

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: September 9, 2025

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Council File No.

Council District: All

To: The City Council

From: Matthew W. Szabo, City Administrative Officer  for

Subject: **AMENDED AND RESTATED WASTEWATER SYSTEM REVENUE BONDS  
GENERAL RESOLUTIONS**

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### RECOMMENDATIONS

That the City Council:

1. ADOPT the Amended and Restated Wastewater System Revenue Bonds General Resolution (the "A&R Senior Resolution")(Attachment A), effectuating amendments to the original Wastewater System Revenue Bonds General Resolution to modernize certain provisions to reflect current industry practices, enhance flexibility, and provide more favorable terms to the City, the form of which has been previously approved by the City Council;
2. ADOPT the Amended and Restated Wastewater System Subordinate Revenue Bonds General Resolution (the "A&R Subordinate Resolution," and together with the A&R Senior Resolution, the "A&R Resolutions")(Attachment B), effectuating amendments to the original Wastewater System Subordinate Revenue Bonds General Resolution to modernize certain provisions to reflect current industry practices, enhance flexibility, and provide more favorable terms to the City, the form of which has been previously approved by the City Council; and,
3. REQUEST the City Attorney to prepare and present an ordinance or ordinances amending certain sections of the Los Angeles Administrative Code and the Los Angeles Municipal Code, to the extent necessary, to conform such Codes to the A&R Resolutions.

### SUMMARY

Los Angeles Wastewater System Revenue Bonds ("LAWW Bonds") are issued as the primary financing mechanism to finance and refinance capital projects relating to the Bureau of Sanitation's wastewater conveyance, treatment, and disposal system (the "Wastewater System") and are secured and payable solely from the revenues of the Wastewater System and from amounts in the Sewer Construction and Maintenance Fund ("SCM"). LAWW Bonds can be issued on a senior (the "Senior Lien Bonds") or subordinate (the "Subordinate Lien Bonds") basis pursuant to the

Wastewater System Revenue Bonds General Resolution, adopted by the City Council on November 10, 1987, as amended and supplemented from time to time (the “Original Senior General Resolution”) and the Wastewater System Subordinate Revenue Bonds General Resolution, adopted by the City Council on March 26, 1991, as amended and supplemented from time to time (the “Original Subordinate General Resolution,” and together with the Original Senior General Resolution, the “Original Resolutions”), respectively.

The City Administrative Officer (“CAO”) recommends the adoption of the Amended and Restated Wastewater System Revenue Bonds General Resolution (the “A&R Senior Resolution”) (Attachment A) and the Amended and Restated Wastewater System Subordinate Revenue Bonds General Resolution (the “A&R Subordinate Resolution,” and together with the A&R Senior Resolution, the “A&R Resolutions”)(Attachment B) to effectuate amendments to the Original Resolutions that are intended to modernize certain provisions to reflect current industry practices, enhance flexibility, and provide more favorable terms to the City. This process originally started in 2022 when the A&R Resolutions were first proposed and approved by the City Council (C.F. 22-0032). Bondholder consent is required in order to effectuate the A&R Resolutions, and sufficient consent was received on June 10, 2025. With the requisite consents obtained, this Office is transmitting the A&R Resolutions to the City Council for final adoption. The scope of the amendments and processes undertaken to date are further summarized under the Statement of Findings below.

## **FISCAL IMPACT STATEMENT**

There is no impact to the General Fund from approval of the proposed recommendations in this report as adoption of the Amended and Restated Wastewater System Revenue Bonds General Resolution and the Amended and Restated Wastewater System Subordinate Revenue Bonds General Resolution (together, the “A&R Resolutions”) is an administrative action.

## **FINANCIAL POLICIES STATEMENT**

The recommendations in this report comply with the City’s Financial Policies in that the A&R Resolutions are compliant with the City’s Debt Management Policies.

## **DEBT IMPACT STATEMENT**

There is no debt impact resulting from the approval of the proposed recommendations in this report as adoption of the A&R Resolutions is an administrative action that is not related to the incurrence of additional debt.

## FINDINGS

### 1. Outstanding LAWW Bonds

Under the Original Senior General Resolution, the City has previously issued multiple series of Senior Lien Bonds that have a first lien on revenues deposited into SCM and revenues otherwise attributable to the Wastewater System ("Revenues"). As of September 1, 2025, the City has outstanding Senior Lien Bonds in the aggregate principal amount of \$608,045,000. Under the Original Subordinate General Resolution, the City has previously issued multiple series of Subordinate Lien Bonds that have a second lien on Revenues subordinate to that of the Senior Lien Bonds. As of September 1, 2025, the City has outstanding Subordinate Lien Bonds in the aggregate principal amount of \$1,859,800,000, not including \$15,000,000 in aggregate principal of outstanding commercial paper notes (C.F. 24-1066), or \$223,921,010 of outstanding (but not fully drawn) principal relating to the Water Infrastructure Finance and Innovation Act loan agreement between the City and the United States Environmental Protection Agency (C.F. 20-1176).

### 2. Amendments to the Original Resolutions

The City has been preparing to amend the Original Resolutions since 2022, when the A&R Resolutions were initially introduced and first proposed in the Twenty-Seventh Supplemental Subordinate General Resolution (C.F. 22-0032) relating to the Subordinate Series 2022-A, Subordinate Series 2022-B (Taxable), and Subordinate Refunding Series 2022-C bonds (collectively, the "2022 LAWW Bonds"). These amendments were additionally proposed and reaffirmed by Council in the Twenty-Ninth Supplemental Subordinate General Resolution and the Thirty-First Supplemental General Resolution (C.F. 25-0323), relating to the Subordinate Series 2025-A, Subordinate Series 2025-B (Taxable), Subordinate Refunding Series 2025-C bonds, and the Refunding Series 2025-A bonds (collectively, the "2025 LAWW Bonds").

#### A&R Subordinate Resolution

The A&R Subordinate Resolution will effectuate several amendments to the Original Subordinate General Resolution intended to modernize certain provisions to reflect current industry practices, enhance flexibility, and provide more favorable terms to the City, including:

- Amending Section 9.02 to increase the percentage of bondholders required to accelerate (wherein under specific circumstances bondholders can declare outstanding bonds to be immediately due and payable) from 25 percent to 51 percent, enhancing protections to the City against possible events of acceleration;
- Amending Section 3.09 and Section 3.11 to provide that Average Annual Debt Service will be used to calculate the test for the issuance of additional Subordinate Bonds (as compared to Maximum Annual Debt Service, which is currently set forth in the Original Subordinate General Resolution), to better align with industry standards and provide a more balanced assessment of financial capacity with respect to the incurrence of future debt; and,

- Amending Section 6.03 to permit the City to use any monies on deposit in SCM to satisfy the Rate Covenant (rather than only Revenues attributed to a specific fiscal year) allowing for greater flexibility in complying with this provision.

### A&R Senior Resolution

Many of the amendments proposed in the A&R Senior Resolution are conforming amendments to mirror provisions shared by both the Original Senior General Resolution and the Original Subordinate General Resolution, including substantially the same changes to the sections and provisions described above. Additionally, the A&R Senior Resolution will also amend provisions in the Original Senior General Resolution that are unique to the Senior Lien Bonds, including the elimination of the Debt Service Reserve Fund and the Emergency Fund which are considered to contain antiquated and impractical provisions.

### **3. Bondholder Consents and Notices**

While the forms of A&R Resolutions containing all the proposed changes have been previously approved by the City Council, under the Original Resolutions, the A&R Resolutions cannot become effective until bondholders owning 51 percent or more of the outstanding Senior Lien Bonds and Subordinate Lien Bonds, respectively, have consented to such proposed amendments. The City has obtained these consents through a “springing consent” process, which means that the City has deemed the holders of the 2022 LAWW Bonds and the 2025 LAWW Bonds, by virtue of their purchase and acceptance of such Bonds, to have consented to the A&R Resolutions. As of September 1, 2025, the City has obtained consents from 85.3 percent of the outstanding Senior Lien Bonds and 54 percent of the outstanding Subordinate Lien Bonds.

Additionally, pursuant to the Original Resolutions, the City must provide notice to all holders of outstanding LAWW Bonds at least two weeks prior to the adoption of A&R Resolutions (the “Notice”). This Notice was provided to all bondholders on September 5, 2025 through the Depository Trust Company, a central securities depository that holds securities, including LAWW Bonds, in custody on behalf of other entities that own and trade such securities. The Notice includes copies of the A&R Resolutions attached to this report for Council consideration, as well as redline copies marking changes to the Original Resolutions that were previously provided to prospective bondholders in the disclosure documents for the 2022 LAWW Bonds and the 2025 LAWW Bonds. A copy of the Notice and accompanying exhibits is attached to this report as Attachment C.

### **4. Required Documents**

With the requisite consents obtained and the required Notice delivered to bondholders, this Office is transmitting the A&R Resolutions to the City Council for final adoption. In order to proceed with the effectuation of the A&R Resolutions, the City Council will need to adopt the attached A&R Senior Resolution (Attachment A) and A&R Subordinate Resolution (Attachment B). As an administrative step, the City Attorney will transmit to the City Council and the Mayor an ordinance or ordinances amending certain sections of the Los Angeles Administrative Code and the Los Angeles Municipal Code, to the extent necessary, to conform such Codes to the A&R Resolutions.

*MWS:HTT:DMP:09260037*

## ATTACHMENTS

- Attachment A – Amended and Restated General Resolution
- Attachment B – Amended and Restated Subordinate General Resolution
- Attachment C – Notice to Bondholders dated September 5, 2025
  - Exhibit A-1 – Copy of Amended and Restated General Resolution
  - Exhibit A-2 – Marked Copy of Amended and Restated General Resolution
  - Exhibit B-1 – Copy of Amended and Restated Subordinate General Resolution
  - Exhibit B-2 – Marked Copy of Amended and Restated Subordinate General Resolution

# **Attachment A – Amended and Restated General Resolution**

THE CITY COUNCIL OF THE CITY OF LOS ANGELES

AMENDED AND RESTATED  
WASTEWATER SYSTEM REVENUE BONDS  
GENERAL RESOLUTION

Adopted by  
the City Council on  
\_\_\_\_\_, 2025

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(This table of contents is not part of the General Resolution and has been added only for convenience of reference. The captions herein are of no legal effect and do not vary the meaning or legal effect of any part of the General Resolution.)

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**THE CITY COUNCIL OF THE CITY OF LOS ANGELES  
AMENDED AND RESTATED  
WASTEWATER SYSTEM REVENUE BONDS  
GENERAL RESOLUTION**

WHEREAS, the City of Los Angeles (the “City”) is a municipal corporation and a political subdivision of the State of California (the “State”) and is a charter city having availed itself of the home rule provisions of the California Constitution and is organized and operates under the terms of the Charter of the City of Los Angeles as from time to time amended (the “Charter”) and under such Charter has the power and authority to issue bonds and incur other indebtedness and obligations; and

WHEREAS, the City owns and operates the System (as defined herein); and

WHEREAS, it is necessary from time to time to provide financing for the acquisition, construction, improvement and extension of the System and for other needs related to the System; and

WHEREAS, the City Council on November 10, 1987, adopted its Wastewater System Revenue Bonds General Resolution (as amended, modified and supplemented to date, the “Original General Resolution”) to provide for the issuance of bonds, and the incurrence of other indebtedness and obligations secured by and payable from the revenues of the System; and

WHEREAS, the City Council desires to amend and restate the Original General Resolution; and

WHEREAS, the conditions precedent set forth in the Original General Resolution to the effectiveness of the amendments and restatement contained herein have been satisfied;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Los Angeles, as follows:

**ARTICLE I**

**DEFINITIONS; INTERPRETATION**

Section 1.01 Definitions. The terms defined in this Article I shall, for all purposes of this General Resolution and all Supplemental Resolutions into which such definitions may be incorporated, have the meanings specified unless the context clearly requires otherwise;

“Accrued Interest” shall mean, for any calendar month, the amount of interest which has accrued or will accrue on a Series of Outstanding Bonds during that month less (i) any interest which accrues during such period, but is to be paid from moneys or Permitted Investments or the earnings thereon, which moneys or Permitted Investments are on deposit in a separate fund or account or are otherwise segregated for such purpose and (ii) interest which has accrued but is not due and payable within the 12-month period immediately following such accrual; for purposes of this definition interest which has accrued but is not due and payable within the 12-month period immediately following such accrual shall be included as Accrued Interest in 12

equal consecutive monthly installments commencing in the twelfth month preceding the payment date; with respect to the calculation of the amount to be deposited into the Debt Service Fund for any given month for any Series of Bonds the interest rate on which will or may fluctuate from the date of calculation to the end of such calendar month, interest after the calculation date, for purposes of calculating Accrued Interest for such month, will be assumed to accrue at a rate equal to 110% of the rate of interest on such Bonds on the date of calculation; for purposes of determining any Deficiency or Excess, interest accruing on fluctuating rate Bonds for any prior month shall be calculated at the actual rate or rates for such month.

“Accrued Principal” shall mean, for any calendar month, the amount of principal which has “accrued” or will “accrue” on a Series of Outstanding Bonds during that month less any principal which accrues during such period but is to be paid from moneys or Permitted Investments or the earnings thereon, which moneys or Permitted Investments are on deposit in a separate fund or account or are otherwise segregated for such purpose; for purposes of this definition, it shall be assumed that principal accrues in 12 equal monthly installments commencing in the twelfth month preceding the date on which payment is due, except that (i) with respect to principal on a Series of Bonds which is payable more frequently than annually, principal shall accrue in equal monthly installments from one payment date to the next and (ii) if the first principal payment date on a Series of Bonds is less than 12 months after the issuance of such Series, principal due on such first payment date shall accrue in equal monthly installments from the date of issuance to the first payment date and (iii) with respect to Balloon Indebtedness and commercial paper which is intended at the time of issuance to be paid with the proceeds of a corresponding issue of commercial paper, the entire principal amount shall be deemed to accrue in the month in which such Balloon Indebtedness or commercial paper is due and payable and not in monthly installments prior to such date. In all events, principal shall be determined to accrue in amounts sufficient to assure that the full amount due on any principal payment date and to be paid from the Debt Service Fund will be on deposit in the Debt Service Fund on the payment date. For purposes of determining “Accrued Principal,” a payment to be made on the basis of an accreted value shall be deemed a principal payment. If Bonds have been declared to be due and payable as provided in Section 9.02, then in each calendar month, the entire unpaid principal of all Bonds which have been accelerated under Section 9.02 shall be deemed to have accrued in that calendar month.

“Aggregate Accrued Interest” shall mean, for any calendar month, the sum of the Accrued Interest for that month for all Series of Outstanding Bonds.

“Aggregate Accrued Principal” shall mean, for any calendar month, the sum of the Accrued Principal for that month for all Series of Outstanding Bonds.

“Annual Debt Service” shall mean, with respect to any Bonds and for any Fiscal Year, the aggregate amount of Debt Service on such Bonds becoming due and payable during such Fiscal Year (or assumed to be due and payable under the definition of “Debt Service”).

“Authenticating Agent” shall mean a person or entity, other than the Treasurer, which person or entity is authorized to authenticate Bonds of any Series in place of or in addition to the Treasurer.

“Authorized City Representative” shall mean the Mayor, the City Administrative Officer, or the Treasurer of the City, or such other officer or employee of the City or other person who has been designated as such representative by resolution of the Council.

“Average Annual Debt Service” shall mean as of any date of calculation, the quotient obtained by dividing (1) the sum of the Annual Debt Service on all Bonds for all Fiscal Years during the period commencing with the Fiscal Year in which such calculation is made and terminating in the last Fiscal Year in which any Debt Service on any Bonds is due, by (2) the number of such Fiscal Years.

“Authorized Denomination” shall mean, with respect to any Series of Bonds, any denomination authorized by the Supplemental Resolution under which Bonds of such Series are issued.

“Bond” or “Bonds” shall mean bonds, notes and other indebtedness, obligations or securities of any kind or class issued or incurred as provided in Article III of this General Resolution and secured by this General Resolution and by the pledge of the Revenues granted hereby. The term “Bonds” includes, but is not limited to, obligations in the form of bonds, notes, bond anticipation notes, commercial paper and certificates of participation. “Bond” or “Bonds” shall not include any subordinated obligations incurred by the City as permitted by Section 6.06.

“Bond Counsel” shall mean a firm of attorneys which is nationally recognized as experts in the area of municipal finance.

“Bondholder,” “Holder,” “Owner” or “Registered Owner” shall mean at any given time the person in whose name a Bond or Bonds of any Series are at such time registered on the books maintained by the City or its Registrar.

“Build America Bonds” shall mean any bonds or other obligations issued as Build America Bonds under Section 54AA of the Code, or under any other provisions of the Code, that creates, in the determination of the City, a substantially similar direct-pay subsidy program that provides comparable security for the Owners thereof.

“Business Day” shall mean (i) with respect to the Series 2025 Bonds and any Series of Bonds issued after the Series 2025 Bonds, any day excluding Saturday, Sunday and any day which is a legal holiday under the laws of the State of California or the City or is a day on which banking institutions in the State of California or the City are authorized or required by law or other governmental action to close, and (ii) with respect to Bonds of any Series issued before the date of issuance of the Series 2025 Bonds, any day on which banks located in New York, New York and in Los Angeles, California are open; provided that, with respect to both (i) and (ii) above, such term may have a different meaning for any specified Series of Bonds if so provided by Supplemental Resolution.

“Capitalized Interest” shall mean the amount of interest, if any, on a Series of Bonds which is paid from proceeds of the Bonds.

“Charter” shall mean the Charter of the City of Los Angeles as from time to time amended under which the City is organized and operates.

“City” shall mean the City of Los Angeles, California.

“City Administrative Officer” shall mean the City Administrative Officer of the City or any Assistant City Administrative Officer.

“City Attorney” shall mean the Office of the City Attorney of the City including the City Attorney, any Assistant City Attorney and any Deputy City Attorney or any other legal counsel designated by the City.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Construction Fund” shall mean any of the Construction Funds created as described in Section 5.06 hereof.

“Consultant” shall mean the consultant, consulting firm, engineer, architect, engineering firm, architectural firm, accountant or accounting firm retained by the City to perform acts and carry out the duties provided for such Consultant in this General Resolution.

“Council” shall mean the City Council of the City of Los Angeles.

“Debt Service” shall mean, as of any date of determination and with respect to any Fiscal Year, the sum of (1) the interest scheduled to be due on any Bonds during such Fiscal Year, (2) the principal or scheduled mandatory redemption payments required to be paid with respect to such Bonds during such Fiscal Year, and (3) any other regularly scheduled payments of Bonds during such Fiscal Year to the extent not included in clauses (1) and (2) of this definition, all of which are to be computed on the assumption that no portion of such Bonds shall cease to be Outstanding during such Fiscal Year except by reason of the application of such scheduled payments; provided, however, that for purposes of such calculation:

(i) if any of the Outstanding Series of Bonds constitutes Tender Indebtedness or if Bonds then proposed to be issued would constitute Tender Indebtedness, then, for purposes of determining Debt Service, Tender Indebtedness shall be treated as if the principal amount of such Bonds were to be amortized in substantially equal annual installments of principal and interest over a term of 30 years commencing in the year in which such Series is first subject to tender; the interest rate used for such computation shall be the rate quoted in The Bond Buyer Revenue Bond Index for the last week of the month preceding the date of calculation, as published in The Bond Buyer, or if that index is no longer published another similar index selected by the City, or if the City fails to select a replacement index, an interest rate equal to 80% of the yield as of the date of calculation for United States Treasury bonds maturing at least 25 years after the date of such calculation, or if there are no such Treasury bonds having such maturities, 100% of the lowest prevailing prime rate of any of the five largest commercial banks in the United States ranked by assets; with respect to all principal and interest payments becoming due prior to the year in which such Tender Indebtedness is first subject to tender, such payments shall be treated as described in (i) above unless the interest during that period is subject to fluctuation, in which case, the interest becoming due prior to such first tender date shall be determined as provided in (iv) below;

(ii) if any of the Outstanding Series of Bonds constitutes Variable Rate Indebtedness or if Bonds proposed to be issued would constitute Variable Rate Indebtedness (except to the extent subsection (i) relating to Tender Indebtedness), then, such Series of Bonds shall be assumed to bear interest at the rate quoted in The Bond Buyer Revenue Bond Index for the last week of the month preceding the date of calculation of Debt Service, as published in The Bond Buyer, or if that index is no longer published, another similar index selected by the City, or if the City fails to select a replacement index, an interest rate equal to 80% of the yield for outstanding United States Treasury bonds having an equivalent maturity as the then Outstanding Bonds for which the interest rate is to be assumed or having an equivalent maturity as the additional Bonds proposed to be issued, or if there are no such Treasury bonds having equivalent maturities, 100% of the lowest prevailing prime rate or any of the five largest commercial banks in the United states ranked by assets;

(iii) if moneys or Permitted Investments have been deposited by the City into a separate fund or account or are otherwise held by the City or by a fiduciary to be used to pay principal and/or interest on specified Bonds, then the principal and/or interest to be paid from such moneys or Permitted Investments or from the earnings thereon shall be disregarded and not included in calculating Debt Service; and

(iv) for the purpose of calculating Debt Service, in determining the amount of interest coming due during any twelve-month period ending June 30 on any Series of Bonds that were issued as Direct Subsidy Bonds, such amount shall be reduced by an amount equal to the Refundable Credits the City is scheduled to receive during each such twelve-month period ending June 30 (and to avoid double counting, an equivalent amount shall be deducted from Revenues for the purpose of such calculation).

Notwithstanding any other subsection of this definition of Debt Service, no amounts payable (including any settlement amounts or termination payments) under any interest rate swap agreement constituting a Bond shall be included in the calculation of Debt Service. Except as otherwise provided in this definition of Debt Service, to the extent that any calculation under this definition requires an index, interest rate or other amount to make such calculation, and such index, interest rate or other amount is not published, is not available or is not capable of being included in such calculation, then the City shall use such other index, interest rate, or other amount in its reasonable discretion in order to complete such calculation and that calculation shall be binding on City, the Owners of all Bonds, the Paying Agent and all other affected parties, absent manifest error.

“Debt Service Fund” shall mean the Debt Service Fund described in Sections 5.02 and 5.04.

“Deficiency” shall mean, at any time, the amount by which the sum of the Aggregate Accrued Interest and the Aggregate Accrued Principal for all prior calendar months with respect to unpaid interest and principal on all Outstanding Bonds exceeds the amount on deposit in the Debt Service Fund. For purposes of determining whether any Deficiency exists in the Debt Service Fund, amounts therein which have been segregated to pay Bonds which have previously

become due and payable but have not been presented for payment and amounts therein which have been segregated to pay the redemption price of any Bond shall be disregarded.

“Direct Subsidy Bonds” shall mean Build America Bonds and Recovery Zone Economic Development Bonds.

“Electronic Means” shall mean facsimile transmission, email transmission or other similar electronic means of communication providing evidence of transmission, including a telephone communication confirmed by any other method set forth in this definition.

“Event of Default” shall mean any occurrence or event specified in Section 9.01 hereof.

“Excess” shall mean, at any time, the amount by which the amount on deposit in the Debt Service Fund exceeds the sum of the Aggregate Accrued Interest and Aggregate Accrued Principal for all prior months with respect to unpaid interest and principal on all Outstanding Bonds. For purposes of determining whether any Excess exists in the Debt Service Fund, amounts therein which have been segregated to pay Bonds which have previously become due and payable but have not been presented for payment and amounts therein which have been segregated to pay the redemption price of any Bonds shall be disregarded.

“Expenses” shall mean the total operating expenses of the System as determined in accordance with generally accepted accounting principles except, to the extent such items are included in such operating expenses, depreciation, interest on Outstanding Bonds and amortization of financing expenses.

“Fiscal Year” shall mean the period of time beginning on July 1 of any given year and ending on June 30 of the immediately subsequent year, or such other annual period as the City designates as its fiscal year.

“Fitch” shall mean Fitch Ratings Inc., its successors and their assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized rating agency designated by the City.

“General Resolution” shall mean this “Amended and Restated Wastewater System Revenue Bonds General Resolution” adopted by the Council on the date shown on the cover page hereof, as amended from time to time.

“Government Obligations” shall mean (i) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States and (ii) securities or receipts evidencing ownership interests in obligations or specified portions (such as principal or interest) of obligations described in (i).

“Insurer” shall mean any municipal bond insurance company, bank or other financial institution or organization providing credit enhancement for any one or more Series of Bonds or a portion of a Series of Bonds whether such credit enhancement is in the form of an insurance policy, surety bond, letter of credit, line of credit, revolving credit agreement or other form of financial guaranty or commitment instrument.



“Mail” shall mean either by first-class United States mail, postage prepaid or Electronic Means.

“Moody’s” shall mean Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized rating agency designated by the City.

“Municipal Code” shall mean the Municipal Code of the City of Los Angeles.

“Net Revenues” shall mean, for any given period, the Revenues for such period less the Expenses for such period, but excluding any profits or losses on the early extinguishment of debt or on the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets.

“Outstanding” or “Bonds Outstanding” or “Outstanding Bonds” when used with respect to Bonds, shall mean all Bonds which have been authenticated and delivered under this Resolution, except:

- (a) Bonds cancelled or purchased by the City for cancellation or delivered to or acquired by the City for cancellation and, in all cases, with the intent to extinguish the debt represented thereby;

- (b) Bonds or portions of Bonds which have been paid or are deemed to be paid in accordance with Article VIII;

- (c) Bonds in lieu of which other Bonds have been authenticated under Section 3.05;

- (d) Bonds or portions of Bonds that have become due (at maturity or on redemption, acceleration or otherwise) and for the payment of which sufficient moneys, including interest accrued to the due date, are held by the City or an agent of the City separate and apart for such purpose;

- (e) Bonds which, under the terms of the Supplemental Resolution pursuant to which they were issued, are deemed to be no longer Outstanding; and

- (f) for purposes of any consent or other action to be taken by the holders of a specified percentage of Bonds under this General Resolution, Bonds held by or for the account of City, unless such Bonds are pledged to secure a debt to an unrelated party, in which case such Bonds shall, for purposes of consents and other Bondholder action, be deemed to be Outstanding and owned by the party to which such Bonds are pledged.

“Paying Agent” or “Paying Agents” shall mean the City Treasurer or any other bank, trust company or other financial institution appointed by the City.

“Permitted Investments” shall mean (i) Government Obligations, (ii) obligations of any state or territory of the United States or any agency or political subdivision thereof rated by S&P,

if the Series of Bonds which such Permitted Investments secure is then rated by S&P, and by Moody's, if such Series is then rated by Moody's, at least as high as such Series of Bonds, (iii) obligations of any state or territory of the United States or any agency or political subdivision thereof for the payment of the principal or redemption price of and interest on which there shall have been deposited Government Obligations maturing as to principal and interest at times and in amounts sufficient to provide such payment, (iv) time certificates of deposit issued by a state or nationally chartered bank or trust company or a state or federal savings and loan association, provided that such certificates of deposit shall be (1) continuously and fully insured by the Federal Deposit Insurance Corporation or (2) continuously and fully secured by Government Obligations, which securities shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificate of deposit, (v) bankers' acceptances which are issued by a bank or trust company rated "A" or higher by Moody's and S&P; provided that such bankers' acceptances may not exceed 270 days' maturity, (vi) repurchase agreements with any bank or trust company or government bond dealer reporting to, trading with and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by Government Obligations, provided that the underlying securities are required by the repurchase agreement to be held by any such bank, trust company or primary dealer having a combined capital and surplus of at least \$100,000,000 and being independent of the issuer of such repurchase agreement, and provided that the securities are continuously maintained at a market value of not less than the amount so invested, (vii) commercial paper of "prime" quality of the highest or of the highest letter and numerical rating as provided by Moody's and S&P, (viii) investment agreements with (1) any bank or trust company or government bond dealer reporting to, trading with and recognized as a primary dealer by the Federal Reserve Bank of New York, having a combined capital and surplus of at least \$100,000,000, or (2) any corporation that is organized and operating within the United States and that has total assets in excess of \$500,000,000 and that has an "A" or higher rating for its debt, other than commercial paper, as provided by Moody's and S&P, provided that such investment agreements shall be continuously and fully secured by Government Obligations, which securities shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount so invested, (ix) government money market portfolios or money market funds restricted to obligations issued or guaranteed as to payment of principal and interest by the full faith and credit of the United States, which portfolios, unless held by the Treasurer for five business days or less, shall have a rating in the highest two categories provided by Moody's and S&P, (x) any investment permitted by the investment policy of the City, and (xi) with respect to funds held in funds and accounts required under the terms of a specific Supplemental Resolution or securing specific Bonds or Bonds of a Series, such other securities or investment vehicles as are specified as Permitted Investments under the terms of the Supplemental Resolution creating such funds and accounts or setting forth the terms of such Series.

"Procedural Ordinance" shall mean Article 6.7 of Chapter 1 of Division 11 of the Administrative Code of the City.

"Project" shall mean any purpose for which a Series of Bonds is issued or authorized under the terms of this General Resolution.

"Project Costs" shall mean, with respect to the System, all or any part of the cost of construction, acquisition, alteration, reconstruction, remodeling, maintaining and operating,

including, without limiting the generality of the foregoing, all labor, materials, machinery, equipment, lands, structures, real and personal property, rights, rights of way, water rights, air rights, franchises, easements and interests acquired or used by the City in connection with the work undertaken; the cost of any demolitions, removals or relocations necessary in connection therewith; financing charges, insurance expenses, Capitalized Interest, if any, reserves for debt service and reserves for capital and current expenses; the cost of architectural, engineering, financial and legal services, plans, specifications, appraisals, surveys, inspections, estimates of costs and revenues, and other expenses necessary or incident to determining the feasibility or practicality of such undertaking; organizational, professional, administrative, operating and other expenses incurred prior to the commencement of and during such work; costs of the City properly allocated to a Project and with respect to costs of employees or other labor costs, including the cost of medical, pension, retirement and other benefits as well as salary and wages and the allocable cost of administrative, supervisory and managerial personnel and the properly allocable cost of benefits provided for such personnel; costs of equipment, supplies and training of operating personnel and other expense of completing such work and placing the same in operation; working capital, and such other expenses as may be necessary or incidental to a Project, the financing thereof, including, but not limited to, costs and expenses of consultants and advisors including insurance consultants, accountants, engineers and attorneys, printing costs, rating agency fees and expenses, insurance costs and related election expenses and expenses necessary or incidental to placing a Project in operation and all other costs, expenses and charges related directly or indirectly to the System for which the City is otherwise permitted to incur an obligation, including the financing of working capital, whether or not the Project then under consideration involves the acquisition or construction of physical properties.

