



## Folsom City Council Staff Report

<b>MEETING DATE:</b>	7/14/2020
<b>AGENDA SECTION:</b>	Joint Meeting New Business
<b>SUBJECT:</b>	City of Folsom Community Facilities District No. 10 (Empire Ranch)
<b>FROM:</b>	Finance Department

### **RECOMMENDATION / CITY COUNCIL ACTION / PUBLIC FINANCING AUTHORITY ACTION**

It is recommended that the City Council adopt the following resolution:

Resolution No. 10488 - A Resolution of the City Council of the City of Folsom Authorizing the Issuance of Not to Exceed \$9,500,000 Aggregate Principal Amount of City of Folsom Community Facilities District No. 10 Special Tax Refunding Bonds, Series 2020, in One or More Series, Approving the Execution and Delivery of a Seventh Supplemental Indenture, and Other Matters Related thereto

It is recommended that the Board of the Authority adopt the following resolution:

Resolution No. 20-073-PFA – A Resolution of the Governing Board of the Folsom Public Financing Authority Approving an Escrow Agreement and Execution and Delivery thereof and Authorizing Related Actions Necessary to Implement the Refunding of the Authority’s Special Tax Revenue Bonds Series 2010A and Subordinated Series 2010B

### **BACKGROUND / ISSUE**

The City previously issued bonds for Community Facilities District No. 10 (CFD No. 10) as follows:

- 1995 Prior Bonds: Fund authorized facilities
- 1999 Prior Bonds: Fund authorized facilities and refund the outstanding 1995 Prior Bonds

- 2003 Prior Bonds: Fund authorized facilities
- 2007 Prior Bonds: Fund authorized facilities and refund a portion of outstanding 1999 Prior Bonds
- 2010 Prior Bonds: Refund the remaining outstanding 1999 Prior Bonds
- 2017A Prior Bonds: Refund a portion of outstanding 2007 Prior Bonds
- 2017B Prior Bonds: Fund authorized facilities and refund the remaining outstanding 2007 Prior Bonds

In 2010, simultaneous with the City's issuance of the 2010 Prior Bonds, the Folsom Public Financing Authority issued its Special Tax Revenue Bonds, Series 2010A and Subordinated Series 2010B (2010 Authority Bonds), in the original aggregate principal amount of \$23,180,000, a portion of the proceeds of which were used to purchase the 2010 Prior Bonds. The 2010 Authority Bonds are eligible to be redeemed on or after September 1, 2020 with no call premium.

In consultation with the City's Financial Advisor, Fieldman, Rolapp & Associates, Inc., the City elects to pursue refunding the 2010 Prior Bonds by private placement. Brandis Tallman LLC was chosen to be the Placement Agent, and following the solicitation of bids from lenders, CN Financing, Inc, as represented by Municipal Finance Corporation, was chosen to directly purchase the proposed City of Folsom CFD No. 10 Special Tax Refunding Bonds, Series 2020 (2020 Special Tax Refunding Bonds). The payment of the redemption price of the 2010 Prior Bonds will provide a portion of the funds necessary to redeem the remaining outstanding 2010 Authority Bonds on September 1, 2020.

### **POLICY / RULE**

Resolution No. 7332 - A Resolution Adopting the Financial Policies of the City of Folsom. The Debt Management section (Section) of the Financial Policies states that in the case of a refunding of an existing debt issue, a minimum of three percent (3%) present value of debt service savings (net of costs relating to the refunding) be realized. The Section also prohibits the extension of debt service payments beyond the term of the originally issued debt and requires a 5 to 1 value-to-lien ratio.

### **ANALYSIS**

The debt management policy lists among the criteria for refunding bonds that the refunding generate at least three percent (3%) of the refunded bond principal amount net of all costs related to the refunding. The calculations provided below are based upon rates as of June 30, 2020. The interest rate of the refunding bonds was agreed upon on June 17, 2020 and is guaranteed for 60 days.

The information below illustrates the savings anticipated by the issuance of the 2020 Special Tax Refunding Bonds.

- Current Average Interest Rate (2010 Prior Bonds): 5.28%
- Estimated Average Interest Rate (2020 Special Tax Refunding Bonds): 1.58%

- Total Debt Service Savings: \$1,796,798
- Percentage Savings of 2010 Prior Bonds: 5.97%

By adopting Resolution 10488, the City is authorizing the issuance of not to exceed \$9,500,000 of CFD No. 10 Special Tax Refunding Bonds, Series 2020, approving the execution and delivery of a seventh supplemental indenture, and directing the officers of the City to execute and deliver any and all documents necessary to comply with the terms and intent of the resolution.

By adopting Resolution 20-073-PFA, the Authority is approving the form and substance of the Escrow Agreement, and directing the officers of the Authority to execute and deliver any and all documents, including the Escrow Agreement, necessary to comply with the terms and intent of the resolution.

Per the debt management policies of the City, the anticipated overall percentage savings of the refunded bonds are 5.97%, there is no extension of the debt, and the value to lien amount of CFD No. 10 exceeds the 5 to 1 ratio required.

### **FINANCIAL IMPACT**

There is no direct General Fund impact on the City of Folsom. All costs related to this financing will be offset by revenues generated from the sale of the 2020 Special Tax Refunding Bonds.

### **ENVIRONMENTAL REVIEW**

This action is exempt from environmental review pursuant to CEQA Guidelines §15061(b)(3).

### **ATTACHMENTS**

1. Resolution No. 10488 - A Resolution of the City Council of the City of Folsom Authorizing the Issuance of Not to Exceed \$9,500,000 Aggregate Principal Amount of City of Folsom Community Facilities District No. 10 Special Tax Refunding Bonds, Series 2020, in One or More Series, Approving the Execution and Delivery of a Seventh Supplemental Indenture, and Other Matters Related thereto
2. Resolution No. 20-073-PFA – A Resolution of the Governing Board of the Folsom Public Financing Authority Approving an Escrow Agreement and Execution and Delivery thereof and Authorizing Related Actions Necessary to Implement the Refunding of the Authority’s Special Tax Revenue Bonds Series 2010A and Subordinated Series 2010B
3. Escrow Agreement
4. Seventh Supplemental Indenture, CFD No. 10

5. City of Folsom Community Facilities District No. 10 Special Tax Refunding Bonds, Series  
2020 Good Faith Estimates

Submitted,

A handwritten signature in cursive script, appearing to read "Stacey Tamagni", is written above a horizontal line.

Stacey Tamagni  
Finance Director/Treasurer of the Authority

# ATTACHMENT 1

**RESOLUTION NO. 10488**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY  
OF FOLSOM AUTHORIZING THE ISSUANCE OF NOT TO  
EXCEED \$9,500,000 AGGREGATE PRINCIPAL AMOUNT  
OF CITY OF FOLSOM COMMUNITY FACILITIES  
DISTRICT NO. 10 SPECIAL TAX REFUNDING BONDS,  
SERIES 2020, IN ONE OR MORE SERIES, APPROVING  
THE EXECUTION AND DELIVERY OF A SEVENTH  
SUPPLEMENTAL INDENTURE, AND OTHER MATTERS  
RELATED THERETO**

**WHEREAS**, the City Council (the “City Council”) of the City of Folsom (the “City”) conducted proceedings under and pursuant to the Mello-Roos Community Facilities Act of 1982 (the “Act”) to form the City of Folsom Community Facilities District No. 10 (the “District”), to authorize the levy of a special tax (the “Special Tax”) within the District and to authorize bonds secured by the Special Tax; and

**WHEREAS**, the City Council issued its City of Folsom Community Facilities District No. 10 Special Tax Bonds, Series 1995 (the “1995 Prior Bonds”), in the original principal amount of \$23,800,000, pursuant to an Indenture, dated as of July 11, 1995 (the “Original Indenture”), for the purpose of financing certain authorized facilities to be acquired and/or constructed within the District; and

**WHEREAS**, the City Council issued its City of Folsom Community Facilities District No. 10 Special Tax Bonds, Series 1999 (the “1999 Prior Bonds”), in the original principal amount of \$42,545,000, pursuant to the Original Indenture, as supplemented by the First Supplemental Indenture, dated as of December 1, 1999 (the “First Supplemental Indenture”), for the purpose of financing certain authorized facilities to be acquired and/or constructed within the District and refunding all of the outstanding 1995 Prior Bonds; and

**WHEREAS**, the City Council issued its City of Folsom Community Facilities District No. 10 Special Tax Bonds, Series 2003 (the “2003 Prior Bonds”), in the original principal amount of \$24,015,000, pursuant to the Original Indenture, as supplemented by the Second Supplemental Indenture, dated as of October 1, 2003 (the “Second Supplemental Indenture”), for the purpose of financing certain authorized facilities to be acquired and/or constructed within the District; and

**WHEREAS**, the City Council issued its City of Folsom Community Facilities District No. 10 Special Tax Refunding and Capital Improvement Bonds, Series 2007 (the “2007 Prior Bonds”), in the original principal amount of \$42,165,000, pursuant to the Original Indenture, as supplemented by the Third Supplemental Indenture, dated as of July 1, 2007 (the “Third Supplemental Indenture”), for the purpose of refunding a portion of the 1999 Prior Bonds and financing certain authorized facilities to be acquired and/or constructed within the District; and

**WHEREAS**, the City Council issued its City of Folsom Community Facilities District No. 10 Special Tax Refunding Bonds, Series 2010 (the “2010 Prior Bonds”), in the original principal amount of \$23,180,000, pursuant to the Original Indenture, as supplemented by the

Fourth Supplemental Indenture, dated as of July 1, 2010 (the “Fourth Supplemental Indenture”), for the purpose of refunding all of the then outstanding 1999 Prior Bonds; and

**WHEREAS**, the City Council issued its City of Folsom Community Facilities District No. 10 Special Tax Refunding Bonds, Series 2017A (the “2017A Prior Bonds”), in the original principal amount of \$27,875,000, pursuant to the Original Indenture, as supplemented by the Fifth Supplemental Indenture, dated as of July 1, 2017 (the “Fifth Supplemental Indenture”), for the purpose of refunding a portion of the then outstanding 2007 Prior Bonds; and

**WHEREAS**, the City Council issued its City of Folsom Community Facilities District No. 10 Special Tax Refunding Bonds, Series 2017B (the “2017B Prior Bonds”), in the original principal amount of \$2,810,000, pursuant to the Original Indenture, as supplemented by the Sixth Supplemental Indenture, dated as of July 1, 2017 (the “Sixth Supplemental Indenture”), for the purpose of refunding the remaining portion of the then outstanding 2007 Prior Bonds and financing certain authorized facilities to be acquired and/or constructed within the District; and

**WHEREAS**, in order to refinance all of the outstanding 2010 Prior Bonds the City Council desires to authorize the issuance of one or more series of bonds to be designated “City of Folsom Community Facilities District No. 10 Special Tax Refunding Bonds, Series 2020” (collectively, the “Bonds”), in an aggregate principal amount of not to exceed \$9,500,000; and

**WHEREAS**, the City proposes to sell the Bonds to CN Financing, Inc., a Qualified Institutional Buyer, by negotiated sale; and

**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 secured and to secure the payment of the principal thereof, premium, if any, and interest thereon, the City proposes to enter into a Seventh Supplemental Indenture (the “Seventh Supplemental Indenture” and, together with the Original Indenture, the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, and the Sixth Supplemental Indenture, the “Indenture”), each with MUFG Union Bank, N.A., as fiscal agent (the “Fiscal Agent”); and

**WHEREAS**, there has been prepared and submitted to the City Council for consideration at this meeting the form of Seventh Supplemental Indenture; and

**WHEREAS**, the City desires to proceed to issue and sell the Bonds, in one or more series, and to authorize the execution of such documents and the performance of such acts as may be necessary or desirable to effect the offering, sale and issuance of the Bonds; and

**WHEREAS**, Government Code Section 5852.1 requires that the City Council obtain from an underwriter, financial adviser or private lender and disclose, prior to authorization of the issuance of bonds with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the bonds, (b) the sum of all fees and charges paid to third parties with respect to the bonds, (c) the amount of proceeds of the bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the bonds, and (d) the sum total of all debt

service payments on the bonds calculated to the final maturity of the bonds plus the fees and charges paid to third parties not paid with the proceeds of the bonds; and

**WHEREAS**, in compliance with Government Code Section 5852.1, the City Council has obtained from Fieldman, Rolapp & Associates, Inc., as municipal adviser, the required good faith estimates and such estimates have been disclosed at this meeting; and

**WHEREAS**, being fully advised in the matter of the refinancing, the City Council wishes to proceed with implementation of said refinancing;

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Folsom as follows:

Section 1. The foregoing recitals are true and correct, and this City Council so finds and determines.

