificate.

“*Annual Filing Date*” means the date, set in Section 2(a) and Section 2(f), by which the Annual Report is to be filed with the MSRB.

“*Annual Financial Information*” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Certificate.

“*Audited Financial Statements*” means the financial statements (if any) of the City for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Certificate.

“*Bonds*” means \$[principal amount]* Camarillo Public Finance Authority (County of Ventura, California) Water Revenue Bonds, Series 2019.

“*Certification*” means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, or Failure to File Event notice delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, or Failure to File Event notice, required to be submitted to the MSRB under this Disclosure Certificate. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the City and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

“*Disclosure Representative*” means the Director of Finance of the City or his or her designee, or such other person as the City shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“*Disclosure Dissemination Agent*” shall mean Digital Assurance Certification LLC, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

“*Failure to File Event*” means the City’s failure to file an Annual Report on or before the Annual Filing Date.

* Preliminary, subject to change.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Force Majeure Event” means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent’s reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Certificate.

“Holder” means any person (i) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (ii) treated as the owner of any Bonds for federal income tax purposes.

“Information” means, collectively, the Annual Reports, the Audited Financial Statements (if any), the Notice Event notices, and the Failure to File Event notices.

“Issuer” means the Camarillo Public Finance Authority.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Marketplace Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Notice Event” means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Certificate.

“Obligated Person” means any person, including the City, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities). With respect to the Bonds, only the City constitutes the Obligated Person.

“Official Statement” means that Official Statement, dated August __, 2019, prepared by the Issuer and the City in connection with the Bonds.

“SEC” means the United States Securities and Exchange Commission.

“Trustee” means U.S. Bank National Association, as trustee under the Indenture off Trust, dated as of August 1, 2019, by and between the Issuer and the Trustee, as amended and supplemented, providing for the issuance of the Bonds.

SECTION 2. Provision of Annual Reports and Other Disclosures.

(a) The City shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy for the Trustee, not later than the Annual Filing

Appendix E
Page 2

Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB no later than March 31 following the end of each fiscal year, commencing with the report for Fiscal Year 2018-19. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Certificate.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the City of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the City will not be able to file the Annual Report within the time required under this Disclosure Certificate, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent that a Failure to File Event has occurred and to immediately send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the City irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit A without reference to the anticipated filing date for the Annual Report.

(d) If Audited Financial Statements of the City are prepared but not available prior to the Annual Filing Date, the City shall, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, together with a copy for the Trustee, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

- (i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;
- (ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) with the MSRB;
- (iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the MSRB;
- (iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed by the City pursuant to Section 4(a) or 4(b)(ii) when filing pursuant to Section 4(c) of this Disclosure Certificate.
- (v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Certificate, as applicable), promptly file a completed copy of Exhibit A to this Disclosure Certificate with the MSRB, identifying the filing as "Failure to provide annual financial information as required" when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Certificate;

(f) The City may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Trustee (if any) and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Certificate and that is accompanied by a Certification and all other information required by the terms of this Disclosure Certificate will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain an update of the following operating data with respect to the City's Water System for the preceding Fiscal Year (to the extent not included in the audited financial statements described in paragraph (b) below, substantially similar to that provided in the corresponding tables and charts in the official statement for the Bonds, as follows:

- (i) Table 3— Number of Connections by Class of Customers;
- (ii) Table 4— Annual Potable Water Production, Purchases and Storage;
- (iii) Table 5—Metered Water Use by Customer Class;
- (iv) Table 6—Summary of Current Water Rates;
- (v) Table 9—Principal Water Customers;
- (vi) Using format of Table 14, a calculation of Debt Service Coverage; and
- (vii) The Water System's budgeted expenditures for its capital improvement program for the next five years.

(b) Audited Financial Statements prepared in accordance with generally accepted accounting principles ("GAAP") as described in the Official Statement will also be included in the Annual Report. If audited financial statements are not available, then, unaudited financial statements, prepared in accordance with GAAP as described in the Official Statement will be included in the Annual Report. Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the City is an Obligated Person, which have been previously filed with the Securities and Exchange Commission or available to the public on the MSRB Internet website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The City will clearly identify each such document so incorporated by reference.

Any Annual Financial Information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of Bond holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;¹
13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive Certificate to undertake such an action or the termination of a definitive Certificate relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of an Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of an Obligated Person, any of which affect security holders, if material; and

¹ For the purposes of the event described in subsection (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of an Obligated Person, any of which reflect financial difficulties.