“Rebate Fund” shall mean any fund created by the City in connection with the issuance of the Bonds or any Series of Bonds for the purpose of complying with the Code and providing for the collection, holding and payment of amounts to the United States of America.

“Recovery Zone Economic Development Bonds” shall mean any bonds or other obligations issued as Recovery Zone Economic Development Bonds under Section 1400U-2 of the Code, or under any other provisions of the Code, that creates, in the determination of the City, a substantially similar direct-pay subsidy program that provides comparable security for the Owners thereof.

“Refundable Credits” shall mean (a) with respect to a Series of Bonds issued as Build America Bonds under Section 54AA of the Code or a Series of Bonds issued as Recovery Zone Economic Development Bonds under Section 1400U02 of the Code, in either case the amounts which are payable by the Federal government under Section 6431 of the Code, and which, in the case of Build America Bonds, the City has elected to receive under Section 54AA(g)(1) of the Code, or (b) with respect to a Series of Bonds issued as Build America Bonds or as Recovery Zone Economic Development Bonds, as the case may be, under any other provisions of the Code, that creates, in the determination of the City, a substantially similar direct-pay subsidy program, the amounts of which are payable by the Federal government under applicable provisions of the Code, which, in the case of Build America Bonds, the City has elected to receive under applicable provisions of the Code.

“Registrar” shall mean, with respect to the Bonds of any Series, the bank, trust company or other entity, if any, designated to perform the function of Registrar under this General Resolution or any Supplemental Resolution instead of or in addition to the City Treasurer’s office.

“Reserve Fund” shall mean any Debt Service Reserve Fund created for a Series of Bonds as described in Section 5.05 hereof.

“Revenue Bond Law” shall mean the Revenue Bond Law of 1941, §§54300 et seq. of the California Government Code.

“Revenues” shall mean all revenues of the SCM Fund and revenues otherwise attributable to the System, including, but not limited to, those revenues currently arising as a result of the imposition of sewer service charges, industrial waste surcharge and inspection fees, sewage disposal contract charges, sewerage facility charges and bonded sewer fees and all other income and receipts derived by the City from the ownership or operation of the System or arising from the System and including amounts attributable to extensions, additions and improvements to the System and all other amounts received by the City in payment for providing wastewater collection, treatment and/or disposal services; and all earnings received from the investment of the SCM Fund and the Debt Service Fund; provided, however, that Revenues shall not include:

- (1) any amount received from the levy or collection of taxes;
- (2) amounts received under contracts or agreements with governmental or private entities and designated for capital costs;
- (3) grants received from the United States of America, from the State of California or other political bodies;
- (4) earnings on the Construction Funds and on any Reserve Fund;
- (5) the proceeds of borrowings; and
- (6) proceeds of insurance.

“SCM Fund” shall mean, collectively, the City’s Sewer Construction and Maintenance Fund, Sewer Operation and Maintenance Fund, and Sewer Capital Fund established under the terms of the City’s Municipal Code as special funds in the City Treasury into which the Revenues are to be deposited and such term also includes any other fund or series of funds into which Revenues are deposited.

“Series” when used with respect to Bonds, shall mean Bonds issued at the same time or sharing some other common term or characteristic and designated as a separate Series.

“Series 2025 Bonds” shall mean the City of Los Angeles Wastewater System Revenue Bonds, Refunding Series 2025-A issued on June 10, 2025.

“S&P” shall mean Standard & Poor’s Corporation, a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the City.

“State” shall mean the State of California.

“Subordinate Bonds” shall mean bonds and other obligations issued pursuant to the Subordinate Resolution.

“Subordinate Resolution” shall mean the Amended and Restated Wastewater System Subordinate Revenue Bonds General Resolution, adopted by the City Council concurrently with the adoption of this General Resolution, as amended from time to time.

“Supplemental Resolution” shall mean any supplemental resolution adopted by the Council providing for the issuance of a Series or multiple Series of Bonds, amending and/or supplementing this General Resolution or amending and/or supplementing another Supplemental Resolution.

“System” shall mean the City’s entire wastewater collection, transportation, drainage, treatment and disposal system, including all sewers, pipes, buildings, systems, plants, works, equipment, improvements and other facilities or undertakings of the City relating to the collection, transportation, treatment and disposal of sewage, wastewater, industrial wastewater and infiltration/inflows incidental thereto, including those facilities in existence at the time of adoption of this General Resolution and any and all subsequent additions, extensions, improvements, acquisitions and replacements thereto and all facilities and undertakings relating to or useful in connection with the construction, improvement, replacement, expansion, extension, operation and maintenance of the System. The term System more specifically includes, but is not limited to, sewage and wastewater treatment and disposal plants, sewage pumping plants, water reclamation plants, sewer maintenance yards-and headquarters, intercepting and collecting sewers, outfall sewers, trunk, connecting, relief and other sewer mains and additions to, alterations of and reconstruction of, any of them and the lands, rights of way, pipe, conduits, equipment, machinery, apparatus, and property necessary therefor.

“Tender Indebtedness” shall mean any Bonds or portions of Bonds a feature of which is an option, on the part of the Bondholders, or an obligation, under the terms of such Bonds, to tender all or a portion of such Bonds to the City, a Paying Agent or other fiduciary or agent for payment or purchase and requiring that such Bonds or portions of Bonds be purchased if properly presented.

“Treasurer” shall mean the Treasurer of the City or any deputy treasurer.

“Variable Rate Indebtedness” shall mean any portion of indebtedness the interest rate on which is subject to fluctuation or subsequent adjustment.

Section 1.02 Cross References. Except as otherwise indicated, references to Articles and Sections are to the Articles and Sections of this Resolution.

Section 1.03 Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words importing the singular number shall include the plural and vice versa, and words importing person shall include firms, associations and corporations, including public bodies, as well as natural persons.

Section 1.04 Accounting Terms. Terms used in this General Resolution in an accounting context and not otherwise defined shall have the meaning ascribed to them by generally accepted accounting principles.

Section 1.05 Interpretation of "Principal Amount" Under this General Resolution. Whenever in the General Resolution it is provided that any actions be taken or determinations made on the basis of the principal amount of Bonds Outstanding or the principal amount of Bonds affected by an action, including the calculation of the principal amount of Bonds for purposes of declaring principal of Bonds due and payable pursuant to Article IX, the calculation of the principal amount of any Bonds that accrete interest shall be determined pursuant to the terms of Supplemental Resolutions.

## ARTICLE II

### PLEDGE TO SECURE BONDS; SOURCE OF PAYMENT

Section 2.01 Pledge of Revenues and Funds. To secure the payment of all Bonds issued pursuant to the terms of this General Resolution, the City hereby pledges to the Owners of the Bonds, and places a first lien upon and assigns to the Owners (1) the Revenues as defined in this General Resolution, including any additional sources of Revenues pledged by Supplemental Resolutions, (2) the Revenues held in the SCM Fund including the earnings on such Revenues and (3) all moneys and securities held in the Debt Service Fund (except as hereinafter described). This pledge of and lien upon the Revenues shall be for the equal and proportionate benefit and security of all Bonds issued under the terms of this General Resolution, all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction as to lien or otherwise of any Bond over any other Bonds. Amounts in the Debt Service Fund which have been segregated for the payment of Bonds which have become due and payable or which have been called for redemption but not presented for payment shall be held in trust solely as security for such specific Series of Bonds and be used to pay only such Series of Bonds and shall not be pledged as security for or be available to pay any other Bonds. The pledge and lien hereby granted shall remain effective for so long as any Bonds are Outstanding hereunder. Amounts in any Reserve Fund established for any Series of Bonds shall, by the terms of the Supplemental Resolution setting forth the terms of such Series, be pledged to secure the Bonds of such Series in accordance with the terms of such Supplemental Resolution.

Section 2.02 [Reserved.]

Section 2.03 No Prior or Parity Pledge. The City hereby represents and warrants that it has not pledged the Revenues, the SCM Fund or the Debt Service Fund nor created any lien

thereon with a lien that is on parity or senior to lien on Revenues that is created by this General Resolution. The City covenants that, until all the Bonds issued under the provisions of this General Resolution and the interest thereon shall have been paid or are deemed to have been paid, it will not grant any prior or parity pledge of Revenues, the SCM Fund or the Debt Service Fund or create or permit to be created any charge or lien on the Revenues ranking prior to or on a parity with the charge and lien which secures the Bonds issued pursuant to this General Resolution. The City may, as provided in Section 6.06, create or permit to be created a charge or lien on the Revenues ranking junior and subordinate to the charge and lien which secures the Bonds issued pursuant to this General Resolution, including, without limitation, the Subordinate Resolution.

Section 2.04 Special Obligations. The Bonds shall be and are special, limited obligations of the City and the City is obligated to pay the principal of, premium, if any, and interest on the Bonds solely from the Revenues and from amounts in the SCM Fund and the Debt Service Fund and, with respect to the Bonds of an individual Series, from any Reserve Fund created for such Series. The general fund of the City is not liable for the payment of the principal of, interest on or premium, if any, on the Bonds. Neither the full faith and credit nor the taxing power of the City is pledged to payment of the Bonds and the Owners shall not have any ability to compel the exercise of the taxing power of the City or the forfeiture of any of its property. The City's limited obligation to make payment on the Bonds does not create a debt of the City or legal or equitable pledge, charge, lien or encumbrance, upon any of the City's property, or upon any of its income, receipts or revenues except the Revenues and amounts in the Debt Service Funds and, to the extent provided by Supplemental Resolution, amounts in any Reserve Funds.

### ARTICLE III

#### ISSUANCE OF BONDS AND TERMS THEREOF

Section 3.01 Issuance of Bonds; Form of Bonds. Bonds of any Series may be issued by the City under the terms of this General Resolution from time to time and secured hereby for any purpose related to the System that the City deems appropriate. Bonds of any Series may be issued under this General Resolution and secured hereby only if the provisions of Section 3.09 are satisfied.

The Bonds of any Series may be issued in such denominations as provided by the Supplemental Resolution creating such Series, in fully registered or bearer form, with or without coupons or in fully registered book-entry form. The Bonds of any Series may have notations, legends or endorsements required by law or usage. In addition, Bonds of each Series may be in any of the forms, but are not limited to forms described in the definition of Bonds in Section 1.01, and may be sold as provided in the Supplemental Resolution establishing such Series.

Section 3.02 Terms, Designation and Payment. The Bonds of a Series shall be issued in the principal amount, shall bear interest at a rate or rates, including variable or adjustable rates, shall mature and may be subject to redemption prior to their respective maturities, all as shall be set forth by Supplemental Resolution. The Bonds of each Series issued under the

provisions of this Article shall be designated "City of Los Angeles Wastewater System Revenue [Bonds, Notes or other designation]," inserting appropriate identifying descriptions, series letter, number, year, word or words and including such other characteristics or designations as may be provided by a Supplemental Resolution.

Payments with respect to the Bonds of each Series shall be made as provided in the Supplemental Resolution providing for the issuance of Bonds of such Series or as provided in the Bonds of such Series, which provisions shall include the designation of the currency in which such payments shall be made.

Section 3.03 Execution and Authentication. The Bonds of any Series will be executed for the City as provided in the Supplemental Resolution. Each Bond of any Series shall have an authentication certificate thereon which shall read substantially as follows:

The [Treasurer of the City of Los Angeles] [\_\_\_\_\_, as duly authorized Authenticating Agent] certifies that this is one of the Bonds referred to in the General Resolution and \_\_\_\_\_ Supplemental Resolution referred to herein.

By \_\_\_\_\_

The Bonds of any Series shall be delivered following execution by the City to the Treasurer for authentication and delivery unless an Authenticating Agent has been appointed for such Series, in which case the Bonds of such Series shall be delivered to the Authenticating Agent. In case any officer of the City whose signature or whose facsimile signature shall appear on Bonds of any Series shall cease to be such officer before the authentication and delivery of Bonds of such Series, such signature or the facsimile signature thereof shall nevertheless be valid and sufficient for all purposes the same as if he or she had remained in office until authentication and delivery. Also, if a person signing a Bond of any Series is the proper officer on the actual date of execution, the Bond of such Series will be valid even if that person is not the proper officer on the nominal date of action and even though, at the date of this General Resolution or any Supplemental Resolution, such person was not such officer.

Bonds of any Series will not be valid until the Treasurer or an Authenticating Agent executes the certificate of authentication on the Bond of such Series by manual or facsimile signature. Such signature will be conclusive evidence that the Bonds of such Series has been authenticated under this General Resolution.

The City may appoint an Authenticating Agent to authenticate Bonds of any Series and may appoint different Authenticating Agents for different Series of Bonds. An Authenticating Agent may authenticate Bonds of any Series whenever the Treasurer may do so. Each reference in this General Resolution to authentication by the City or by the Treasurer includes authentication by such agent.

Bonds of any Series issued under this General Resolution may be issued in uncertificated form, in which case the procedures for issuance and delivery and evidence of validity, ownership, transfer and exchange shall be as provided in a Supplemental Resolution.



Section 3.04 Bond Register. Unless otherwise provided in a Supplemental Resolution, with respect to each Series of Bonds issued in registered form, the office of the Treasurer or a Registrar will keep a register of the Bonds of such Series and of their transfer and exchange. At reasonable times and under reasonable regulations established by the City or the Registrar, any of such lists of Bondholders may be inspected by any Bondholder (or a properly designated representative thereof) which owns \$1,000,000 or more in principal amount of Bonds (or beneficial interest therein) then Outstanding. Bonds of any Series may be presented to the Treasurer or to the Registrar as provided by Supplemental Resolution for registration, transfer and exchange, as provided in Section 3.06. The City and any Paying Agent shall treat the Bondholder, as shown on the registration books kept by the City or the Registrar, as the person exclusively entitled to payment of principal, premium, if any, and interest and the exercise of all other rights and powers of the Bondholder.

Section 3.05 Mutilated, Lost, Stolen or Destroyed Bonds.

(a) In the event any Bond of any Series is mutilated or defaced but identifiable by number and description, the City shall execute and the Treasurer or an Authenticating Agent shall authenticate and deliver a new Bond of like Series, date, interest rate and maturity as and in a denomination equal to the unpaid amount of such Bond, upon surrender thereof to the City or its agent; provided that there shall first be furnished to the City or its agent clear and unequivocal proof satisfactory to the City or its agent that the Bond has been mutilated or defaced to such an extent as to impair its value to the Bondholder. The City or its agent shall then cause proper record to be made of the cancellation of the original, and thereafter the substitute shall have the validity of the original.

(b) In the event any Bond of any Series is lost, stolen or destroyed, the City may execute and the Treasurer or an Authenticating Agent may authenticate and deliver a new Bond of like Series, date and maturity as and in a denomination equal to the unpaid amount of the Bond lost, stolen or destroyed; provided that there shall first be furnished to the City or its agent evidence of such loss, theft or destruction satisfactory to the City or its agent, together with indemnity satisfactory to them.

(c) The City and any agents may charge the Holder of any such Bond described in (a) or (b) above the cost of preparing the substitute Bond, all transfer taxes, if any, and the City's and/or agent's reasonable fees and expenses in this connection. All substitute Bonds issued and authenticated pursuant to this Section shall be issued as a substitute and numbered, if numbering is required by the Supplemental Resolution or the City, as determined by the City or its agent. In the event any such Bond shall be about to mature or has matured or been called for redemption, instead of issuing a substitute Bond, the City may pay the same at its maturity or redemption without surrender thereof.

Section 3.06 Registration and Transfer of Bonds; Persons Treated as Owners. All Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form satisfactory to the Treasurer or the Registrar, as the case may be, duly executed by the Bondholder or by his duly authorized attorney.

Except as limited by any Supplemental Resolution, the City or any Registrar also may require payment from the Bondholder of a sum sufficient to cover any tax or other governmental fee or charge that may be imposed in relation to any transfer or exchange.

Supplemental Resolutions may designate certain limited periods during which Bonds will not be exchanged or transferred.

Bonds delivered upon any exchange or transfer as provided herein, or as provided in Section 3.05, shall be valid obligations of the City evidencing the same obligation as the Bond surrendered, shall be secured by this General Resolution and shall be entitled to all of the security and benefits hereof to the same extent as the Bond surrendered.

Section 3.07 Destruction of Bonds. Whenever any Outstanding Bonds shall be delivered to the City or its agent for cancellation, upon payment of the principal amount and interest represented thereby or for replacement pursuant to Section 3.06 or exchange or transfer pursuant to Section 3.06, such Bond shall be cancelled and destroyed by the City or its agent.

Section 3.08 Temporary Bonds. Pending preparation of definitive Bonds of any Series, the City may execute, authenticate and deliver, in lieu of definitive Bonds of such Series and subject to the same limitations and conditions, interim receipts, certificates or temporary bonds which shall be exchanged for the Bonds of such Series.

If temporary Bonds are issued, the City shall cause the definitive Bonds to be prepared and, upon presentation to it of any temporary Bond, shall cancel the same and deliver in exchange therefor at the place designated by the Bondholder, without charge to the Bondholder, definitive Bonds of an equal aggregate principal amount, of the same Series and maturity and bearing interest at the same rate or rates as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefit and security of this General Resolution as the definitive Bonds to be issued and authenticated hereunder.

Section 3.09 Issuance of Series of Bonds; Supplemental Resolution; Application of Bond Proceeds. The Bonds of each Series shall be issued, at one time or from time to time, pursuant to and in accordance with the procedures set forth in the Charter, the Procedural Ordinance and subject to the conditions of this Section 3.09.

Each Series of Bonds shall be dated, shall mature, shall bear interest, may be subject to redemption and shall be amortized, all as provided in the Supplemental Resolution under which such Bonds are issued. In addition, each such Supplemental Resolution may provide for the appointment of an Authenticating Agent, Registrar or Registrars and a Paying Agent or Paying Agents or an Issuing and Paying Agent and for the removal or replacement thereof.

Such Supplemental Resolution may provide that the interest rate on the Series of Bonds and the duration of the periods during which any such interest rate applies may, from time to time, be adjusted and that the Series of Bonds may be purchased upon the demand of the owners thereof or shall be subject to mandatory purchase upon the occurrence of certain events or at certain times. Such provisions relating to interest rate periods and adjustments may include, without limitation, the creation of objective standards for such adjustments and the appointment

of agents to apply such standards, and may provide for the procurement of liquidity and credit support facilities with respect to the Bonds.

Each of the following shall be a condition to the issuance of any Series of Bonds under this General Resolution:

(a) the Council shall adopt a Supplemental Resolution authorizing such Series of Bonds and setting forth the terms of such Series of Bonds;

(b) if credit enhancement or liquidity support is to be provided at the time of issuance of the Series, the executed bond insurance policy, surety bond, letter of credit or other liquidity facility or credit support facility, if any, relating to the Series of Bonds shall be delivered to the City or an appropriate fiduciary;

(c) the certificate or certificates of the Consultant required by Section 3.11 or, if the Bonds of any Series to be issued are refunding Bonds and the last paragraph of Section 3.11 is applicable, the certificate of the Authorized City Representative described therein;

(d) a certificate of an Authorized City Representative stating that no Event of Default has occurred and is then continuing; and

(e) an opinion of Bond Counsel to the effect that the issuance of such Bonds has been duly authorized, that all legal conditions precedent to the delivery of such Bonds have been fulfilled, that the Bonds are valid and binding obligations of the City in accordance with their terms, and if it is the intention of the City that interest on the Bonds of such Series is to be excluded from gross income of the recipient for federal income tax purposes, that the interest on the Bonds will be so excluded; and an opinion of Bond Counsel to the effect that the issuance of such Bonds will not adversely affect the tax-exempt status of any previously issued Bonds.

When the conditions mentioned in clauses (a) to (e), inclusive, of this Section shall have been fulfilled, then upon receipt by the City of payment for the Bonds, the Bonds shall be delivered to or upon the order of the purchasers thereof.

Simultaneously with the delivery of Bonds of any Series, the City shall apply the proceeds of Bonds of such Series as provided in the Supplemental Resolution.

Section 3.10 Refunding Bonds. There may be issued under and secured by this General Resolution Bonds of a Series for the purpose of providing funds for refunding all of the Outstanding Bonds of any one or more Series or a portion of any Series. Such Bonds of such Series shall be issued in accordance with the provisions of Sections 3.09 and 3.11 of this General Resolution.

Section 3.11 Tests for Issuance of Bonds. As a condition to the issuance of any Series of Bonds, the City shall first be required to obtain a certificate or certificates prepared by a Consultant or by Consultants showing that the Net Revenues for the immediately preceding Fiscal Year or for any 12 consecutive months out of the 18 consecutive months immediately

preceding the issuance of the proposed Series of Bonds were at least equal to 125% of the Average Annual Debt Service for all Bonds which will be Outstanding immediately after the issuance of the proposed Series of Bonds. For purposes of preparing the certificate or certificates described above, the Consultant or Consultants may (a) rely upon financial statements prepared by the City that have not been subject to audit by an independent certified public accountant if audited financial statements for the Fiscal Year or period are not available and (b) make such other assumptions as determined reasonable or appropriate by such Consultant or Consultants.

For purposes of the computations to be made as described in the preceding paragraph, the determination of Net Revenues may take into account any increases in rates and charges which relate to the System and shall take into account any reductions in such rates and charges which increases or decreases have been authorized by the City to be implemented and which will be effective prior to or at the time of issuance of such proposed Series of Bonds.

The certificate or certificates described above shall not be required if the Series of Bonds being issued are for the purpose of refunding then Outstanding Bonds, and if at the time of the issuance of such Series of Bonds, a certificate of an Authorized City Representative shall be delivered showing that Average Annual Debt Service on all Bonds Outstanding after the issuance of the refunding Series of Bonds will not exceed Average Annual Debt Service on all Bonds Outstanding prior to the issuance of such Series of Bonds.

## ARTICLE IV

### REDEMPTION OF BONDS

Section 4.01 Bonds Redeemable. The Bonds of each Series may be made subject to redemption either in whole or in part and at such times, prices and in such order and under such terms as may be provided by the Supplemental Resolution providing for the issuance of such Bonds. The City may provide for the redemption of Bonds of any Series from any funds available to the City and not obligated for other purposes.

Section 4.02 Selection of Bonds to Be Redeemed. If less than all the Bonds of a Series shall be called for redemption, the Bonds to be redeemed shall be selected from such Series of Bonds as provided in the Supplemental Resolution under which Bonds of such Series were issued.

Section 4.03 Notice of Redemption. In the event Bonds of any Series are called for redemption, the City, or through its agent, shall give notice, at the times and in the manner specified by Supplemental Resolution, to the Bondholders of the Bonds of a Series to be redeemed, of the redemption of Bonds of such Series, which notice shall (i) specify the Bonds of a Series to be redeemed, the redemption date, the redemption price and the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds of a Series are to be redeemed, the numbers of the Bonds, and the portions of Bonds, to be redeemed, (ii) state any condition to such redemption and (iii) state that on the redemption date, and upon the satisfaction of any such condition, the Bonds of a Series to be redeemed shall cease to bear interest. Such notice may set forth any additional information relating to such redemption. Notice may provide for purchase in lieu of redemption or conditional redemption as provided by

a Supplemental Resolution. Notwithstanding the foregoing, Supplemental Resolutions may provide for redemption of Bonds of a Series, under certain circumstances, without notice or with notice which differs from that set forth in this section.

Section 4.04 Effect of Redemption Call. On the date so designated for redemption, notice, if required, having been given in the manner and under the conditions provided herein and in the Supplemental Resolution relating to the Bonds of any Series to be redeemed and moneys for payment of the redemption price being held in trust to pay the redemption price, unless otherwise provided in a Supplemental Resolution, the Bonds of such Series so called for redemption shall become and be due and payable on the redemption date, interest on the Bonds of such Series shall cease to accrue, the Bonds of such Series shall cease to be entitled to any lien, benefit or security under this General Resolution and the owners of the Bonds of such Series shall have no rights in respect thereof except to receive payment of the redemption price.

Bonds of any Series which have been duly called for redemption under the provisions of this Article IV and for the payment of the redemption price of which moneys shall be held in trust or irrevocably set aside for the Holders of the Bonds to be redeemed, all as provided in this General Resolution, shall not be deemed to be Outstanding under the provisions of this General Resolution.

## ARTICLE V

### REVENUES AND FUNDS

Section 5.01 Bonds Secured by Revenues. The Bonds of any Series authorized and issued under the provisions of this General Resolution are, as provided in Article II, secured by a first lien on and pledge of the Revenues. The Revenues shall be deposited and used as provided in this Article V.

Section 5.02 The SCM Fund; Creation of Funds. The City has heretofore created and currently maintains the Sewer Construction and Maintenance Fund, the Sewer Operation and Maintenance Fund and the Sewer Capital Fund (such funds and any other fund or funds into which the Revenues are deposited, the “SCM Fund”) and the City agrees that so long as any Bonds remain Outstanding it will continue to maintain such funds or another special fund or special funds into which all Revenues will be deposited and any and all of such funds into which Revenues are deposited by the City shall be maintained and the amounts therein held and used as provided herein with respect to the SCM Fund and the Revenues therein shall be subject to the pledge set forth herein to secure the Bonds.

In addition, the City agrees to establish and hold a Debt Service Fund which shall be designated as the “Wastewater System Revenue Bonds Debt Service Fund” (the “Debt Service Fund”) and held as security for and used to pay principal and interest on the Bonds as provided in Section 5.04.

For as long as any Bonds remain Outstanding, the City agrees that it will deposit all Revenues (except the earnings on the Debt Service Fund or any Reserve Fund for which special provision is made in Article VII hereof), as collected, into the SCM Fund. All Revenues in the

SCM Fund and all amounts held in or credited to the Debt Service Fund or any Reserve Fund shall be held by the City in trust and applied as provided in this Article V, and, pending such application, such amounts shall be subject to a lien and charge in favor of the Holders of the Bonds issued and Outstanding under this General Resolution as provided in Article II of this General Resolution.

With respect to any of the funds required to be established hereunder or under a Supplemental Resolution, the City may, to accommodate its internal accounting and management systems, create one or more funds, all of which collectively constitute the fund described herein, all of which collectively shall be subject to the lien created hereby upon such fund and all of which collectively shall serve the purposes described herein for such fund.

**Section 5.03 The SCM Fund.** All Revenues (except the earnings on the Debt Service Fund and any Reserve Fund for which special provision is made in Article VII hereof) shall be deposited as soon as practicable into the SCM Fund either directly or, with respect to those amounts which are collected by a collection agent, upon transfer to the SCM Fund. Revenues which have been received by a collection agent but not yet deposited into the SCM Fund, shall nevertheless be subject to the restrictions of this Section 5.03 as if they were then on deposit in the SCM Fund. Revenues in the SCM Fund shall be used on an ongoing basis to pay or provide for the expenses of the operation and maintenance of the System including, without limitation, refunds and the expenses of management, repair and other expenses necessary to maintain and preserve the System in good repair and working order when such amounts become due. On or before the twenty-fifth day of each month, the City shall withdraw from the SCM Fund and deposit to the credit of the Debt Service Fund an amount equal to the Aggregate Accrued Interest and Aggregate Accrued Principal for the current calendar month less any Excess existing on the first day of such calendar month plus (i) any Deficiency existing on the first day of such calendar month and (ii) any amount of interest or principal on Bonds which has become due and has not been paid and for which there are insufficient funds in the Debt Service Fund or another available fund or account established for the purpose of paying any interest or principal on a Series of Bonds pursuant to a Supplemental Resolution.

Amounts in the SCM Fund may, from time to time, be used to pay Subordinate Bonds, capital expenses of the System and any other obligations issued on a subordinated basis pursuant to Section 6.06 hereof, or be used for any other lawful purpose related to the System, but only if all of the following conditions are met prior to any such withdrawal:

- (a) all operation and maintenance expenses are being or have been paid as they become due;
- (b) the monthly deposits to be made into the Debt Service Fund as provided above or any Reserve Fund for a Series of Bonds for all prior months have been made in full and no Deficiency exists with respect to the Debt Service Fund or any Reserve Fund;
- (c) the amounts which are or will be required to be deposited into the Debt Service Fund and any Reserve Fund during the then current calendar month are deposited into such funds or such amounts are segregated within the SCM Fund to be used to make

such deposits prior to the withdrawal or use of funds for other purposes under this paragraph; and

(d) after any such withdrawal or segregation as provided in (c) above, there shall remain in the SCM Fund an amount at least equal to the amount reasonably estimated by the City to be needed to provide for the System's operation and maintenance expenses during the next 45 days.

Any amounts in the SCM Fund which are not Revenues may be used or withdrawn at any time without restriction imposed by this General Resolution and such amounts may be withdrawn without regard to the requirements of the preceding paragraph and may be pledged to secure other obligations, it being the intent of this General Resolution that the various funds described in this General Resolution and the balances required to be maintained in the SCM Fund be maintained from the Revenues as defined herein.

Section 5.04 The Debt Service Fund. Amounts in the Debt Service Fund shall be used to pay interest and principal on the Bonds as the same becomes due and payable. If, with respect to one or more Series of Bonds, the City has appointed a Paying Agent then on or before each interest payment date and on or before each principal payment date or redemption date on such Bonds the full amount due shall be withdrawn from the Debt Service Fund and paid to the Paying Agent. With respect to those Bonds for which no Paying Agent has been appointed, principal, interest and the redemption price shall be paid by the City from the Debt Service Fund. Amounts which are held in the Debt Service Fund for the payment of Bonds which are due and payable but which have not been presented for payment and amounts which are in the Debt Service Fund to pay the redemption price of Bonds which have been called for redemption, but which have not been presented for payment shall be so designated, segregated in such fund, held in trust for the Owners of such Bonds and be available only to make payments on such specific Bonds when presented. In addition to the direct payment of principal, interest and redemption price in the manner described above, if interest, principal, or redemption price on a Series of Bonds is paid by or through a form of credit enhancement provided for such Series of Bonds, amounts in the Debt Service Fund may, if so provided by Supplemental Resolution, be used to reimburse such amounts to the Insurer providing the credit support.