Section 2. This City Council has reviewed all proceedings heretofore taken relative to the foregoing and has found, as a result of such review, and does hereby find and determine that all acts, conditions and things required by law to exist, to happen and to be performed precedent to and in the issuance of the Bonds as hereinafter authorized and provided do exist, have happened and have been performed in due time, form and manner as required by law, and the City is now authorized pursuant to each and every requirement of law to issue the Bonds in the manner and form as provided in this Resolution.

Section 3. The City Council hereby finds and determines that the sale of the Bonds at negotiated sale to CN Financing, Inc. will result in a lower overall cost.

Section 4. The issuance of the Bonds, in one or more series, in the aggregate principal amount of not to exceed \$9,500,000, on the terms and conditions set forth in, and subject to the limitations specified in, the Indenture, is hereby authorized and approved. The Bonds shall be dated, shall bear interest at the rates, shall mature on the dates, shall be issued in the form, shall be subject to call and redemption and shall be as otherwise provided in the Indenture, as the same shall be completed as provided in this Resolution.

Section 5. The Seventh Supplemental Indenture, in substantially the form submitted to this meeting and made a part hereof as though set forth herein is hereby approved. The Mayor of the City, and such other members of the City Council as the Mayor may designate, the Vice Mayor of the City, the City Manager, the Finance Director of the City, and the City Clerk (each an "Authorized Officer" and collectively, the "Authorized Officers") are, and each of them is, hereby authorized and directed, for and in the name of the City, to execute and deliver the Seventh Supplemental Indenture in the form submitted to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, in consultation with the City Attorney; provided, however, that such changes, insertions and omissions shall not authorize an aggregate principal amount of Bonds in excess of \$9,500,000, shall not result in a final maturity date of the Bonds later than September 1, 2024, and shall not result in a true interest cost for the Bonds in excess of 3.00%. The approval of the Seventh Supplemental Indenture shall be conclusively evidenced by the execution thereof by such Authorized Officer.



Section 6. The refunding of the 2010 Prior Bonds is hereby approved. Such refunding shall be accomplished by redeeming the 2010 Prior Bonds on September 1, 2020 by paying the redemption price therefor. In accordance with Section 53363.8 of the Act, the City Council hereby designates the following costs and expenses as the “designated costs of issuing the refunding bonds”:

- 1) all expenses incident to the calling, retiring, or paying of the 2010 Prior Bonds and incident to the issuance of the Bonds, including the charges of any agent in connection with the issuance of the Bonds or in connection with the redemption or retirement of the 2010 Prior Bonds;
- 2) the interest upon the 2010 Prior Bonds from the date of sale of the Bonds to the date upon which the 2010 Prior Bonds will be called; and
- 3) any premium necessary in the calling or retiring of the 2010 Prior Bonds.

Section 7. Pursuant to Section 53345.8 of the Act and the City’s Local Goals and Policies, the City Council hereby finds and determines that the value of the real property that would be subject to the Special Tax to pay debt service on the Bonds will be at least three (3) times the principal amount of the Bonds to be sold and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act on property within the District or a special assessment levied on property within the District. The City Council determines in its sole discretion that it is necessary and desirable to waive certain of its Local Goals and Policies to the extent the issuance of the Bonds does not conform thereto.

Section 8. Notwithstanding the refunding of the 2010 Prior Bonds, it is the City’s intention that any proceeds realized through foreclosure actions commenced with respect to delinquent special taxes previously levied to pay the principal of and interest on the 2010 Prior Bonds, shall, to the maximum extent possible, be transferred to the Fiscal Agent and applied to the payment of debt service on the Bonds and to the appropriate reduction of Special Taxes, as defined in the Indenture.

Section 9. The Authorized Officers are, and each of them hereby is, authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the issuance of the Bonds and the transactions contemplated by this Resolution.

Section 10. All actions heretofore taken by the Authorized Officers and by the officers and staff of any member of the City with respect to the District, the 2010 Prior Bonds, the Special Tax and the issuance and sale of the Bonds, or in connection with or related to any of the agreements or documents referenced herein, are hereby approved, confirmed and ratified.

Section 11. This Resolution shall take effect immediately upon its adoption.

**PASSED AND ADOPTED** this 14th day of July 2020, by the following roll-call vote:

**AYES:** Council Member(s):

**NOES:** Council Member(s):

**ABSENT:** Council Member(s):

**ABSTAIN:** Council Member(s):

APPROVED:

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Sarah Aquino, MAYOR

ATTEST:

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Christa Freemantle, CITY CLERK

## ATTACHMENT 2

**FOLSOM PUBLIC FINANCING AUTHORITY**

**RESOLUTION NO. 20-073-PFA**

**A RESOLUTION OF THE GOVERNING BOARD OF THE FOLSOM PUBLIC FINANCING AUTHORITY APPROVING AN ESCROW AGREEMENT AND EXECUTION AND DELIVERY THEREOF AND AUTHORIZING RELATED ACTIONS NECESSARY TO IMPLEMENT THE REFUNDING OF THE AUTHORITY'S SPECIAL TAX REVENUE BONDS SERIES 2010A AND SUBORDINATED SERIES 2010B**

**WHEREAS**, the Folsom Public Financing Authority is a joint exercise of powers entity duly organized and existing under and by virtue of the laws of the State of California (the "Authority"); and

**WHEREAS**, the Authority previously issued its Folsom Public Financing Authority Special Tax Revenue Bonds, Series 2010A (the "Series 2010A Bonds") and Folsom Public Financing Authority Special Tax Revenue Bonds, Subordinated Series 2010B (the "Series 2010B Bonds" and, together with the Series 2010A Bonds, the "Prior Bonds"), to purchase certain local obligations consisting of the City of Folsom Community Facilities District No. 10 Special Tax Refunding Bonds, Series 2010 (the "Prior Local Obligations") issued by the City of Folsom (the "City"); and

**WHEREAS**, the City has determined to issue certain obligations to refund the Prior Local Obligations, consisting of the City of Folsom Community Facilities District No. 10 Special Tax Refunding Bonds, Series 2020; and

**WHEREAS**, the payment of the redemption price of the Prior Local Obligations will provide a portion of the funds necessary to redeem the remaining outstanding Prior Bonds on September 1, 2020; and

**WHEREAS**, in furtherance of implementing the refunding of the Prior Bonds, there has been filed with the Authority Secretary for consideration and approval by this Board a form of Escrow Agreement (the "Escrow Agreement"), between the Authority and MUFG Union Bank, N.A., as trustee for the Prior Bonds and escrow agent, providing for the redemption of the Prior Bonds; and

**WHEREAS**, being fully advised in the matter of the proposed refunding of the Prior Bonds, this Board wishes to proceed with implementation of said refunding; and

**WHEREAS**, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the refunding authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Authority is now duly authorized and empowered, pursuant to each and every requirement of law, to authorize the execution and delivery of certain documents in order to further implement the refunding in the manner and upon the terms herein provided; and

**NOW, THEREFORE, BE IT RESOLVED** by the Governing Board of the Folsom Public Financing Authority as follows:

Section 1. The foregoing recitals are true and correct, and this Board so finds and determines.

Section 2. The form and substance of the Escrow Agreement is hereby approved. The Executive Director of the Authority, the Treasurer of the Authority, the Chair of the Authority, the Vice-Chair of the Authority, or any designee thereof are hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Escrow Agreement in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. The officers of the Authority are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents, including any agreement, which they may deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this Resolution and the refunding of the Prior Bonds. Such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 4. This Resolution shall take effect immediately upon its passage.

**PASSED AND ADOPTED** this 14th day of July 2020, by the following roll-call vote:

**AYES:** Board Member(s):

**NOES:** Board Member(s):

**ABSENT:** Board Member(s):

**ABSTAIN:** Board Member(s):

APPROVED:

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Sarah Aquino, CHAIRPERSON

ATTEST:

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Christa Freemantle, SECRETARY

## ATTACHMENT 3

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ESCROW AGREEMENT

between the

FOLSOM PUBLIC FINANCING AUTHORITY

and

MUFG UNION BANK, N.A.,  
As Prior Trustee and Escrow Agent

Dated as of July 1, 2020

RELATING TO THE

FOLSOM PUBLIC FINANCING AUTHORITY  
SPECIAL TAX REVENUE BONDS, SERIES 2010A AND SUBORDINATED SERIES 2010B  
(the "Prior Bonds")

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ESCROW AGREEMENT

This Escrow Agreement (this “Escrow Agreement”), dated as of July 1, 2020, is between the Folsom Public Financing Authority (the “Issuer”), and MUFG Union Bank, N.A., a national banking association duly organized and existing under and by virtue of the laws of the United States of America being qualified to accept and administer the trusts hereby created, as the trustee for the Prior Bonds (the “Prior Trustee”) and escrow agent (the “Escrow Agent”).