The City shall, in a timely manner not in excess of ten (10) business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Certificate), include the text of the disclosure that the City desires to make, contain the written authorization of the City for the Disclosure Dissemination Agent to disseminate such information, and identify the date the City desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the City or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the City determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Certificate), include the text of the disclosure that the City desires to make, contain the written authorization of the City for the Disclosure Dissemination Agent to disseminate such information, and identify the date the City desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the City as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with the MSRB in accordance with Section 2(e)(iv) hereof.

SECTION 5. CUSIP Numbers. Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements, Notice Event notices, and Failure to File Event notices, the City shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

SECTION 6. Additional Disclosure Obligations. The City acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the City, and that the failure of the Disclosure Dissemination Agent to so advise the City shall not constitute a breach by the Disclosure Dissemination Agent of any of its duties and responsibilities under this Disclosure Certificate. The City acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Certificate.

SECTION 7. Voluntary Filings. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Certificate or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, or Failure to File Event notice, in addition to that required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, or Failure to File Event notice in addition

to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, or Failure to File Event notice.

SECTION 8. Termination of Reporting Obligation. The obligations of the City and the Disclosure Dissemination Agent under this Disclosure Certificate shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the City is no longer an Obligated Person with respect to such Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required with respect to such Bonds.

SECTION 9. Disclosure Dissemination Agent. Digital Assurance Certification LLC will serve as the initial Disclosure Dissemination Agent under this Disclosure Certificate. The City may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of the Disclosure Dissemination Agent, whether by notice of the City or the Disclosure Dissemination Agent, the City agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Certificate for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the City shall remain liable, until payment in full, for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the City.

SECTION 10. Remedies in Event of Default. In the event of a failure of the City or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Certificate, the Holders' rights to enforce the provisions of this Disclosure Certificate shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Certificate. Any failure by a party to perform in accordance with this Disclosure Certificate shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) Article VI of the Indenture is hereby made applicable to this Disclosure Certificate as if this Disclosure Certificate were (solely for this purpose) contained in the Indenture. The Disclosure Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Disclosure Dissemination Agent, the Trustee, their officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of the disclosure of information pursuant to this Disclosure Certificate or arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Disclosure Dissemination Agent's negligence or willful misconduct. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the City has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Certificate. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the City and shall not be deemed to be acting in any fiduciary capacity for the City, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the City's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the City has complied with this Disclosure Certificate. The Disclosure Dissemination Agent may conclusively rely upon certifications of the City at all times.

The obligations of the City under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the City.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Disclosure Certificate shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City and the Disclosure Dissemination Agent may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the City and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the City nor the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right but not the duty to adopt amendments to this Disclosure Certificate necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days prior written notice of the intent to do so

together with a copy of the proposed amendment to the City. No such amendment shall become effective if the City shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Trustee of the Bonds, the Disclosure Dissemination Agent, the participating underwriters (as defined in the Rule), and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Certificate shall be governed by the laws of the State of California (other than with respect to conflicts of laws).

The City has caused this Disclosure Certificate to be executed, on the date first written above.

CITY OF CAMARILLO, as Obligated Person

By: _____
Name: _____
Title: _____

ACCEPTED AND AGREED TO:

DIGITAL ASSURANCE CERTIFICATION LLC,
as Disclosure Dissemination Agent

By: _____
Name: _____
Title: _____

EXHIBIT A
NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Issuer: Camarillo Public Finance Authority

Obligated Person: City of Camarillo, California

Name of Bond Issue: \$[principal amount] Camarillo Public Finance Authority (Ventura County, California) Water Revenue Bonds, Series 2019

Date of Issuance: August __, 2019

NOTICE IS HEREBY GIVEN that the City of Camarillo (the "City") has not provided an Annual Report with respect to the above-named Bonds as required by the Disclosure Certificate of the City. The City anticipates that the Annual Report will be filed by _____.