Section 5.05 Reserve Fund. The City may, by Supplemental Resolution, at the time of authorization of any Series of Bonds or at any time thereafter, provide for the creation of a Reserve Fund, as security for such series. The Supplemental Resolution shall provide for the size and manner of funding and replenishing of such Reserve Fund and shall establish such other terms with respect to such Reserve Fund as the City deems to be appropriate. The provisions for funding or replenishing any Reserve Fund shall not permit any deposit into the Reserve Fund to be made from the SCM Fund unless all payments of principal of and interest on all Bonds which have become due and payable have been paid in full or provision has been made for the payment thereof. Moneys held in a Reserve Fund shall be used for the purpose of paying principal and interest on Bonds of a Series in accordance with the Supplemental Resolution under which the Bonds of such Series are issued and the Reserve Fund created.

Section 5.06 The Construction Funds. Each Construction Fund shall be created under the terms of the Supplemental Resolution authorizing the related Series of Bonds. The

individual Construction Funds shall be funded with proceeds of the Series of Bonds for which the fund was created and with the earnings thereon. Moneys in the respective Construction Funds shall be used to pay Project Costs or other costs as provided in the Supplemental Resolutions creating such accounts.

Section 5.07 [Reserved.]

Section 5.08 Moneys Held in Trust; Unclaimed Moneys. All moneys which shall have been segregated within a Debt Service Fund or deposited with a Paying Agent for the purpose of paying any Bonds which have become due and payable, either at the maturity thereof or upon call for redemption, shall be held in trust for the respective holders of such Bonds and such funds shall be held (i) uninvested, (ii) in Government Obligations with a maturity not longer than 30 days or such earlier date on which funds will be needed to make payments on the Bonds, (iii) in repurchase agreements which are fully secured by Government Obligations, or (iv) other investments specified by Supplemental Resolution. Any moneys which shall be so segregated or deposited and which shall remain unclaimed by the Holders of such Bonds for a period of three years after the date on which such Bonds shall have become due and payable (or such longer period as shall be required by state law) shall be released from trust and deposited into the SCM Fund, and thereafter the holders of such Bonds shall look only to the SCM Fund for payment and the City shall be obligated to make such payment, but only to the extent of the original amounts due on such Bonds on the original due date or redemption date and without any interest thereon and the City shall be obligated to make payment only from Revenues.

Section 5.09 Additional Funds. The City may create additional funds under this General Resolution or any Supplemental Resolution for such purposes as the City deems appropriate, including separate funds available only for specified Bonds or Series of Bonds; however, the Revenues may be used to fund such funds only to the extent such amounts are not required to pay operation and maintenance expenses, or to make deposits into the Debt Service Fund, or any Reserve Fund as provided in Section 5.03.

Section 5.10 Additional Security. The Revenues secure all Bonds issued under the terms of this General Resolution on an equal and ratable basis. The City may, however, in its discretion, provide additional security or credit enhancement for specified Bonds or Series of Bonds with no obligation to provide such additional security or credit enhancement to other Bonds.

## ARTICLE VI

### COVENANTS OF THE CITY

Section 6.01 Payment of Principal and Interest. The City covenants and agrees that it will duly and punctually pay or cause to be paid the principal of, premium, if any, and interest on every Bond at the place and on the dates and in the manner herein and in the Bonds specified, according to the true intent and meaning thereof, and that it will faithfully do and perform all covenants and agreements herein and in the Bonds contained and the City agrees that time is of the essence under this General Resolution; provided, however, that the City's obligation to make payment of the principal of, premium, if any, and interest on the Bonds shall be strictly limited



and the City shall only be obligated to make such payments from and to the extent of the Revenues and amounts in the SCM Fund and the Debt Service Fund, and, with respect to any individual Series of Bonds, from any Reserve Fund, and any other source which the City may specifically provide for the Bonds or any Series of Bonds and no Bondholder shall have any right to require payment from any other funds of the City. The general fund of the City is not liable for the payment of the principal of, interest on or premium, if any, on the Bonds. Neither the full faith and credit nor the taxing power of the City is pledged to or will be available to pay the Bonds.

Section 6.02 Performance of Covenants by the City; Authority; Due Execution. The City covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this General Resolution, in any and every Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining hereto. The City represents and warrants that it is duly authorized under the constitution and laws of the State and its Charter to issue the Bonds and pledge the Revenues thereto and that the City has not pledged such Revenues to secure any obligations with a lien that is on parity or senior to lien on Revenues that is created by this General Resolution.

Section 6.03 Rate Covenant.

(a) The City will, at all times while any of the Bonds remain Outstanding, establish, fix, prescribe and collect rates, fees and charges, and collect other moneys, in each case, in connection with the use of the System so that Revenues and other amounts deposited into or on deposit in the SCM Fund in each Fiscal Year will be at least sufficient to pay the following amounts:

(i) the interest on and principal of the outstanding Bonds as they become due and payable;

(ii) all other payments required for compliance with the terms of this General Resolution and of any Supplemental Resolution including, but not limited to, the required deposits under Section 5.03 of this General Resolution and to the Debt Service Fund, and Reserve Funds, if any, created under Supplemental Resolutions; and

(iii) all current operation and maintenance costs of the System (but not including such operation and maintenance costs as are scheduled to be paid by the City from moneys other than Revenues, such moneys to be clearly available for such purpose).

(b) The City further agrees that it will establish, fix, prescribe and collect rates, fees and charges, and collect other moneys, in each case, in connection with the use of the System so that during each Fiscal Year the Net Revenues and other amounts deposited into or on deposit in the SCM Fund are equal to at least 125% of the scheduled debt service becoming due on Outstanding Bonds in such year provided that for such purposes, the principal amount of Bonds becoming due in such year which is paid from

the proceeds of other borrowings shall not be included as debt service becoming due in such year.

For the purpose of calculating scheduled debt service coming due on Outstanding Bonds, in determining the amount of interest coming due during any twelve-month period ending June 30 on any Series of Bonds that were issued as Direct Subsidy Bonds, such amount shall be reduced by an amount equal to the Refundable Credits the City is scheduled to receive during each such twelve-month period ending June 30 (and to avoid double counting, an equivalent amount shall be deducted from Revenues for the purpose of such calculation).

Section 6.04 Instruments of Further Assurance. The City covenants that it will, through its appropriate officers, employees and agents, do, adopt, execute, acknowledge and deliver, or cause to be done, adopted, executed, acknowledged and delivered, such Supplemental Resolutions and such further acts, instruments and transfers as may reasonably be necessary to establish or confirm to the Owners of the Bonds all of the rights and obligations of the City under and pursuant to this General Resolution.

Section 6.05 [Reserved].

Section 6.06 Restriction Upon Prior and Parity Obligations; Provision for Subordinated Obligations. The City covenants that it will not issue any other obligations, except upon the condition and in the manner provided in Sections 3.09 and 3.10, payable from the Revenues prior to or on a parity with the Bonds or secured by a prior or parity interest in the Revenues, and the City covenants that it will not voluntarily create or cause to be created any debt, lien, pledge assignment, encumbrance or any other charge having priority to or being on a parity with the lien held by the Holders of the Bonds upon the Revenues, or any part thereof. This provision shall not be deemed to restrict the City's ability to incur obligations for ordinary and reasonable operation and maintenance expenses payable on an ongoing basis from the SCM Fund as provided in Section 5.03. Such obligations for operation and maintenance expenses shall not be secured by nor create a lien on the Revenues. The City may issue obligations on a subordinated basis including, without limitation, the Subordinate Bonds issued pursuant to the Subordinate Resolution, provided that any such subordinated obligations issued by the City and payable from the Revenues shall contain an express statement that such obligations are junior and subordinate to the Bonds issued under Article III of this General Resolution as to lien on and source and security for payment from the Revenues. Any such subordinated obligations may be paid on an ongoing basis from the Revenues so long as the conditions set forth in Section 5.03 are met.

Section 6.07 Operation and Maintenance of System. The City will maintain and preserve the System in good repair and working order at all times, in conformity with standards customarily followed for municipal wastewater systems of like size and character. The City will, from time to time, make all necessary and proper repairs, renewals, replacements and substitutions to the properties of the System, so that at all times business carried on in connection with the System shall and can be properly and advantageously conducted in an efficient manner and at reasonable cost, and will operate the System in an efficient and economical manner, consistent with the protection of the Bondholders.

Section 6.08 [Reserved.]

Section 6.09 Books and Accounts; Financial Statements.

(a) The City will keep proper books of record and accounts of the SCM Fund, the Debt Service Fund, Reserve Funds, if any, and the Construction Funds, in which complete and correct entries shall be made of all transactions relating to such funds. Such books of record and accounts shall at all times during business hours be subject to the inspection of any Bondholder or a representative thereof who is authorized in writing, at reasonable hours and under reasonable conditions.

(b) The City will prepare annually within 270 days after the close of each Fiscal Year so long as any of the Bonds are Outstanding financial statements of the SCM Fund, the Debt Service Fund, Reserve Funds, if any, and the Construction Funds for the preceding Fiscal Year, prepared in accordance with generally accepted accounting principles applied on a consistent basis from year to year which financial statements shall be examined by and include the certificate or opinion of an independent certified public accountant. The City will make the financial statements available for examination by any Bondholder and will furnish a copy of the financial statements to any Bondholder upon request. The City may charge a fee to cover the cost of copying.

(c) [Reserved.]

(d) The City will annually, prior to the beginning of each Fiscal Year, prepare and adopt a budget for the SCM Fund which budget shall include the budgeted receipts and expenditures of the SCM Fund and the rates and charges to be implemented to assure that the City is able to comply with its covenants as set forth in this General Resolution, and the City will annually prepare a five-year capital plan or capital budget setting forth in reasonable detail the expected amounts to be expended in each year for capital needs of the System and the purposes for which such expected amounts are to be expended.

Section 6.10 Ownership and Operation. The City will not sell, transfer or otherwise dispose of the System or any part thereof essential to the proper operation of the System unless, after giving effect to such sale, transfer or disposition, the City reasonably expects that the System is able to generate sufficient Revenues to satisfy its obligations under Section 6.03 hereof.

Section 6.11 Insurance and Condemnation. The City agrees that it will, to the extent it determines that insurance or reserves covering risks to the System is appropriate for the System, insure or provide a self-insured reserve as protection against loss or damage to the System arising from fire, storm or other causes; provided that the City shall not be required to maintain insurance or reserve against loss or damage resulting from earthquakes if the City determines that the cost thereof is excessive.

If the City determines to obtain insurance to comply with the preceding paragraph, the City may, but shall not be required to, rely on the advice of an independent insurance consultant for purposes of determining the types and amounts of insurance to be maintained. Such insurance may be maintained through a pooled risk arrangement with other entities, through

commercial insurance, a captive insurance company or through other arrangements which the City determines to be appropriate, including a combination of commercial insurance and self-insurance in accordance with the City's self-insurance policy.

If the City determines to provide a self-insurance fund to comply with the first paragraph of this Section, the City shall establish and fund a separate self-insurance fund or together with other cities or political subdivisions establish a pooled self-insurance fund. The amount to be deposited into and maintained in the self-insurance fund shall be that amount determined by the City or by an independent insurance consultant retained by the City as necessary to adequately reserve against the risks to be covered. If such a self-insurance fund is established, the level of funding shall be reviewed annually and, on or before the last day of each Fiscal Year, the City shall determine the amount to be held in such fund for the next Fiscal Year and, if the amount in such fund is to be increased, the City shall include the amount of such increase in the budget for the SCM Fund.

Section 6.12 Resolution to Constitute a Contract. This General Resolution is adopted by the Council for the benefit of the Bondholders and constitutes a contract with the Bondholders.

## ARTICLE VII

### INVESTMENTS

Moneys held in the SCM Fund, the Debt Service Fund, Reserve Funds, if any, and the Construction Funds shall be invested and reinvested as determined by the City, in Permitted Investments subject to the restrictions set forth in this Article VII and the restrictions set forth in any Supplemental Resolution. Such investments may be made by commingling such amounts for investment purposes with other funds of the City, provided that the amount of each such fund and the earnings thereon are clearly accounted for. The maturities of investments in the Debt Service Fund shall not extend beyond the time when funds will be needed therefrom to make payment on the Bonds. Investments of moneys in any such fund shall be deemed at all times to be a part of such fund.

Earnings on the SCM Fund shall be credited to and deposited in the SCM Fund. Earnings on a Construction Fund when received shall be credited to and deposited in such Construction Fund. Earnings on a Debt Service Fund when received shall be credited to and deposited in such Debt Service Fund. Earnings on any Reserve Fund shall be credited and deposited as provided in the Supplemental Resolution creating such Reserve Fund.

## ARTICLE VIII

### DEFEASANCE

Bonds of any Series or portions thereof (such portions to be in integral multiples of the Authorized Denomination) which have been paid in full or which are deemed to have been paid in full shall no longer be secured by or entitled to the benefits of this General Resolution except for the purposes of payment from moneys or Government Obligations held by the City or a

Paying Agent for such purpose. When all Bonds which have been issued under this General Resolution have been paid in full or are deemed to have been paid in full, and all other sums payable hereunder by the City, including all necessary and proper fees, compensation and expenses of any Registrar or Paying Agent, have been paid or are duly provided for, then the pledge of the Revenues granted hereby shall cease, terminate and become void, and this General Resolution shall cease to be a lien on such Revenues and shall be discharged, except that funds or securities which are held by the City or a Paying Agent for the payment of the principal of, premium, if any, and interest on the Bonds shall continue to be held in trust for such purpose.

A Bond shall be deemed to be paid within the meaning of this Article VIII and for all purposes of this General Resolution when (a) payment of the principal, interest and premium, if any, either (i) shall have been made in accordance with the terms of the Bonds and this General Resolution or (ii) shall have been provided for by irrevocably setting aside exclusively for such payment, (1) moneys sufficient to make such payment and/or (2) Government Obligations, maturing as to principal and interest or payable to the City or its agent on demand in such amounts and at such times as will insure the availability of sufficient moneys to make such payment, and (b) all necessary and proper fees, compensation and expenses of any Registrar and any Paying Agent pertaining to the Bonds with respect to which such deposit is made shall have been paid or provision made for the payment thereof. At such times as Bonds shall be deemed to be paid hereunder, such Bonds shall no longer be secured by or entitled to the benefits of this General Resolution, except for the purposes of payment from such moneys or Government Obligations.

Notwithstanding the foregoing paragraph, no deposit under clause (a)(ii) of the immediately preceding paragraph shall be deemed a payment of any such Bonds unless the City has given notice or has agreed to give notice in accordance with Section 4.03, as soon as practicable, to the Owners of the Bonds with respect to which such deposit has been made that such deposit has been made and in such notice has included or will include the maturity or redemption date upon which moneys are to be available for the payment of the principal of and the applicable redemption premium, if any, on such Bonds and the City has given or has agreed to give proper and timely notice of the redemption of those Bonds which are to be redeemed in advance of their maturity.

## ARTICLE IX

### DEFAULTS AND REMEDIES

Section 9.01 Events of Default. Each of the following events shall constitute and is referred to in this General Resolution as an “Event of Default”:

- (a) a failure to pay the principal of or premium, if any, on any of the Bonds when the same shall become due and payable at maturity or upon redemption;
- (b) a failure to pay any installment of interest on any of the Bonds when such interest shall become due and payable;

(c) a failure in a given Fiscal Year to achieve the level of debt service coverage required by Section 6.03(b); provided that such event shall not constitute an Event of Default hereunder if (i) the budget for such Fiscal Year and the rates and charges implemented in accordance with such budget were such that the required level of debt service coverage was projected to be achieved, and (ii) immediately upon discovery of the failure to achieve the required coverage the City commences such action as is reasonable to assure that required coverage is achieved in the succeeding year;

(d) a failure by the City to observe and perform any covenant, condition, agreement or provision (other than as specified in subsections (a), (b), (c) and (d) of this Section 9.01) contained in the Bonds or in this General Resolution on the part of the City to be observed or performed, which failure shall continue for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the City by an Insurer on a Series of Bonds or by the Holders of 25% or more of the principal amount of the Bonds then Outstanding, unless such Insurer (if the Insurer has given the notice of such failure to comply with the terms hereof) or, if the notice has been given by the Holders, the Holders of Bonds in a principal amount not less than the principal amount of Bonds the Holders of which gave such notice, shall agree in writing to an extension of such period; provided, however, that the Insurer and the Holders shall be deemed to have agreed to an extension of such period if corrective action is initiated by the City within 60 days after receipt of such written notice and is being diligently pursued;

(e) a failure on the part of the City to collect the Revenues, or an attempt to divert the Revenues for any use prior to the deposit into the SCM Fund or creation of a lien on or a charge against the Revenues or the SCM Fund or Debt Service Fund, which lien or charge is prior to, or, except to the extent permitted by this General Resolution, on a parity with that granted to secure the Bonds;

(f) the occurrence of any other Event of Default as is provided in a Supplemental Resolution.

#### Section 9.02 Acceleration; Other Remedies.

(a) Upon the occurrence and continuance of an Event of Default described in Section 9.01, any Insurer or the Holders of 51% or more of the principal amount of the Bonds which are then Outstanding, may by written notice to the City, declare the Bonds to be immediately due and payable, whereupon the Bonds shall, without further action, become and be immediately due and payable, anything in this General Resolution or in the Bonds to the contrary notwithstanding; provided that, with respect to any Series of Bonds which is credit enhanced, no acceleration shall be effective unless the declaration is given by the Insurer or is consented to by the Insurer.

(b) The provisions of the preceding paragraph are subject to the condition that, if after the principal of the Bonds shall have been declared to be due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the City shall cause to be paid all matured installments of interest

upon all Bonds and the principal of any and all Bonds which shall have become due otherwise than by reason of such declaration (with interest upon such principal and, to the extent permissible by law, on overdue installments of interest, at the rate per annum specified in the Bonds) and all Events of Default hereunder other than nonpayment of the principal of Bonds which shall have become due by such declaration shall have been remedied, then the holders of a majority in principal amount of Bonds Outstanding may, if all Insurers consent in writing to such waiver, waive the Event of Default and rescind or annul the acceleration and its consequences. But no such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

(c) Upon the occurrence and continuance of any Event of Default, the Holders of 51% or more of the principal amount of the Bonds then Outstanding or any Insurer shall have the right:

(i) by mandamus, or other suit, action or proceeding at law or in equity, to enforce all rights of the Bondholders, and require the City to carry out any agreements with or for the benefit of the Bondholders and to perform its duties or agreements under this General Resolution or any Supplemental Resolution, provided that any such remedy may be taken only to the extent permitted under the applicable provisions of this General Resolution;

(ii) to bring suit upon the Bonds;

(iii) to commence an action or suit in equity to require the City to account as if it were the trustee of an express trust for the Bondholders; or

(iv) by action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders.

In the event of a conflict between the actions taken or proposed to be taken under this Section 9.02(c) by any Insurer and the Holders of the Bonds or between the Insurers on different Series of Bonds, the position taken by the entity or group of Bondholders representing the greatest principal amount of Bonds Outstanding shall prevail. For such purposes the Insurer of a Series of Bonds shall be deemed to represent the entire principal amount of Bonds for which such Insurer has provided credit enhancement.

(d) Any Holder of any Bonds issued under the terms of the Revenue Bond Law may compel the use of any or all of the remedies provided in the Revenue Bond Law.

**Section 9.03 Restoration to Former Position.** In the event that any proceeding taken to enforce any right under this General Resolution shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Bondholders, then the City, and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Bondholders and the Insurers shall continue as though no such proceeding had been taken.

Section 9.04 No Impairment of Right to Enforce Payment. Notwithstanding any other provision in this General Resolution, the right of any Bondholder to receive payment of the principal of and interest on such Bond, on or after the respective due dates expressed therein and to the extent of the Revenues, or to institute suit for the enforcement of any such payment on or after such respective date, shall not be impaired or affected without the consent of such Bondholder.

Section 9.05 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Bondholders or the Insurers is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder, or now or hereafter existing at law or in equity or by statute.

Section 9.06 No Waiver of Remedies. No delay or omission of any Bondholder or Insurer to exercise any right or power accruing upon any default shall impair any such right or power or be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by this Article IX to the Bondholders and the Insurers may be exercised from time to time and as often as may be deemed expedient.

Section 9.07 Application of Moneys. Any moneys received by any receiver or by any Bondholder or Insurer pursuant to any right given or action taken under the provisions of this Article IX, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the receiver, Bondholder or Insurer, shall be applied as follows:

(a) Unless the principal of all the Bonds of such Series shall have been declared due and payable, all such moneys shall be applied (i) first, to the payment to the persons entitled thereto of all installments of interest then due on the Bonds of such Series, with interest on overdue installments, if lawful, at the rate provided in the respective Bonds, in the order of maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment, and (ii) second, to the payment to the persons entitled thereto of the unpaid principal of the Bonds of such Series which has become due with interest on such unpaid principal amounts at the rates borne by the respective Bonds from the respective dates upon which they became due and, if the amount available shall not be sufficient to pay in full all Bonds of such Series due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege.

(b) If the principal of all the Bonds of such Series shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon all Bonds of such Series, with interest on overdue interest, if lawful, and principal, as aforesaid, without preference or priority of principal over interest or interest over principal, or of any installment of interest over any other installment of interest, or of any Bond of such Series over any other Bond of such Series, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.



(c) If the principal of all the Bonds of such Series shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled, then, subject to the provisions of clause (b) of this Section 9.07 which shall be applicable in the event that the principal of all the Bonds of such Series shall later become due and payable, the moneys shall be applied in accordance with the provisions of clause (a) of this Section 9.07.

Whenever moneys are to be applied pursuant to the provisions of this Section 9.07, such moneys shall be applied at such times, and from time to time, as the receiver, Bondholders or Insurer shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such applications in the future.

Section 9.08 Severability of Remedies. It is the purpose and intention of this Article IX to provide all rights and remedies to the Bondholders and Insurers that may be lawfully granted, but should any right or remedy herein granted be held to be unlawful, the Bondholders and Insurers shall be entitled, as above set forth, to every other right and remedy provided in this General Resolution and by applicable law.

Section 9.09 Additional Events of Default and Remedies. So long as any particular Series of Bonds is Outstanding, the Events of Default and remedies as set forth in this Article IX may be supplemented with additional Events of Default and remedies as set forth in the Supplemental Resolution under which such Series of Bonds is issued and additional Events of Default and remedies, not necessarily limited to the time any Series of Bonds are Outstanding may likewise be added from time to time by Supplemental Resolution.

## ARTICLE X

### PAYING AGENT AND CO-PAYING AGENTS; REGISTRAR

Section 10.01 Paying Agent. The City may at any time or from time to time appoint a Paying Agent or Paying Agents for the Bonds or for any Series of Bonds and may from time to time remove a Paying Agent. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it hereunder or under a Supplemental Resolution by a written instrument of acceptance delivered to the City under which each such Paying Agent will agree, particularly:

(a) to hold all sums delivered to it for the payment of the principal of, premium or interest on Bonds in trust for the benefit of the Bondholders until such sums shall be paid to such Bondholders or repaid to the City as herein provided;

(b) to keep such books and records as shall be consistent with prudent industry practice, to make such books and records available for inspection by the City at all reasonable times; and

(c) upon the request of the City, to forthwith deliver to the City all sums so held in trust by such Paying Agent.

Section 10.02 Registrar. The City may appoint a Registrar for the Bonds or a Registrar for any Series of Bonds and may from time to time remove a Registrar. Each Registrar shall signify its acceptance of the duties imposed upon it hereunder or under a Supplemental Resolution by a written instrument of acceptance delivered to the City under which such Registrar will agree, particularly, to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the City and the Paying Agent at all reasonable times.

Section 10.03 Other Agents. The City may from time to time appoint other agents to perform duties and obligations under this General Resolution or under a Supplemental Resolution, which agents may include, but not be limited to, tender agents, remarketing agents, escrow agents, and authenticating agents and may remove such agents.

Section 10.04 Several Capacities. Anything in this Resolution to the contrary notwithstanding, the same entity may serve hereunder as the Paying Agent, Registrar and any other agent appointed to perform duties or obligations under this General Resolution, under a Supplemental Resolution or an escrow agreement or in any combination of such capacities or other capacities.

## ARTICLE XI

### SUPPLEMENTAL RESOLUTIONS

Section 11.01 Limitations. This General Resolution shall not be modified or amended except as provided in and in accordance with and subject to the provisions of this Article XI.

Section 11.02 Supplemental Resolutions Not Requiring Consent of Bondholders. The Council may, from time to time and at any time, without the consent of or notice to the Bondholders, adopt Supplemental Resolutions supplementing or amending, or both, this General Resolution or any Supplemental Resolution as follows:

- (a) to provide for the issuance of a Series or multiple Series of Bonds under the provisions of Section 3.09 of this General Resolution and to set forth the terms of such Bonds and the special provisions which shall apply to such Bonds;
- (b) to cure any formal defect, omission, inconsistency or ambiguity in this General Resolution or any Supplemental Resolution;
- (c) to add to the covenants and agreements of the City in this General Resolution or to surrender any right or power reserved or conferred upon the City, and which shall not adversely affect the interests of the Bondholders;
- (d) to confirm, as further assurance, any interest in and to the Revenues or in and to the funds required to be established as provided herein or in and to any other moneys, securities or funds of the City provided pursuant to this General Resolution or to otherwise add additional security for the Bondholders;

(e) to evidence any change in the terms of any Series of Bonds if such changes are authorized by the Supplemental Resolution at the time the Series of Bonds is issued and such change is made in accordance with the terms of such Supplemental Resolution;

(f) to comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended or any statutory provisions substituted therefor;

(g) to modify, alter, amend or supplement this General Resolution or any Supplemental Resolution in any other respect which is not materially adverse to the Bondholders;

(h) to provide for uncertificated Bonds or for the issuance of coupons and bearer Bonds or Bonds registered only as to principal;

(i) to qualify the Bonds or a Series of Bonds for a rating or ratings or an upgrade in a rating or ratings by Moody's, S&P or Fitch or any other nationally recognized rating agency then rating any Series of Bonds; and

(j) to comply with the requirements of the Code as are necessary, in the opinion of Bond Counsel, to prevent the interest on the Bonds or a Series of Bonds from being included in gross income of the recipient for federal income taxation purposes.

Before the City shall, pursuant to this Section 11.02, adopt any Supplemental Resolution, there shall have been delivered to the City an opinion of Bond Counsel stating that such Supplemental Resolution is authorized or permitted by this General Resolution, complies with its terms, will, upon the adoption thereof, be valid and binding upon the City in accordance with its terms and that, with respect to Bonds the interest on which was, at the time of issuance thereof, determined to be excluded from gross income of the recipients thereof for federal income tax purposes, such Supplemental Resolution will not cause the interest on such Bonds to be included in the gross income of such recipients for federal income tax purposes and that, with respect to Bonds the interest on which was, at the time of issuance, determined to be exempt from California personal income taxation, such Supplemental Resolution will not cause the interest on such Bonds to become subject to such taxation.

### Section 11.03 Supplemental Resolutions Requiring Consent of Bondholders.

(a) Except for Supplemental Resolutions adopted pursuant to Section 11.02 and except for Supplemental Resolutions adopted pursuant to Section 11.03(b) below, the City shall not adopt any Supplemental Resolution unless all Insurers and the holders of not less than 51% in aggregate principal amount of the Bonds then Outstanding shall have consented to and approved the adoption of such Supplemental Resolution. With such consents and approval, the City may, from time to time, adopt any Supplemental Resolution deemed necessary or desirable by the City for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in this General Resolution or in a Supplemental Resolution; provided, however, that, unless approved in writing by the holders of all the Bonds which would be affected by such change or unless such change affects less than all Series of

Bonds and the following subsection (b) is applicable, nothing herein contained shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal of or interest on any Outstanding Bonds or (ii) a reduction in the principal amount or redemption price of any Outstanding Bonds or the rate of interest thereon; and provided that nothing herein contained, including the provisions of Section 11.03(b) below, shall, unless approved in writing by the holders of all the Bonds then Outstanding, permit or be construed as permitting (iii) the creation of a lien (except as expressly permitted by this General Resolution as originally executed) upon or pledge of the Revenues created by this General Resolution, ranking prior to or on a parity with the claim created by this General Resolution, or (iv) except with respect to additional security which may be provided for a particular Series of Bonds, a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (v) a reduction in the aggregate principal amount of Bonds the consent of the Bondholders of which is required prior to the adoption of a Supplemental Resolution.

(b) The City may, from time to time and at any time adopt a Supplemental Resolution which amends the provisions of an earlier Supplemental Resolution under which a Series or multiple Series of Bonds were issued. If such Supplemental Resolution is adopted for one of the purposes set forth in Section 11.02, no notice to or consent of the Bondholders shall be required. If such Supplemental Resolution contains provisions which affect the rights and interests of less than all Series of Bonds Outstanding and Section 11.02 is not applicable, then this subsection (b) rather than subsection (a) above shall control and, subject to the terms and provisions contained in this Section 11.03, the holders of not less than 51% in aggregate principal amount of the Bonds of all Series which are directly affected by such changes and all Insurers of Bonds of such Series which are directly affected shall have the right from time to time to consent to and approve the adoption of any Supplemental Resolution deemed necessary or desirable by the City for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in such Supplemental Resolution and affecting only the Bonds of such Series; provided, however, that, unless approved in writing by the holders of all the Bonds which would be affected by such change, nothing herein contained shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal of or interest on any Outstanding Bonds of such Series or (ii) a reduction in the principal amount or redemption price of any Outstanding Bonds of such Series or the rate of interest thereon.

(c) If Bondholders of not less than the percentage of Bonds required by this Section 11.03 shall have consented to and approved the adoption thereof as herein provided, no Bondholders shall have any right to object to the adoption of such Supplemental Resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the City from adopting the same or from taking any action pursuant to the provisions thereof.