WITNESSETH:

WHEREAS, pursuant to a Trust Agreement, dated as of July 1, 2010 (the “Prior Trust Agreement”), the Issuer issued its Folsom Public Financing Authority Special Tax Revenue Bonds, Series 2010A (the “Series 2010A Bonds”) and the Folsom Public Financing Authority Special Tax Revenue Bonds, Subordinated Series 2010B (the “Series 2010B Bonds” and, together with the Series 2010A Bonds, the “Prior Bonds”), to purchase certain local obligations consisting of the City of Folsom Community Facilities District No. 10 Special Tax Refunding Bonds, Series 2010 (the “Prior Local Obligations”) issued by the City of Folsom (the “City”); and

WHEREAS, the City of Folsom (the “City”) has determined to issue certain obligations to refund the Prior Local Obligations, consisting of the City of Folsom Community Facilities District No. 10 Special Tax Refunding Bonds, Series 2020 (the “City Obligations”); and

WHEREAS, the payment of the redemption price of the Prior Local Obligations will provide a portion of the funds necessary to redeem the remaining outstanding Prior Bonds on September 1, 2020 (the “Redemption Date”) at a redemption price (the “Redemption Price”) equal to 100% of the principal amount of the Prior Bonds being so redeemed; and

WHEREAS, the Prior Bonds are subject to redemption on the Redemption Date and the Issuer has determined to provide for the call for redemption on the Redemption Date of the Prior Bonds outstanding on the Redemption Date; and

WHEREAS, the Issuer has taken action to cause to be delivered to the Escrow Agent on the date hereof from the proceeds of sale of the Bonds and other sources the amounts set forth in the table below:

CFD No. 10 2010 Proceeds  
CFD No. 10 2010 Debt Service Payment  
CFD No. 10 2010 Special Tax Fund  
CFD No. 10 2010 Redemption Fund  
CFD No. 10 2010 Reserve Subaccount

**TOTAL:**

which amount has been deposited by the Escrow Agent in the Escrow Fund hereinafter referred to and which will be held by the Escrow Agent in the Escrow Fund and a portion of which will be



used on the date hereof to purchase those certain noncallable United States Treasury obligations (the "Escrow Securities") listed in Exhibit A attached hereto and made a part hereof by this reference; and

WHEREAS, the Escrow Securities, together with the income to accrue on such Escrow Securities and the uninvested money held in the Escrow Fund will be sufficient in accordance with the Prior Trust Agreement, as certified by Robert Thomas CPA, LLC (the "Verification Agent"), to pay the interest on the Prior Bonds due and payable on September 1, 2020, to pay the principal of the Prior Bonds due and payable on September 1, 2020 and to redeem the remaining outstanding Prior Bonds on the Redemption Date at the Redemption Price.

NOW, THEREFORE, the Issuer and the Escrow Agent hereby agree as follows:

SECTION 1. Establishment, Maintenance and Use of Escrow Fund. The Escrow Agent shall apply amounts in the Escrow Fund to purchase the Escrow Securities and shall hold the remaining \$[ ] uninvested. The Escrow Agent shall establish and maintain the Escrow Fund (the "Escrow Fund") until the Prior Bonds have been paid and redeemed as provided in Section 2 hereof. The Escrow Agent agrees to hold the Escrow Securities, the uninvested money and the money constituting the receipts on the Escrow Securities in the Escrow Fund at all times as a separate trust account wholly segregated from all other securities, investments or money held by it; and (other than the purchase of the Escrow Securities and subject to Section 6) the Escrow Agent shall not invest any money at any time on deposit in the Escrow Fund in other trust accounts. All money in the Escrow Fund is hereby irrevocably pledged to secure the payment and redemption of the Prior Bonds as provided in Section 2 hereof, except that the Escrow Agent shall pay to the Issuer, free from the trust created by this Escrow Agreement, any money held in the Escrow Fund that is not used for the payment and redemption of the Prior Bonds as provided in Section 2 hereof.

SECTION 2. Payment from the Escrow Fund. From the moneys held in the Escrow Fund, the Escrow Agent shall transfer to the Prior Trustee, which shall apply such amounts as follows:

(a) on the Redemption Date, the Prior Trustee, as holder of the Prior Local Obligations, shall pay the redemption price for the Prior Local Obligations and shall accept the transferred amounts as payment in full for the Prior Local Obligations and shall cancel the same;

(b) on the Redemption Date, the Escrow Agent, as the Prior Trustee, shall pay interest on the Prior Bonds in accordance with the terms of the Prior Trust Agreement;

(c) on the Redemption Date, the Escrow Agent, as the Prior Trustee, shall pay principal of the Prior Bonds in accordance with the terms of the Prior Trust Agreement; and

(d) on the Redemption Date, the Escrow Agent, as the Prior Trustee, shall pay the Redemption Price in accordance with the terms of the Prior Trust Agreement.

SECTION 3. Notice of Redemption. The Issuer hereby irrevocably instructs the Escrow Agent to give, and the Escrow Agent, as Prior Trustee, shall give, timely notice of the redemption of the Prior Bonds in accordance with the Prior Trust Agreement in substantially the form attached

hereto as Exhibit B. The Escrow Agent, as Prior Trustee, acknowledges that this Escrow Agreement constitutes sufficient notice from the Issuer of its intent to optionally redeem the Prior Bonds on the Redemption Date pursuant to the Prior Trust Agreement.

SECTION 4. Compensation and Indemnification of the Escrow Agent.

(a) The Issuer shall pay the Escrow Agent fees for its services hereunder and shall reimburse the Escrow Agent for its out-of-pocket expenses (including but not limited to the fees and expenses, if any, of its counsel or accountants) incurred by the Escrow Agent in connection with these services, all as previously agreed upon by the Issuer and the Escrow Agent, except that these fees and expenses will not be deducted from the Escrow Fund.

(b) To the extent permitted by law, the Issuer shall indemnify and hold harmless the Escrow Agent and the Escrow Agent's officers, employees, and agents, from all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses, and disbursements of any kind (including but not limited to reasonable fees and disbursements of counsel or accountants for the Escrow Agent) that may be imposed on, incurred by, or asserted against the Escrow Agent or such other party at any time because of Escrow Agent's performance in any transaction arising out of this Escrow Agreement or any of the transactions contemplated herein unless due to the negligence or willful misconduct of the Escrow Agent or such other indemnified party.

SECTION 5. Functions of the Escrow Agent.

(a) The Escrow Agent undertakes to perform only such duties as are expressly and specifically set forth in this Escrow Agreement and no implied duties or obligations will be read into this Escrow Agreement against the Escrow Agent.

(b) In acting upon, or in refraining from acting upon, any written notice, instruction, request, certificate, document, report, or opinion furnished to the Escrow Agent and believed by the Escrow Agent to have been signed or presented by the proper party, the Escrow Agent may conclusively rely on the truth of the statements and the correctness of the opinions expressed in the notice, instruction, request, certificate, document, report, or opinion and need not investigate any statement or opinion so expressed. The Issuer shall indemnify and hold harmless the Escrow Agent under Section 4 above in connection with such reliance.

(c) The Escrow Agent has no liability under this Escrow Agreement except to the extent of its own negligence or willful misconduct. In no event will the Escrow Agent be liable for any special, indirect, punitive or consequential damages even if parties know of the possibility of such damages. The Escrow Agent has no duty or responsibility under this Escrow Agreement in the case of any default in the performance of covenants or agreements contained in the Trust Agreement or in the case of the receipt of any written demand with respect to such default. The Escrow Agent is not required to resolve conflicting demands to money or property in its possession under this Escrow Agreement.

(d) The Escrow Agent may consult with counsel of its own choice (who may be counsel to the Issuer), and the opinion of such counsel will be full and complete authorization to take or suffer in good faith any action in accordance with the opinion. The Escrow Agent will

be fully protected in conclusively relying on any such opinion of counsel and need not independently review or evaluate any such opinion of counsel in any respect.

(e) The Escrow Agent is not responsible for any of the recitals or representations contained in this Escrow Agreement or in the Trust Agreement.

(f) The Escrow Agent may engage or be interested in any financial or other transaction with the Issuer.

(g) The Escrow Agent is not liable for the accuracy of the calculations as to the sufficiency of the money in the Escrow Fund to make the payments provided in Section 2 above.

(h) The Escrow Agent is not liable for any action or omission of the Issuer under this Escrow Agreement or the Trust Agreement or otherwise relating to the Prior Bonds.

(i) In the administration of the trusts created by this Escrow Agreement, whenever the Escrow Agent deems it necessary or desirable that a matter be proved or established before it takes or suffers any action under this Escrow Agreement, the Escrow Agent may deem the matter to be conclusively proved and established by a certificate of an authorized Issuer representative (unless this Escrow Agreement specifically requires other evidence), and, in the absence of the Escrow Agent's negligence or willful misconduct, the certificate will be full warrant to the Escrow Agent for any action it takes or suffers under this Escrow Agreement in reliance on the certificate.

(j) The Escrow Agent may resign at any time by giving written notice to the Issuer, whereupon the Issuer shall promptly appoint a successor Escrow Agent by the resignation date. Resignation of the Escrow Agent will be effective 60 days after notice of the resignation is given as stated above or upon appointment of a successor Escrow Agent, whichever occurs first. If the Issuer does not appoint a successor Escrow Agent by the resignation date, the resigning Escrow Agent may, at the sole cost and expense of the Issuer, petition any court with jurisdiction for the appointment of a successor Escrow Agent (or may deposit with the court the money or investments or other property held by it under this Escrow Agreement), and the court may thereupon appoint a successor Escrow Agent after giving such notice, if any, as it may deem proper and as may be required by law. After receiving a notice of resignation of an Escrow Agent, the Issuer may appoint a temporary Escrow Agent to replace the resigning Escrow Agent until the Issuer appoints a successor Escrow Agent. Any such temporary Escrow Agent so appointed by the Issuer will immediately and without further act be superseded by the successor Escrow Agent so appointed.

(k) The Escrow Agent (and its affiliates) may act as principal, agent, sponsor, depository, or advisor with respect to the holding and making of any investments provided for in this Escrow Agreement.

(l) The Escrow Agent's rights to indemnification and compensation under this Escrow Agreement will survive the Escrow Agent's resignation or removal and the termination of this Escrow Agreement.

(m) No provision of this Escrow Agreement requires the Escrow Agent to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties or in the exercise of its rights or powers.

(n) The Escrow Agent has no liability or responsibility for the sufficiency of funds in the Escrow Fund to make payments required by this Escrow Agreement.

(o) The Issuer acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Issuer the right to receive brokerage confirmations of security transactions as they occur, the Issuer specifically waives receipt of such confirmations to the extent permitted by law. The Issuer further understands that trade confirmations for securities transactions effected by the Escrow Agent will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker. The Escrow Agent will furnish the Issuer monthly cash transaction statements which include detail for all investment transactions made by the Escrow Agent hereunder. Upon the Issuer's election, such statements will be delivered via the Escrow Agent's online service and upon electing such service, paper statements will be provided only upon request.

SECTION 6. Substitution of Securities. Interest income and other amounts received by the Escrow Agent as payments on the Escrow Securities shall be held as part of the Escrow Fund to be used for the purposes set forth in Section 2 hereof and shall not be reinvested.