Dated: ____, 20__

Digital Assurance Certification LLC, as Disclosure
Dissemination Agent

cc: Trustee

MARKED TO SHOW CHANGES.**OFFICIAL NOTICE OF SALE****\$11,600,000*****CAMARILLO PUBLIC FINANCE AUTHORITY
(VENTURA COUNTY, CALIFORNIA)
WATER REVENUE BONDS, SERIES 2019**

NOTICE IS HEREBY GIVEN that *electronic bids only* for the purchase of \$11,600,000* aggregate principal amount of Camarillo Public Finance Authority (Ventura County, California) Water Revenue Bonds, Series 2019 (the “Bonds”), will be received by the Camarillo Public Finance Authority (the “Authority”) at the time and in the form below specified:

DATE AND TIME: *TUESDAY, August 6, 2019, until 9:30 A.M. (Pacific Daylight time).*

SUBMISSION OF BIDS: Bids may be submitted (for receipt not later than the date and time set forth above) *electronically only* through the I-Deal LLC BiDCOMP/PARITY® system (“PARITY®”). See “TERMS OF SALE – FORM OF BID; MINIMUM PURCHASE PRICE” herein.

ISSUE; BOOK ENTRY: The Bonds will be issued under an Indenture of Trust, dated as of August 1, 2019 (the “Indenture”), by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”). The Bonds will be dated as of their date of delivery, expected to be August 22, 2019, and will be issued in minimum denominations of \$5,000. The Bonds will be issued in a book entry only system with no physical distribution of the Bonds made to the public. The Depository Trust Company (“DTC”), will act as depository for the Bonds which will be immobilized in its custody. The Bonds will be registered in the name of Cede & Co., as nominee for DTC, on behalf of the participants in the DTC system and the subsequent beneficial owners of the Bonds.

MATURITIES: The Bonds will mature, or be subject to mandatory sinking fund redemption, on the dates and in the amounts, as set forth in the following table. *Each bidder is required to specify in its bid whether, for any particular year, the Bonds will mature or, alternately, be subject to mandatory sinking fund redemption in such year:*

Maturity Date (June 1)	Principal Amount*	Maturity Date (June 1)	Principal Amount*
2020	\$460,000	2030	\$585,000
2021	380,000	2031	610,000
2022	395,000	2032	635,000
2023	415,000	2033	660,000
2024	435,000	2034	685,000
2025	460,000	2035	710,000
2026	480,000	2036	740,000
2027	505,000	2037	765,000
2028	530,000	2038	785,000
2029	555,000	2039	810,000

*Preliminary, subject to change.

PAYMENT: The Bonds shall bear interest, calculated on a 30/360 day basis, at a rate or rates to be fixed upon the sale thereof but not to exceed 5% per annum, payable semiannually on each June 1 and December 1, commencing December 1, 2019. Interest on the Bonds will be payable by check or draft mailed by first class mail to the Bondowners at their addresses listed on the registration books maintained by the Trustee for such purpose. Principal of the Bonds will be payable upon surrender at the office of the Trustee in Los Angeles, California.

OPTIONAL REDEMPTION: The Bonds maturing on and prior to June 1, 2027, are not callable for optional redemption prior to their stated maturity date. The Bonds maturing on and after June 1, 2028, are callable for mandatory redemption prior to their stated maturity date, in whole or in part on any date on or after June 1, 2027, from the optional prepayment by the City of Camarillo, California (the "City") of Installment Payments under the Installment Sale Agreement (as such capitalized terms are defined below) from any available source of funds of the City, at a redemption price equal to the principal amount of the Bonds called for redemption, together with accrued interest to the date fixed for redemption, without premium.

SINKING FUND REDEMPTION: Bidders may designate two or more consecutive maturities of Bonds as term bonds, subject to the following limitations: (1) the final maturity date for the Bonds, including any term bond, shall be June 1, 2039; (2) each term Bond shall bear a single rate of interest; and (3) the term Bond(s) shall be subject to mandatory sinking fund redemption by lot on June 1 of each year, commencing with the year following the final serial bond maturity (or, if there is more than one term bond, the maturity date of any term bond having an earlier maturity, as the case may be), with the aggregate principal amount to be redeemed in each such year to be same as the aggregate principal amount set forth in the above maturity table and with each such redemption to be at a price equal to 100% of the principal amount to be redeemed plus accrued and unpaid interest thereon to the date fixed for redemption, without premium.

If no term bonds are designated in the winning bid, the Bonds will mature serially as shown under the section "MATURITIES" above, as may be amended by the Authority under the section "ADJUSTMENT OF PRINCIPAL AMOUNTS" below.