Section 11.04 Effect of Supplemental Resolution. Upon the adoption of any Supplemental Resolution pursuant to the provisions of this Article XI, this General Resolution or the Supplemental Resolution shall thereupon be modified and amended in accordance therewith

and shall be binding upon all Holders of Bonds issued under this General Resolution, and the respective rights, duties, and obligations under this General Resolution and the Supplemental Resolution of the City, and all Bondholders shall thereafter be determined, exercised and enforced under this General Resolution and the Supplemental Resolution, if applicable, subject in all respects to such modifications and amendments.

Section 11.05 Supplemental Resolutions to Be Part of This General Resolution. Any Supplemental Resolution adopted in accordance with the provisions of this Article XI shall thereafter form a part of this General Resolution or the Supplemental Resolution which it supplements or amends, and all of the terms and conditions contained in any such Supplemental Resolution shall be part of the terms and conditions of this General Resolution or the Supplemental Resolution which it supplements or amends.

## ARTICLE XII

### MISCELLANEOUS PROVISIONS

Section 12.01 Parties in Interest. Except as herein otherwise specifically provided, nothing in this General Resolution expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the City, the Bondholders, the Insurers and any agents appointed as described herein any right, remedy or claim under or by reason of this General Resolution. This General Resolution is for the sole and exclusive benefit of the City, the Bondholders, the Insurers and any such agents.

Section 12.02 Severability. In case any one or more of the provisions of this General Resolution, any Supplemental Resolution or of any Bonds issued hereunder shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this General Resolution, Supplemental Resolution or of the Bonds, and this General Resolution, any such Supplemental Resolution and any Bonds issued hereunder shall be construed and enforced as if such illegal or invalid provisions had not been contained herein or therein.

Section 12.03 No Personal Liability of City Officials. No covenant or agreement contained in the Bonds or in this General Resolution shall be deemed to be the covenant or agreement of any present or future official, officer, agent or employee of the City in his individual capacity, and neither the officers of the City nor any person executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 12.04 Execution of Instruments; Proof of Ownership. Any request, direction, consent or other instrument in writing required or permitted by this General Resolution to be signed or executed by Bondholders or on their behalf by an attorney-in-fact may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders in person or by an agent or attorney-in-fact appointed by an instrument in writing or as provided in the Bonds. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this General Resolution and shall be conclusive in favor of the City with regard to any action taken by it under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments within such jurisdiction, to the effect that the person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness to such execution.

(b) The ownership of Bonds shall be proved by the registration books kept under the provisions of Section 3.04 hereof.

Nothing contained in this Section 12.04 shall be construed as limiting the City to such proof. The City may accept any other evidence of matters herein stated which it may deem sufficient. Any request, consent of or assignment by any Bondholder shall bind every future Bondholder of the same Bonds or any Bonds issued in lieu thereof in respect of anything done by the City in pursuance of such request or consent.

Section 12.05 Governing Law. The laws of the State shall govern the construction and enforcement of this General Resolution and of all Bonds issued hereunder.

Section 12.06 Notices. Except as otherwise provided in this General Resolution, all notices, certificates, requests, requisitions or other communications by the City, any Paying Agent or Registrar, pursuant to this General Resolution, shall be in writing and shall be sufficiently given and shall be deemed given when given by Mail, addressed as follows: if the City, to the City of Los Angeles, c/o the City Administrative Officer, 200 North Main Street, Los Angeles, California 90012, Suite 1500; if to a Paying Agent or Registrar, to such address as is designated in writing by it to the City. Any of the foregoing may, by notice given hereunder to each of the others, designate any further or different addresses to which subsequent notices, certificates, requests, or other communications shall be sent hereunder. Any of the foregoing may also be sent by Electronic Means, receipt of which shall be confirmed.

Section 12.07 Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this General Resolution, shall not be a Business Day, such payment may, unless otherwise provided in this General Resolution or, with respect to any Series of Bonds or portion of Series of Bonds, provided in the Supplemental Resolution under which such Bonds are issued, be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this General Resolution, and no interest shall accrue for the period from such nominal date to the next Business Day.

Section 12.08 Validity of Bonds Not Affected by Acts of the City. The validity of the authorization and issuance of the Bonds by the City shall not be dependent upon or affected in any way by:

(a) Proceedings taken by the City for the acquisition, construction or completion of any Project or any part thereof;

(b) Any contracts made in connection with the acquisition, construction or completion of any Project; or

(c) The failure to complete any Project or any portion thereof for which the Bonds are authorized to be issued.

Section 12.09 [Reserved].

Section 12.10 Effective Date. This Amended and Restated General Resolution shall take effect from and upon its adoption.

## **Attachment B – Amended and Restated Subordinate General Resolution**



**THE CITY COUNCIL OF THE CITY OF LOS ANGELES**

**AMENDED AND RESTATED  
WASTEWATER SYSTEM SUBORDINATE REVENUE BONDS  
GENERAL RESOLUTION**

**Adopted by  
the City Council on  
\_\_\_\_\_, 2025**

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**THE CITY COUNCIL OF THE CITY OF LOS ANGELES  
AMENDED AND RESTATED  
WASTEWATER SYSTEM SUBORDINATE REVENUE BONDS  
GENERAL RESOLUTION**

WHEREAS, the City of Los Angeles (the “City”) is a municipal corporation and a political subdivision of the State of California (the “State”) and is a charter city having availed itself of the home rule provisions of the California Constitution and is organized and operates under the terms of the Charter of the City of Los Angeles as from time to time amended (the “Charter”) and under such Charter has the power and authority to issue bonds and incur other indebtedness and obligations; and

WHEREAS, the City owns and operates the System (as defined herein); and

WHEREAS, it is necessary from time to time to provide financing for the acquisition, construction, improvement and extension of the System and for other needs related to the System; and

WHEREAS, the City Council on November 10, 1987, adopted its Wastewater System Revenue Bonds General Resolution (as amended, modified and supplemented from time to time, the “Senior Lien Resolution”) and therein pledged, as security and a source of payment for all Bonds (as defined in the Senior Lien Resolution), the Revenues and all moneys and securities held in the Reserve Fund, Debt Service Fund and Construction Funds under the Senior Lien Resolution; and

WHEREAS, the City Council on March 26, 1991, adopted its Wastewater System Subordinate Revenue Bonds General Resolution (as amended, modified and supplemented to date, the “Original Subordinate Lien Resolution”), to implement a commercial paper program to provide an alternative form of financing for costs of the System and to encumber the Revenues on a subordinate basis to secure obligations issued as part of the commercial paper program and to provide for other subordinate obligations to be incurred from time to time on a parity with the commercial paper notes; and

WHEREAS, the City Council desires to amend and restate the Original Subordinate Lien Resolution; and

WHEREAS, the City Council desires to also make an amendment to the First Supplemental Subordinate Resolution (as defined herein); and

WHEREAS, the conditions precedent set forth in the Original Subordinate Lien Resolution to the effectiveness of the amendments and restatement contained herein have been satisfied;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Los Angeles, as follows:

## ARTICLE I

### DEFINITIONS; INTERPRETATION

Section 1.01 Definitions. The terms defined in this Article I shall, for all purposes of this Subordinate General Resolution and all Supplemental Resolutions into which such definitions may be incorporated, have the meanings specified unless the context clearly requires otherwise.

“Annual Debt Service” shall mean, with respect to any Covered Obligations and for any Fiscal Year, the aggregate amount of Debt Service on such Covered Obligations becoming due and payable during such Fiscal Year (or assumed to be due and payable under the definition of “Debt Service”).

“Authenticating Agent” shall mean a person or entity, other than the Treasurer, which person or entity is authorized to authenticate Subordinate Bonds of any Series in place of or in addition to the Treasurer.

“Authorized City Representative” shall mean the Mayor, the City Administrative Officer, or the Treasurer of the City, or such other officer or employee of the City or other person who has been designated as such representative by resolution of the Council.

“Average Annual Debt Service” shall mean as of any date of calculation, the quotient obtained by dividing (1) the sum of the Annual Debt Service on all Covered Obligations for all Fiscal Years during the period commencing with the Fiscal Year in which such calculation is made and terminating in the last Fiscal Year in which any Debt Service on any Covered Obligations is due, by (2) the number of such Fiscal Years.

“Authorized Denomination” shall mean, with respect to any Series of Subordinate Bonds, any denomination authorized by the Supplemental Resolution under which Subordinate Bonds of such Series are issued.

“Bond Counsel” shall mean a firm of attorneys which is nationally recognized as experts in the area of municipal finance.

“Bondholder,” “Holder,” “Owner” or “Registered Owner” shall mean at any given time the person in whose name a Subordinate Bond or Subordinate Bonds of any Series are at such time registered on the books maintained by the City or its Registrar.

“Build America Bonds” shall mean any bonds or other obligations issued as Build America Bonds under Section 54AA of the Code, or under any other provisions of the Code, that creates, in the determination of the City, a substantially similar direct-pay subsidy program that provides comparable security for the Owners thereof.

“Business Day” shall mean (i) with respect to the Series 2022-C Subordinate Bonds and any Series of Subordinate Bonds issued after the Series 2022-C Subordinate Bonds, any day excluding Saturday, Sunday and any day which is a legal holiday under the laws of the State of California or the City or is a day on which banking institutions in the State of California or the City are authorized or required by law or other governmental action to close, and (ii) with respect

to Subordinate Bonds of any Series issued before the date of issuance of the Series 2022-C Subordinate Bonds, any day on which banks located in New York, New York and in Los Angeles, California are open; provided that, with respect to both (i) and (ii) above, such term may have a different meaning for any specified Series of Subordinate Bonds if so provided by Supplemental Resolution.

“Capitalized Interest” shall mean the amount of interest, if any, on a Series of Subordinate Bonds which is paid from proceeds of the Subordinate Bonds.

“Charter” shall mean the Charter of the City of Los Angeles as from time to time amended under which the City is organized and operates.

“City” shall mean the City of Los Angeles, California.

“City Administrative Officer” shall mean the City Administrative Officer of the City or any Assistant City Administrative Officer.

“City Attorney” shall mean the Office of the City Attorney of the City including the City Attorney, any Assistant City Attorney and any Deputy City Attorney or any other legal counsel designated by the City.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Commercial Paper Program” shall mean an aggregate principal amount of short-term obligations of the City payable from the Revenues and authorized by the Council to be incurred through the issuance and refinancing, from time to time, of notes of the City with maturities of not to exceed 270 days. The maximum aggregate principal amount of such notes which may be Outstanding at any time is limited by the Council. The term “Commercial Paper Program” shall also include the City’s agreement with and obligations to any and all banks or other credit enhancers or liquidity providers entered into in connection with the program, including Credit Agreements and Bank Notes (as such terms are defined in the First Supplemental Subordinate Resolution).

“Construction Fund” shall mean any of the Construction Funds created as described in Section 5.06 hereof and, where specifically stated as such, the Construction Funds as defined in the Senior Lien Resolution.

“Consultant” shall mean the consultant, consulting firm, engineer, architect, engineering firm, architectural firm, accountant or accounting firm retained by the City to perform acts and carry out the duties provided for such Consultant in this Subordinate General Resolution.

“Covered Obligations” shall mean, collectively, the Senior Lien Bonds and the Subordinate Bonds.

“Council” shall mean the City Council of the City of Los Angeles.

“Debt Service” shall mean, as of any date of determination and with respect to any Fiscal Year, the sum of (1) the interest scheduled to be due on any Covered Obligations during such

Fiscal Year, (2) the principal or scheduled mandatory redemption payments required to be paid with respect to such Covered Obligations during such Fiscal Year, and (3) any other regularly scheduled payments of Covered Obligations during such Fiscal Year to the extent not included in clauses (1) and (2) of this definition, all of which are to be computed on the assumption that no portion of such Covered Obligations shall cease to be Outstanding during such Fiscal Year except by reason of the application of such scheduled payments; provided, however, that for purposes of such calculation:

(i) if any of the Outstanding Series of Covered Obligations constitutes Tender Indebtedness or if Subordinate Bonds then proposed to be issued would constitute Tender Indebtedness, then, for purposes of determining Debt Service, Tender Indebtedness shall be treated as if the principal amount of such Covered Obligations were to be amortized in substantially equal annual installments of principal and interest over a term of 30 years commencing in the year in which such Series is first subject to tender; the interest rate used for such computation shall be the rate quoted in The Bond Buyer Revenue Bond Index for the last week of the month preceding the date of calculation, as published in The Bond Buyer, or if that index is no longer published another similar index selected by the City, or if the City fails to select a replacement index, an interest rate equal to 80% of the yield as of the date of calculation for United States Treasury bonds maturing at least 25 years after the date of such calculation, or if there are no such Treasury bonds having such maturities, 100% of the lowest prevailing prime rate of any of the five largest commercial banks in the United States ranked by assets; with respect to all principal and interest payments becoming due prior to the year in which such Tender Indebtedness is first subject to tender, such payments shall be treated as described in the initial paragraph of this definition of "Debt Service" unless the interest during that period is subject to fluctuation, in which case, the interest becoming due prior to such first tender date shall be determined as provided in (ii) below;

(ii) if any of the Outstanding Series of Covered Obligations constitutes Variable Rate Indebtedness or if Subordinate Bonds proposed to be issued would constitute Variable Rate Indebtedness (except to the extent subsection (i) relating to Tender Indebtedness or subsection (iii) relating to a Commercial Paper Program apply), then, such Series of Covered Obligations shall be assumed to bear interest at the rate quoted in The Bond Buyer Revenue Bond Index for the last week of the month preceding the date of calculation as published in The Bond Buyer, or if that index is no longer published, another similar index selected by the City, or if the City fails to select a replacement index, an interest rate equal to 80% of the yield for outstanding United States Treasury bonds having an equivalent maturity as the then Outstanding Subordinate Bonds or Senior Lien Bonds for which the interest rate is to be assumed or having an equivalent maturity as the additional Subordinate Bonds proposed to be issued, or if there are no such Treasury bonds having equivalent maturities, 100% of the lowest prevailing prime rate or any of the five largest commercial banks in the United states ranked by assets;

(iii) if any of the Outstanding Series of Covered Obligations are, or Subordinate Bonds proposed to be issued will be, part of a Commercial Paper Program, then the maximum aggregate principal amount established by the Council with respect to such Commercial Paper Program (without regard to the principal amount of such Covered



Obligations that have been issued at such time) shall be deemed to be fully Outstanding on the date of calculation and such maximum aggregate principal amount shall be treated for purposes of this definition of "Debt Service" as if it were to be amortized in substantially equal annual installments of principal and interest over a term of 30 years commencing in the year in which the date of calculation falls; and the interest rate used for such computation shall be the rate quoted in The Bond Buyer Revenue Bond Index for the last week of the month preceding the date of calculation, as published in The Bond Buyer, or if that index is no longer published, another similar index selected by the City, or if the City fails to select a replacement index, an interest rate equal to 80% of the yield as of the date of calculation for United States Treasury bonds maturing at least 25 years after the date of such calculation, or if there are no such Treasury bonds having such maturities, 100% of the lowest prevailing prime rate of any of the five largest commercial banks in the United States ranked by assets; and, provided, further, that no other amounts with respect to the Commercial Paper Program (including any of the City's agreement with and obligations to any and all banks or other credit enhancers or liquidity providers entered into in connection with the Commercial Paper Program, including Credit Agreements and Bank Notes (as such terms are defined in the First Supplemental Subordinate Resolution) shall be included in the calculation of "Debt Service";

(iv) if moneys or Permitted Investments have been deposited by the City into a separate fund or account or are otherwise held by the City or by a fiduciary to be used to pay principal and/or interest on specified Covered Obligations, then the principal and/or interest to be paid from such moneys or Permitted Investments or from the earnings thereon shall be disregarded and not included in calculating Debt Service; and

(v) for the purpose of calculating Debt Service, in determining the amount of interest coming due during any twelve-month period ending June 30 on any Series of Senior Lien Bonds or Subordinate Bonds that were issued as Direct Subsidy Bonds, such amount shall be reduced by an amount equal to the Refundable Credits the City is scheduled to receive during each such twelve-month period ending June 30 (and to avoid double counting, an equivalent amount shall be deducted from Revenues for the purpose of such calculation).

Notwithstanding any other subsection of this definition of Debt Service, no amounts payable (including any settlement amounts or termination payments) under any interest rate swap agreement constituting a Covered Obligation shall be included in the calculation of Debt Service. Except as otherwise provided in this definition of Debt Service, to the extent that any calculation under this definition requires an index, interest rate or other amount to make such calculation, and such index, interest rate or other amount is not published, is not available or is not capable of being included in such calculation, then the City shall use such other index, interest rate, or other amount in its reasonable discretion in order to complete such calculation and that calculation shall be binding on City, the Owners of all Subordinate Bonds, the Paying Agent and all other affected parties, absent manifest error.

"Debt Service Fund" shall mean any of the Debt Service Funds as described in Section 5.04 hereof and, where specifically stated as such, the Debt Service Fund as defined in the Senior Lien Resolution.

“Direct Subsidy Bonds” shall mean Build America Bonds and Recovery Zone Economic Development Bonds.

“Electronic Means” shall mean facsimile transmission, email transmission or other similar electronic means of communication providing evidence of transmission, including a telephone communication confirmed by any other method set forth in this definition.

“Event of Default” shall mean any occurrence or event specified in Section 9.01 hereof.

“Expenses” shall mean the total operating expenses of the System as determined in accordance with generally accepted accounting principles except, to the extent such items are included in such operating expenses, depreciation, interest on Outstanding Covered Obligations and amortization of financing expenses.

“First Supplemental Subordinate Resolution” shall mean the Amended and Restated First Supplemental Resolution Supplementing and Amending the Subordinate General Resolution and certain Supplemental Resolutions thereto, adopted by the City Council October 12, 2021, as amended and supplemented from time to time.

“Fiscal Year” shall mean the period of time beginning on July 1 of any given year and ending on June 30 of the immediately subsequent year, or such other annual period as the City designates as its fiscal year.

“Fitch” shall mean Fitch Ratings Inc., its successors and their assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized rating agency designated by the City.

“Government Obligations” shall mean (i) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States and (ii) securities or receipts evidencing ownership interests in obligations or specified portions (such as principal or interest) of obligations described in (i).

“Insurer” shall mean any municipal bond insurance company, bank or other financial institution or organization providing credit enhancement for any one or more Series of Subordinate Bonds or a portion of a Series of Subordinate Bonds whether such credit enhancement is in the form of an insurance policy, surety bond, letter of credit, line of credit, revolving credit agreement or other form of financial guaranty or commitment instrument.

“Mail” shall mean either by first-class United States mail, postage prepaid or Electronic Means.

“Moody’s” shall mean Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized rating agency designated by the City.

“Municipal Code” shall mean the Municipal Code of the City of Los Angeles.

“Net Revenues” shall mean, for any given period, the Revenues for such period less the Expenses for such period, but excluding any profits or losses on the early extinguishment of debt or on the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets.

“Outstanding” when used with respect to Subordinate Bonds or Senior Lien Bonds shall mean Subordinate Bonds which have been authenticated and delivered under this Subordinate General Resolution or Senior Lien Bonds which have been authenticated and delivered under the Senior Lien Resolution except:

- (i) Subordinate Bonds or Senior Lien Bonds cancelled or purchased by the City for cancellation or delivered to or acquired by the City for cancellation and, in all cases, with the intent to extinguish the debt represented thereby;

- (ii) Subordinate Bonds or portions of Subordinate Bonds which have been paid or are deemed to be paid in accordance with Article VIII and Senior Lien Bonds or portions of Senior Lien Bonds which have been paid or are deemed to be paid in accordance with the terms of the Senior Lien Resolution;

- (iii) Subordinate Bonds in lieu of which other Subordinate Bonds have been authenticated under Section 3.05;

- (iv) Subordinate Bonds or Senior Lien Bonds or portions of Subordinate Bonds or Senior Lien Bonds that have become due (at maturity or on redemption, acceleration or otherwise) and for the payment of which sufficient moneys, including interest accrued to the due date, are held by the City or an agent of the City separate and apart for such purpose;

- (v) Subordinate Bonds which, under the terms of the Supplemental Resolution pursuant to which they were issued, are deemed to be no longer Outstanding; and

- (vi) for purposes of any consent or other action to be taken by the holders of a specified percentage of Subordinate Bonds under this Subordinate General Resolution, Subordinate Bonds held by or for the account of City, unless such Subordinate Bonds are pledged to secure a debt to an unrelated party, in which case such Subordinate Bond shall, for purposes of consents and other Bondholder action, be deemed to be Outstanding and owned by the party to which such Subordinate Bonds are pledged.

“Paying Agent” or “Paying Agents” shall mean the City Treasurer or any other bank, trust company or other financial institution appointed by the City.

“Permitted Investments” shall mean (i) Government Obligations, (ii) obligations of any state or territory of the United States or any agency or political subdivision thereof rated by S&P, if the Series of Subordinate Bonds which such Permitted Investments secure is then rated by S&P, and by Moody’s, if such Series is then rated by Moody’s, at least as high as such Series of Subordinate Bonds, (iii) obligations of any state or territory of the United States or any agency or political subdivision thereof for the payment of the principal or redemption price of and interest on which there shall have been deposited Government Obligations maturing as to principal and interest at times and in amounts sufficient to provide such payment, (iv) time certificates of deposit

issued by a state or nationally chartered bank or trust company or a state or federal savings and loan association, provided that such certificates of deposit shall be (1) continuously and fully insured by the Federal Deposit Insurance Corporation or (2) continuously and fully secured by Government Obligations, which securities shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificate of deposit, (v) bankers' acceptances which are issued by a bank or trust company rated "A" or higher by Moody's and S&P; provided that such bankers' acceptances may not exceed 270 days' maturity, (vi) repurchase agreements with any bank or trust company or government bond dealer reporting to, trading with and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by Government Obligations, provided that the underlying securities are required by the repurchase agreement to be held by any such bank, trust company or primary dealer having a combined capital and surplus of at least \$100,000,000 and being independent of the issuer of such repurchase agreement, and provided that the securities are continuously maintained at a market value of not less than the amount so invested, (vii) commercial paper of "prime" quality of the highest or of the highest letter and numerical rating as provided by Moody's and S&P, (viii) investment agreements with (1) any bank or trust company or government bond dealer reporting to, trading with and recognized as a primary dealer by the Federal Reserve Bank of New York, having a combined capital and surplus of at least \$100,000,000, or (2) any corporation that is organized and operating within the United States and that has total assets in excess of \$500,000,000 and that has an "A" or higher rating for its debt, other than commercial paper, as provided by Moody's and S&P, provided that such investment agreements shall be continuously and fully secured by Government Obligations, which securities shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount so invested, (ix) government money market portfolios or money market funds restricted to obligations issued or guaranteed as to payment of principal and interest by the full faith and credit of the United States, which portfolios, unless held by the Treasurer for five business days or less, shall have a rating in the highest two categories provided by Moody's and S&P, (x) any investment permitted by the investment policy of the City, and (xi) with respect to funds held in funds and accounts required under the terms of a specific Supplemental Resolution or securing specific Subordinate Bonds or Subordinate Bonds of a specific Series of Subordinate Bonds, such other securities or investment vehicles as are specified as Permitted Investments under the terms of the Supplemental Resolution creating such funds and accounts or setting forth the terms of such Series.

"Procedural Ordinance" shall mean Article 6.7 of Chapter 1 of Division 11 of the Administrative Code of the City.

"Project" shall mean any purpose for which a Series of Subordinate Bonds is issued or authorized under the terms of this Subordinate General Resolution.

"Project Costs" shall mean, with respect to the System, all or any part of the cost of construction, acquisition, alteration, reconstruction, remodeling, maintaining and operating, including, without limiting the generality of the foregoing, all labor, materials, machinery, equipment, lands, structures, real and personal property, rights, rights of way, water rights, air rights, franchises, easements and interests acquired or used by the City in connection with the work undertaken; the cost of any demolitions, removals or relocations necessary in connection therewith; financing charges, insurance expenses, Capitalized Interest, if any, reserves for debt service and reserves for capital and current expenses; the cost of architectural, engineering,

financial and legal services, plans, specifications, appraisals, surveys, inspections, estimates of costs and revenues, and other expenses necessary or incident to determining the feasibility or practicality of such undertaking; organizational, professional, administrative, operating and other expenses incurred prior to the commencement of and during such work; costs of the City properly allocated to a Project and with respect to costs of employees or other labor costs, including the cost of medical, pension, retirement and other benefits as well as salary and wages and the allocable cost of administrative, supervisory and managerial personnel and the properly allocable cost of benefits provided for such personnel; costs of equipment, supplies and training of operating personnel and other expense of completing such work and placing the same in operation; working capital, and such other expenses as may be necessary or incidental to a Project, the financing thereof, including, but not limited to, costs and expenses of consultants and advisors including insurance consultants, accountants, engineers and attorneys, printing costs, rating agency fees and expenses, insurance costs and related election expenses and expenses necessary or incidental to placing a Project in operation and all other costs, expenses and charges related directly or indirectly to the System for which the City is otherwise permitted to incur an obligation, including the financing of working capital, whether or not the Project then under consideration involves the acquisition or construction of physical properties.

“Rebate Fund” shall mean any fund created by the City in connection with the issuance of the Subordinate Bonds or any Series of Subordinate Bonds for the purpose of complying with the Code and providing for the collection, holding and payment of amounts to the United States of America.

“Recovery Zone Economic Development Bonds” shall mean any bonds or other obligations issued as Recovery Zone Economic Development Bonds under Section 1400U-2 of the Code, or under any other provisions of the Code, that creates, in the determination of the City, a substantially similar direct-pay subsidy program that provides comparable security for the Owners thereof.

“Refundable Credits” shall mean (a) with respect to a Series of Senior Lien Bonds or Subordinate Bonds issued as Build America Bonds under Section 54AA of the Code or a Series of Senior Lien Bonds or Subordinate Bonds issued as Recovery Zone Economic Development Bonds under Section 1400U02 of the Code, in either case the amounts which are payable by the Federal government under Section 6431 of the Code, and which, in the case of Build America Bonds, the City has elected to receive under Section 54AA(g)(1) of the Code, or (b) with respect to a Series of Senior Lien Bonds or Subordinate Bonds issued as Build America Bonds or as Recovery Zone Economic Development Bonds, as the case may be, under any other provisions of the Code, that creates, in the determination of the City, a substantially similar direct-pay subsidy program, the amounts of which are payable by the Federal government under applicable provisions of the Code, which, in the case of Build America Bonds, the City has elected to receive under applicable provisions of the Code.

“Registrar” shall mean, with respect to the Subordinate Bonds of any Series, the bank, trust company or other entity, if any, designated to perform the function of Registrar under this Subordinate General Resolution or any Supplemental Resolution instead of or in addition to the City Treasurer’s office.

“Reserve Fund” shall mean any Debt Service Reserve Fund created for a Series of Subordinate Bonds as described in Section 5.05 hereof and where specifically stated as such, the Reserve Fund as defined in the Senior Lien Resolution.

“Revenue Bond Law” shall mean the Revenue Bond Law of 1941, §§54300 et seq. of the California Government Code.

“Revenues” shall mean all revenues of the SCM Fund and revenues otherwise attributable to the System, including, but not limited to, those revenues currently arising as a result of the imposition of sewer service charges, industrial waste surcharge and inspection fees, sewage disposal contract charges, sewerage facility charges and bonded sewer fees and all other income and receipts derived by the City from the ownership or operation of the System or arising from the System and including amounts attributable to extensions, additions and improvements to the System and all other amounts received by the City in payment for providing wastewater collection, treatment and/or disposal services; and all earnings received from the investment of the SCM Fund and the Debt Service Fund (as defined in the Senior Lien Resolution); and all earnings received on the Debt Service Funds created for Subordinate Bonds of any Series, provided, however, that Revenues shall not include:

- (i) any amount received from the levy or collection of taxes;
- (ii) amounts received under contracts or agreements with governmental or private entities and designated for capital costs;
- (iii) grants received from the United States of America, from the State of California or other political bodies;
- (iv) earnings on any Construction Funds and any Reserve Funds;
- (v) earnings on any Construction Funds under the Senior Lien Resolution and any Reserve Funds under the Senior Lien Resolution;
- (vi) the proceeds of borrowings; and
- (vii) proceeds of insurance.

“SCM Fund” shall mean, collectively, the City’s Sewer Construction and Maintenance Fund, Sewer Operation and Maintenance Fund, and Sewer Capital Fund established under the terms of the City’s Municipal Code as special funds in the City Treasury into which the Revenues are to be deposited and such term also includes any other fund or series of funds into which Revenues are deposited.

“Senior Lien Bonds” shall mean bonds, notes and all other obligations issued or incurred under the terms of the Senior Lien Resolution and secured, under the terms of the Senior Lien Resolution, by a pledge of the Revenues prior to that pledge securing Subordinate Bonds issued under this Subordinate General Resolution.

“Senior Lien Resolution” shall mean the Wastewater System Revenue Bonds General Resolution adopted by the City Council November 10, 1987, as amended and supplemented from time to time.

“Series” when used with respect to Subordinate Bonds, shall mean Subordinate Bonds issued at the same time or sharing some other common term or characteristic and designated as a separate Series, and shall also mean a Commercial Paper Program authorized by the Council notwithstanding the fact that the Subordinate Bonds constituting part of such program are issued at different times and from time to time; and, when used with respect to Senior Lien Bonds, shall have the meaning assigned to such term in the Senior Lien Resolution.

“Series 2022-C Subordinate Bonds” shall mean the City of Los Angeles Wastewater System Subordinate Revenue Bonds, Refunding Series 2022-C, issued on April 1, 2022.

“S&P” shall mean Standard & Poor’s Corporation, a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the City.

“State” shall mean the State of California.