At the written request of the City, and upon compliance with the conditions hereinafter stated, the Escrow Agent shall sell or otherwise dispose of all or a portion of the cash or Escrow Securities held in the Escrow Fund hereunder and substitute therefor other securities, now or hereafter authorized, that are eligible noncallable Government Obligations under the Prior Trust Agreement (the "Substituted Investments"). The Escrow Agent shall purchase such Substituted Investments with the proceeds derived from the sale, transfer, disposition or redemption of the securities in the Escrow Fund; provided, that the substitution of investments described above may be effected only after the Escrow Agent receives (i) an opinion of nationally recognized bond counsel to the effect that such termination, disposition and substitution, in and of itself, will not result in the inclusion of interest payable on any of the City Obligations or Refunded Bonds in gross income for federal income tax purposes and (ii) a report of nationally recognized independent certified public accountants to the effect that such substitution will not adversely affect the sufficiency of the amount of securities, investments and money on deposit in the Escrow Fund to pay interest on the Refunded Bonds to the Redemption Date and provide for the redemption of the Refunded Bonds on the Redemption Date at the Redemption Price. The Escrow Agent shall not be liable or responsible for any losses, fees, taxes or other charges resulting from any disposition or substitution made pursuant to the Escrow Agreement and in full compliance with the provisions hereof

SECTION 7. Merger or Consolidation of the Escrow Agent. The following entities will be the successor to the Escrow Agent and vested with all of the title to the Escrow Fund and all of the trusts, powers, discretions, immunities, privileges, and other matters as was its predecessor without the execution or filing of any paper or any further act, notwithstanding anything in this Escrow Agreement to the contrary: any company into which the Escrow Agent may be merged or converted or with which it may be consolidated; any company resulting from any merger,

conversion, or consolidation to which the Escrow Agent is a party; and any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business.

SECTION 8. Amendment of this Escrow Agreement. The parties may not amend this Escrow Agreement unless the following have been filed with the Issuer and the Escrow Agent: (a) an unqualified opinion of a nationally recognized bond counsel that the amendment will not adversely affect the exclusion from gross income for federal income-tax purposes of interest on the Prior Bonds and the Bonds; and (b) the written consent of the registered owners of all Prior Bonds, unless the amendment is not materially adverse to the interests of the registered owners of the Prior Bonds.

SECTION 9. Effective Date. This agreement is effective on the date both parties have signed it, as indicated by the dates in the signature blocks below.

SECTION 10. Notices. All notices and communications under this Escrow Agreement must be in writing and will be deemed to be duly given if received or sent by first class mail, as follows:

***If to the Issuer:***

Folsom Public Financing Authority  
50 Natoma Street  
Folsom, CA 95630  
Attention: Treasurer  
Email: [financetreasury@folsom.ca.us](mailto:financetreasury@folsom.ca.us)  
Fax: 916-985-0870

***If to the Escrow Agent:***

MUFG Union Bank, N.A.  
350 California Street, 17th Floor  
San Francisco, California 94104  
Attn: Corporate Trust Dept.  
Email: [LACT@unionbank.com](mailto:LACT@unionbank.com)  
Fax: 213-972-5694

SECTION 11. Severability. If any provision of this Escrow Agreement is for any reason held to be invalid or unenforceable, then the invalidity or unenforceability of that provision will not affect any of the remaining provisions of this Escrow Agreement.

SECTION 12. Execution. The parties may sign this Escrow Agreement in any number of counterparts, each of which will be deemed to be an original, but all of which together will constitute the same agreement. The exchange of copies of this Escrow Agreement and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Escrow Agreement as to the parties hereto and may be used in lieu of the original Escrow Agreement and signature pages for all purposes. The words “execution,” “signed,” “signature,” “delivery,” and words of like import in or relating to this Escrow Agreement or any document to be signed in connection with this Escrow Agreement shall be deemed to include electronic signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, and the parties hereto consent to conduct the transactions contemplated hereunder by electronic means.

SECTION 13. Applicable Law. This Escrow Agreement is governed by, and is to be construed in accordance with, California law.

*[The remainder of this page intentionally left blank.]*

IN WITNESS WHEREOF, the Issuer and the Escrow Agent have caused this Escrow Agreement to be executed, each on its behalf, as of the day and year first above written.

FOLSOM PUBLIC FINANCING AUTHORITY

By: \_\_\_\_\_  
Treasurer

MUFG UNION BANK, N.A., as Prior Trustee and Escrow Agent

By: \_\_\_\_\_  
Authorized Representative

**EXHIBIT A**

**ESCROW SECURITIES, ESCROW DESCRIPTION AND ESCROW SUFFICIENCY**

Escrow Requirements

Escrow Securities Description

Escrow Sufficiency



## EXHIBIT B

### FORM OF REDEMPTION NOTICE

#### NOTICE OF REDEMPTION

FOLSOM PUBLIC FINANCING AUTHORITY  
SPECIAL TAX REVENUE BONDS, SERIES 2010A AND SUBORDINATED SERIES 2010B

NOTICE IS HEREBY GIVEN to the registered owners of the above-referenced bonds identified in the table below (the "Bonds"), dated July 7, 2010, and issued under the Trust Agreement, dated as of July 1, 2010 (the "Trust Agreement"), between the Folsom Public Financing Authority (the "Issuer") and MUFG Union Bank, N.A. (formerly Union Bank of California, N.A.), as trustee (the "Trustee"), that, in accordance with the Trust Agreement, the Bonds have been called for redemption on September 1, 2020 (the "Redemption Date"), at a redemption price of 100% of the principal amount thereof (the "Redemption Price"), together with the accrued interest thereon to the Redemption Date. On the Redemption Date, there shall become due and payable on the Bonds the Redemption Price thereof and any interest accrued thereon to the Redemption Date. Interest on the Bonds will cease to accrue and be payable from and after the Redemption Date.

<u>Series</u>	<u>Maturity Date (September 1)</u>	<u>Principal Amount Outstanding</u>	<u>CUSIP Number</u>
2010A	2020	\$ 1,270,000	34439LDL4
2010A	2021	1,335,000	34439LDM2
2010A	2022	1,400,000	34439LDN0
2010A	2023	1,470,000	34439LDP5
2010A	2024	1,545,000	34439LDQ3
2010B	2020	410,000	34439LEB5
2010B	2024	1,895,000	34439LEF6

Payment of the Redemption Price, together with the accrued interest thereon to the Redemption Date, will become due and payable on the Redemption Date upon presentation and surrender of the Bonds, in person or by mail, in the following manner:

First Class/Registered/Certified

Express Delivery Only

By Hand Only

**MUFG Union Bank, N.A.**  
445 S. Figueroa Street, Suite 401  
Los Angeles, California 90071  
Attn: Corporate Trust Department

**MUFG Union Bank, N.A.**  
445 S. Figueroa Street, Suite 401  
Los Angeles, California 90071  
Attn: Corporate Trust Department

**MUFG Union Bank, N.A.**  
445 S. Figueroa Street, Suite 401  
Los Angeles, California 90071  
Attn: Corporate Trust Department

If the Bonds are mailed, the use of registered, insured mail is recommended.

Failure to submit a completed IRS Form W-9 will result in a 28% back-up withholding to the holder pursuant to the Comprehensive National Energy Policy Act of 1992.

The above-referenced CUSIP numbers are provided for the convenience of the owners of the Bonds. The Issuer and the Trustee assume no responsibility for any error of any nature relating to such numbers.

Dated: \_\_\_\_\_.

By MUFG Union Bank, N.A., as Trustee

## ATTACHMENT 4

SEVENTH SUPPLEMENTAL INDENTURE

by and between the

CITY OF FOLSOM

and

MUFG UNION BANK, NA.,  
as Fiscal Agent

Relating to the

\$(PAR AMOUNT)  
CITY OF FOLSOM  
COMMUNITY FACILITIES DISTRICT NO. 10  
SPECIAL TAX REFUNDING BONDS  
SERIES 2020

Dated as of July 1, 2020

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SEVENTH SUPPLEMENTAL INDENTURE

This Seventh Supplemental Indenture (the "Seventh Supplemental Indenture"), dated as of July 1, 2020, is made and entered into by and between the City of Folsom, a municipal corporation and charter city duly organized and existing under and by virtue of the Constitution and laws of the State of California (the "City"), and MUFG Union Bank, N.A. (formerly known as Union Bank of California, N.A.), a national banking association duly organized and existing under and by virtue of the laws of the United States of America and authorized to accept and execute trusts of the character herein set forth, as fiscal agent (the "Fiscal Agent");

W I T N E S S E T H:

WHEREAS, the City Council of the City (the "City Council") on July 11, 1995, duly adopted its Resolution No. 4772 establishing the City of Folsom Community Facilities District No. 10 (the "District") for the purpose of providing for the construction and/or acquisition of certain public improvements having a useful life of five years or longer (the "Facilities") for the District; and

WHEREAS, at an election held in the District on July 11, 1995, the qualified electors therein duly authorized the issuance of \$70,000,000 principal amount of special tax bonds (the "Bonds") for the purpose of financing the Facilities; and

WHEREAS, the qualified electors in the District at such election additionally authorized the levy and collection of a special tax to be used for the purpose, among others, of paying the interest on and principal of and redemption premiums, if any, on the Bonds; and

WHEREAS, the City Council entered into an Indenture (the "Original Indenture" and, as supplemented from time to time, the "Indenture"), dated as of July 11, 1995, pursuant to which the City issued an initial series of the Bonds in the aggregate principal amount of \$23,800,000 designated the "City of Folsom Community Facilities District No. 10 Special Tax Bonds, Series 1995" (the "Series 1995 Bonds") for the purpose of financing the construction and/or acquisition of the initial portion of the Facilities; and

WHEREAS, the City Council entered into a First Supplemental Indenture supplemental to the Original Indenture, dated as of December 1, 1999, pursuant to which the City issued a second series of the Bonds in the aggregate principal amount of \$42,545,000 designated the "City of Folsom Community Facilities District No. 10 Special Tax Bonds, Series 1999" (the "Series 1999 Bonds") for the purpose of advance refunding all the then Outstanding Series 1995 Bonds and for the purpose of financing the construction and/or acquisition of an additional portion of the Facilities; and

WHEREAS, the City Council entered into a Second Supplemental Indenture supplemental to the Indenture, dated as of October 1, 2003, pursuant to which the City issued a third series of the Bonds in the aggregate principal amount of \$24,015,000 designated the "City of Folsom Community Facilities District No. 10 Special Tax Bonds, Series 2003" (the "Series 2003 Bonds") for the purpose of financing the construction and/or acquisition of an additional portion of the Facilities; and

WHEREAS, the City Council entered into a Third Supplemental Indenture supplemental to the Indenture, dated as of July 1, 2007, pursuant to which the City issued a fourth series of the Bonds in the aggregate principal amount of \$42,165,000 designated the “City of Folsom Community Facilities District No. 10 Special Tax Refunding and Capital Improvement Bonds, Series 2007” (the “Series 2007 Bonds”) for the purpose of advance refunding a portion of the then Outstanding Series 1999 Bonds and a portion of the then Outstanding Series 2003 Bonds and for the purpose of financing the construction and/or acquisition of an additional portion of the Facilities; and

WHEREAS, the City entered into a Fourth Supplemental Indenture supplemental to the Indenture, dated as of July 1, 2010, pursuant to which the City issued a fifth series of the Bonds in the aggregate principal amount of \$23,180,000 designated the “City of Folsom Community Facilities District No. 10 Special Tax Refunding Bonds, Series 2010” (the “Series 2010 Bonds”) for the purpose of current refunding the then Outstanding Series 1999 Bonds; and