EXTRAORDINARY REDEMPTION: Up to \$5,000,000 principal amount of the Bonds are callable for redemption prior to their stated maturity date at the option of the Authority, in part in inverse order of maturity on any date on or after June 1, 2022, from the prepayment by the City of Installment Payments under the Installment Sale Agreement from the proceeds of a grant from the U.S. Bureau of Reclamation, if any, received by the City with respect to the Project (as defined below) after the date of issuance of the Bonds, at a redemption price equal to the principal amount of the Bonds called for redemption, together with accrued interest to the date fixed for redemption, without premium.

ADJUSTMENT OF PRINCIPAL AMOUNTS: The Authority reserves the right to increase or to decrease the principal amount of any maturity of the Bonds in \$5,000 increments as the Authority deems advisable, based on the actual rates of interest to be borne by the Bonds to obtain the necessary amount of bond proceeds and to structure substantially level debt service payments subject to the constraints and preferences of the Authority. Any such increase or decrease shall be allocated among the various maturities of the Bonds on such basis as the Authority deems advisable, and shall result in a proportionate increase or decrease (as the case

may be) in the amount of any premium or discount bid. Notice of such increase or decrease shall be given to the successful bidder as soon as practicable following the notification of award, as described below. No such adjustment will have the effect of altering the basis upon which the best bid is determined. Bidders should consider that bids generating significant premium (discount) may result in increased principal amortization in later (earlier) years. If there is an increase or decrease in the final aggregate principal amount of the Bonds or a change in the schedule of principal payments as described above, notice of such increase or decrease shall be given to the successful bidder as soon as practicable following the notification of award. The Authority will calculate the actual purchase price for the Bonds in a way that will preserve the successful bidder's original spread included in its bid (computed as a percentage of the final adjusted aggregate principal amount of the Bonds).

PURPOSE: The City, working together with the Authority, proposes to finance a portion of the costs of a groundwater desalter facility, known as the North Pleasant Valley Desalter Facility (the "Project") which is to be a part of the City's municipal water system (the "Water System"), and to pay the costs of issuance of the Bonds. To finance a portion of the costs of the Project, the Authority has determined to issue the Bonds.

SECURITY: In order to provide for the repayment of the Bonds, the City and the Authority will enter into an installment sale agreement, dated as of August 1, 2019 (the "Installment Sale Agreement"), pursuant to which the City will agree purchase the Project from the Authority and will make installment payments therefore (the "Installment Payments"), which Installment Payments will be calculated to be sufficient to enable the Authority to pay the principal of and interest and premium (if any) on the Bonds when due and payable.

The City is obligated under the Installment Sale Agreement to make Installment Payments from a first and prior lien on the Net Revenues of the Water System, on a parity with obligations of the City (the "Parity Obligations") hereafter issued or incurred by the City. "Net Revenues" are the gross revenues of the Water System, less operating and maintenance expenses of the Water System.

The City has covenanted under the Installment Sale Agreement to prescribe, revise and collect such charges from the services and facilities of the Water System which will produce gross revenues sufficient in each Fiscal Year to provide Net Revenues equal to at least 1.25 times the aggregate of obligations of the City with respect to the Installment Payments and payments with respect to the Parity Obligations in such Fiscal Year. The City will covenant in the Installment Sale Agreement that it will not issue any obligations senior to the Installment Payments and Parity Obligations.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE AUTHORITY, BUT ARE LIMITED OBLIGATIONS PAYABLE SOLELY FROM THE INSTALLMENT PAYMENTS AND CERTAIN FUNDS HELD PURSUANT TO THE INDENTURE. NEITHER THE CITY NOR THE STATE OF CALIFORNIA SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF THE BONDS OR THE INTEREST THEREON AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS THEREOF IS PLEDGED TO

THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE BONDS. THE AUTHORITY HAS NO TAXING POWER.

RATING: S&P Global Ratings, a Standard & Poor's Financial Services LLC business, has assigned the rating of "[AA]" to the Bonds. The cost of obtaining such rating will be borne entirely by the Authority and not by the successful bidder.

TERMS OF SALE

INTEREST RATE: No rate of interest may be bid which exceeds 5% per annum. Each rate bid must be a multiple of one-twentieth of one percent (1/20%) or one-eighth of one percent (1/8%). No Bond shall bear more than one interest rate, and all Bonds of the same maturity shall bear the same interest rate. Each Bond must bear interest at the rate specified in the bid from its date to its fixed maturity date. The rate on any maturity or group of maturities shall not be more than 4% higher than the interest rate on any other maturity or group of maturities.