“Subordinate Bond” or “Subordinate Bonds” shall mean bonds, notes and other indebtedness, obligations or securities of any kind or class issued or incurred as provided in Article III of this Subordinate General Resolution and secured by this Subordinate General Resolution and by the subordinate pledge of the Revenues granted hereby. The term “Subordinate Bonds” includes, but is not limited to, obligations in the form of bonds, notes, bond anticipation notes, commercial paper, and certificates of participation. “Subordinate Bond” or “Subordinate Bonds” shall not include any obligations incurred by the City as permitted by Section 5.06 which rank junior to the Subordinate Bonds issued pursuant to and secured by this Subordinate General Resolution.

“Subordinate General Resolution” shall mean this “Amended and Restated Wastewater System Subordinate Revenue Bonds General Resolution” adopted by the Council on the date shown on the cover page hereof, as amended from time to time.

“Supplemental Resolution” shall mean any supplemental resolution adopted by the Council providing for the issuance of a Series or multiple Series of Subordinate Bonds, amending and/or supplementing this Subordinate General Resolution or amending and/or supplementing another Supplemental Resolution.

“System” shall mean the City’s entire wastewater collection, transportation, drainage, treatment and disposal system, including all sewers, pipes, buildings, systems, plants, works, equipment, improvements and other facilities or undertakings of the City relating to the collection, transportation, treatment and disposal of sewage, wastewater, industrial wastewater and infiltration/inflows incidental thereto, including those facilities in existence at the time of adoption of this Subordinate General Resolution and any and all subsequent additions, extensions, improvements, acquisitions and replacements thereto and all facilities and undertakings relating to or useful in connection with the construction, improvement, replacement, expansion, extension,

operation and maintenance of the System. The term System more specifically includes, but is not limited to, sewage and wastewater treatment and disposal plants, sewage pumping plants, water reclamation plants, sewer maintenance yards and headquarters, intercepting and collecting sewers, outfall sewers, trunk, connecting, relief and other sewer mains and additions to, alterations of and reconstruction of, any of them and the lands, rights of way, pipe, conduits, equipment, machinery, apparatus, and property necessary therefor.

“Tender Indebtedness” shall mean any Covered Obligations or portions of Covered Obligations a feature of which is an option, on the part of the Bondholders, or an obligation, under the terms of such Covered Obligations, to tender all or a portion of such Covered Obligations to the City, a Paying Agent or other fiduciary or agent for payment or purchase and requiring that such Covered Obligations or portions of Covered Obligations be purchased if properly presented.

“Treasurer” shall mean the Treasurer of the City or any deputy treasurer.

“Variable Rate Indebtedness” shall mean any portion of indebtedness the interest rate on which is subject to fluctuation or subsequent adjustment.

Section 1.02 Cross References. Except as otherwise indicated, references to Articles and Sections are to the Articles and Sections of this Subordinate General Resolution.

Section 1.03 Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words importing the singular number shall include the plural and vice versa, and words importing person shall include firms, associations and corporations, including public bodies, as well as natural persons.

Section 1.04 Accounting Terms. Terms used in this Subordinate General Resolution in an accounting context and not otherwise defined shall have the meaning ascribed to them by generally accepted accounting principles.

Section 1.05 Interpretation of “Principal Amount” Under this Subordinate General Resolution. Whenever in the Subordinate General Resolution it is provided that any actions be taken or determinations made on the basis of the principal amount of Subordinate Bonds Outstanding or the principal amount of Subordinate Bonds affected by an action, including the calculation of the principal amount of Subordinate Bonds for purposes of declaring principal of Subordinate Bonds due and payable pursuant to Article IX, the calculation of the principal amount of any Subordinate Bonds that accrete interest shall be determined pursuant to the terms of Supplemental Resolutions.

## ARTICLE II

### PLEDGE TO SECURE SUBORDINATE BONDS; SOURCE OF PAYMENT

Section 2.01 Pledge of Revenues and Funds. To secure the payment of all Subordinate Bonds issued pursuant to the terms of this Subordinate General Resolution, the City hereby pledges to the Owners of the Subordinate Bonds, and places a second lien upon and assigns to the Owners



of the Subordinate Bonds (1) the Revenues as defined in this Subordinate General Resolution, including any additional sources of Revenues pledged by Supplemental Resolutions and (2) the Revenues held in the SCM Fund including the earnings on such Revenues. The City has previously pledged and assigned the Revenues and granted a lien upon the Revenues to secure Senior Lien Bonds, whenever issued, including Senior Lien Bonds issued subsequent to the execution and delivery of this Subordinate General Resolution and subsequent to the issuance of Subordinate Bonds. The pledge, assignment and lien on the Revenues granted to secure the Senior Lien Bonds shall in all respects be prior to the pledge, assignment and lien granted by this Subordinate General Resolution. The Revenues, including Revenues held in the SCM Fund and the earnings on such Revenues, shall be used first to pay the Senior Lien Bonds as the same become due and make current deposits into the funds held pursuant to the Senior Lien Resolution before such Revenues will be available to pay Subordinate Bonds. This pledge of and lien upon the Revenues shall be for the equal and proportionate benefit and security of all Subordinate Bonds issued under the terms of this Subordinate General Resolution, all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction as to lien or otherwise of any Subordinate Bond over any other Subordinate Bond. The pledge and lien hereby granted shall remain effective for so long as any Subordinate Bonds are Outstanding hereunder. Amounts in any Debt Service Fund and Reserve Fund established for any Series of Subordinate Bonds shall, by the terms of the Supplemental Resolution setting forth the terms of such Series, be pledged to secure the Subordinate Bonds of such Series in accordance with the terms of such Supplemental Resolution.

Section 2.02 [Reserved.]

Section 2.03 No Prior or Parity Pledge. The City hereby represents and warrants that except for the pledge granted to secure the Senior Lien Bonds, the City has not pledged the Revenues or the SCM Fund nor created any lien thereon on a basis that ranks senior to the Subordinate Bonds, and the City covenants that, until all the Subordinate Bonds issued under the provisions of this Subordinate General Resolution and the interest thereon shall have been paid or are deemed to have been paid, it will not, except to the extent additional Senior Lien Bonds are issued under the terms of the Senior Lien Resolution grant any prior or parity pledge of Revenues or the SCM Fund, or create or permit to be created any charge or lien on the Revenues ranking prior to or on a parity with the charge and lien which secures the Subordinate Bonds issued pursuant to this Subordinate General Resolution. It is hereby expressly provided that the City shall not, by the provisions of this Section 2.03 or any other part of this Subordinate General Resolution, be restricted or limited in any way in its ability to issue additional Senior Lien Bonds, all of which shall rank prior to the Subordinate Bonds with respect to the pledge of, lien on and assignment of the Revenues. The City may, as provided in Section 5.06, create or permit to be created a charge or lien on the Revenues ranking junior and subordinate to the charge and lien which secures the Subordinate Bonds issued pursuant to this Subordinate General Resolution.

Section 2.04 Special Obligations. The Subordinate Bonds shall be and are special, limited obligations of the City and the City is obligated to pay the principal of, premium, if any, and interest on the Subordinate Bonds solely from the Revenues and from amounts in the SCM Fund and, with respect to the Subordinate Bonds of an individual Series, from any Debt Service Fund and Reserve Fund created for such Series. The general fund of the City is not liable for the payment of the principal of, interest on or premium, if any, on the Subordinate Bonds. Neither the

full faith and credit nor the taxing power of the City is pledged to payment of the Subordinate Bonds and the Owners shall not have any ability to compel the exercise of the taxing power of the City or the forfeiture of any of its property. The City's limited obligation to make payment on the Subordinate Bonds does not create a debt of the City or legal or equitable pledge, charge, lien or encumbrance, upon any of the City's property, or upon any of its income, receipts or revenues except the Revenues and, to the extent provided by Supplemental Resolution, amounts in the Debt Service Funds and Reserve Funds.

### ARTICLE III

#### ISSUANCE OF SUBORDINATE BONDS AND TERMS THEREOF

Section 3.01 Issuance of Subordinate Bonds; Form of Subordinate Bonds. Subordinate Bonds of any Series may be issued by the City under the terms of this Subordinate General Resolution from time to time and secured hereby for any purpose related to the System that the City deems appropriate. Subordinate Bonds of any Series may be issued under this Subordinate General Resolution and secured hereby only if the provisions of Section 3.09 are satisfied.

The Subordinate Bonds of any Series may be issued in such denominations as provided by the Supplemental Resolution creating such Series, in fully registered or bearer form, with or without coupons or in fully registered book-entry form. The Subordinate Bonds of any Series may have notations, legends or endorsements required by law or usage. In addition, Subordinate Bonds of each Series may be in any of the forms, but are not limited to forms described in the definition of Subordinate Bonds in Section 1.01, and may be sold as provided in the Supplemental Resolution establishing such Series.

Section 3.02 Terms, Designation and Payment. The Subordinate Bonds of a Series shall be issued in the principal amount, shall bear interest at a rate or rates, including variable or adjustable rates, shall mature and may be subject to redemption prior to their respective maturities, all as shall be set forth by Supplemental Resolution. The Subordinate Bonds of each Series issued under the provisions of this Article shall be designated "City of Los Angeles Wastewater System Revenue [Bonds, Notes or other designation]," inserting appropriate identifying descriptions, series letter, number, year, word or words and including such other characteristics or designations as may be provided by a Supplemental Resolution. Subordinate Bonds of each Series shall contain an express statement that a Subordinate Bond of such Series is junior and subordinate to the Senior Lien Bonds as to lien on and source and security for payment from the Revenues.

Payments with respect to the Subordinate Bonds of each Series shall be made as provided in the Supplemental Resolution providing for the issuance of Subordinate Bonds of such Series or as provided in the Subordinate Bonds of such Series, which provisions shall include the designation of the currency in which such payments shall be made.

Section 3.03 Execution and Authentication. The Subordinate Bonds of any Series will be executed for the City as provided in the Supplemental Resolution. Each Subordinate Bond of any Series shall have an authentication certificate thereon which shall read substantially as follows:

The [Treasurer of the City of Los Angeles] [\_\_\_\_\_], as duly authorized Authenticating Agent] certifies that this is one of the Subordinate Bonds referred to in the Subordinate General Resolution and \_\_\_\_\_ Supplemental Resolution referred to herein.

By \_\_\_\_\_

The Subordinate Bonds of any Series shall be delivered following execution by the City to the Treasurer for authentication and delivery unless an Authenticating Agent has been appointed for such Series, in which case the Subordinate Bonds of such Series shall be delivered to the Authenticating Agent. In case any officer of the City whose signature or whose facsimile signature shall appear on Subordinate Bonds of any Series shall cease to be such officer before the authentication and delivery of Subordinate Bonds of such Series, such signature or the facsimile signature thereof shall nevertheless be valid and sufficient for all purposes the same as if he or she had remained in office until authentication and delivery. Also, if a person signing a Subordinate Bond of any Series is the proper officer on the actual date of execution, the Subordinate Bond of such Series will be valid even if that person is not the proper officer on the nominal date of action and even though, at the date of this Subordinate General Resolution or any Supplemental Resolution, such person was not such officer.

Subordinate Bonds of any Series will not be valid until the Treasurer or an Authenticating Agent executes the certificate of authentication on the Subordinate Bond of such Series by manual or facsimile signature. Such signature will be conclusive evidence that the Subordinate Bonds of such Series has been authenticated under this Subordinate General Resolution.

The City may appoint an Authenticating Agent to authenticate Subordinate Bonds of any Series and may appoint different Authenticating Agents for different Series of Subordinate Bonds. An Authenticating Agent may authenticate Subordinate Bonds of any Series whenever the Treasurer may do so. Each reference in this Subordinate General Resolution to authentication by the City or by the Treasurer includes authentication by such agent.

Subordinate Bonds of any Series issued under this Subordinate General Resolution may be issued in uncertificated form, in which case the procedures for issuance and delivery and evidence of validity, ownership, transfer and exchange shall be as provided in a Supplemental Resolution.

Section 3.04 Bond Register. Unless otherwise provided in a Supplemental Resolution, with respect to each Series of Subordinate Bonds issued in registered form, the office of the Treasurer or a Registrar will keep a register of the Subordinate Bonds of such Series and of their transfer and exchange. At reasonable times and under reasonable regulations established by the City or the Registrar, any of such lists of Bondholders may be inspected by any Bondholder (or a properly designated representative thereof) which owns \$1,000,000 or more in principal amount of Subordinate Bonds (or beneficial interest therein) then Outstanding. Subordinate Bonds of any Series may be presented to the Treasurer or to the Registrar as provided by Supplemental Resolution for registration, transfer and exchange, as provided in Section 3.06. The City and any Paying Agent shall treat the Bondholder, as shown on the registration books kept by the City or the Registrar, as the person exclusively entitled to payment of principal, premium, if any, and interest and the exercise of all other rights and powers of the Bondholder.

Section 3.05 Mutilated, Lost, Stolen or Destroyed Subordinate Bonds.

(a) In the event any Subordinate Bond of any Series is mutilated or defaced but identifiable by number and description, the City shall execute and the Treasurer or an Authenticating Agent shall authenticate and deliver a new Subordinate Bond of like Series, date, interest rate and maturity as and in a denomination equal to the unpaid amount of such Subordinate Bond, upon surrender thereof to the City or its agent; provided that there shall first be furnished to the City or its agent clear and unequivocal proof satisfactory to the City or its agent that the Subordinate Bond has been mutilated or defaced to such an extent as to impair its value to the Bondholder. The City or its agent shall then cause proper record to be made of the cancellation of the original, and thereafter the substitute shall have the validity of the original.

(b) In the event any Subordinate Bond of any Series is lost, stolen or destroyed, the City may execute and the Treasurer or an Authenticating Agent may authenticate and deliver a new Subordinate Bond of like Series, date and maturity as and in a denomination equal to the unpaid amount of the Subordinate Bond lost, stolen or destroyed; provided that there shall first be furnished to the City or its agent evidence of such loss, theft or destruction satisfactory to the City or its agent, together with indemnity satisfactory to them.

(c) The City and any agents may charge the Holder of any such Subordinate Bond described in (a) or (b) above the cost of preparing the substitute Subordinate Bond, all transfer taxes, if any, and the City's and/or agent's reasonable fees and expenses in this connection. All substitute Subordinate Bonds issued and authenticated pursuant to this Section shall be issued as a substitute and numbered, if numbering is required by the Supplemental Resolution or the City, as determined by the City or its agent. In the event any such Subordinate Bond shall be about to mature or has matured or been called for redemption, instead of issuing a substitute Subordinate Bond, the City may pay the same at its maturity or redemption without surrender thereof.

Section 3.06 Registration and Transfer of Subordinate Bonds; Persons Treated as Owners. All Subordinate Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form satisfactory to the Treasurer or the Registrar, as the case may be, duly executed by the Bondholder or by his duly authorized attorney.

Except as limited by any Supplemental Resolution, the City or any Registrar also may require payment from the Bondholder of a sum sufficient to cover any tax or other governmental fee or charge that may be imposed in relation to any transfer or exchange.

Supplemental Resolutions may designate certain limited periods during which Subordinate Bonds will not be exchanged or transferred.

Subordinate Bonds delivered upon any exchange or transfer as provided herein, or as provided in Section 3.05, shall be valid obligations of the City evidencing the same obligation as the Subordinate Bond surrendered, shall be secured by this Subordinate General Resolution and

shall be entitled to all of the security and benefits hereof to the same extent as the Subordinate Bond surrendered.

Section 3.07 Destruction of Subordinate Bonds. Whenever any Outstanding Subordinate Bonds shall be delivered to the City or its agent for cancellation, upon payment of the principal amount and interest represented thereby or for replacement pursuant to Section 3.06 or exchange or transfer pursuant to Section 3.06, such Subordinate Bond shall be cancelled and destroyed by the City or its agent.

Section 3.08 Temporary Subordinate Bonds. Pending preparation of definitive Subordinate Bonds of any Series, the City may execute, authenticate and deliver, in lieu of definitive Subordinate Bonds of such Series and subject to the same limitations and conditions, interim receipts, certificates or temporary bonds which shall be exchanged for the Subordinate Bonds of such Series.

If temporary Subordinate Bonds are issued, the City shall cause the definitive Subordinate Bonds to be prepared and, upon presentation to it of any temporary Subordinate Bond, shall cancel the same and deliver in exchange therefor at the place designated by the Bondholder, without charge to the Bondholder, definitive Subordinate Bonds of an equal aggregate principal amount, of the same Series and maturity and bearing interest at the same rate or rates as the temporary Subordinate Bonds surrendered. Until so exchanged, the temporary Subordinate Bonds shall in all respects be entitled to the same benefit and security of this Subordinate General Resolution as the definitive Subordinate Bonds to be issued and authenticated hereunder.

Section 3.09 Issuance of Series of Subordinate Bonds; Supplemental Resolution; Application of Bond Proceeds. The Subordinate Bonds of each Series shall be issued, at one time or from time to time, pursuant to and in accordance with the procedures set forth in the Charter, the Procedural Ordinance and subject to the conditions of this Section 3.09.

Each Series of Subordinate Bonds shall be dated, shall mature, shall bear interest, shall be subject to redemption and shall be amortized, all as provided in the Supplemental Resolution under which such Subordinate Bonds are issued. In addition, each such Supplemental Resolution may provide for the appointment of an Authenticating Agent, Registrar or Registrars and a Paying Agent or Paying Agents or an Issuing and Paying Agent and for the removal or replacement thereof.

Such Supplemental Resolution may provide that the interest rate on the Series of Subordinate Bonds and the duration of the periods during which any such interest rate applies may, from time to time, be adjusted and that the Series of Subordinate Bonds may be purchased upon the demand of the owners thereof or shall be subject to mandatory purchase upon the occurrence of certain events or at certain times. Such provisions relating to interest rate periods and adjustments may include, without limitation, the creation of objective standards for such adjustments and the appointment of agents to apply such standards, and may provide for the procurement of liquidity and credit support facilities with respect to the Subordinate Bonds.

Each of the following shall be a condition to the issuance of any Series of Subordinate Bonds under this Subordinate General Resolution:

(a) the Council shall adopt a Supplemental Resolution authorizing such Series of Subordinate Bonds and setting forth the terms of such Series of Subordinate Bonds;

(b) if credit enhancement or liquidity support is to be provided at the time of issuance of the Series, the executed bond insurance policy, surety bond, letter of credit or other liquidity facility or credit support facility, if any, relating to the Series of Subordinate Bonds shall be delivered to the City or an appropriate fiduciary;

(c) the certificate or certificates of the Consultant required by Section 3.11 or, if the Subordinate Bonds of any Series to be issued are refunding Subordinate Bonds and the last paragraph of Section 3.11 is applicable, the certificate of the Authorized City Representative described therein;

(d) a certificate of an Authorized City Representative stating that no Event of Default has occurred and is then continuing; and

(e) an opinion of Bond Counsel to the effect that the issuance of such Subordinate Bonds has been duly authorized, that all legal conditions precedent to the delivery of such Bonds have been fulfilled, that the Subordinate Bonds are valid and binding obligations of the City in accordance with their terms, and if it is the intention of the City that interest on the Subordinate Bonds of such Series is to be excluded from gross income of the recipient for federal income tax purposes, that the interest on the Subordinate Bonds will be so excluded; and an opinion of Bond Counsel to the effect that the issuance of such Subordinate Bonds will not adversely affect the tax-exempt status of any previously issued Subordinate Bonds.

With respect to Subordinate Bonds of any Series which are part of a Commercial Paper Program, fulfillment of the conditions (a) to (e), inclusive, of this Section shall be required prior to issuance of the first note of such program; thereafter, Subordinate Bonds of any Series constituting part of the same Commercial Paper Program may be issued from time to time as the City determines without again meeting the requirements of this Section so long as the maximum aggregate principal amount of such Commercial Paper Program authorized by the Council for which the conditions (a) to (e), inclusive, were previously fulfilled, is not increased. Any increase in the maximum aggregate principal amount of the Commercial Paper Program authorized by the Council shall, prior to such increase, require compliance with conditions (a) to (e), inclusive.

When the conditions mentioned in clauses (a) to (e), inclusive, of this Section shall have been fulfilled, then upon receipt by the City of payment for the Subordinate Bonds, the Subordinate Bonds shall be delivered to or upon the order of the purchasers thereof.

Simultaneously with the delivery of Subordinate Bonds of any Series, the City shall apply the proceeds of Subordinate Bonds of such Series as provided in the Supplemental Resolution.

Section 3.10 Refunding Subordinate Bonds. There may be issued under and secured by this Subordinate General Resolution Subordinate Bonds of a Series for the purpose of providing funds for refunding all of the Outstanding Subordinate Bonds of any one or more Series or a portion of any Series. Such Subordinate Bonds of such Series shall be issued in accordance with the provisions of Sections 3.09 and 3.11 of this Subordinate General Resolution.

Section 3.11 Tests for Issuance of Subordinate Bonds. As a condition to the issuance of any Series of Subordinate Bonds, the City shall first be required to obtain a certificate or certificates prepared by a Consultant or by Consultants showing that the Net Revenues for the immediately preceding Fiscal Year or for any 12 consecutive months out of the 18 consecutive months immediately preceding the issuance of the proposed Series of Subordinate Bonds were at least equal to 110% of the Average Annual Debt Service for all Covered Obligations which will be Outstanding immediately after the issuance of the proposed Series of Subordinate Bonds. For purposes of preparing the certificate or certificates described above, the Consultant or Consultants may (a) rely upon financial statements prepared by the City that have not been subject to audit by an independent certified public accountant if audited financial statements for the Fiscal Year or period are not available and (b) make such other assumptions as determined reasonable or appropriate by such Consultant or Consultants.

For purposes of the computations to be made as described in the preceding paragraph, the determination of Net Revenues may take into account any increases in rates and charges which relate to the System and shall take into account any reductions in such rates and charges which increases or decreases have been authorized by the City to be implemented and which will be effective prior to or at the time of issuance of such proposed Series of Subordinate Bonds.

With respect to Subordinate Bonds of any Series which are part of a Commercial Paper Program, fulfillment of the requirement of this Section shall be required prior to issuance of the first note of such program; thereafter, Subordinate Bonds of any Series constituting part of the same Commercial Paper Program may be issued from time to time as the City determines without again meeting the requirements of this Section so long as the maximum aggregate principal amount of such Commercial Paper Program authorized by the Council for which such requirement was previously fulfilled, is not increased. Any increase in the maximum aggregate principal amount of the Commercial Paper Program authorized by the Council shall, prior to such increase, require compliance with the requirement of this Section.

Except as described in the last sentence of this paragraph, the certificate or certificates described above shall not be required if the Series of Subordinate Bonds being issued are for the purpose of refunding then Outstanding Senior Lien Bonds or Subordinate Bonds, and if at the time of the issuance of such Series of Subordinate Bonds, a certificate of an Authorized City Representative shall be delivered showing that Average Annual Debt Service on all Covered Obligations Outstanding after the issuance of the refunding Series of Subordinate Bonds will not exceed Average Annual Debt Service on all Covered Obligations Outstanding prior to the issuance of such Series of Subordinate Bonds. The City may not rely on the exception in this paragraph with respect to the issuance of a refunding Series of Subordinate Bonds which are not part of a Commercial Paper Program to refund Subordinate Bonds which are part of a Commercial Paper Program unless the maximum aggregate principal amount of the Commercial Paper Program authorized by the Council is concurrently reduced by an amount equal to that portion of Subordinate Bonds constituting part of such Commercial Paper Program being refunded.

## ARTICLE IV

### REDEMPTION OF SUBORDINATE BONDS

Section 4.01 Subordinate Bonds Redeemable. The Subordinate Bonds of each Series may be made subject to redemption either in whole or in part and at such times, prices and in such order and under such terms as may be provided by the Supplemental Resolution providing for the issuance of such Subordinate Bonds. The City may provide for the redemption of Subordinate Bonds of any Series from any funds available to the City and not obligated for other purposes.

Section 4.02 Selection of Subordinate Bonds to Be Redeemed. If less than all the Subordinate Bonds of any Series shall be called for redemption, the Subordinate Bonds to be redeemed shall be selected from such Series of Subordinate Bonds as provided in the Supplemental Resolution under which Subordinate Bonds of such Series were issued.

Section 4.03 Notice of Redemption. In the event Subordinate Bonds of any Series are called for redemption, the City, or through its agent, shall give notice, at the times and in the manner specified by Supplemental Resolution, to the Bondholders of the Subordinate Bonds of a Series to be redeemed, of the redemption of Subordinate Bonds of such Series, which notice shall (i) specify the Subordinate Bonds of a Series to be redeemed, the redemption date, the redemption price and the place or places where amounts due upon such redemption will be payable and, if less than all of the Subordinate Bonds of a Series are to be redeemed, the numbers of the Subordinate Bonds, and the portions of Subordinate Bonds, to be redeemed, (ii) state any condition to such redemption and (iii) state that on the redemption date, and upon the satisfaction of any such condition, the Subordinate Bonds of such Series to be redeemed shall cease to bear interest. Such notice may set forth any additional information relating to such redemption. Notice may provide for purchase in lieu of redemption or conditional redemption as provided by a Supplemental Resolution. Notwithstanding the foregoing, Supplemental Resolutions may provide for redemption of Subordinate Bonds of a Series, under certain circumstances, without notice or with notice which differs from that set forth in this section.

Section 4.04 Effect of Redemption Call. On the date so designated for redemption, notice, if required, having been given in the manner and under the conditions provided herein and in the Supplemental Resolution relating to the Subordinate Bonds of a Series to be redeemed and moneys for payment of the redemption price being held in trust to pay the redemption price, unless otherwise provided in a Supplemental Resolution, the Subordinate Bonds of such Series so called for redemption shall become and be due and payable on the redemption date, interest on such Subordinate Bonds shall cease to accrue, such Subordinate Bonds of such Series shall cease to be entitled to any lien, benefit or security under this Subordinate General Resolution and the owners of such Subordinate Bonds of such Series shall have no rights in respect thereof except to receive payment of the redemption price.

Subordinate Bonds of any Series which have been duly called for redemption under the provisions of this Article IV and for the payment of the redemption price of which moneys shall be held in trust or irrevocably set aside for the Holders of the Subordinate Bonds of such Series to be redeemed, all as provided in this Subordinate General Resolution, shall not be deemed to be Outstanding under the provisions of this Subordinate General Resolution.



## ARTICLE V

### REVENUES AND FUNDS

Section 5.01 Subordinate Bonds Secured by Revenues. The Subordinate Bonds of any Series authorized and issued under the provisions of this Subordinate General Resolution are, as provided in Article II, secured by a subordinate lien on and pledge of the Revenues. The Revenues shall be deposited and used as provided in Article V of the Senior Lien Resolution and in this Article V.

Section 5.02 The SCM Fund; Creation of Funds. The City has heretofore created and currently maintains the Sewer Construction and Maintenance Fund, the Sewer Operation and Maintenance Fund and the Sewer Capital Fund (such funds and any other fund or funds into which the Revenues are deposited, the “SCM Fund”) and the City agrees that so long as any Subordinate Bonds remain Outstanding it will continue to maintain such funds or another special fund or special funds into which all Revenues will be deposited and any and all of such funds into which Revenues are deposited by the City shall be maintained and the amounts therein held and used as provided in the Senior Lien Resolution, so long as such resolution remains in effect, and as provided herein with respect to the SCM Fund and the Revenues therein shall be subject to the subordinate pledge set forth herein to secure the Subordinate Bonds.

The City agrees that it will deposit all Revenues (except the earnings on the Debt Service Fund (as defined in the Senior Lien Resolution) created and held under the Senior Lien Resolution and any Reserve Fund (as defined in the Senior Lien Resolution) created and held under the Senior Lien Resolution for which special provision is made in the Senior Lien Resolution and except for earnings on funds created and held under Supplemental Resolutions for which special provision may be made) as collected, into the SCM Fund. All Revenues in the SCM Fund shall be held by the City in trust and applied as provided in the Senior Lien Resolution and as provided in this Article V, and, pending such application, such amounts shall be subject to a lien and charge in favor of the Holders of the Subordinate Bonds issued and Outstanding under this Subordinate General Resolution as provided in Article II of this Subordinate General Resolution.

With respect to any of the funds required to be established hereunder or under a Supplemental Resolution, the City may, to accommodate its internal accounting and management systems, create one or more funds, all of which collectively constitute the fund described herein, all of which collectively shall be subject to the lien created hereby upon such fund and all of which collectively shall serve the purposes described herein for such fund.

Section 5.03 The SCM Fund. All Revenues (except the earnings on the Debt Service Fund (as defined in the Senior Lien Resolution) created and held under the Senior Lien Resolution and any Reserve Fund (as defined in the Senior Lien Resolution) created and held under the Senior Lien Resolution for which special provision is made in the Senior Lien Resolution and except for earnings on funds created and held under Supplemental Resolutions for which special provisions may be made) shall be deposited as soon as practicable into the SCM Fund either directly or, with respect to those amounts which are collected by a collection agent, upon transfer to the SCM Fund. Revenues which have been received by a collection agent but not yet deposited into the SCM Fund, shall nevertheless be subject to the restrictions of this Section 5.03 as if they were then on deposit

in the SCM Fund. Revenues in the SCM Fund shall be used on an ongoing basis to pay or provide for the expenses of the operation and maintenance of the System including, without limitation, refunds and the expenses of management, repair and other expenses necessary to maintain and preserve the System in good repair and working order when such amounts become due. So long as the requirements set forth below are met, the City may, at any time, as provided by Supplemental Resolution, withdraw amounts from the SCM Fund to make deposits to the Debt Service Funds and Reserve Funds created under Supplemental Resolutions or otherwise to make payments or provide for payments on Subordinate Bonds. The foregoing provisions are, however, restricted to the extent that no amount shall be withdrawn from the SCM Fund to make deposits to funds created under Supplemental Resolutions or otherwise make payments or provide for payments on Subordinate Bonds unless:

- (a) all operation and maintenance expenses are being or have been paid as they become due;
- (b) the monthly deposits to be made into the Debt Service Fund and any Reserve Fund (each such fund as defined in and held under the Senior Lien Resolution) for all prior months have been made in full and no deficiency exist with respect to the Debt Service Fund or any Reserve Fund under the Senior Lien Resolution; and
- (c) the amounts which are or will be required to be deposited into the Debt Service Fund and any Reserve Fund (each such as defined in the Senior Lien Resolution and held under the Senior Lien Resolution) during the then-current calendar month have been deposited into such funds or such amounts are segregated within the SCM Fund to be used to make such deposits, and the funding requirements for the then-current calendar month contained in the Senior Lien Resolution have been satisfied, prior to the withdrawal or use of funds for the purpose of paying or providing for the payment of Subordinate Bonds.