WHEREAS, the City entered into a Fifth Supplemental Indenture, supplemental to the Indenture, dated as of July 1, 2017, pursuant to which the City issued a sixth series of the Bonds in the aggregate principal amount of \$27,875,000 designated the “City of Folsom Community Facilities District No. 10 Special Tax Refunding Bonds, Series 2017A” (the “Series 2017A Bonds”) for the purpose of current refunding a portion of the Outstanding Series 2007 Bonds; and

WHEREAS, the City entered into a Sixth Supplemental Indenture, supplemental to the Indenture, dated as of July 1, 2017, pursuant to which the City issued a seventh series of the Bonds in the aggregate principal amount of \$2,810,000 designated “City of Folsom Community Facilities District No. 10 Special Tax Bonds, Series 2017B” (the “Series 2017B Bonds”) in the manner provided therein for the purpose of financing the construction and/or acquisition of an additional portion of the Facilities and current refunding a portion of the Outstanding Series 2007 Bonds; and

WHEREAS, the City has determined to issue an eighth series of the Bonds under the Indenture and hereunder in the aggregate principal amount of \$[PAR AMOUNT] designated the “City of Folsom Community Facilities District No. 10 Special Tax Refunding Bonds, Series 2020” (the “Series 2020 Bonds”) in the manner provided herein for the purpose of current refunding the Outstanding Series 2010 Bonds; and

WHEREAS, all things necessary to cause the Series 2020 Bonds, when executed by the City and authenticated by the Fiscal Agent and delivered as provided herein, to be legal and valid special tax obligations of the City, enforceable in accordance with their terms, and to constitute the Seventh Supplemental Indenture a valid agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery hereof and the execution and delivery of the Series 2020 Bonds, subject to the terms of the Indenture and hereof, have in all respects been duly authorized;

NOW, THEREFORE, THE SEVENTH SUPPLEMENTAL INDENTURE WITNESSETH, that in order to secure the payment of the interest on and principal of and

redemption premiums, if any, on all Series 2020 Bonds at any time issued and Outstanding hereunder according to their tenor, and to secure the observance and performance of all the agreements, conditions, covenants and terms therein and herein set forth, and to declare the conditions and terms upon and subject to which the Series 2020 Bonds are to be issued and received, and in consideration of the premises and of the mutual agreements and covenants contained herein and of the purchase and acceptance of the Series 2020 Bonds by the respective Owners thereof from time to time, and for other valuable consideration, the receipt whereof is hereby acknowledged, the City does hereby agree and covenant with the Fiscal Agent, for the benefit of the respective Owners from time to time of the Bonds, as follows:

## ARTICLE I

### DEFINITIONS

#### SECTION 1.01 Definitions.

(a) All terms which are defined in Section 1.01 of the Original Indenture shall have the same definitions, respectively, in the Seventh Supplemental Indenture that are given to such terms in Section 1.01 of the Original Indenture.

(b) Unless the context otherwise requires, all terms defined in this subsection shall for all purposes of the Indenture and hereof and of the Series 2020 Bonds and of any certificate, opinion, report, request or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

#### Fifth Supplemental Indenture

“Fifth Supplemental Indenture” means the Fifth Supplemental Indenture dated as of July 1, 2017, between the City and MUFG Union Bank, N.A., as Fiscal Agent thereunder, relating to the Series 2017A Bonds.

#### First Supplemental Indenture

“First Supplemental Indenture” means the First Supplemental Indenture dated as of December 1, 1999, between the City and MUFG Union Bank, N.A., as Fiscal Agent thereunder, relating to the Series 1999 Bonds.

#### Fourth Supplemental Indenture

“Fourth Supplemental Indenture” means the Fourth Supplemental Indenture, dated as of July 1, 2010, between the City and MUFG Union Bank, N.A., as Fiscal Agent thereunder, relating to the Series 2010 Bonds.



Indenture

“Indenture” means the Indenture dated as of July 11, 1995, between the City and MUFG Union Bank, N.A., as original Fiscal Agent thereunder, relating to the Bonds, as supplemented by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture, and this Seventh Supplemental Indenture.

Original Indenture

“Original Indenture” means the Indenture, dated as of July 11, 1995, between the City and MUFG Union Bank, N.A., as original Fiscal Agent thereunder, relating to the Series 1995 Bonds.

Original Purchaser

“Original Purchaser” means CN Financing, Inc., as the initial, sole owner of the Series 2020 Bonds.

Qualified Institutional Buyer

“Qualified Institutional Buyer” means a “qualified institutional buyer” as defined in Rule 144A under the Securities Act of 1933, as amended.

Second Supplemental Indenture

“Second Supplemental Indenture” means the Second Supplemental Indenture dated as of October 1, 2003, between the City and MUFG Union Bank, N.A., as Fiscal Agent thereunder, relating to the Series 2003 Bonds.

Seventh Supplemental Indenture

“Seventh Supplemental Indenture” means this Seventh Supplemental Indenture dated as of July 1, 2020.

Series 2020 Bonds

“Series 2020 Bonds” means the \$[PAR AMOUNT] aggregate principal amount of City of Folsom Community Facilities District No. 10 Special Tax Refunding Bonds, Series 2020, issued under and pursuant to the Indenture and under and pursuant hereto.

Series 2020 Costs of Issuance Fund

“Series 2020 Costs of Issuance Fund” means the fund so designated and established pursuant to Section 2.08 hereof.

Series 2020 Redemption Subaccount

“Series 2020 Redemption Subaccount” means the subaccount within the Redemption Account so designated and established pursuant to Section 2.08 hereof.

Series 2020 Reserve Subaccount

“Series 2020 Reserve Subaccount” means the subaccount within the Bond Reserve Account so designated and established pursuant to Section 2.08 hereof.

Series 2020 Sinking Fund Subaccount

“Series 2020 Sinking Fund Subaccount” means the subaccount within the Redemption Account so designated and established pursuant to Section 2.05(c) hereof.

Sixth Supplemental Indenture

“Sixth Supplemental Indenture” means the Sixth Supplemental Indenture, dated as of July 1, 2017, between the City and MUFG Union Bank, N.A., as Fiscal Agent thereunder, relating to the Series 2017B Bonds.

Third Supplemental Indenture

“Third Supplemental Indenture” means the Third Supplemental Indenture, dated as of July 1, 2007, between the City and MUFG Union Bank, N.A., as Fiscal Agent thereunder, relating to the Series 2007 Bonds.

ARTICLE II

SERIES 2020 BONDS

SECTION 2.01 Authorization of Series 2020 Bonds. The City authorizes the issuance of the Series 2020 Bonds in the aggregate principal amount of [PAR IN WORDS Dollars] (\$[PAR AMOUNT]) in the form and manner provided herein, which Series 2020 Bonds shall be entitled to the benefit, protection and security of the provisions of the Indenture and hereof. The Series 2020 Bonds shall be designated the “City of Folsom Community Facilities District No. 10 Special Tax Refunding Bonds, Series 2020,” shall be issued by the City under and pursuant to the Act and under and pursuant to the Indenture and hereto, and shall be secured by a pledge of and shall be payable from the proceeds of the Special Tax as provided herein.

SECTION 2.02 Denominations of Series 2020 Bonds. The Series 2020 Bonds shall be issued in fully registered form in denominations of \$25,000 or any integral multiple of \$1,000 in excess thereof within a single maturity (not exceeding the principal amount of the Series 2020 Bonds maturing at any one time) and shall be numbered consecutively upward.

SECTION 2.03 Terms of the Series 2020 Bonds. The Series 2020 Bonds shall be dated as of the date of the original execution and delivery thereof, and shall mature on September 1, 2024, and shall bear interest at [ ]% per annum.

Interest shall be payable with respect to each Series 2020 Bond on each Interest Payment Date, commencing on September 1, 2020, until the principal sum of that Series 2020 Bond has been paid; provided, that if at the maturity date of any Series 2020 Bond (or, if the same is redeemable and shall be duly called for redemption, then at the date fixed for such redemption) funds are available for the payment or redemption thereof, in full accordance with the terms of the Indenture, such Series 2020 Bond shall then cease to bear interest.

SECTION 2.04 Interest Payment Dates of Series 2020 Bonds. The Series 2020 Bonds shall bear interest at the rates set forth above, payable on September 1, 2020, and semiannually thereafter on March 1 and September 1 in each year. Each Series 2020 Bond shall bear interest (computed on the basis of a 360-day year of twelve (12) 30-day calendar months) from the Interest Payment Date next preceding the date of authentication thereof, unless (i) it is authenticated on a day during the period from the close of business on a Record Date to and including the next succeeding Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (ii) it is authenticated on a day on or before the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from its dated date; provided, that if at the time of authentication of any Series 2020 Bond interest is then in default on the Outstanding Series 2020 Bonds, such Series 2020 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the Outstanding Series 2020 Bonds.

SECTION 2.05 Redemption of Series 2020 Bonds.

(a) Optional Redemption. The Series 2020 Bonds are not subject to optional redemption by the City prior to maturity.

(b) Extraordinary Redemption. The Series 2020 Bonds are subject to extraordinary redemption by the City prior to their respective maturity dates as a whole or in part on any Interest Payment Date from funds derived by the City from prepayments of the Special Tax, upon mailed notice as provided in the Indenture, at a redemption price equal to 100% of the principal amount of the Series 2020 Bonds or portions thereof to be redeemed, together with accrued interest to the date of redemption, without premium.

(c) Sinking Fund Redemption. Sinking Fund Payments are hereby established for the mandatory redemption and payment of the Series 2020 Bonds, which payments shall become due during the years ending on the dates in the amounts as set forth in the following schedule (except that if any of the Series 2020 Bonds shall have been redeemed pursuant to Section 2.05(a) or (b), the amounts of the Sinking Fund Payments shall be reduced proportionately by the principal amount of all such Series 2020 Bonds so redeemed), namely:

Sinking Fund Payments

<u>September 1</u>	<u>Amount</u>
2021	
2022	
2023	
2024*	

\*Maturity

All such Sinking Fund Payments shall be deposited in the Series 2020 Bonds Sinking Fund Subaccount, which subaccount is hereby established within the Redemption Account and which subaccount the City hereby agrees and covenants to cause to be maintained by the Fiscal Agent. All money in the Series 2020 Bonds Sinking Fund Subaccount on September 1 of each year, commencing September 1, 2021, shall be used and withdrawn by the Fiscal Agent on such September 1 for the mandatory redemption or payment of the Series 2020 Bonds; and the City hereby agrees and covenants with the Owners of the Series 2020 Bonds to call and redeem in accordance with Article III of the Indenture or pay the Series 2020 Bonds from Sinking Fund Payments deposited in the Series 2020 Bonds Sinking Fund Subaccount pursuant to this paragraph whenever on September 1 of any year, beginning on September 1, 2021, there is money in the Series 2020 Bonds Sinking Fund Subaccount available for such purpose.