FORM OF BID; MINIMUM PURCHASE PRICE: No bid shall be for less than 99% or greater than 120% of the aggregate principal amount of the Bonds. For Bonds maturing on and after June 1, 2028, no maturity may be reoffered at a price of less than 97.00%.

To the extent any instructions or directions set forth in BiDCOMP/PARITY® conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. For further information about BiDCOMP/PARITY®, bidders may contact Columbia Capital Management, LLC (the "Municipal Advisor") at (818) 385-4900 or BiDCOMP/PARITY® at (212) 404-8102.

THE AUTHORITY RETAINS ABSOLUTE DISCRETION TO DETERMINE WHETHER ANY BID IS TIMELY AND COMPLETE. NONE OF THE AUTHORITY, THE MUNICIPAL ADVISOR, OR QUINT & THIMMIG LLP ("BOND COUNSEL") TAKES ANY RESPONSIBILITY FOR INFORMING ANY BIDDER PRIOR TO THE TIME FOR RECEIVING BIDS THAT ITS BID IS INCOMPLETE OR NOT RECEIVED.

EACH BIDDER SUBMITTING AN ELECTRONIC BID UNDERSTANDS AND AGREES BY DOING SO THAT IT IS SOLELY RESPONSIBLE FOR ALL ARRANGEMENTS WITH BiDCOMP/PARITY® AND THAT BiDCOMP/PARITY® IS NOT ACTING AS AN AGENT OF THE AUTHORITY. INSTRUCTIONS AND FORMS FOR SUBMITTING ELECTRONIC BIDS MUST BE OBTAINED FROM BiDCOMP/PARITY® AND THE AUTHORITY ASSUMES NO RESPONSIBILITY FOR ENSURING OR VERIFYING BIDDER COMPLIANCE WITH THE PROCEDURES OF BiDCOMP/PARITY®. THE AUTHORITY SHALL ASSUME THAT ANY BID RECEIVED THROUGH BiDCOMP/PARITY® HAS BEEN MADE BY A DULY AUTHORIZED AGENT OF THE BIDDER.

THE AUTHORITY WILL MAKE ITS BEST EFFORTS TO ACCOMMODATE ELECTRONIC BIDS; HOWEVER THE AUTHORITY, THE MUNICIPAL ADVISOR AND BOND COUNSEL ASSUME NO RESPONSIBILITY FOR ANY ERROR CONTAINED IN ANY BID SUBMITTED ELECTRONICALLY, OR FOR FAILURE OF ANY BID TO BE TRANSMITTED, RECEIVED OR ACCEPTED AT THE OFFICIAL TIME FOR RECEIPT OF BIDS. THE OFFICIAL TIME FOR RECEIPT OF BIDS WILL BE DETERMINED BY THE AUTHORITY AND THE

AUTHORITY SHALL NOT BE REQUIRED TO ACCEPT THE TIME KEPT BY BiDCOMP/PARITY® AS THE OFFICIAL TIME.

BEST BID: The Bonds will be awarded to the responsible bidder or bidders offering to purchase the Bonds at the *lowest true interest cost* to the Authority, not to exceed 3.25%. The true interest cost of each bid will be determined on the basis of the present value of the aggregate future semiannual payments resulting from the interest rates specified by the bidder. The present value will be calculated to the dated date of the Bonds (assumed to be August 22, 2019) and will be based on the proposed bid amount (par value plus any premium). For the purpose of making such determination, it shall be assumed that any Bonds designated as term bonds by the bidder shall be deemed to be payable on the dates and in the amounts as shown under the section entitled "MATURITIES" herein. Each bidder is requested, but not required, to state in his bid the percentage true interest cost to the Authority, which shall be considered as informative only and shall not be binding on either the bidder or the Authority. The determination of the best bid by the Authority's Municipal Advisor shall be binding and conclusive on all bidders.

RIGHT OF CANCELLATION OF SALE BY AUTHORITY: The Authority reserves the right, in its sole discretion, at any time to cancel the public sale of the Bonds. In such event, the Authority shall cause notice of cancellation of this invitation for bids and the public sale of the Bonds to be communicated through PARITY® as promptly as practicable. However, no failure to publish such notice or any defect or omission therein shall affect the cancellation of the public sale of the Bonds.