If the conditions (a), (b) and (c) above are met, and an amount at least equal to the amount reasonably estimated by the City to be needed to provide for the System's operation and maintenance expenses during the next 45 days shall remain in the SCM Fund, then the City may at any time and, subject to the conditions set forth above, shall, as required by Supplemental Resolutions, withdraw from the SCM Fund such amounts as are required by this Subordinate General Resolution and the Supplemental Resolutions to pay debt service on Subordinate Bonds or to provide for the payment of debt service on Subordinate Bonds and fulfill other funding requirements contained in Supplemental Resolutions under which Subordinate Bonds have been issued.

If the conditions (a), (b) and (c) above are met, an amount at least equal to the amount reasonably estimated by the City to be needed to provide for the System's operation and maintenance expenses during the next 45 days shall remain in the SCM Fund, and the City has withdrawn from the SCM Fund such amounts as are required by this Supplemental General Resolution and the Supplemental Resolutions for the then-current calendar month to pay debt service on Subordinate Bonds or to provide for the payment of debt service on Subordinate Bonds and fulfill other funding requirements for the then-current calendar month contained in Supplemental Resolutions under which Subordinate Bonds have been issued, then the City may

use any amounts in the SCM Fund, from time to time, to pay capital expenses of the System or be used for any other lawful purpose related to the System.

Any amounts in the SCM Fund which are not Revenues may be used or withdrawn at any time without any restriction imposed by this Subordinate General Resolution.

Section 5.04 The Debt Service Funds. Amounts in the Debt Service Funds established pursuant to the Supplemental Resolutions shall be used to pay interest and principal on the Subordinate Bonds of the Series for which such Fund was created as the same becomes due and payable. Such Debt Service Funds may be established and held by the City or established by the City, but held by a Paying Agent, but in any case, the fund shall be held in trust as security and a source of payment for the Series of Subordinate Bonds for which it was created. Amounts which are held in a Debt Service Fund for the payment of Subordinate Bonds of any Series which are due and payable but which have not been presented for payment and amounts which are in a Debt Service Fund to pay the redemption price of Subordinate Bonds of any Series which have been called for redemption, but which have not been presented for payment shall be so designated, segregated in such fund, held in trust for the Owners of such Subordinate Bonds of such Series and be available only to make payments on such specific Subordinate Bonds of such Series presented. In addition to the direct payment of principal, interest and redemption price, if interest, principal, or redemption price on a Series of Subordinate Bonds is paid by or through a form of credit enhancement provided for such Series of Subordinate Bonds, amounts in the Debt Service Fund created for such Series may, if so provided by Supplemental Resolution, be used to reimburse such amounts to the Insurer providing the credit support.

Section 5.05 Reserve Fund. The City may, by Supplemental Resolution, at the time of authorization of any Series of Subordinate Bonds or at any time thereafter, provide for the creation of a Reserve Fund, as security for such series. The Supplemental Resolution shall provide for the size and manner of funding and replenishing of such Reserve Fund and shall establish such other terms with respect to such Reserve Fund as the City deems to be appropriate. The provisions for funding or replenishing any Reserve Fund shall not permit any deposit into the Reserve Fund to be made from the SCM Fund unless all payments of principal of and interest on all Subordinate Bonds which have become due and payable have been paid in full or provision has been made for the payment thereof. Moneys held in a Reserve Fund shall be used for the purpose of paying principal and interest on Subordinate Bonds of a Series in accordance with the Supplemental Resolution under which the Subordinate Bonds of such Series are issued and the Reserve Fund created.

Section 5.06 The Construction Funds. Each Construction Fund shall be created under the terms of the Supplemental Resolution authorizing the related Series of Subordinate Bonds. The individual Construction Funds shall be funded with proceeds of the Series of Subordinate Bonds for which the fund was created and with the earnings thereon. Moneys in the respective Construction Funds shall be used to pay Project Costs or other costs as provided in the Supplemental Resolutions creating such accounts.

Section 5.07 Moneys Held in Trust; Unclaimed Moneys. All moneys which shall have been segregated within a Debt Service Fund or deposited with a Paying Agent for the purpose of paying any Subordinate Bonds which have become due and payable, either at the maturity thereof

or upon call for redemption, shall be held in trust for the respective holders of such Subordinate Bonds and such funds shall be held (i) uninvested, (ii) in Government Obligations with a maturity not longer than 30 days or such earlier date on which funds will be needed to make payments on the Subordinate Bonds, (iii) in repurchase agreements which are fully secured by Government Obligations, or (iv) other investments specified by Supplemental Resolution. Any moneys which shall be so segregated or deposited and which shall remain unclaimed by the Holders of such Subordinate Bonds for a period of three years after the date on which such Subordinates Bonds shall have become due and payable (or such longer period as shall be required by state law) shall be released from trust and deposited into the SCM Fund, and thereafter the holders of such Subordinate Bonds shall look only to the SCM Fund for payment and the City shall be obligated to make such payment, but only to the extent of the original amounts due on such Subordinate Bonds on the original due date or redemption date and without any interest thereon and the City shall be obligated to make payment only from Revenues.

Section 5.08 Additional Funds. The City may create additional funds under this Subordinate General Resolution or any Supplemental Resolution for such purposes as the City deems appropriate, including separate funds available only for specified Subordinate Bonds or Series of Subordinate Bonds; however, except for Debt Service Funds and Reserve Funds, the Revenues may be used to fund such funds only if the conditions for the use of excess amounts in the SCM Fund are met as provided in Section 5.03.

Section 5.09 Additional Security. The Revenues secure all Subordinate Bonds issued under the terms of this Subordinate General Resolution on an equal and ratable basis. The City may, however, in its discretion, provide additional security or credit enhancement for specified Subordinate Bonds or Series of Subordinate Bonds with no obligation to provide such additional security or credit enhancement to other Subordinate Bonds.

## ARTICLE VI

### COVENANTS OF THE CITY

Section 6.01 Payment of Principal and Interest. The City covenants and agrees that it will duly and punctually pay or cause to be paid the principal of, premium, if any, and interest on every Subordinate Bond at the place and on the dates and in the manner herein and in the Subordinate Bonds specified, according to the true intent and meaning thereof, and that it will faithfully do and perform all covenants and agreements herein and in the Subordinate Bonds contained and the City agrees that time is of the essence under this Subordinate General Resolution; provided, however, that (i) the City's obligation to make payment of the principal of, premium, if any, and interest on the Subordinate Bonds shall be strictly limited and the City shall only be obligated to make such payments from and to the extent of the Revenues and amounts in the SCM Fund and, with respect to the individual Series of Subordinate Bonds, from the Debt Service Fund and the Reserve Fund, if any, created for such Series, and any other source which the City may specifically provide for the Subordinate Bonds or any Series of Subordinate Bonds, (ii) no Bondholder shall have any right to require payment from any other funds of the City, (iii) the City's obligation to make payments of the principal of, premium, if any, and interest on the Subordinate Bonds from Revenues shall be subordinate to the City's obligations to make payments on the Senior Lien Bonds and to make deposits required by the Senior Lien Resolution,

and (iv) no Revenues shall be withdrawn from the SCM Fund and used to make payments on or provide for the payment of Subordinate Bonds unless the conditions set forth in Section 5.03 of this Subordinate General Resolution have been met. The general fund of the City is not liable for the payment of the principal of, interest on or premium, if any, on the Subordinate Bonds. Neither the full faith and credit nor the taxing power of the City is pledged to or will be available to pay the Subordinate Bonds.

Section 6.02 Performance of Covenants by the City; Authority; Due Execution. The City covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Subordinate General Resolution, in any and every Subordinate Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining hereto. The City represents and warrants that it is duly authorized under the constitution and laws of the State and its Charter to issue the Subordinate Bonds and pledge the Revenue thereto, on a subordinate basis, as provided herein, and that the City has not except as provided in the Senior Lien Resolution previously pledged such Revenues to secure any obligations.

Section 6.03 Rate Covenant.

(a) The City will, at all times while any of the Subordinate Bonds remain Outstanding, establish, fix, prescribe and collect rates, fees and charges, and collect other moneys, in each case, in connection with the use of the System so that Revenues and other amounts deposited into or on deposit in the SCM Fund in each Fiscal Year will be at least sufficient to pay the following amounts:

(1) the interest on and principal of the outstanding Senior Lien Bonds and Subordinate Bonds as they become due and payable;

(2) all other payments required for compliance with the terms of the Senior Lien Resolution and this Subordinate General Resolution and of any Supplemental Resolution including, but not limited to, the required deposits under Section 5.03 of the Senior Lien Resolution and to the Debt Service Funds and Reserve Funds, if any, created under Supplemental Resolutions; and

(3) all current operation and maintenance costs of the System (but not including such operation and maintenance costs as are scheduled to be paid by the City from moneys other than Revenues, such moneys to be clearly available for such purpose).

(b) The City further agrees that it will establish, fix, prescribe and collect rates, fees and charges, and collect other moneys, in each case, in connection with the use of the System so that during each Fiscal Year the Net Revenues and other amounts deposited into or on deposit in the SCM Fund are equal to at least 110% of the scheduled debt service becoming due on Outstanding Senior Lien Bonds and Subordinate Bonds in such year provided that for such purposes, the principal amount of Senior Lien Bonds and Subordinate Bonds becoming due in such year which is paid from the proceeds of other borrowings shall not be included as debt service becoming due in such year.

For the purpose of calculating scheduled debt service coming due on Outstanding Senior Lien Bonds and Subordinate Bonds, in determining the amount of interest coming due during any twelve-month period ending June 30 on any Series of Senior Lien Bonds or Subordinate Bonds that were issued as Direct Subsidy Bonds, such amount shall be reduced by an amount equal to the Refundable Credits the City is scheduled to receive during each such twelve-month period ending June 30 (and to avoid double counting, an equivalent amount shall be deducted from Revenues for the purpose of such calculation).

Section 6.04 Instruments of Further Assurance. The City covenants that it will, through its appropriate officers, employees and agents, do, adopt, execute, acknowledge and deliver, or cause to be done, adopted, executed, acknowledged and delivered, such Supplemental Resolutions and such further acts, instruments and transfers as may reasonably be necessary to establish or confirm to the Owners of the Subordinate Bonds all of the rights and obligations of the City under and pursuant to this Subordinate General Resolution.

Section 6.05 [Reserved.]

Section 6.06 Restriction Upon Prior and Parity Obligations; Provision for Subordinated Obligations. The City covenants that it will not, except to the extent it issues additional Senior Lien Bonds under the terms of the Senior Lien Resolution, issue any other obligations, except upon the condition and in the manner provided in Sections 3.09 and 3.10, payable from the Revenues prior to or on a parity with the Subordinate Bonds or secured by a prior or parity interest in the Revenues, and the City covenants that it will not voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or any other charge having priority to or being on a parity with the lien held by the Holders of the Subordinate Bonds upon the Revenues, or any part thereof. This provision shall not be deemed to restrict the City's ability to incur obligations for ordinary and reasonable operation and maintenance expenses payable on an ongoing basis from the SCM Fund as provided in Section 5.03. Such obligations for operation and maintenance expenses shall not be secured by nor create a lien on the Revenues. The City may issue obligations on a basis subordinate to the Subordinate Bonds provided that any such subordinated obligations issued by the City and payable from the Revenues shall contain an express statement that such obligations are junior and subordinate to the Subordinate Bonds issued under Article III of this Subordinate General Resolution as to lien on and source and security for payment from the Revenues. Any such subordinated obligations may be paid on an ongoing basis from the Revenues so long as the conditions set forth in Section 5.03 are met.

Section 6.07 Operation and Maintenance of System. The City will maintain and preserve the System in good repair and working order at all times, in conformity with standards customarily followed for municipal wastewater systems of like size and character. The City will, from time to time, make all necessary and proper repairs, renewals, replacements and substitutions to the properties of the System, so that at all times business carried on in connection with the System shall and can be properly and advantageously conducted in an efficient manner and at reasonable cost, and will operate the System in an efficient and economical manner, consistent with the protection of the holders of the Subordinate Bonds.

Section 6.08 [Reserved.]

Section 6.09 Books and Accounts; Financial Statements.

(a) The City will keep proper books of record and accounts of the SCM Fund, the Debt Service Funds, the Reserve Funds, if any, and the Construction Funds, in which complete and correct entries shall be made of all transactions relating to such funds. Such books of record and accounts shall at all times during business hours be subject to the inspection of any Bondholder or a representative thereof who is authorized in writing, at reasonable hours and under reasonable conditions.

(b) The City will prepare annually within 270 days after the close of each Fiscal Year so long as any of the Subordinate Bonds are Outstanding financial statements of the SCM Fund, the Debt Service Funds, the Reserve Funds, if any, and the Construction Funds for the preceding Fiscal Year, prepared in accordance with generally accepted accounting principles applied on a consistent basis from year to year which financial statements shall be examined by and include the certificate or opinion of an independent certified public accountant. The City will make the financial statements available for examination by any Bondholder and will furnish a copy of the financial statements to any Bondholder upon request. The City may charge a fee to cover the cost of copying.

(c) [Reserved.]

(d) The City will annually, prior to the beginning of each Fiscal Year, prepare and adopt a budget for the SCM Fund which budget shall include the budgeted receipts and expenditures of the SCM Fund and the rates and charges to be implemented to assure that the City is able to comply with its covenants as set forth in this Subordinate General Resolution, and the City will annually prepare a five-year capital plan or capital budget setting forth in reasonable detail the expected amounts to be expended in each year for capital needs of the System and the purposes for which such expected amounts are to be expended.

Section 6.10 Ownership and Operation. The City will not sell, transfer or otherwise dispose of the System or any part thereof essential to the proper operation of the System unless, after giving effect to such sale, transfer or disposition, the City reasonably expects that the System is able to generate sufficient Revenues to satisfy its obligations under Section 6.03 hereof.

Section 6.11 Insurance and Condemnation. The City agrees that it will, to the extent it determines that insurance or reserves covering risks to the System is appropriate for the System, insure or provide a self-insured reserve as protection against loss or damage to the System arising from fire, storm or other causes; provided that the City shall not be required to maintain insurance or reserve against loss or damage resulting from earthquakes if the City determines that the cost thereof is excessive.

If the City determines to obtain insurance to comply with the preceding paragraph, the City may, but shall not be required to, rely on the advice of an independent insurance consultant for purposes of determining the types and amounts of insurance to be maintained. Such insurance may be maintained through a pooled risk arrangement with other entities, through commercial insurance, a captive insurance company or through other arrangements which the City determines

to be appropriate, including a combination of commercial insurance and self-insurance in accordance with the City's self-insurance policy.

If the City determines to provide a self-insurance fund to comply with the first paragraph of this Section, the City shall establish and fund a separate self-insurance fund or together with other cities or political subdivisions establish a pooled self-insurance fund. The amount to be deposited into and maintained in the self-insurance fund shall be that amount determined by the City or by an independent insurance consultant retained by the City as necessary to adequately reserve against the risks to be covered. If such a self-insurance fund is established, the level of funding shall be reviewed annually and, on or before the last day of each Fiscal Year, the City shall determine the amount to be held in such fund for the next Fiscal Year and, if the amount in such fund is to be increased, the City shall include the amount of such increase in the budget for the SCM Fund.

Section 6.12 Resolution to Constitute a Contract. This Subordinate General Resolution is adopted by the Council for the benefit of the Bondholders and constitutes a contract with the Bondholders.

## ARTICLE VII

### INVESTMENTS

Moneys held in the SCM Fund, the Debt Service Funds, the Reserve Funds, if any, and the Construction Funds shall be invested and reinvested as determined by the City, in Permitted Investments subject to the restrictions set forth in this Article VII and the restrictions set forth in any Supplemental Resolution. Such investments may be made by commingling such amounts for investment purposes with other funds of the City, provided that the amount of each such fund and the earnings thereon are clearly accounted for. The maturities of investments in the Debt Service Funds shall not extend beyond the time when funds will be needed therefrom to make payment on the Subordinate Bonds. Investments of moneys in any such fund shall be deemed at all times to be a part of such fund.

Earnings on the SCM Fund shall be credited to and deposited in the SCM Fund. Earnings on a Construction Fund when received shall be credited to and deposited in such Construction Fund. Earnings on a Debt Service Fund when received shall be credited to and deposited in such Debt Service Fund. Earnings on any Reserve Fund shall be credited and deposited as provided in the Supplemental Resolution creating such Reserve Fund.

## ARTICLE VIII

### DEFEASANCE

Subordinate Bonds of any Series or portions thereof (such portions to be in integral multiples of the Authorized Denomination) which have been paid in full or which are deemed to have been paid in full shall no longer be secured by or entitled to the benefits of this Subordinate General Resolution except for the purposes of payment from moneys or Government Obligations held by the City or a Paying Agent for such purpose. When all Subordinate Bonds which have



been issued under this Subordinate General Resolution have been paid in full or are deemed to have been paid in full, and all other sums payable hereunder by the City, including all necessary and proper fees, compensation and expenses of any Registrar or Paying Agent, have been paid or are duly provided for, then the pledge of the Revenues granted hereby shall cease, terminate and become void, and this Subordinate General Resolution shall cease to be a lien on such Revenues and shall be discharged, except that funds or securities which are held by the City or a Paying Agent for the payment of the principal of, premium, if any, and interest on the Subordinate Bonds shall continue to be held in trust for such purpose.

A Subordinate Bond of any Series, except as provided in the last paragraph of this Article or by Supplemental Resolution, shall be deemed to be paid within the meaning of this Article VIII and for all purposes of this Subordinate General Resolution when (a) payment of the principal, interest and premium, if any, either (i) shall have been made in accordance with the terms of the Subordinate Bonds and this Subordinate General Resolution or (ii) shall have been provided for by irrevocably setting aside exclusively for such payment, (1) moneys sufficient to make such payment and/or (2) Government Obligations, maturing as to principal and interest or payable to the City or its agent on demand in such amounts and at such times as will insure the availability of sufficient moneys to make such payment, and (b) all necessary and proper fees, compensation and expenses of any Registrar and any Paying Agent pertaining to the Subordinate Bonds with respect to which such deposit is made shall have been paid or provision made for the payment thereof. At such times as Subordinate Bonds shall be deemed to be paid hereunder, such Subordinate Bonds shall no longer be secured by or entitled to the benefits of this Subordinate General Resolution, except for the purposes of payment from such moneys or Government Obligations.

Notwithstanding the foregoing paragraph, no deposit under clause (a)(ii) of the immediately preceding paragraph shall be deemed a payment of any such Subordinate Bonds unless the City has given notice or has agreed to give notice in accordance with Section 4.03, as soon as practicable, to the Owners of the Subordinate Bonds with respect to which such deposit has been made and that such deposit has been made and in such notice has included or will include the maturity or redemption date upon which moneys are to be available for the payment of the principal of and the applicable redemption premium, if any, on such Subordinate Bonds and the City has given or has agreed to give proper and timely notice of the redemption of those Subordinate Bonds which are to be redeemed in advance of their maturity.

Notwithstanding the foregoing provisions of this Article, the Bank Notes (as such term is defined in the First Supplemental Subordinate Resolution) which are part of a Commercial Paper Program shall remain Outstanding and shall not be deemed paid until such Bank Notes and the interest thereon shall have been paid in full.

## ARTICLE IX

### DEFAULTS AND REMEDIES

Section 9.01 Events of Default. Each of the following events shall constitute and is referred to in this Subordinate General Resolution as an “Event of Default”:

(a) a failure to pay the principal of or premium, if any, on any of the Senior Lien Bonds or the Subordinate Bonds when the same shall become due and payable at maturity or upon redemption;

(b) a failure to pay any installment of interest on any of the Senior Lien Bonds or the Subordinate Bonds when such interest shall become due and payable;

(c) a failure in a given Fiscal Year to achieve the level of debt service coverage required by Section 6.03(b); provided that such event shall not constitute an Event of Default hereunder if (i) the budget for such Fiscal Year and the rates and charges implemented in accordance with such budget were such that the required level of debt service coverage was projected to be achieved, and (ii) immediately upon discovery of the failure to achieve the required coverage the City commences such action as is reasonable to assure that required coverage is achieved in the succeeding year;

(d) a failure by the City to observe and perform any covenant, condition, agreement or provision (other than as specified in subsections (a), (b), (c) and (d) of this Section 9.01) contained in the Subordinate Bonds or in this Subordinate General Resolution on the part of the City to be observed or performed, which failure shall continue for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the City by an Insurer on a Series of Subordinate Bonds or by the Holders of 25% or more of the principal amount of the Subordinate Bonds then Outstanding, unless such Insurer (if the Insurer has given the notice of such failure to comply with the terms hereof) or, if the notice has been given by the Holders, the Holders of Subordinate Bonds in a principal amount not less than the principal amount of Subordinate Bonds the Holders of which gave such notice, shall agree in writing to an extension of such period; provided, however, that the Insurer and the Holders shall be deemed to have agreed to an extension of such period if corrective action is initiated by the City within 60 days after receipt of such written notice and is being diligently pursued;

(e) a failure on the part of the City to collect the Revenues, or an attempt to divert the Revenues for any use prior to the deposit into the SCM Fund or creation of a lien on or a charge against the Revenues or the SCM Fund, which lien or charge is prior to (except to the extent such lien secures Senior Lien Bonds), or, except to the extent permitted by this Subordinate General Resolution, on a parity with that granted to secure the Subordinate Bonds; or the creation of a lien on or a charge against a Debt Service Fund or Reserve Fund which, except to the extent permitted by this Subordinate General Resolution, lien or charge is prior to or on a parity with, the lien granted to secure a Series of Subordinate Bonds; and

(f) the occurrence of any other Event of Default as is provided in a Supplemental Resolution.

#### Section 9.02 Acceleration; Other Remedies.

(a) Upon the occurrence and continuance of an Event of Default described in Section 9.01, any Insurer or the Holders of 51% or more of the principal amount of the

Subordinate Bonds which are then Outstanding and which are subject to acceleration, may by written notice to the City, declare the Subordinate Bonds which are subject to acceleration to be immediately due and payable, whereupon the Subordinate Bonds which are subject to acceleration shall, without further action, become and be immediately due and payable, anything in this Subordinate General Resolution or in the Subordinate Bonds to the contrary notwithstanding. All Subordinate Bonds Outstanding under this Subordinate General Resolution shall be subject to acceleration unless, under the terms of the Supplemental Resolution authorizing such Subordinate Bonds, a Series of Subordinate Bonds or a portion of a Series is declared not to be subject to acceleration; and provided that, with respect to any Series of Subordinate Bonds or portion of a Series of Subordinate Bonds which is credit enhanced, no acceleration shall be effective with respect to such Subordinate Bonds unless the declaration is given by the Insurer or is consented to by the Insurer.

(b) The provisions of the preceding paragraph are subject to the condition that, if after the principal of the Subordinate Bonds shall have been declared to be due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the City shall cause to be paid all matured installments of interest upon all Subordinate Bonds and the principal of any and all Subordinate Bonds which shall have become due otherwise than by reason of such declaration (with interest upon such principal and, to the extent permissible by law, on overdue installments of interest, at the rate per annum specified in the Subordinate Bonds) and all Events of Default hereunder other than nonpayment of the principal of Subordinate Bonds which shall have become due by such declaration shall have been remedied, then the holders of at least a majority in principal amount of Subordinate Bonds Outstanding including a majority in principal amount of Subordinate Bonds which have been accelerated may, if all Insurers consent in writing to such waiver, waive the Event of Default and rescind or annul the acceleration and its consequences. But no such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

(c) Upon the occurrence and continuance of any Event of Default, the Holders of 51% or more of the principal amount of the Subordinate Bonds then Outstanding or any Insurer shall have the right:

(i) by mandamus, or other suit, action or proceeding at law or in equity, to enforce all rights of the Bondholders, and require the City to carry out any agreements with or for the benefit of the Bondholders and to perform its duties or agreements under this Subordinate General Resolution or any Supplemental Resolution, provided that any such remedy may be taken only to the extent permitted under the applicable provisions of this Subordinate General Resolution;

(ii) to bring suit upon the Subordinate Bonds;

(iii) to commence an action or suit in equity to require the City to account as if it were the trustee of an express trust for the Bondholders; or

(iv) by action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders.

In the event of a conflict between the actions taken or proposed to be taken under this Section 9.02(c) by any Insurer and the Holders of the Subordinate Bonds or between the Insurers on different Series of Subordinate Bonds, the position taken by the entity or group of Bondholders representing the greatest principal amount of Subordinate Bonds Outstanding shall prevail. For such purposes the Insurer of a Series of Subordinate Bonds shall be deemed to represent the entire principal amount of Subordinate Bonds for which such Insurer has provided credit enhancement.

(d) Any Holder of any Subordinate Bond issued under the terms of the Revenue Bond Law may compel the use of any or all of the remedies provided in the Revenue Bond Law.

Section 9.03 Restoration to Former Position. In the event that any proceeding taken to enforce any right under this Subordinate General Resolution shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Bondholders, then the City, and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Bondholders and the Insurers shall continue as though no such proceeding had been taken.

Section 9.04 No Impairment of Right to Enforce Payment. Notwithstanding any other provision in this Subordinate General Resolution, the right of any Bondholder to receive payment of the principal of and interest on such Subordinate Bond, on or after the respective due dates expressed therein and to the extent of the Revenues, or to institute suit for the enforcement of any such payment on or after such respective date, shall not be impaired or affected without the consent of such Bondholder.

Section 9.05 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Bondholders or the Insurers is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder, or now or hereafter existing at law or in equity or by statute.

Section 9.06 No Waiver of Remedies. No delay or omission of any Bondholder or Insurer to exercise any right or power accruing upon any default shall impair any such right or power or be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by this Article IX to the Bondholders and the Insurers may be exercised from time to time and as often as may be deemed expedient.

Section 9.07 Application of Moneys. Any moneys received by any receiver or by any Bondholder or Insurer pursuant to any right given or action taken under the provisions of this Article IX, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the receiver, Bondholder or Insurer, shall be applied as follows:

(a) Unless the principal of all the Subordinate Bonds of such Series shall have been declared due and payable, all such moneys shall be applied (i) first, to the payment to the persons entitled thereto of all installments of interest then due on the Subordinate Bonds

of such Series, with interest on overdue installments, if lawful, at the rate provided in the respective Subordinate Bonds, in the order of maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment, and (ii) second, to the payment to the persons entitled thereto of the unpaid principal of the Subordinate Bonds of such Series which has become due with interest on such unpaid principal amounts at the rates borne by the respective Subordinate Bonds from the respective dates upon which they became due and, if the amount available shall not be sufficient to pay in full all Subordinate Bonds of such Series due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege.

(b) If the principal of all the Subordinate Bonds of such Series shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon all Subordinate Bonds of such Series, with interest on overdue interest, if lawful, and principal, as aforesaid, without preference or priority of principal over interest or interest over principal, or of any installment of interest over any other installment of interest, or of any Subordinate Bond of such Series over any other Subordinate Bond of such Series, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

(c) If the principal of all the Subordinate Bonds of such Series shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled, then, subject to the provisions of clause (b) of this Section 9.07 which shall be applicable in the event that the principal of all the Subordinate Bonds of such Series shall later become due and payable, the moneys shall be applied in accordance with the provisions of clause (a) of this Section 9.07.

Whenever moneys are to be applied pursuant to the provisions of this Section 9.07, such moneys shall be applied at such times, and from time to time, as the receiver, Bondholders or Insurer shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such applications in the future.

Section 9.08 Severability of Remedies. It is the purpose and intention of this Article IX to provide all rights and remedies to the Bondholders and Insurers that may be lawfully granted, but should any right or remedy herein granted be held to be unlawful, the Bondholders and Insurers shall be entitled, as above set forth, to every other right and remedy provided in this Subordinate General Resolution and by applicable law.

Section 9.09 Additional Events of Default and Remedies. So long as any particular Series of Subordinate Bonds is Outstanding, the Events of Default and remedies as set forth in this Article IX may be supplemented with additional Events of Default and remedies as set forth in the Supplemental Resolution under which such Series of Subordinate Bonds is issued and additional Events of Default and remedies, not necessarily limited to the time any Series of Subordinate Bonds are Outstanding may likewise be added from time to time by Supplemental Resolution.

## ARTICLE X

### PAYING AGENT AND CO-PAYING AGENTS; REGISTRAR

Section 10.01 Paying Agent. The City may at any time or from time to time appoint a Paying Agent or Paying Agents for the Subordinate Bonds or for any Series of Subordinate Bonds and may from time to time remove a Paying Agent. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it hereunder or under a Supplemental Resolution by a written instrument of acceptance delivered to the City under which each such Paying Agent will agree, particularly:

- (a) to hold all sums delivered to it for the payment of the principal of, premium or interest on Subordinate Bonds in trust for the benefit of the Bondholders until such sums shall be paid to such Bondholders or repaid to the City as herein provided;
- (b) to keep such books and records as shall be consistent with prudent industry practice, to make such books and records available for inspection by the City at all reasonable times; and
- (c) upon the request of the City, to forthwith deliver to the City all sums so held in trust by such Paying Agent.

Section 10.02 Registrar. The City may appoint a Registrar for the Subordinate Bonds or a Registrar for any Series of Subordinate Bonds and may from time to time remove a Registrar. Each Registrar shall signify its acceptance of the duties imposed upon it hereunder or under a Supplemental Resolution by a written instrument of acceptance delivered to the City under which such Registrar will agree, particularly, to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the City and the Paying Agent at all reasonable times.

Section 10.03 Other Agents. The City may from time to time appoint other agents to perform duties and obligations under this Subordinate General Resolution or under a Supplemental Resolution, which agents may include, but not be limited to, tender agents, remarketing agents, escrow agents, issuing and paying agents and authenticating agents and may remove such agents.