SECTION 2.06 Form of Series 2020 Bonds. The Series 2020 Bonds and the certificate of authentication and the assignment to appear thereon shall be substantially in the following form, which form is hereby approved and adopted as the form of the Series 2020 Bonds and the certificate of authentication and the assignment to appear thereon, namely:

[FORM OF SERIES 2020 BOND]

BY POSSESSION OF THIS BOND, THE HOLDER CERTIFIES THAT IT IS A QUALIFIED INSTITUTIONAL BUYER, AS DEFINED IN THE SEVENTH SUPPLEMENTAL INDENTURE AND OTHERWISE SATISFIES THE REQUIREMENTS OF SECTION 2.07 OF THE SEVENTH SUPPLEMENTAL INDENTURE. THE HOLDER HEREOF, BY THE ACCEPTANCE OF THIS BOND, ACKNOWLEDGES THAT THIS BOND MAY ONLY BE REGISTERED IN THE NAME OF, OR TRANSFERRED TO A “QUALIFIED INSTITUTIONAL BUYER” THAT OTHERWISE SATISFIES THE REQUIREMENTS OF SECTION 2.07 OF THE SEVENTH SUPPLEMENTAL INDENTURE.

REGISTERED

REGISTERED

No. \_\_\_\_\_

\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF CALIFORNIA  
COUNTY OF SACRAMENTO

CITY OF FOLSOM  
COMMUNITY FACILITIES DISTRICT NO. 10  
SPECIAL TAX REFUNDING BOND  
SERIES 2020

Interest Rate	Maturity Date	Bond Date
[ ]%	September 1, 2024	_____, 2020

REGISTERED OWNER: CN Financing, Inc.

PRINCIPAL AMOUNT: DOLLARS

The City of Folsom, a charter law city duly organized and existing under and by virtue of the Constitution and laws of the State of California (the "City"), for value received hereby promises to pay (but only out of the proceeds of the Special Tax hereinafter referred to) to the registered owner set forth above on the maturity date set forth above (subject to any right of prior redemption hereinafter provided for) the principal amount set forth above, together with interest thereon computed on the basis of a 360-day year of twelve (12) 30-day calendar months from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated on a day during the period from the close of business on a Record Date (as that term is defined in the Indenture hereinafter referred to) to and including the next succeeding interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated on a day on or before the Record Date preceding the first interest payment date, in which event it shall bear interest from its dated date) until the principal hereof shall have been paid, at the interest rate per annum set forth above, payable on September 1, 2020, and semiannually thereafter on March 1 and September 1 in each year. The interest on and principal of and redemption premium, if any, on this Bond are payable in lawful money of the United States of America at the designated corporate trust office of MUFG Union Bank, N.A., in Los Angeles, California, or such other place as designated by the Fiscal Agent, or its successor, as successor fiscal agent of the City for the Bonds (the "Fiscal Agent") under the Indenture hereinafter referred to. The interest on this Bond due on or before the maturity or prior redemption hereof shall be payable only to the person whose name appears in the registration books required to be kept by the Fiscal Agent as the registered owner hereof at the close of

business on the Record Date next preceding the applicable interest payment date, such interest to be paid by check mailed on each interest payment date by first class mail to such registered owner at his address as it appears on such books, except that in the case of a registered owner of one million dollars (\$1,000,000) or more in aggregate principal amount of Bonds then outstanding, upon written request of such registered owner to the Fiscal Agent specifying the account or accounts in a bank or trust company or savings bank that is a member of the Federal Reserve System and is located in the United States of America to which such payment shall be made, and received by the Fiscal Agent prior to the Record Date preceding such interest payment date, the interest payment will be made by wire transfer of immediately available funds on such interest payment date to such account or accounts; and any such written request shall remain in effect until terminated or changed by subsequent written request of such registered owner. The principal of and redemption premium, if any, on this Bond shall be payable only to the person whose name appears in such registration books as the registered owner hereof, such principal and redemption premium, if any, to be paid only on the surrender of this Bond at the designated corporate trust office of the Fiscal Agent, identified above, at maturity or upon redemption prior to maturity.

Bonds in the aggregate principal amount of Seventy Million Dollars (\$70,000,000), designated the "City of Folsom Community Facilities District No. 10 Special Tax Bonds" (the "Bonds") have been duly authorized to be issued under and pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Sections 53311 et seq. of the California Government Code (the "Act"), and the provisions of an Indenture (the "Original Indenture"), dated as of July 11, 1995, between the City and MUFG Union Bank, N.A., as Fiscal Agent.

This Bond is one of the eighth series of the Bonds issued under the Original Indenture, being Series 2020 (the "Series 2020 Bonds") issued in the aggregate principal amount of [PAR IN WORDS Dollars] (\$[PAR AMOUNT]), all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions), and issued under and pursuant to the Original Indenture and a Seventh Supplemental Indenture (the "Seventh Supplemental Indenture," and together with the Original Indenture and all indentures supplemental thereto, the "Indenture"), dated as of July 1, 2020, between the City and the Fiscal Agent. Additional series of Bonds payable from the Special Tax (as that term is defined in the Indenture, and herein the "Special Tax") may be issued on a parity with and which will rank equally as to security with the Series 2020 Bonds, but only subject to the terms and conditions set forth in the Indenture.

All the Bonds are equally and ratably secured in accordance with the terms and conditions of the Indenture (copies of which are on file at the office of the City Clerk of the City and at the designated corporate trust office of the Fiscal Agent identified above), and reference is hereby made to the Act, the Indenture and to any indentures supplemental thereto and any and all amendments thereof for a description of the terms on which the Bonds are issued, for the provisions with regard to the nature and extent of the security provided for the Bonds and of the nature, extent and manner of enforcement of such security, and for a statement of the rights of the registered owners of the Bonds; and, except as expressly provided in the Seventh Supplemental Indenture, all the terms of the Indenture and the Act are hereby incorporated herein and constitute a contract between the City and the registered owner from time to time of

this Series 2020 Bond, and to all the provisions thereof the registered owner of this Series 2020 Bond, by his or her acceptance hereof, agrees and consents; and each registered owner hereof shall have recourse to all the provisions of the Indenture and the Act and shall be bound by all the terms and conditions thereof.

The Series 2020 Bonds are issued for the purpose of refunding all of the Outstanding Series 2010 Bonds that were authorized by the requisite two-thirds vote of the landowner electors within the City of Folsom Community Facilities District No. 10 (the "District") at the special tax and bond election held therein on July 11, 1995, as more particularly described in the Indenture. The Bonds are special tax obligations of the City, and the interest on and principal of and redemption premiums, if any, on the Bonds are payable solely from the proceeds of the Special Tax (including any prepayments thereof and proceeds from the sale of property collected pursuant to the foreclosure provisions thereof for the delinquency of the Special Tax and proceeds from any security for payment of the Special Tax taken in lieu of foreclosure), as provided in the Indenture, and the City is not obligated to pay them except from the proceeds of the Special Tax (including any prepayments thereof and proceeds from the sale of property collected pursuant to the foreclosure provisions thereof for the delinquency of the Special Tax and proceeds from any security for payment of the Special Tax taken in lieu of foreclosure) as so provided. The General Fund of the City is not liable and the full faith and credit of the City is not pledged for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds, and no tax or assessment other than the Special Tax will be levied or collected to pay the interest on or principal of or redemption premiums, if any, on the Bonds. The Bonds are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of the City or any of its income or receipts except the money in the Special Tax Fund established under the Indenture, and neither the payment of the interest on or principal of or redemption premiums, if any, on the Bonds is a general debt, liability or obligation of the City. All the Bonds are equally secured by a pledge of, and charge and lien upon, the Special Tax.

Notwithstanding anything herein or in the Indenture to the contrary, so long as the Series 2020 Bonds are owned by the Original Purchaser (as defined in the Seventh Supplemental Indenture), (i) the Fiscal Agent shall pay principal of and interest and premium on, if any, on the Series 2020 Bonds when due by wire transfer in immediately available funds to the Original Purchaser in accordance with such wire transfer instructions as shall be filed by the Original Purchaser with the Fiscal Agent from time to time, (ii) payments of principal on the Series 2020 Bonds shall be made without the requirement for presentation and surrender by the Original Purchaser, provided that principal which is payable at maturity shall be made only upon presentation and surrender at the designated corporate trust office of the Fiscal Agent identified above and (iii) the Fiscal Agent shall not be required to give notice to the Original Purchaser of the Sinking Fund Payments for the Series 2020 Bonds described in the Seventh Supplemental Indenture.

The Series 2020 Bonds are subject to redemption as specified in the Indenture.

Notice of redemption of this Bond or any portion hereof shall be mailed by first class mail not less than fifteen (15) days nor more than sixty (60) days before the redemption date to the registered owner hereof and to those securities depositories and securities information

services selected by the City in accordance with the Indenture and to the original underwriter or first purchaser of the Bonds, but neither failure to receive any such notice nor any immaterial defect contained therein shall affect the sufficiency or validity of such proceedings for redemption. If notice of redemption has been duly given as aforesaid, then this Bond or the portion thereof to be redeemed shall, on the redemption date designated in such notice, become due and payable at the above-described redemption price; and from and after the date so designated interest on this Bond or the portion thereof to be redeemed shall cease to accrue and the registered owner of this Bond shall have no rights in respect hereof except to receive payment of the redemption price of this Bond or the portion thereof to be redeemed, and upon surrender of this Bond if redeemed in part only, the City shall execute and the Fiscal Agent shall authenticate and deliver to the registered owner hereof at the expense of the City a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of this Bond so surrendered.

The City has covenanted that, so long as any Bonds are outstanding, it will annually levy and make provision for the collection of the Special Tax in amounts which will be sufficient, after making reasonable allowances for contingencies and errors in the estimates, to yield proceeds equal to the amounts required for compliance with the agreements, conditions, covenants and terms contained in the Indenture, and which in any event will be sufficient to pay the interest on and principal of and redemption premiums, if any, on the Bonds as they become due and payable and to replenish the Bond Reserve Account established under the Indenture and to pay all Expenses (as that term is defined in the Indenture) as they become due and payable in accordance with the provisions and terms of the Indenture.

The Series 2020 Bonds are issuable in the form of fully registered Series 2020 Bonds in denominations of twenty-five thousand dollars (\$25,000) or any integral multiple of \$1,000 in excess thereof (not exceeding the principal amount of Bonds maturing at any one time). The registered owner of any Bond or Bonds or his duly authorized attorney may surrender the same (together with a written instrument of transfer satisfactory to the Fiscal Agent duly executed) in exchange for the same aggregate principal amount of Bonds of the same series and maturity date, of authorized denominations in the manner, subject to the conditions and upon payment of the charges provided in the Indenture.

The registration of this Bond is transferable on the registration books kept by the Fiscal Agent by the registered owner hereof or its duly authorized attorney upon surrender of this Bond together with a written instrument of transfer satisfactory to the Fiscal Agent duly executed by the registered owner or his or her duly authorized attorney, and thereupon a new Bond or Bonds of the same series and maturity date, of authorized denominations, in the same aggregate principal amount will be issued to the transferee in exchange therefor in the manner, subject to the conditions and terms and upon payment of the charges provided in the Indenture. The City and the Fiscal Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of the principal hereof and redemption premium, if any, hereon and for all other purposes.