RIGHT TO MODIFY OR AMEND: The Authority reserves the right, in its sole discretion, to modify or amend this official Notice of Sale including, but not limited to, the right to adjust and change the principal amount and principal amortization schedule of the Bonds being offered, at any time prior to the date and time for the receipt of bids, communicated through PARITY®.

RIGHT OF POSTPONEMENT BY AUTHORITY: The Authority reserves the right, in its sole discretion, to postpone, from time to time, the date established for the receipt of bids. Any such postponement will be communicated through the PARITY® prior to the date and time for the receipt of bids. If any date is postponed, any alternative sale date will be announced through PARITY® at least 24 hours prior to such alternative sale date. On any such alternative sale date, any bidder may submit a bid for the purchase of the Bonds in conformity in all respects with the provisions of this Official Notice of Sale, except for the date of sale and except for the changes announced by through PARITY® at the time the sale date and time are announced.

RIGHT OF REJECTION: The Authority reserves the right, in its sole discretion, to reject any and all bids and to waive any irregularity or informality in any bid except that no bids will be accepted later than 9:30 A.M. on the date set for receipt of bids.

PROMPT AWARD: Pursuant to authority granted by the Board of Directors of the Authority (the "Board"), the Treasurer of the Authority will take action awarding the Bonds or rejecting all bids not later than the close of business on the date for the receipt of bids; provided, that the award may be made after the expiration of the specified time if the bidder shall not have given to the Authority notice in writing of the withdrawal of such proposal. Any bid submitted

pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

PLACE OF DELIVERY; CANCELLATION FOR LATE DELIVERY: It is expected that the Bonds will be delivered to DTC for the account of the successful bidder within thirty (30) days from the date of sale thereof. The successful bidder shall have the right, at his option, to cancel its obligation to purchase the Bonds if the Bonds are not tendered for delivery within thirty (30) days from the date of the sale thereof, and in such event the successful bidder shall be entitled to the return of the deposit accompanying its bid.

GOOD FAITH DEPOSIT: A good faith deposit ("Deposit") in the form of a certified or cashier's check or a wire transfer, in the amount of \$250,000, payable to the order of the Trustee, must be remitted by the winning bidder within 24 hours after the acceptance of its bid. The Deposit shall be applied toward the purchase price of the Bonds. If after the award of the Bonds the successful bidder or bidders fail to complete their purchase on the terms stated in their bid, the Deposit will be retained by the Authority. No interest on the Deposit will accrue to any bidder.

CHANGE IN TAX EXEMPT STATUS: At any time before the Bonds are tendered for delivery, the successful bidder may disaffirm and withdraw his proposal if the interest received by private holders from Bonds of the same type and character shall be declared to be taxable income under present federal income tax laws, either by a ruling of the Internal Revenue Service or by a decision of any federal court, or shall be declared taxable, or be required to be taken into account in computing federal income taxes (except alternative minimum taxes and environmental taxes payable by corporations) by any federal income tax law enacted subsequent to the date of this notice.

CLOSING PAPERS; BOND PRINTING: Each proposal will be understood to be conditioned upon the Authority furnishing to the purchaser, without charge, concurrently with payment for and delivery of the Bonds, the following closing papers, each dated the date of delivery:

(a) the opinion of Quint & Thimmig LLP, Larkspur, California, Bond Counsel, approving the validity of the Bonds and stating that, subject to the Authority's and the City's compliance with certain covenants, the interest on the Bonds is excluded from gross income for federal income tax purposes, such interest is not an item of tax preference for purposes of the federal alternative minimum tax and interest on the Bonds is exempt from State of California personal income taxes (other tax consequences to owners of the Bonds, if any, will not be addressed in the opinion);

(b) a certificate of the Authority certifying that on the basis of the facts, estimates and circumstances in existence on the date of issue, it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be arbitrage bonds;

(c) a certificate of the Authority, signed by an officer of the Authority, certifying that the officers of the Authority that have signed the Bonds, whether by facsimile or manual signature, were duly authorized to execute the same;

(d) the receipt of the Authority evidencing the receipt of the purchase price of the Bonds;

(e) a certificate of the Authority, certifying that there is no known litigation threatened or pending (with respect to which the Authority has been served with process) affecting the validity of the Bonds; and

(f) A certificate of the Authority, signed by an officer of the Authority, described under the heading "DISCLOSURE CERTIFICATE" below.