Section 10.04 Several Capacities. Anything in this Resolution to the contrary notwithstanding, the same entity may serve hereunder as the Paying Agent, Registrar and any other agent appointed to perform duties or obligations under this Subordinate General Resolution, under a Supplemental Resolution or an escrow agreement or in any combination of such capacities or other capacities.

## ARTICLE XI

### SUPPLEMENTAL RESOLUTIONS

Section 11.01 Limitations. This Subordinate General Resolution shall not be modified or amended except as provided in and in accordance with and subject to the provisions of this Article XI.

Section 11.02 Supplemental Resolutions Not Requiring Consent of Bondholders. The Council may, from time to time and at any time, without the consent of or notice to the Bondholders, adopt Supplemental Resolutions supplementing or amending, or both, this Subordinate General Resolution or any Supplemental Resolution as follows:

- (a) to provide for the issuance of a Series or multiple Series of Subordinate Bonds under the provisions of Section 3.09 of this Subordinate General Resolution and to set forth the terms of such Subordinate Bonds and the special provisions which shall apply to such Subordinate Bonds;
- (b) to cure any formal defect, omission, inconsistency or ambiguity in this Subordinate General Resolution or any Supplemental Resolution;
- (c) to add to the covenants and agreements of the City in this Subordinate General Resolution or to surrender any right or power reserved or conferred upon the City, and which shall not adversely affect the interests of the Bondholders;
- (d) to confirm, as further assurance, any interest in and to the Revenues or in and to the funds required to be established as provided herein or in and to any other moneys, securities or funds of the City provided pursuant to this Subordinate General Resolution or to otherwise add additional security for the Bondholders;
- (e) to evidence any change in the terms of any Series of Subordinate Bonds if such changes are authorized by the Supplemental Resolution at the time the Series of Subordinate Bonds is issued and such change is made in accordance with the terms of such Supplemental Resolution;
- (f) to comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended or any statutory provisions substituted therefor;
- (g) to modify, alter, amend or supplement this Subordinate General Resolution or any Supplemental Resolution in any other respect which is not materially adverse to the Bondholders;
- (h) to provide for uncertificated Subordinate Bonds or for the issuance of coupons and bearer Subordinate Bonds or Subordinate Bonds registered only as to principal;

(i) to qualify the Subordinate Bonds or a Series of Subordinate Bonds for a rating or ratings or an upgrade in a rating or ratings by Moody's, S&P and/or Fitch or any other nationally recognized rating agency then rating any Series of Subordinate Bonds; and

(j) to comply with the requirements of the Code as are necessary, in the opinion of Bond Counsel, to prevent the interest on the Subordinate Bonds or a Series of Subordinate Bonds from being included in gross income of the recipient for federal income taxation purposes.

Before the City shall, pursuant to this Section 11.02, adopt any Supplemental Resolution, there shall have been delivered to the City an opinion of Bond Counsel stating that such Supplemental Resolution is authorized or permitted by this Subordinate General Resolution, complies with its terms, will, upon the adoption thereof, be valid and binding upon the City in accordance with its terms and that, with respect to Subordinate Bonds the interest on which was, at the time of issuance thereof, determined to be excluded from gross income of the recipients thereof for federal income tax purposes, such Supplemental Resolution will not cause the interest on such Subordinate Bonds to be included in the gross income of such recipients for federal income tax purposes and that, with respect to Subordinate Bonds the interest on which was, at the time of issuance, determined to be exempt from California personal income taxation, such Supplemental Resolution will not cause the interest on such Subordinate Bonds to become subject to such taxation.

#### Section 11.03 Supplemental Resolutions Requiring Consent of Bondholders.

(a) Except for Supplemental Resolutions adopted pursuant to Section 11.02 and except for Supplemental Resolutions adopted pursuant to Section 11.03(b) below, the City shall not adopt any Supplemental Resolution unless all Insurers and the holders of not less than 51% in aggregate principal amount of the Subordinate Bonds then Outstanding shall have consented to and approved the adoption of such Supplemental Resolution. With such consents and approval, the City may, from time to time, adopt any Supplemental Resolution deemed necessary or desirable by the City for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in this Subordinate General Resolution or in a Supplemental Resolution; provided, however, that, unless approved in writing by the holders of all the Subordinate Bonds which would be affected by such change or unless such change affects less than all Series of Subordinate Bonds and the following subsection (b) is applicable, nothing herein contained shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal of or interest on any Outstanding Subordinate Bonds or (ii) a reduction in the principal amount or redemption price of any Outstanding Subordinate Bonds or the rate of interest thereon; and provided that nothing herein contained, including the provisions of Section 11.03(b) below, shall, unless approved in writing by the holders of all the Subordinate Bonds then Outstanding, permit or be construed as permitting (iii) the creation of a lien (except as expressly permitted by this Subordinate General Resolution as originally executed) upon or pledge of the Revenues created by this Subordinate General Resolution, ranking prior to or on a parity with the claim created by this Subordinate General Resolution, or (iv) except with respect to additional security which may be provided for a particular Series of Subordinate Bonds,



a preference or priority of any Subordinate Bond or Subordinate Bonds over any other Subordinate Bond or Subordinate Bonds, or (v) a reduction in the aggregate principal amount of Subordinate Bonds the consent of the Bondholders of which is required prior to the adoption of a Supplemental Resolution.

(b) The City may, from time to time and at any time adopt a Supplemental Resolution which amends the provisions of an earlier Supplemental Resolution under which a Series or multiple Series of Subordinate Bonds were issued. If such Supplemental Resolution is adopted for one of the purposes set forth in Section 11.02, no notice to or consent of the Bondholders shall be required. If such Supplemental Resolution contains provisions which affect the rights and interests of less than all Series of Subordinate Bonds Outstanding and Section 11.02 is not applicable, then this subsection (b) rather than subsection (a) above shall control and, subject to the terms and provisions contained in this Section 11.03, the holders of not less than 51% in aggregate principal amount of the Subordinate Bonds of all series which are directly affected by such changes and all Insurers of Subordinate Bonds of such Series which are directly affected shall have the right from time to time to consent to and approve the adoption of any Supplemental Resolution deemed necessary or desirable by the City for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in such Supplemental Resolution and affecting only the Subordinate Bonds of such series; provided, however, that, unless approved in writing by the holders of all the Subordinate Bonds which would be affected by such change, nothing herein contained shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal of or interest on any Outstanding Subordinate Bonds of such Series or (ii) a reduction in the principal amount or redemption price of any Outstanding Subordinate Bonds of such Series or the rate of interest thereon.

(c) If Bondholders of not less than the percentage of Subordinate Bonds required by this Section 11.03 shall have consented to and approved the adoption thereof as herein provided, no Bondholder shall have any right to object to the adoption of such Supplemental Resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the City from adopting the same or from taking any action pursuant to the provisions thereof.

Section 11.04 Effect of Supplemental Resolution. Upon the adoption of any Supplemental Resolution pursuant to the provisions of this Article XI, this Subordinate General Resolution or the Supplemental Resolution shall thereupon be modified and amended in accordance therewith and shall be binding upon all Holders of Subordinate Bonds issued under this Subordinate General Resolution, and the respective rights, duties, and obligations under this Subordinate General Resolution and the Supplemental Resolution of the City, and all Bondholders shall thereafter be determined, exercised and enforced under this Subordinate General Resolution and the Supplemental Resolution, if applicable, subject in all respects to such modifications and amendments.

Section 11.05 Supplemental Resolutions to Be Part of This Subordinate General Resolution. Any Supplemental Resolution adopted in accordance with the provisions of this

Article XI shall thereafter form a part of this Subordinate General Resolution or the Supplemental Resolution which it supplements or amends, and all of the terms and conditions contained in any such Supplemental Resolution shall be part of the terms and conditions of this Subordinate General Resolution or the Supplemental Resolution which it supplements or amends.

## ARTICLE XII

### MISCELLANEOUS PROVISIONS

Section 12.01 Parties in Interest. Except as herein otherwise specifically provided, nothing in this Subordinate General Resolution expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the City, the Bondholders, the Insurers and any agents appointed as described herein any right, remedy or claim under or by reason of this Subordinate General Resolution. This Subordinate General Resolution is for the sole and exclusive benefit of the City, the Bondholders, the Insurers and any such agents.

Section 12.02 Severability. In case any one or more of the provisions of this Subordinate General Resolution, any Supplemental Resolution or of any Subordinate Bonds issued hereunder shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Subordinate General Resolution, Supplemental Resolution or of the Subordinate Bonds, and this Subordinate General Resolution, any such Supplemental Resolution and any Subordinate Bonds issued hereunder shall be construed and enforced as if such illegal or invalid provisions had not been contained herein or therein.

Section 12.03 No Personal Liability of City Officials. No covenant or agreement contained in the Subordinate Bonds or in this Subordinate General Resolution shall be deemed to be the covenant or agreement of any present or future official, officer, agent or employee of the City in his or her individual capacity, and neither the officers of the City nor any person executing the Subordinate Bonds shall be liable personally on the Subordinate Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 12.04 Execution of Instruments; Proof of Ownership. Any request, direction, consent or other instrument in writing required or permitted by this Subordinate General Resolution to be signed or executed by Bondholders or on their behalf by an attorney-in-fact may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders in person or by an agent or attorney-in-fact appointed by an instrument in writing or as provided in the Subordinate Bonds. Proof of the execution of any such instrument and of the ownership of Subordinate Bonds shall be sufficient for any purpose of this Subordinate General Resolution and shall be conclusive in favor of the City with regard to any action taken by it under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments within such jurisdiction, to the effect that the person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness to such execution.

(b) The ownership of Subordinate Bonds shall be proved by the registration books kept under the provisions of Section 3.04 hereof.

Nothing contained in this Section 12.04 shall be construed as limiting the City to such proof. The City may accept any other evidence of matters herein stated which it may deem sufficient. Any request, consent of or assignment by any Bondholder shall bind every future Bondholder of the same Subordinate Bonds or any Subordinate Bonds issued in lieu thereof in respect of anything done by the City in pursuance of such request or consent.

Section 12.05 Governing Law. The laws of the State shall govern the construction and enforcement of this Subordinate General Resolution and of all Subordinate Bonds issued hereunder.

Section 12.06 Notices. Except as otherwise provided in this Subordinate General Resolution, all notices, certificates, requests, requisitions or other communications by the City, any Paying Agent or Registrar, pursuant to this Subordinate General Resolution, shall be in writing and shall be sufficiently given and shall be deemed given when given by Mail, addressed as follows: if the City, to the City of Los Angeles, c/o the City Administrative Officer, 200 North Main Street, Los Angeles, California 90012, Suite 1500; if to a Paying Agent or Registrar, to such address as is designated in writing by it to the City. Any of the foregoing may, by notice given hereunder to each of the others, designate any further or different addresses to which subsequent notices, certificates, requests, or other communications shall be sent hereunder. Any of the foregoing may also be sent by Electronic Means, receipt of which shall be confirmed.

Section 12.07 Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Subordinate General Resolution, shall not be a Business Day, such payment may, unless otherwise provided in this Subordinate General Resolution or, with respect to any Series of Subordinate Bonds or portion of Series of Subordinate Bonds, provided in the Supplemental Resolution under which such Subordinate Bonds are issued, be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Subordinate General Resolution, and no interest shall accrue for the period from such nominal date to the next Business Day.

Section 12.08 Validity of Subordinate Bonds Not Affected by Acts of the City. The validity of the authorization and issuance of the Subordinate Bonds by the City shall not be dependent upon or affected in any way by:

(a) Proceedings taken by the City for the acquisition, construction or completion of any Project or any part thereof;

(b) Any contracts made in connection with the acquisition, construction or completion of any Project; or

(c) The failure to complete any Project or any portion thereof for which the Subordinate Bonds are authorized to be issued.

Section 12.09 [Reserved.]

Section 12.10 Amendment to First Supplemental Subordinate Resolution. The First Supplemental Subordinate Resolution shall be hereby amended to delete the last two sentences of Section 3.02 of the First Supplemental Subordinate Resolution, as set forth below (deletions are marked with strikethrough):

~~“The City further acknowledges that all Other Obligations shall constitute payments described under Section 6.03(a)(3) of the Subordinate General Resolution.~~

~~The City agrees that with respect to any money obligations included in Other Obligations, for purposes of calculating compliance with Section 3.11 of the Subordinate General Resolution, such obligations will be treated as interest coming due in the year in which such obligations are first payable.”~~

Section 12.11 Effective Date. This Amended and Restated Subordinate General Resolution shall take effect from and upon its adoption.

**Attachment C – Notice to Bondholders dated  
September 5, 2025**

**CITY OF LOS ANGELES**

**NOTICE OF POTENTIAL ADOPTION OF THE AMENDED AND RESTATED WASTEWATER  
SYSTEM REVENUE BONDS GENERAL RESOLUTION AND THE AMENDED AND  
RESTATED WASTEWATER SYSTEM SUBORDINATE REVENUE BONDS GENERAL  
RESOLUTION**

**September 5, 2025**

This notice is provided in accordance with Section 11.03(c) of the Wastewater System Revenue Bonds General Resolution, adopted by the City Council on November 10, 1987, as heretofore amended and supplemented (the “Original Senior General Resolution”) and Section 11.03(c) of the Wastewater System Subordinate Revenue Bonds General Resolution, adopted by the Council of the City on March 26, 1991, as heretofore amended and supplemented (the “Original Subordinate General Resolution,” and together with the Original Senior General Resolution, the “Original Resolutions”). No earlier than two weeks after the date hereof the City Council (the “City Council”) of the City of Los Angeles (the “City”) plans to adopt: (i) the Amended and Restated Wastewater System Revenue Bonds General Resolution (the “Amended and Restated Senior General Resolution”), to amend and restate the Original Senior General Resolution and (ii) the Amended and Restated Wastewater System Subordinate Revenue Bonds General Resolution (the “Amended and Restated Subordinate General Resolution,” and together with the Amended and Restated Senior Resolution, the “Amended and Restated Resolutions”), to amend and restate the Original Subordinate General Resolution. Capitalized terms used herein but not otherwise defined shall have the meaning set forth in the Original Resolutions or the Amended and Restated Resolutions, as applicable.

A complete copy of the Amended and Restated Senior General Resolution is attached as Exhibit A-1. A marked copy of the Amended and Restated Senior General Resolution showing the amendments and modifications that the City intends to make to the Original Senior General Resolution is attached as Exhibit A-2. A complete copy of the Amended and Restated Subordinate General Resolution is attached as Exhibit B-1. A marked copy of the Amended and Restated Subordinate General Resolution showing the amendments and modifications that the City intends to make to the Original Subordinate General Resolution is attached as Exhibit B-2. These marked copies were attached as Appendix I and Appendix J to multiple Official Statements for the City of Los Angeles Wastewater System Revenue Bonds and Wastewater System Subordinate Revenue Bonds issued in 2022 and 2025. For the marked copies, deletions are marked in red with strikethrough and additions are marked in blue and underlined. Copies of these documents are also on file at the Office of the City Administrative Officer for inspection by all Bondholders and Beneficial Owners.

The City has acquired sufficient consents to adopt the Amended and Restated Resolutions, however, the Amended and Restated Resolutions will not become effective until the City Council takes action to adopt them. The City plans to adopt the Amended and Restated Resolutions in calendar year 2025.

Concurrently with or following the adoption of the Amended and Restated Resolutions, the City also plans to adopt one or more ordinances amending certain sections of the City’s Municipal Code and Administrative Code to reflect the changes in the Amended and Restated Resolutions.

*This notice is provided for informational purposes only. The adoption of the Amended and Restated Resolutions remains subject to approval by the City Council. The City reserves the right to change or modify its plans as it deems appropriate. The City is under no obligation to pursue the adoption of the*

*Amended and Restated Resolutions or ordinances described herein, and there is no guarantee that the Amended and Restated Resolutions will be adopted.*

*The publication of this notice does not constitute or imply any representation (i) that the foregoing is material to investors, (ii) regarding any other financial, operating or other information about the City, or (iii) that no other circumstances or events have occurred or that no other information exists concerning the City or the proposed adoption of the Amended and Restated Resolutions which may have a bearing on the financial condition of the City, including obligations payable from its Sewer Construction and Maintenance Fund, or an investor's decision to buy, sell, hold or exchange any such obligations. By making this filing, the City does not undertake to make any additional filings not otherwise required by its undertakings in connection with Securities and Exchange Commission Rule 15c2-12. The City disclaims any obligation to update this filing.*

**EXHIBIT A-1**

**COPY OF AMENDED AND RESTATED SENIOR GENERAL RESOLUTION**



THE CITY COUNCIL OF THE CITY OF LOS ANGELES

AMENDED AND RESTATED  
WASTEWATER SYSTEM REVENUE BONDS  
GENERAL RESOLUTION

Adopted by  
the City Council on  
\_\_\_\_\_, 2025

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(This table of contents is not part of the General Resolution and has been added only for convenience of reference. The captions herein are of no legal effect and do not vary the meaning or legal effect of any part of the General Resolution.)

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**THE CITY COUNCIL OF THE CITY OF LOS ANGELES  
AMENDED AND RESTATED  
WASTEWATER SYSTEM REVENUE BONDS  
GENERAL RESOLUTION**

WHEREAS, the City of Los Angeles (the “City”) is a municipal corporation and a political subdivision of the State of California (the “State”) and is a charter city having availed itself of the home rule provisions of the California Constitution and is organized and operates under the terms of the Charter of the City of Los Angeles as from time to time amended (the “Charter”) and under such Charter has the power and authority to issue bonds and incur other indebtedness and obligations; and

WHEREAS, the City owns and operates the System (as defined herein); and

WHEREAS, it is necessary from time to time to provide financing for the acquisition, construction, improvement and extension of the System and for other needs related to the System; and

WHEREAS, the City Council on November 10, 1987, adopted its Wastewater System Revenue Bonds General Resolution (as amended, modified and supplemented to date, the “Original General Resolution”) to provide for the issuance of bonds, and the incurrence of other indebtedness and obligations secured by and payable from the revenues of the System; and

WHEREAS, the City Council desires to amend and restate the Original General Resolution; and

WHEREAS, the conditions precedent set forth in the Original General Resolution to the effectiveness of the amendments and restatement contained herein have been satisfied;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Los Angeles, as follows:

**ARTICLE I**

**DEFINITIONS; INTERPRETATION**

Section 1.01 Definitions. The terms defined in this Article I shall, for all purposes of this General Resolution and all Supplemental Resolutions into which such definitions may be incorporated, have the meanings specified unless the context clearly requires otherwise;

“Accrued Interest” shall mean, for any calendar month, the amount of interest which has accrued or will accrue on a Series of Outstanding Bonds during that month less (i) any interest which accrues during such period, but is to be paid from moneys or Permitted Investments or the earnings thereon, which moneys or Permitted Investments are on deposit in a separate fund or account or are otherwise segregated for such purpose and (ii) interest which has accrued but is not due and payable within the 12-month period immediately following such accrual; for purposes of this definition interest which has accrued but is not due and payable within the 12-month period immediately following such accrual shall be included as Accrued Interest in 12

equal consecutive monthly installments commencing in the twelfth month preceding the payment date; with respect to the calculation of the amount to be deposited into the Debt Service Fund for any given month for any Series of Bonds the interest rate on which will or may fluctuate from the date of calculation to the end of such calendar month, interest after the calculation date, for purposes of calculating Accrued Interest for such month, will be assumed to accrue at a rate equal to 110% of the rate of interest on such Bonds on the date of calculation; for purposes of determining any Deficiency or Excess, interest accruing on fluctuating rate Bonds for any prior month shall be calculated at the actual rate or rates for such month.

“Accrued Principal” shall mean, for any calendar month, the amount of principal which has “accrued” or will “accrue” on a Series of Outstanding Bonds during that month less any principal which accrues during such period but is to be paid from moneys or Permitted Investments or the earnings thereon, which moneys or Permitted Investments are on deposit in a separate fund or account or are otherwise segregated for such purpose; for purposes of this definition, it shall be assumed that principal accrues in 12 equal monthly installments commencing in the twelfth month preceding the date on which payment is due, except that (i) with respect to principal on a Series of Bonds which is payable more frequently than annually, principal shall accrue in equal monthly installments from one payment date to the next and (ii) if the first principal payment date on a Series of Bonds is less than 12 months after the issuance of such Series, principal due on such first payment date shall accrue in equal monthly installments from the date of issuance to the first payment date and (iii) with respect to Balloon Indebtedness and commercial paper which is intended at the time of issuance to be paid with the proceeds of a corresponding issue of commercial paper, the entire principal amount shall be deemed to accrue in the month in which such Balloon Indebtedness or commercial paper is due and payable and not in monthly installments prior to such date. In all events, principal shall be determined to accrue in amounts sufficient to assure that the full amount due on any principal payment date and to be paid from the Debt Service Fund will be on deposit in the Debt Service Fund on the payment date. For purposes of determining “Accrued Principal,” a payment to be made on the basis of an accreted value shall be deemed a principal payment. If Bonds have been declared to be due and payable as provided in Section 9.02, then in each calendar month, the entire unpaid principal of all Bonds which have been accelerated under Section 9.02 shall be deemed to have accrued in that calendar month.

“Aggregate Accrued Interest” shall mean, for any calendar month, the sum of the Accrued Interest for that month for all Series of Outstanding Bonds.

“Aggregate Accrued Principal” shall mean, for any calendar month, the sum of the Accrued Principal for that month for all Series of Outstanding Bonds.

“Annual Debt Service” shall mean, with respect to any Bonds and for any Fiscal Year, the aggregate amount of Debt Service on such Bonds becoming due and payable during such Fiscal Year (or assumed to be due and payable under the definition of “Debt Service”).

“Authenticating Agent” shall mean a person or entity, other than the Treasurer, which person or entity is authorized to authenticate Bonds of any Series in place of or in addition to the Treasurer.

“Authorized City Representative” shall mean the Mayor, the City Administrative Officer, or the Treasurer of the City, or such other officer or employee of the City or other person who has been designated as such representative by resolution of the Council.

“Average Annual Debt Service” shall mean as of any date of calculation, the quotient obtained by dividing (1) the sum of the Annual Debt Service on all Bonds for all Fiscal Years during the period commencing with the Fiscal Year in which such calculation is made and terminating in the last Fiscal Year in which any Debt Service on any Bonds is due, by (2) the number of such Fiscal Years.

“Authorized Denomination” shall mean, with respect to any Series of Bonds, any denomination authorized by the Supplemental Resolution under which Bonds of such Series are issued.

“Bond” or “Bonds” shall mean bonds, notes and other indebtedness, obligations or securities of any kind or class issued or incurred as provided in Article III of this General Resolution and secured by this General Resolution and by the pledge of the Revenues granted hereby. The term “Bonds” includes, but is not limited to, obligations in the form of bonds, notes, bond anticipation notes, commercial paper and certificates of participation. “Bond” or “Bonds” shall not include any subordinated obligations incurred by the City as permitted by Section 6.06.

“Bond Counsel” shall mean a firm of attorneys which is nationally recognized as experts in the area of municipal finance.

“Bondholder,” “Holder,” “Owner” or “Registered Owner” shall mean at any given time the person in whose name a Bond or Bonds of any Series are at such time registered on the books maintained by the City or its Registrar.

“Build America Bonds” shall mean any bonds or other obligations issued as Build America Bonds under Section 54AA of the Code, or under any other provisions of the Code, that creates, in the determination of the City, a substantially similar direct-pay subsidy program that provides comparable security for the Owners thereof.

“Business Day” shall mean (i) with respect to the Series 2025 Bonds and any Series of Bonds issued after the Series 2025 Bonds, any day excluding Saturday, Sunday and any day which is a legal holiday under the laws of the State of California or the City or is a day on which banking institutions in the State of California or the City are authorized or required by law or other governmental action to close, and (ii) with respect to Bonds of any Series issued before the date of issuance of the Series 2025 Bonds, any day on which banks located in New York, New York and in Los Angeles, California are open; provided that, with respect to both (i) and (ii) above, such term may have a different meaning for any specified Series of Bonds if so provided by Supplemental Resolution.

“Capitalized Interest” shall mean the amount of interest, if any, on a Series of Bonds which is paid from proceeds of the Bonds.

“Charter” shall mean the Charter of the City of Los Angeles as from time to time amended under which the City is organized and operates.

“City” shall mean the City of Los Angeles, California.

“City Administrative Officer” shall mean the City Administrative Officer of the City or any Assistant City Administrative Officer.

“City Attorney” shall mean the Office of the City Attorney of the City including the City Attorney, any Assistant City Attorney and any Deputy City Attorney or any other legal counsel designated by the City.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Construction Fund” shall mean any of the Construction Funds created as described in Section 5.06 hereof.

“Consultant” shall mean the consultant, consulting firm, engineer, architect, engineering firm, architectural firm, accountant or accounting firm retained by the City to perform acts and carry out the duties provided for such Consultant in this General Resolution.

“Council” shall mean the City Council of the City of Los Angeles.

“Debt Service” shall mean, as of any date of determination and with respect to any Fiscal Year, the sum of (1) the interest scheduled to be due on any Bonds during such Fiscal Year, (2) the principal or scheduled mandatory redemption payments required to be paid with respect to such Bonds during such Fiscal Year, and (3) any other regularly scheduled payments of Bonds during such Fiscal Year to the extent not included in clauses (1) and (2) of this definition, all of which are to be computed on the assumption that no portion of such Bonds shall cease to be Outstanding during such Fiscal Year except by reason of the application of such scheduled payments; provided, however, that for purposes of such calculation:

(i) if any of the Outstanding Series of Bonds constitutes Tender Indebtedness or if Bonds then proposed to be issued would constitute Tender Indebtedness, then, for purposes of determining Debt Service, Tender Indebtedness shall be treated as if the principal amount of such Bonds were to be amortized in substantially equal annual installments of principal and interest over a term of 30 years commencing in the year in which such Series is first subject to tender; the interest rate used for such computation shall be the rate quoted in The Bond Buyer Revenue Bond Index for the last week of the month preceding the date of calculation, as published in The Bond Buyer, or if that index is no longer published another similar index selected by the City, or if the City fails to select a replacement index, an interest rate equal to 80% of the yield as of the date of calculation for United States Treasury bonds maturing at least 25 years after the date of such calculation, or if there are no such Treasury bonds having such maturities, 100% of the lowest prevailing prime rate of any of the five largest commercial banks in the United States ranked by assets; with respect to all principal and interest payments becoming due prior to the year in which such Tender Indebtedness is first subject to tender, such payments shall be treated as described in (i) above unless the interest during that period is subject to fluctuation, in which case, the interest becoming due prior to such first tender date shall be determined as provided in (iv) below;



(ii) if any of the Outstanding Series of Bonds constitutes Variable Rate Indebtedness or if Bonds proposed to be issued would constitute Variable Rate Indebtedness (except to the extent subsection (i) relating to Tender Indebtedness), then, such Series of Bonds shall be assumed to bear interest at the rate quoted in The Bond Buyer Revenue Bond Index for the last week of the month preceding the date of calculation of Debt Service, as published in The Bond Buyer, or if that index is no longer published, another similar index selected by the City, or if the City fails to select a replacement index, an interest rate equal to 80% of the yield for outstanding United States Treasury bonds having an equivalent maturity as the then Outstanding Bonds for which the interest rate is to be assumed or having an equivalent maturity as the additional Bonds proposed to be issued, or if there are no such Treasury bonds having equivalent maturities, 100% of the lowest prevailing prime rate or any of the five largest commercial banks in the United states ranked by assets;

(iii) if moneys or Permitted Investments have been deposited by the City into a separate fund or account or are otherwise held by the City or by a fiduciary to be used to pay principal and/or interest on specified Bonds, then the principal and/or interest to be paid from such moneys or Permitted Investments or from the earnings thereon shall be disregarded and not included in calculating Debt Service; and

(iv) for the purpose of calculating Debt Service, in determining the amount of interest coming due during any twelve-month period ending June 30 on any Series of Bonds that were issued as Direct Subsidy Bonds, such amount shall be reduced by an amount equal to the Refundable Credits the City is scheduled to receive during each such twelve-month period ending June 30 (and to avoid double counting, an equivalent amount shall be deducted from Revenues for the purpose of such calculation).

Notwithstanding any other subsection of this definition of Debt Service, no amounts payable (including any settlement amounts or termination payments) under any interest rate swap agreement constituting a Bond shall be included in the calculation of Debt Service. Except as otherwise provided in this definition of Debt Service, to the extent that any calculation under this definition requires an index, interest rate or other amount to make such calculation, and such index, interest rate or other amount is not published, is not available or is not capable of being included in such calculation, then the City shall use such other index, interest rate, or other amount in its reasonable discretion in order to complete such calculation and that calculation shall be binding on City, the Owners of all Bonds, the Paying Agent and all other affected parties, absent manifest error.

“Debt Service Fund” shall mean the Debt Service Fund described in Sections 5.02 and 5.04.

“Deficiency” shall mean, at any time, the amount by which the sum of the Aggregate Accrued Interest and the Aggregate Accrued Principal for all prior calendar months with respect to unpaid interest and principal on all Outstanding Bonds exceeds the amount on deposit in the Debt Service Fund. For purposes of determining whether any Deficiency exists in the Debt Service Fund, amounts therein which have been segregated to pay Bonds which have previously

become due and payable but have not been presented for payment and amounts therein which have been segregated to pay the redemption price of any Bond shall be disregarded.

“Direct Subsidy Bonds” shall mean Build America Bonds and Recovery Zone Economic Development Bonds.

“Electronic Means” shall mean facsimile transmission, email transmission or other similar electronic means of communication providing evidence of transmission, including a telephone communication confirmed by any other method set forth in this definition.

“Event of Default” shall mean any occurrence or event specified in Section 9.01 hereof.

“Excess” shall mean, at any time, the amount by which the amount on deposit in the Debt Service Fund exceeds the sum of the Aggregate Accrued Interest and Aggregate Accrued Principal for all prior months with respect to unpaid interest and principal on all Outstanding Bonds. For purposes of determining whether any Excess exists in the Debt Service Fund, amounts therein which have been segregated to pay Bonds which have previously become due and payable but have not been presented for payment and amounts therein which have been segregated to pay the redemption price of any Bonds shall be disregarded.