The rights and obligations of the City and of the registered owners of the Bonds may be amended at any time in the manner, to the extent and upon the terms provided in the Indenture,



but no such amendment shall (1) extend the maturity of this Bond or reduce the interest rate hereon or otherwise alter or impair the obligation of the City to pay the interest hereon or principal hereof or redemption premium, if any, hereon at the time and place and at the rate and in the currency and from the funds provided herein without the express written consent of the registered owner of this Bond, or (2) permit the issuance by the City of any obligations payable from the proceeds of the Special Tax other than the Bonds as provided in the Indenture, or jeopardize the ability of the City to levy and collect the Special Tax, or (3) reduce the percentage of owners of outstanding Bonds required for the written consent to an amendment of the Indenture, or (4) modify any rights or obligations of the Fiscal Agent without its prior written assent thereto; all as more fully set forth in the Indenture.

The Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction, and neither the City Council nor the City nor any officer or employee thereof shall be liable for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds otherwise than from the proceeds of the Special Tax as provided in the Indenture.

This Bond shall not be entitled to any benefits under the Indenture or become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been manually signed by an authorized signatory of the Fiscal Agent.

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

IN WITNESS WHEREOF, the City of Folsom has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of the Mayor of the City and countersigned by the manual or facsimile signature of the City Clerk of the City, and has caused this Bond to be dated \_\_\_\_\_, 2020.

CITY OF FOLSOM

By: \_\_\_\_\_  
Mayor

Countersigned:

\_\_\_\_\_  
City Clerk

[FORM OF FISCAL AGENT'S CERTIFICATE OF AUTHENTICATION  
TO APPEAR ON SERIES 2020 BONDS]

This is one of the Bonds described in the within-mentioned Indenture which has been authenticated on \_\_\_\_\_.

MUFG UNION BANK, N.A.,  
as Fiscal Agent

By: \_\_\_\_\_  
Authorized Signatory

[FORM OF ASSIGNMENT TO APPEAR ON SERIES 2020 BONDS]

For value received the undersigned do(es) hereby sell, assign and transfer unto \_\_\_\_\_ the within Bond and do(es) hereby irrevocably constitute and appoint \_\_\_\_\_ attorney to transfer the same on the bond register of the Fiscal Agent, with full power of substitution in the premises.

\_\_\_\_\_

Dated: \_\_\_\_\_

SIGNATURE GUARANTEED BY:

\_\_\_\_\_

Note: The signature(s) to 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, and the signature(s) must be guaranteed by an eligible guarantor institution.

Social Security Number, Taxpayer Identification Number or other identifying number of Assignee: \_\_\_\_\_

SECTION 2.07 Registration and Transfer of Series 2020 Bonds. The Series 2020 Bonds will be issued as physical certificated instruments (and shall not be held in a book-entry only system) initially registered in the name of the Original Purchaser as initial purchaser thereof. The Series 2020 Bonds will be initially issued as one Series 2020 Bond in the aggregate principal amount thereof. Notwithstanding any other provision of this Seventh Supplemental Indenture, the Series 2020 Bonds may not be registered in the name of, or transferred to, any person except a Qualified Institutional Buyer. The Original Purchaser, as initial purchaser of the Series 2020 Bonds, shall execute and deliver an investor letter in the form set forth in Exhibit A hereto with only those revisions approved in writing by the City.

SECTION 2.08      Application of Series 2020 Bond Proceeds.

(a) Proceeds from the sale of the Series 2020 Bonds in the amount of \$[\_\_\_\_\_] shall be applied as follows:

(1) The Fiscal Agent shall transfer the sum of \$[\_\_\_\_\_] to MUFG Union Bank, N.A. acting as the escrow agent for the Folsom Public Financing Authority Special Tax Revenue Bonds, Series 2010A (the “Series 2010A Authority Bonds”) and the Folsom Public Financing Authority Special Tax Revenue Bonds, Subordinated Series 2010B (the “Series 2010B Authority Bonds”) and, together with the Series 2010A Authority Bonds, the “Prior Bonds”), for the payment of the redemption price of the Series 2010 Bonds and the Prior Bonds on September 1, 2020, pursuant to an escrow agreement relating thereto;

(2) The Fiscal Agent shall not make any deposit in the Series 2020 Redemption Subaccount (which subaccount is hereby established within the Redemption Account and which subaccount the City hereby agrees and covenants to cause to be maintained by the Fiscal Agent so long as any of the Series 2020 Bonds are Outstanding);

(3) The Fiscal Agent shall deposit in the Series 2020 Costs of Issuance Fund (which fund is hereby established) an amount of such proceeds equal to \$[\_\_\_\_]; and

(4) The Fiscal Agent shall deposit in the Series 2020 Reserve Subaccount (which subaccount is hereby established within the Bond Reserve Account and which subaccount the City hereby agrees and covenants to cause to be maintained by the Fiscal Agent so long as any of the Series 2020 Bonds are Outstanding) an amount of such proceeds equal to \$[\_\_\_\_\_], which equals the amount necessary to increase the amount on deposit in the Bond Reserve Account to the Required Bond Reserve with respect to all Bonds to be Outstanding after the issuance of the Series 2020 Bonds.

(b) The Fiscal Agent shall open an initial proceeds account (the “Proceeds Account”) into which the initial proceeds from the sale of the Series 2020 Bonds shall be deposited. Thereafter, the Fiscal Agent shall, upon receipt of written request from the City, transfer such funds to the subaccounts contemplated by, and in accordance with, this Section 2.08.

(c) The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City the right to receive brokerage confirmations of security transactions as they occur, the City specifically waives receipt of such confirmations to the extent permitted by law. The City further understands that trade confirmations for securities transactions effected by the Fiscal Agent will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker. The Fiscal Agent will furnish the City monthly cash transaction statements which include detail for all investment transactions made by the Fiscal Agent hereunder. Upon the City’s election, such statements will be delivered via the Fiscal Agent’s online service and upon electing such service, paper statements will be provided only upon request.

SECTION 2.09      Series 2020 Costs of Issuance Fund. Amounts in the Series 2020 Costs of Issuance Fund shall be applied by the Fiscal Agent to the payment of Costs of Issuance

upon receipt of a written request of the City stating the person to whom payment is to be made, the amount and purpose of the payment and that (i) such payment is a proper charge against the Series 2020 Costs of Issuance Fund, and (ii) such payment has not been previously paid from the Series 2020 Costs of Issuance Fund. Any amounts remaining in the Series 2020 Costs of Issuance Fund on October 30, 2020, shall be transferred to the Series 2020 Redemption Subaccount and the Series 2020 Costs of Issuance Fund shall be closed.

SECTION 2.10 No Issuance of Additional Senior or Parity Bonds. The City covenants that, except for bonds issued for refunding purposes, it will not issue any additional bonds senior to or on a parity with the Series 2020 Bonds.

SECTION 2.11 Payment When Series 2020 Bonds Owned by Original Purchaser. Notwithstanding anything herein to the contrary, so long as the Series 2020 Bonds are owned by the Original Purchaser, (i) the Fiscal Agent shall pay principal of and interest and premium on, if any, on the Series 2020 Bonds when due by wire transfer in immediately available funds to the Original Purchaser in accordance with such wire transfer instructions as shall be filed by the Original Purchaser with the Fiscal Agent from time to time, (ii) payments of principal on the Series 2020 Bonds shall be made without the requirement for presentation and surrender by the Original Purchaser, provided that principal which is payable at maturity shall be made only upon presentation and surrender at the principal corporate trust office of the Fiscal Agent and (iii) the Fiscal Agent shall not be required to give notice to the Original Purchaser of the Sinking Fund Payments for the Series 2020 Bonds described in Section 2.05(c) hereof.

SECTION 2.12 Servicing; Appointment of Servicer. The Original Purchaser may engage a servicer (“Servicer”) to act on its behalf in connection with the Series 2020 Bonds and may collaterally assign some or all of its rights to the Servicer in connection with the Series 2020 Bonds. The Original Purchaser may at any time and from time to time terminate or remove and replace any such Servicer. The Original Purchaser shall provide written notice to the City and the Fiscal Agent of its appointment, termination, removal or replacement of any Servicer, and the City and the Fiscal Agent may rely on any such notice until any subsequent notice is given. Initially, the Original Purchaser has engaged City National Bank to act as the Servicer in connection with the Series 2020 Bonds, and City National Bank has accepted such engagement. The Original Purchaser is under no obligation to appoint a Servicer; if at any time a Servicer has not been designated by the Original Purchaser, any references to the “Servicer” herein shall refer to the Original Purchaser. Any opinion or certificate provided for herein that is directed to the Servicer shall also be directed to, and may be relied upon by, the Original Purchaser.

The Original Purchaser shall be solely responsible for providing the purchase price of the Series 2020 Bonds. From and after the date of original issuance of the Series 2020 Bonds, if the Original Purchaser has appointed a Servicer for the Series 2020 Bonds in accordance with this Section 2.12, the City and the Fiscal Agent acknowledge and agree that the Servicer shall exercise all of the rights and remedies of the Original Purchaser in connection with the Series 2020 Bonds under the Indenture, shall receive all reports, statements, notices and other communications from the City and the Fiscal Agent on behalf of the Original Purchaser required to be delivered to the Original Purchaser under the Indenture and shall be entitled to all of the protections afforded the Original Purchaser under the Indenture.

## ARTICLE III

### MISCELLANEOUS

SECTION 3.01 Authority for the Seventh Supplemental Indenture. The Seventh Supplemental Indenture is executed under and pursuant to the provisions of the Act and is supplemental to and is executed under and pursuant to the Indenture.

SECTION 3.02 Terms of Series 2020 Bonds Subject to the Indenture. Except as in the Seventh Supplemental Indenture expressly provided, every agreement, condition, covenant and term contained in the Indenture shall apply to the Seventh Supplemental Indenture and to the Series 2020 Bonds with the same force and effect as if the same were herein set forth at length, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to the Seventh Supplemental Indenture; provided, that if the Indenture, the Seventh Supplemental Indenture, the Series 2020 Bonds, the Tax Certificate relating to the Series 2020 Bonds, or any other agreement, requirement or procedure contained or referred to in any such documents is changed, or if any action is taken or omitted under such documents (including, without limitation, defeasance of the Series 2020 Bonds), and any such change occurs or action is taken or omitted upon the advice or approval of counsel other than Orrick, Herrington & Sutcliffe LLP (or any successor thereto), the City shall require such other counsel to deliver a final bond opinion in substantially the form set forth in the offering document for the Series 2020 Bonds, dated the date of such change, action or omission, and addressed to the City and the Fiscal Agent.

SECTION 3.03 Investment of Moneys in Funds and Accounts. Notwithstanding anything in the Indenture to the contrary, for purposes of any time limitation on the maturity of an investment of moneys in the funds and accounts held thereunder, such investment shall be deemed to satisfy such time limitation if, by its terms and within such time limitation, the City or the Fiscal Agent has the right, for any purpose permitted or required under the Indenture, to demand the repurchase, redemption, withdrawal or termination of such investment and to receive at least the outstanding par amount thereof plus accrued interest, without penalty.

SECTION 3.04 Covenant Against Federal Income Taxation; No Continuing Disclosure for Series 2020 Bonds.

(a) The City covenants that it shall not take any action, or fail to take any action with respect to the Series 2020 Bonds, if such action or failure to take such action would result in the interest on the Series 2020 Bonds not being excluded from gross income for federal income tax purposes under Section 103 of the Code.