CUSIP NUMBERS: It is anticipated that CUSIP numbers will be printed on the Bonds, but neither the failure to print such number on any Bond nor error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with the terms of this Official Notice of Sale. All expenses of printing CUSIP numbers on the Bonds and the CUSIP Service Bureau charge for the assignment of said numbers shall be paid by the Authority.

ESTABLISHMENT OF ISSUE PRICE: The winning bidder shall assist the Authority in establishing the issue price of the Bonds and shall execute and deliver to the Authority at closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the Authority and Bond Counsel. All actions to be taken by the Authority under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the Authority by the Municipal Advisor and any notice or report to be provided to the Authority may be provided to the Municipal Advisor.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

The Authority may choose to apply either the "Competitive Bid" method or the "General Method" in determining the "Issue Price" of the Bonds. If the Authority does not receive bids from at least three underwriters who have established industry reputations for underwriting new issuances of municipal bonds, the Authority will use the "General Method" based on actual sale prices of at least 10% of each maturity of the Bonds.

CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION: The successful bidder will be required, pursuant to State law, to pay any fees to the California Debt and Investment Advisory Commission relating to the sale of the Bonds when due.

DTC FEES: All fees due DTC with respect to the Bonds shall be paid by the successful bidder or bidders.

OFFICIAL STATEMENT: The Authority has caused to be prepared a Preliminary Official Statement describing the Bonds in a form deemed final by the Authority within the meaning of Rule 15c2-12 of the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended (the "Rule"), except for certain information which is permitted under the Rule to be omitted from the Preliminary Official Statement. A copy of the Preliminary Official Statement will be furnished upon request to Columbia Capital Management, LLC, 100

North Brand Boulevard, Suite 605, Glendale, CA 91203, telephone (818) 385-4900. The Authority will furnish to the successful bidder within seven business days following the date of award, at no charge, not in excess of 25 copies of the Official Statement for use in connection with any resale of the Bonds.

DISCLOSURE CERTIFICATE: The Authority will deliver to the purchaser of the Bonds a certificate of an official of the Authority, dated the date of Bond delivery, stating that as of the date thereof, to the best of the knowledge and belief of said official, the Official Statement does not contain an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and further certifying that the signatory knows of no material adverse change in the condition of the Authority which would make it unreasonable for the purchaser of the Bonds to rely upon the Official Statement in connection with the resale of the Bonds.

CONTINUING DISCLOSURE: In order to assist bidders in complying with SEC Rule 15c2-12(b)(5), the Authority will undertake, pursuant to a Continuing Disclosure Certificate, to provide annual reports and notices of certain significant events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement.

Dated: _____, 2019

EXHIBIT A

\$ _____

**CAMARILLO PUBLIC FINANCE AUTHORITY
(Ventura County, California)
Water Revenue Bonds, Series 2019**

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of _____ (the "Bidder"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds").

1. Reasonably Expected Initial Offering Prices.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Bidder are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Bidder in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by the Bidder to purchase the Bonds.

(b) the Bidder was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Bidder constituted a firm offer to purchase the Bonds.

2. Defined Terms.

(a) "Maturity" means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an underwriter or a related party to an underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) "Sale Date" means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is _____, 2019.

(d) "underwriter" means (i) any person that agrees pursuant to a written contract with the Camarillo Public Finance Authority (the "Authority") (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the

Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Bidder's interpretation of any laws, including specifically sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Authority with respect to certain of the representations set forth in the Certificate as to Arbitrage and with respect to compliance with the federal income tax rules affecting the Bonds, and by Quint & Thimmig LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G for the Bonds and other federal income tax advice that it may give to the Authority from time to time relating to the Bonds.

Dated: August 21, 2019

_____, *as Bidder*

By _____

Name _____

Title _____

Dated _____

SCHEDULE A TO ISSUE PRICE CERTIFICATE

\$ _____

**CAMARILLO PUBLIC FINANCE AUTHORITY
(Ventura County, California)
Water Revenue Bonds, Series 2019**

REASONABLY EXPECTED INITIAL OFFERING PRICES

<u>Maturity Date (June 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
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SCHEDULE B TO ISSUE PRICE CERTIFICATE

\$ _____
CAMARILLO PUBLIC FINANCE AUTHORITY
(Ventura County, California)
Water Revenue Bonds, Series 2019

UNDERWRITER'S BID