(b) The provisions of Section 5.04 of the Original Indenture, which relate to certain continuing disclosure covenants of the City, shall not be applicable to the Series 2020 Bonds.

(c) The provision of this Section 3.04 shall survive the defeasance of the Series 2020 Bonds

SECTION 3.05 Effective Date of the Seventh Supplemental Indenture. The Seventh Supplemental Indenture shall take effect from and after its execution and delivery.

SECTION 3.06 Accounting Records; Financial Statements and Other Reports.

(a) The City will keep, or in the case of transactions made by the Fiscal Agent, it will cause the Fiscal Agent to keep, appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the receipt, investment, disbursement, allocation and application of the proceeds of the Special Tax and of the proceeds of the Series 2020 Bonds, which accounting records shall at all times during business hours with reasonable prior notice be subject to the inspection of any Holder (or his or her representative authorized in writing) and (upon the prior written consent of the City) of any investment banker, security dealer or other person interested in the Series 2020 Bonds.

(b) The City will prepare annually within two hundred seventy (270) days after the close of each Fiscal Year financial statements of the City for the preceding Fiscal Year prepared in accordance with Generally Accepted Accounting Principles. The City will furnish a copy of such financial statements to the holder of the Series 2020 Bonds.

(c) The City will prepare annually not later than October 31 of each year and file with the California Debt and Investment Advisory Commission by mail, postage prepaid, all necessary information required to be filed under the Law (the "Annual CDIAC Report"), including:

- (1) The principal amount of the Series 2020 Bonds Outstanding;
- (2) The balance of the Bond Reserve Fund;
- (3) The balance in the Redemption Fund constituting capitalized interest, if any;
- (4) The number of parcels securing the Series 2020 Bonds which are delinquent with respect to their Special Tax payments, the amount that each delinquent parcel is delinquent, the length of time that each delinquent parcel has been delinquent and when foreclosure was commenced for each delinquent parcel; and
- (5) The assessed value of all parcels subject to the levy of the Special Tax to repay the Series 2020 Bonds, as shown on the most recent equalized assessment roll of the County of Sacramento.

The City will furnish a copy of each Annual CDIAC Report to the holder of the Series 2020 Bonds. Additionally, the City will notify the California Debt and Investment Advisory Commission by mail, postage prepaid, within ten (10) days if the City or the Fiscal Agent fails to pay any interest on or principal of any of the Series 2020 Bonds on any scheduled payment date or if funds are withdrawn from the Bond Reserve Fund to pay any interest on or principal of the Series 2020 Bonds.

SECTION 3.07 Original Purchaser Not Fiduciary. Inasmuch as the Series 2020 Bonds represent a negotiated transaction, the Original Purchaser is not acting as a fiduciary of the City, but rather is acting solely in its capacity as the Owner of the Series 2020 Bonds, for its own loan account. The City acknowledges and agrees that (i) the transaction contemplated herein is an arm's length commercial transaction between the City and the Original Purchaser and its affiliates; (ii) in connection with such transaction, the Original Purchaser and its affiliates are acting solely as a principal and not as an advisor including, without limitation, a "Municipal Advisor" as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules"); (iii) the Original Purchaser and its affiliates are relying on the purchaser exemption in the Municipal Advisor Rules; (iv) the Original Purchaser and its affiliates have not provided any advice or assumed any advisory or fiduciary responsibility in favor of the City with respect to the transaction contemplated by the Series 2020 Bonds and the discussions, undertakings and procedures leading thereto (whether or not the Original Purchaser, or any affiliate of the Original Purchaser, has provided other services or advised, or is currently providing other services or advising the City on other matters); and (v) the Original Purchaser and its affiliates have financial and other interests that differ from those of the City.

IN WITNESS WHEREOF, the City of Folsom has caused the Seventh Supplemental Indenture to be signed in its name by its Finance Director, and MUFG Union Bank, N.A., as Fiscal Agent, in token of its acceptance of the duties of the Fiscal Agent created hereunder, has caused the Seventh Supplemental Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the date and year first above written

CITY OF FOLSOM

By: \_\_\_\_\_  
Finance Director

MUFG UNION BANK, N.A.,  
As Fiscal Agent

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



## EXHIBIT A

### FORM OF INVESTOR LETTER

City of Folsom  
Folsom, California

Re: City of Folsom Community Facilities District No. 10 Special Tax Refunding Bonds, Series 2020

Ladies and Gentlemen:

The undersigned (the “Purchaser”) hereby acknowledges receipt of \$[PAR AMOUNT] principal amount of City of Folsom Community Facilities District No. 10 Special Tax Refunding Bonds, Series 2020 (the “Bonds”), issued under an Indenture, dated as of July 11, 1995, as supplemented, including as supplemented by the Seventh Supplemental Indenture, dated as of July 1, 2020 (the “Indenture”), between the City of Folsom (the “Issuer”), and MUFG Union Bank, N.A. (the “Fiscal Agent”). Capitalized terms not defined in this letter have the meanings given them in the Indenture.

This letter (the “Investor Letter”) is delivered to you in connection with the purchase of the Bonds by the Purchaser, and the Purchaser hereby makes the following representations upon which you may rely:

1. The Purchaser has authority to purchase the Bonds and to execute this Investor Letter and any other instruments and documents the Purchaser may be required to execute in connection with the purchase of the Bonds.
2. The Purchaser is a Qualified Institutional Buyer within the meaning of the Indenture, has sufficient knowledge and experience in financial and business matters, including the purchase and ownership of municipal bonds and other tax-exempt obligations similar to the Bonds to be able to evaluate the risks and merits of the investment represented by the Bonds, and can bear the economic risk of its investment in the Bonds. The Bonds are a financially suitable investment for the Purchaser consistent with its investment policies, needs and objectives. The Purchaser understands that it may be required to bear the risks of this investment in the Bonds for an indefinite time, as there may be no market for the Bonds.
3. The Purchaser is purchasing the Bonds solely for its own account and not with a view to, or in connection with, any distribution, resale, pledging, fractionalization, subdivision or other disposition thereof (subject to the understanding that disposition of Purchaser’s property will remain at all times within its control), and the Purchaser intends to hold the Bonds for its own account and does not intend at this time to dispose of all or any part of the Bonds.

The Purchaser has directed the Issuer not to obtain a CUSIP number for the Bonds, or apply for eligibility for the Bonds with The Depository Trust Company.

4. The Purchaser understands that the Bonds are not registered under the Securities Act of 1933, as amended, and that such registration is not legally required as of the date hereof. The Purchaser further understands that the Bonds (a) are not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, (c) will not carry a rating from any rating service, (d) will not be assigned CUSIP numbers, and (e) will be delivered in a form that may not be readily marketable.
5. The Purchaser acknowledges that it has made its own inquiry and analysis with respect to the Bonds and security therefor, that it has received the documents executed or adopted by the Issuer in connection with the Bonds and other documents it has requested, and that it has either been supplied with or been given access to information, including financial statements and other financial information, which a reasonable investor would consider important in making investment decisions, and the Purchaser has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Bonds and the security therefor so that, as a reasonable investor, the Purchaser has been able to make its decision to purchase the Bonds.
6. Although the Purchaser does not intend at this time to dispose of all or any part of the Bonds, the Purchaser acknowledges that it has the right to sell and transfer the Bonds, in accordance with terms and conditions of the Indenture (including sales limited to Qualified Institutional Buyers as defined in the Indenture in the minimum denominations set forth therein). The Purchaser acknowledges that it is solely responsible for compliance, and covenants and agrees with the Issuer that it will comply, with the Indenture and all applicable federal or state securities laws then in effect with respect to any subsequent sale, transfer or other disposition of the Bonds, including disclosure of material information (without involving the Issuer in any manner). The Purchaser agrees to indemnify the Issuer for any liabilities or costs incurred by the Issuer (including attorney fees) in connection with any sale, transfer or other disposition of the Bonds in violation of such restrictions or laws.
7. The Purchaser acknowledges (a) that the Bonds are limited obligations of the Issuer, payable solely from the proceeds of the Special Tax (including any prepayments thereof and proceeds from the sale of property collected pursuant to the foreclosure provisions thereof for the delinquency of the Special Tax and proceeds from any security for payment of the Special Tax taken in lieu of foreclosure) in accordance with the Indenture; (b) that the Bonds are not obligations payable from the general revenues or other funds of the Issuer, the State of California, or any other political subdivision or public body, corporate or politic, of the State of California; and (c) that the Issuer shall not be directly, indirectly, contingently or morally obligated to pay the principal of the Bonds or the interest thereon, or any other expenses related to the Bonds, except from funds provided under the Indenture and neither the faith and credit or the taxing power of the State of California nor any political subdivision thereof (including the Issuer) is pledged to the payment of the principal of or interest on the Bonds.

Dated: \_\_\_\_\_, 20\_\_

Very truly yours,

\_\_\_\_\_  
By: \_\_\_\_\_

Title: Authorized Officer

## ATTACHMENT 5

**City of Folsom**  
**CFD No. 10**  
**2020 Special Tax Refunding Bonds**  
**SB 450 Summary / Government Code 5852.1**

<b>A. True Interest Cost (TIC) of the Bonds</b>	<b>1.58%</b> <sup>1</sup>
<b>B. Sum of all fees and charges paid to 3rd parties</b>	<b>\$136,653</b>
Bond Counsel	45,000.00 <sup>2</sup>
Placement Agent	20,000.00 <sup>2</sup>
Municipal Advisor	32,500.00 <sup>2</sup>
Special Tax Consultant	14,000.00 <sup>2</sup>
CDIAC	1,652.50 <sup>2</sup>
Investor Rep Fee	7,500.00 <sup>2</sup>
Trustee and Counsel	7,000.00 <sup>2</sup>
Verification Agent	1,750.00 <sup>2</sup>
Miscellaneous	7,250.00 <sup>2</sup>
<b>C. Bond Proceeds Net of Reserves, Capitalized Interest and 3rd Party Fees and Charges</b>	<b>\$6,017,702</b>
Net proceeds	6,610,000 <sup>1</sup>
Less Reserve Fund	(455,646) <sup>1</sup>
Less Sum of all fees and charges paid to 3rd parties	(136,653) <sup>1</sup>
Less Capitalized Interest	0 <sup>1</sup>
<b>D. Total Payment Amount</b>	<b>\$7,054,337</b>
Total Principal and Interest to Maturity	6,884,337 <sup>1</sup>
Special Tax Admin. /Continuing Disclosure Fee	107,500 <sup>3</sup>
Trustee Fee	35,000 <sup>4</sup>
Arbitrage /Rebate Fee	8,000 <sup>5</sup>
County Collection Charge	19,500 <sup>6</sup>

Sources:

<sup>1</sup> Preliminary Cash Flows (Sources and Uses) as of June 30, 2020 prepared by Brandis Tallman

<sup>2</sup> Costs of Issuance

<sup>3</sup> NBS - 5 years at \$21,500 per year

<sup>4</sup> MUFU Union Bank - 5 years at \$7,000 per year

<sup>5</sup> NBS - 5 years at \$1,600 per year

<sup>6</sup> NBS - 5 years at \$3,900 per year

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