“Expenses” shall mean the total operating expenses of the System as determined in accordance with generally accepted accounting principles except, to the extent such items are included in such operating expenses, depreciation, interest on Outstanding Bonds and amortization of financing expenses.

“Fiscal Year” shall mean the period of time beginning on July 1 of any given year and ending on June 30 of the immediately subsequent year, or such other annual period as the City designates as its fiscal year.

“Fitch” shall mean Fitch Ratings Inc., its successors and their assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized rating agency designated by the City.

“General Resolution” shall mean this “Amended and Restated Wastewater System Revenue Bonds General Resolution” adopted by the Council on the date shown on the cover page hereof, as amended from time to time.

“Government Obligations” shall mean (i) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States and (ii) securities or receipts evidencing ownership interests in obligations or specified portions (such as principal or interest) of obligations described in (i).

“Insurer” shall mean any municipal bond insurance company, bank or other financial institution or organization providing credit enhancement for any one or more Series of Bonds or a portion of a Series of Bonds whether such credit enhancement is in the form of an insurance policy, surety bond, letter of credit, line of credit, revolving credit agreement or other form of financial guaranty or commitment instrument.

“Mail” shall mean either by first-class United States mail, postage prepaid or Electronic Means.

“Moody’s” shall mean Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized rating agency designated by the City.

“Municipal Code” shall mean the Municipal Code of the City of Los Angeles.

“Net Revenues” shall mean, for any given period, the Revenues for such period less the Expenses for such period, but excluding any profits or losses on the early extinguishment of debt or on the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets.

“Outstanding” or “Bonds Outstanding” or “Outstanding Bonds” when used with respect to Bonds, shall mean all Bonds which have been authenticated and delivered under this Resolution, except:

- (a) Bonds cancelled or purchased by the City for cancellation or delivered to or acquired by the City for cancellation and, in all cases, with the intent to extinguish the debt represented thereby;

- (b) Bonds or portions of Bonds which have been paid or are deemed to be paid in accordance with Article VIII;

- (c) Bonds in lieu of which other Bonds have been authenticated under Section 3.05;

- (d) Bonds or portions of Bonds that have become due (at maturity or on redemption, acceleration or otherwise) and for the payment of which sufficient moneys, including interest accrued to the due date, are held by the City or an agent of the City separate and apart for such purpose;

- (e) Bonds which, under the terms of the Supplemental Resolution pursuant to which they were issued, are deemed to be no longer Outstanding; and

- (f) for purposes of any consent or other action to be taken by the holders of a specified percentage of Bonds under this General Resolution, Bonds held by or for the account of City, unless such Bonds are pledged to secure a debt to an unrelated party, in which case such Bonds shall, for purposes of consents and other Bondholder action, be deemed to be Outstanding and owned by the party to which such Bonds are pledged.

“Paying Agent” or “Paying Agents” shall mean the City Treasurer or any other bank, trust company or other financial institution appointed by the City.

“Permitted Investments” shall mean (i) Government Obligations, (ii) obligations of any state or territory of the United States or any agency or political subdivision thereof rated by S&P,

if the Series of Bonds which such Permitted Investments secure is then rated by S&P, and by Moody's, if such Series is then rated by Moody's, at least as high as such Series of Bonds, (iii) obligations of any state or territory of the United States or any agency or political subdivision thereof for the payment of the principal or redemption price of and interest on which there shall have been deposited Government Obligations maturing as to principal and interest at times and in amounts sufficient to provide such payment, (iv) time certificates of deposit issued by a state or nationally chartered bank or trust company or a state or federal savings and loan association, provided that such certificates of deposit shall be (1) continuously and fully insured by the Federal Deposit Insurance Corporation or (2) continuously and fully secured by Government Obligations, which securities shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificate of deposit, (v) bankers' acceptances which are issued by a bank or trust company rated "A" or higher by Moody's and S&P; provided that such bankers' acceptances may not exceed 270 days' maturity, (vi) repurchase agreements with any bank or trust company or government bond dealer reporting to, trading with and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by Government Obligations, provided that the underlying securities are required by the repurchase agreement to be held by any such bank, trust company or primary dealer having a combined capital and surplus of at least \$100,000,000 and being independent of the issuer of such repurchase agreement, and provided that the securities are continuously maintained at a market value of not less than the amount so invested, (vii) commercial paper of "prime" quality of the highest or of the highest letter and numerical rating as provided by Moody's and S&P, (viii) investment agreements with (1) any bank or trust company or government bond dealer reporting to, trading with and recognized as a primary dealer by the Federal Reserve Bank of New York, having a combined capital and surplus of at least \$100,000,000, or (2) any corporation that is organized and operating within the United States and that has total assets in excess of \$500,000,000 and that has an "A" or higher rating for its debt, other than commercial paper, as provided by Moody's and S&P, provided that such investment agreements shall be continuously and fully secured by Government Obligations, which securities shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount so invested, (ix) government money market portfolios or money market funds restricted to obligations issued or guaranteed as to payment of principal and interest by the full faith and credit of the United States, which portfolios, unless held by the Treasurer for five business days or less, shall have a rating in the highest two categories provided by Moody's and S&P, (x) any investment permitted by the investment policy of the City, and (xi) with respect to funds held in funds and accounts required under the terms of a specific Supplemental Resolution or securing specific Bonds or Bonds of a Series, such other securities or investment vehicles as are specified as Permitted Investments under the terms of the Supplemental Resolution creating such funds and accounts or setting forth the terms of such Series.

"Procedural Ordinance" shall mean Article 6.7 of Chapter 1 of Division 11 of the Administrative Code of the City.

"Project" shall mean any purpose for which a Series of Bonds is issued or authorized under the terms of this General Resolution.

"Project Costs" shall mean, with respect to the System, all or any part of the cost of construction, acquisition, alteration, reconstruction, remodeling, maintaining and operating,

including, without limiting the generality of the foregoing, all labor, materials, machinery, equipment, lands, structures, real and personal property, rights, rights of way, water rights, air rights, franchises, easements and interests acquired or used by the City in connection with the work undertaken; the cost of any demolitions, removals or relocations necessary in connection therewith; financing charges, insurance expenses, Capitalized Interest, if any, reserves for debt service and reserves for capital and current expenses; the cost of architectural, engineering, financial and legal services, plans, specifications, appraisals, surveys, inspections, estimates of costs and revenues, and other expenses necessary or incident to determining the feasibility or practicality of such undertaking; organizational, professional, administrative, operating and other expenses incurred prior to the commencement of and during such work; costs of the City properly allocated to a Project and with respect to costs of employees or other labor costs, including the cost of medical, pension, retirement and other benefits as well as salary and wages and the allocable cost of administrative, supervisory and managerial personnel and the properly allocable cost of benefits provided for such personnel; costs of equipment, supplies and training of operating personnel and other expense of completing such work and placing the same in operation; working capital, and such other expenses as may be necessary or incidental to a Project, the financing thereof, including, but not limited to, costs and expenses of consultants and advisors including insurance consultants, accountants, engineers and attorneys, printing costs, rating agency fees and expenses, insurance costs and related election expenses and expenses necessary or incidental to placing a Project in operation and all other costs, expenses and charges related directly or indirectly to the System for which the City is otherwise permitted to incur an obligation, including the financing of working capital, whether or not the Project then under consideration involves the acquisition or construction of physical properties.

“Rebate Fund” shall mean any fund created by the City in connection with the issuance of the Bonds or any Series of Bonds for the purpose of complying with the Code and providing for the collection, holding and payment of amounts to the United States of America.

“Recovery Zone Economic Development Bonds” shall mean any bonds or other obligations issued as Recovery Zone Economic Development Bonds under Section 1400U-2 of the Code, or under any other provisions of the Code, that creates, in the determination of the City, a substantially similar direct-pay subsidy program that provides comparable security for the Owners thereof.

“Refundable Credits” shall mean (a) with respect to a Series of Bonds issued as Build America Bonds under Section 54AA of the Code or a Series of Bonds issued as Recovery Zone Economic Development Bonds under Section 1400U02 of the Code, in either case the amounts which are payable by the Federal government under Section 6431 of the Code, and which, in the case of Build America Bonds, the City has elected to receive under Section 54AA(g)(1) of the Code, or (b) with respect to a Series of Bonds issued as Build America Bonds or as Recovery Zone Economic Development Bonds, as the case may be, under any other provisions of the Code, that creates, in the determination of the City, a substantially similar direct-pay subsidy program, the amounts of which are payable by the Federal government under applicable provisions of the Code, which, in the case of Build America Bonds, the City has elected to receive under applicable provisions of the Code.

“Registrar” shall mean, with respect to the Bonds of any Series, the bank, trust company or other entity, if any, designated to perform the function of Registrar under this General Resolution or any Supplemental Resolution instead of or in addition to the City Treasurer’s office.

“Reserve Fund” shall mean any Debt Service Reserve Fund created for a Series of Bonds as described in Section 5.05 hereof.

“Revenue Bond Law” shall mean the Revenue Bond Law of 1941, §§54300 et seq. of the California Government Code.

“Revenues” shall mean all revenues of the SCM Fund and revenues otherwise attributable to the System, including, but not limited to, those revenues currently arising as a result of the imposition of sewer service charges, industrial waste surcharge and inspection fees, sewage disposal contract charges, sewerage facility charges and bonded sewer fees and all other income and receipts derived by the City from the ownership or operation of the System or arising from the System and including amounts attributable to extensions, additions and improvements to the System and all other amounts received by the City in payment for providing wastewater collection, treatment and/or disposal services; and all earnings received from the investment of the SCM Fund and the Debt Service Fund; provided, however, that Revenues shall not include:

- (1) any amount received from the levy or collection of taxes;
- (2) amounts received under contracts or agreements with governmental or private entities and designated for capital costs;
- (3) grants received from the United States of America, from the State of California or other political bodies;
- (4) earnings on the Construction Funds and on any Reserve Fund;
- (5) the proceeds of borrowings; and
- (6) proceeds of insurance.

“SCM Fund” shall mean, collectively, the City’s Sewer Construction and Maintenance Fund, Sewer Operation and Maintenance Fund, and Sewer Capital Fund established under the terms of the City’s Municipal Code as special funds in the City Treasury into which the Revenues are to be deposited and such term also includes any other fund or series of funds into which Revenues are deposited.

“Series” when used with respect to Bonds, shall mean Bonds issued at the same time or sharing some other common term or characteristic and designated as a separate Series.

“Series 2025 Bonds” shall mean the City of Los Angeles Wastewater System Revenue Bonds, Refunding Series 2025-A issued on June 10, 2025.

“S&P” shall mean Standard & Poor’s Corporation, a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the City.

“State” shall mean the State of California.

“Subordinate Bonds” shall mean bonds and other obligations issued pursuant to the Subordinate Resolution.

“Subordinate Resolution” shall mean the Amended and Restated Wastewater System Subordinate Revenue Bonds General Resolution, adopted by the City Council concurrently with the adoption of this General Resolution, as amended from time to time.

“Supplemental Resolution” shall mean any supplemental resolution adopted by the Council providing for the issuance of a Series or multiple Series of Bonds, amending and/or supplementing this General Resolution or amending and/or supplementing another Supplemental Resolution.

“System” shall mean the City’s entire wastewater collection, transportation, drainage, treatment and disposal system, including all sewers, pipes, buildings, systems, plants, works, equipment, improvements and other facilities or undertakings of the City relating to the collection, transportation, treatment and disposal of sewage, wastewater, industrial wastewater and infiltration/inflows incidental thereto, including those facilities in existence at the time of adoption of this General Resolution and any and all subsequent additions, extensions, improvements, acquisitions and replacements thereto and all facilities and undertakings relating to or useful in connection with the construction, improvement, replacement, expansion, extension, operation and maintenance of the System. The term System more specifically includes, but is not limited to, sewage and wastewater treatment and disposal plants, sewage pumping plants, water reclamation plants, sewer maintenance yards-and headquarters, intercepting and collecting sewers, outfall sewers, trunk, connecting, relief and other sewer mains and additions to, alterations of and reconstruction of, any of them and the lands, rights of way, pipe, conduits, equipment, machinery, apparatus, and property necessary therefor.

“Tender Indebtedness” shall mean any Bonds or portions of Bonds a feature of which is an option, on the part of the Bondholders, or an obligation, under the terms of such Bonds, to tender all or a portion of such Bonds to the City, a Paying Agent or other fiduciary or agent for payment or purchase and requiring that such Bonds or portions of Bonds be purchased if properly presented.

“Treasurer” shall mean the Treasurer of the City or any deputy treasurer.

“Variable Rate Indebtedness” shall mean any portion of indebtedness the interest rate on which is subject to fluctuation or subsequent adjustment.

Section 1.02 Cross References. Except as otherwise indicated, references to Articles and Sections are to the Articles and Sections of this Resolution.

Section 1.03 Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words importing the singular number shall include the plural and vice versa, and words importing person shall include firms, associations and corporations, including public bodies, as well as natural persons.

Section 1.04 Accounting Terms. Terms used in this General Resolution in an accounting context and not otherwise defined shall have the meaning ascribed to them by generally accepted accounting principles.

Section 1.05 Interpretation of "Principal Amount" Under this General Resolution. Whenever in the General Resolution it is provided that any actions be taken or determinations made on the basis of the principal amount of Bonds Outstanding or the principal amount of Bonds affected by an action, including the calculation of the principal amount of Bonds for purposes of declaring principal of Bonds due and payable pursuant to Article IX, the calculation of the principal amount of any Bonds that accrete interest shall be determined pursuant to the terms of Supplemental Resolutions.

## ARTICLE II

### PLEDGE TO SECURE BONDS; SOURCE OF PAYMENT

Section 2.01 Pledge of Revenues and Funds. To secure the payment of all Bonds issued pursuant to the terms of this General Resolution, the City hereby pledges to the Owners of the Bonds, and places a first lien upon and assigns to the Owners (1) the Revenues as defined in this General Resolution, including any additional sources of Revenues pledged by Supplemental Resolutions, (2) the Revenues held in the SCM Fund including the earnings on such Revenues and (3) all moneys and securities held in the Debt Service Fund (except as hereinafter described). This pledge of and lien upon the Revenues shall be for the equal and proportionate benefit and security of all Bonds issued under the terms of this General Resolution, all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction as to lien or otherwise of any Bond over any other Bonds. Amounts in the Debt Service Fund which have been segregated for the payment of Bonds which have become due and payable or which have been called for redemption but not presented for payment shall be held in trust solely as security for such specific Series of Bonds and be used to pay only such Series of Bonds and shall not be pledged as security for or be available to pay any other Bonds. The pledge and lien hereby granted shall remain effective for so long as any Bonds are Outstanding hereunder. Amounts in any Reserve Fund established for any Series of Bonds shall, by the terms of the Supplemental Resolution setting forth the terms of such Series, be pledged to secure the Bonds of such Series in accordance with the terms of such Supplemental Resolution.

Section 2.02 [Reserved.]

Section 2.03 No Prior or Parity Pledge. The City hereby represents and warrants that it has not pledged the Revenues, the SCM Fund or the Debt Service Fund nor created any lien



thereon with a lien that is on parity or senior to lien on Revenues that is created by this General Resolution. The City covenants that, until all the Bonds issued under the provisions of this General Resolution and the interest thereon shall have been paid or are deemed to have been paid, it will not grant any prior or parity pledge of Revenues, the SCM Fund or the Debt Service Fund or create or permit to be created any charge or lien on the Revenues ranking prior to or on a parity with the charge and lien which secures the Bonds issued pursuant to this General Resolution. The City may, as provided in Section 6.06, create or permit to be created a charge or lien on the Revenues ranking junior and subordinate to the charge and lien which secures the Bonds issued pursuant to this General Resolution, including, without limitation, the Subordinate Resolution.

Section 2.04 Special Obligations. The Bonds shall be and are special, limited obligations of the City and the City is obligated to pay the principal of, premium, if any, and interest on the Bonds solely from the Revenues and from amounts in the SCM Fund and the Debt Service Fund and, with respect to the Bonds of an individual Series, from any Reserve Fund created for such Series. The general fund of the City is not liable for the payment of the principal of, interest on or premium, if any, on the Bonds. Neither the full faith and credit nor the taxing power of the City is pledged to payment of the Bonds and the Owners shall not have any ability to compel the exercise of the taxing power of the City or the forfeiture of any of its property. The City's limited obligation to make payment on the Bonds does not create a debt of the City or legal or equitable pledge, charge, lien or encumbrance, upon any of the City's property, or upon any of its income, receipts or revenues except the Revenues and amounts in the Debt Service Funds and, to the extent provided by Supplemental Resolution, amounts in any Reserve Funds.

### ARTICLE III

#### ISSUANCE OF BONDS AND TERMS THEREOF

Section 3.01 Issuance of Bonds; Form of Bonds. Bonds of any Series may be issued by the City under the terms of this General Resolution from time to time and secured hereby for any purpose related to the System that the City deems appropriate. Bonds of any Series may be issued under this General Resolution and secured hereby only if the provisions of Section 3.09 are satisfied.

The Bonds of any Series may be issued in such denominations as provided by the Supplemental Resolution creating such Series, in fully registered or bearer form, with or without coupons or in fully registered book-entry form. The Bonds of any Series may have notations, legends or endorsements required by law or usage. In addition, Bonds of each Series may be in any of the forms, but are not limited to forms described in the definition of Bonds in Section 1.01, and may be sold as provided in the Supplemental Resolution establishing such Series.

Section 3.02 Terms, Designation and Payment. The Bonds of a Series shall be issued in the principal amount, shall bear interest at a rate or rates, including variable or adjustable rates, shall mature and may be subject to redemption prior to their respective maturities, all as shall be set forth by Supplemental Resolution. The Bonds of each Series issued under the

provisions of this Article shall be designated “City of Los Angeles Wastewater System Revenue [Bonds, Notes or other designation],” inserting appropriate identifying descriptions, series letter, number, year, word or words and including such other characteristics or designations as may be provided by a Supplemental Resolution.

Payments with respect to the Bonds of each Series shall be made as provided in the Supplemental Resolution providing for the issuance of Bonds of such Series or as provided in the Bonds of such Series, which provisions shall include the designation of the currency in which such payments shall be made.

Section 3.03 Execution and Authentication. The Bonds of any Series will be executed for the City as provided in the Supplemental Resolution. Each Bond of any Series shall have an authentication certificate thereon which shall read substantially as follows:

The [Treasurer of the City of Los Angeles] [\_\_\_\_\_, as duly authorized Authenticating Agent] certifies that this is one of the Bonds referred to in the General Resolution and \_\_\_\_\_ Supplemental Resolution referred to herein.

By \_\_\_\_\_

The Bonds of any Series shall be delivered following execution by the City to the Treasurer for authentication and delivery unless an Authenticating Agent has been appointed for such Series, in which case the Bonds of such Series shall be delivered to the Authenticating Agent. In case any officer of the City whose signature or whose facsimile signature shall appear on Bonds of any Series shall cease to be such officer before the authentication and delivery of Bonds of such Series, such signature or the facsimile signature thereof shall nevertheless be valid and sufficient for all purposes the same as if he or she had remained in office until authentication and delivery. Also, if a person signing a Bond of any Series is the proper officer on the actual date of execution, the Bond of such Series will be valid even if that person is not the proper officer on the nominal date of action and even though, at the date of this General Resolution or any Supplemental Resolution, such person was not such officer.

Bonds of any Series will not be valid until the Treasurer or an Authenticating Agent executes the certificate of authentication on the Bond of such Series by manual or facsimile signature. Such signature will be conclusive evidence that the Bonds of such Series has been authenticated under this General Resolution.

The City may appoint an Authenticating Agent to authenticate Bonds of any Series and may appoint different Authenticating Agents for different Series of Bonds. An Authenticating Agent may authenticate Bonds of any Series whenever the Treasurer may do so. Each reference in this General Resolution to authentication by the City or by the Treasurer includes authentication by such agent.

Bonds of any Series issued under this General Resolution may be issued in uncertificated form, in which case the procedures for issuance and delivery and evidence of validity, ownership, transfer and exchange shall be as provided in a Supplemental Resolution.

Section 3.04 Bond Register. Unless otherwise provided in a Supplemental Resolution, with respect to each Series of Bonds issued in registered form, the office of the Treasurer or a Registrar will keep a register of the Bonds of such Series and of their transfer and exchange. At reasonable times and under reasonable regulations established by the City or the Registrar, any of such lists of Bondholders may be inspected by any Bondholder (or a properly designated representative thereof) which owns \$1,000,000 or more in principal amount of Bonds (or beneficial interest therein) then Outstanding. Bonds of any Series may be presented to the Treasurer or to the Registrar as provided by Supplemental Resolution for registration, transfer and exchange, as provided in Section 3.06. The City and any Paying Agent shall treat the Bondholder, as shown on the registration books kept by the City or the Registrar, as the person exclusively entitled to payment of principal, premium, if any, and interest and the exercise of all other rights and powers of the Bondholder.

Section 3.05 Mutilated, Lost, Stolen or Destroyed Bonds.

(a) In the event any Bond of any Series is mutilated or defaced but identifiable by number and description, the City shall execute and the Treasurer or an Authenticating Agent shall authenticate and deliver a new Bond of like Series, date, interest rate and maturity as and in a denomination equal to the unpaid amount of such Bond, upon surrender thereof to the City or its agent; provided that there shall first be furnished to the City or its agent clear and unequivocal proof satisfactory to the City or its agent that the Bond has been mutilated or defaced to such an extent as to impair its value to the Bondholder. The City or its agent shall then cause proper record to be made of the cancellation of the original, and thereafter the substitute shall have the validity of the original.

(b) In the event any Bond of any Series is lost, stolen or destroyed, the City may execute and the Treasurer or an Authenticating Agent may authenticate and deliver a new Bond of like Series, date and maturity as and in a denomination equal to the unpaid amount of the Bond lost, stolen or destroyed; provided that there shall first be furnished to the City or its agent evidence of such loss, theft or destruction satisfactory to the City or its agent, together with indemnity satisfactory to them.

(c) The City and any agents may charge the Holder of any such Bond described in (a) or (b) above the cost of preparing the substitute Bond, all transfer taxes, if any, and the City's and/or agent's reasonable fees and expenses in this connection. All substitute Bonds issued and authenticated pursuant to this Section shall be issued as a substitute and numbered, if numbering is required by the Supplemental Resolution or the City, as determined by the City or its agent. In the event any such Bond shall be about to mature or has matured or been called for redemption, instead of issuing a substitute Bond, the City may pay the same at its maturity or redemption without surrender thereof.

Section 3.06 Registration and Transfer of Bonds; Persons Treated as Owners. All Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form satisfactory to the Treasurer or the Registrar, as the case may be, duly executed by the Bondholder or by his duly authorized attorney.

Except as limited by any Supplemental Resolution, the City or any Registrar also may require payment from the Bondholder of a sum sufficient to cover any tax or other governmental fee or charge that may be imposed in relation to any transfer or exchange.

Supplemental Resolutions may designate certain limited periods during which Bonds will not be exchanged or transferred.

Bonds delivered upon any exchange or transfer as provided herein, or as provided in Section 3.05, shall be valid obligations of the City evidencing the same obligation as the Bond surrendered, shall be secured by this General Resolution and shall be entitled to all of the security and benefits hereof to the same extent as the Bond surrendered.

Section 3.07 Destruction of Bonds. Whenever any Outstanding Bonds shall be delivered to the City or its agent for cancellation, upon payment of the principal amount and interest represented thereby or for replacement pursuant to Section 3.06 or exchange or transfer pursuant to Section 3.06, such Bond shall be cancelled and destroyed by the City or its agent.

Section 3.08 Temporary Bonds. Pending preparation of definitive Bonds of any Series, the City may execute, authenticate and deliver, in lieu of definitive Bonds of such Series and subject to the same limitations and conditions, interim receipts, certificates or temporary bonds which shall be exchanged for the Bonds of such Series.

If temporary Bonds are issued, the City shall cause the definitive Bonds to be prepared and, upon presentation to it of any temporary Bond, shall cancel the same and deliver in exchange therefor at the place designated by the Bondholder, without charge to the Bondholder, definitive Bonds of an equal aggregate principal amount, of the same Series and maturity and bearing interest at the same rate or rates as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefit and security of this General Resolution as the definitive Bonds to be issued and authenticated hereunder.

Section 3.09 Issuance of Series of Bonds; Supplemental Resolution; Application of Bond Proceeds. The Bonds of each Series shall be issued, at one time or from time to time, pursuant to and in accordance with the procedures set forth in the Charter, the Procedural Ordinance and subject to the conditions of this Section 3.09.

Each Series of Bonds shall be dated, shall mature, shall bear interest, may be subject to redemption and shall be amortized, all as provided in the Supplemental Resolution under which such Bonds are issued. In addition, each such Supplemental Resolution may provide for the appointment of an Authenticating Agent, Registrar or Registrars and a Paying Agent or Paying Agents or an Issuing and Paying Agent and for the removal or replacement thereof.

Such Supplemental Resolution may provide that the interest rate on the Series of Bonds and the duration of the periods during which any such interest rate applies may, from time to time, be adjusted and that the Series of Bonds may be purchased upon the demand of the owners thereof or shall be subject to mandatory purchase upon the occurrence of certain events or at certain times. Such provisions relating to interest rate periods and adjustments may include, without limitation, the creation of objective standards for such adjustments and the appointment

of agents to apply such standards, and may provide for the procurement of liquidity and credit support facilities with respect to the Bonds.

Each of the following shall be a condition to the issuance of any Series of Bonds under this General Resolution:

(a) the Council shall adopt a Supplemental Resolution authorizing such Series of Bonds and setting forth the terms of such Series of Bonds;

(b) if credit enhancement or liquidity support is to be provided at the time of issuance of the Series, the executed bond insurance policy, surety bond, letter of credit or other liquidity facility or credit support facility, if any, relating to the Series of Bonds shall be delivered to the City or an appropriate fiduciary;

(c) the certificate or certificates of the Consultant required by Section 3.11 or, if the Bonds of any Series to be issued are refunding Bonds and the last paragraph of Section 3.11 is applicable, the certificate of the Authorized City Representative described therein;

(d) a certificate of an Authorized City Representative stating that no Event of Default has occurred and is then continuing; and

(e) an opinion of Bond Counsel to the effect that the issuance of such Bonds has been duly authorized, that all legal conditions precedent to the delivery of such Bonds have been fulfilled, that the Bonds are valid and binding obligations of the City in accordance with their terms, and if it is the intention of the City that interest on the Bonds of such Series is to be excluded from gross income of the recipient for federal income tax purposes, that the interest on the Bonds will be so excluded; and an opinion of Bond Counsel to the effect that the issuance of such Bonds will not adversely affect the tax-exempt status of any previously issued Bonds.

When the conditions mentioned in clauses (a) to (e), inclusive, of this Section shall have been fulfilled, then upon receipt by the City of payment for the Bonds, the Bonds shall be delivered to or upon the order of the purchasers thereof.

Simultaneously with the delivery of Bonds of any Series, the City shall apply the proceeds of Bonds of such Series as provided in the Supplemental Resolution.

Section 3.10 Refunding Bonds. There may be issued under and secured by this General Resolution Bonds of a Series for the purpose of providing funds for refunding all of the Outstanding Bonds of any one or more Series or a portion of any Series. Such Bonds of such Series shall be issued in accordance with the provisions of Sections 3.09 and 3.11 of this General Resolution.

Section 3.11 Tests for Issuance of Bonds. As a condition to the issuance of any Series of Bonds, the City shall first be required to obtain a certificate or certificates prepared by a Consultant or by Consultants showing that the Net Revenues for the immediately preceding Fiscal Year or for any 12 consecutive months out of the 18 consecutive months immediately

preceding the issuance of the proposed Series of Bonds were at least equal to 125% of the Average Annual Debt Service for all Bonds which will be Outstanding immediately after the issuance of the proposed Series of Bonds. For purposes of preparing the certificate or certificates described above, the Consultant or Consultants may (a) rely upon financial statements prepared by the City that have not been subject to audit by an independent certified public accountant if audited financial statements for the Fiscal Year or period are not available and (b) make such other assumptions as determined reasonable or appropriate by such Consultant or Consultants.

For purposes of the computations to be made as described in the preceding paragraph, the determination of Net Revenues may take into account any increases in rates and charges which relate to the System and shall take into account any reductions in such rates and charges which increases or decreases have been authorized by the City to be implemented and which will be effective prior to or at the time of issuance of such proposed Series of Bonds.

The certificate or certificates described above shall not be required if the Series of Bonds being issued are for the purpose of refunding then Outstanding Bonds, and if at the time of the issuance of such Series of Bonds, a certificate of an Authorized City Representative shall be delivered showing that Average Annual Debt Service on all Bonds Outstanding after the issuance of the refunding Series of Bonds will not exceed Average Annual Debt Service on all Bonds Outstanding prior to the issuance of such Series of Bonds.

## ARTICLE IV

### REDEMPTION OF BONDS

Section 4.01 Bonds Redeemable. The Bonds of each Series may be made subject to redemption either in whole or in part and at such times, prices and in such order and under such terms as may be provided by the Supplemental Resolution providing for the issuance of such Bonds. The City may provide for the redemption of Bonds of any Series from any funds available to the City and not obligated for other purposes.

Section 4.02 Selection of Bonds to Be Redeemed. If less than all the Bonds of a Series shall be called for redemption, the Bonds to be redeemed shall be selected from such Series of Bonds as provided in the Supplemental Resolution under which Bonds of such Series were issued.

Section 4.03 Notice of Redemption. In the event Bonds of any Series are called for redemption, the City, or through its agent, shall give notice, at the times and in the manner specified by Supplemental Resolution, to the Bondholders of the Bonds of a Series to be redeemed, of the redemption of Bonds of such Series, which notice shall (i) specify the Bonds of a Series to be redeemed, the redemption date, the redemption price and the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds of a Series are to be redeemed, the numbers of the Bonds, and the portions of Bonds, to be redeemed, (ii) state any condition to such redemption and (iii) state that on the redemption date, and upon the satisfaction of any such condition, the Bonds of a Series to be redeemed shall cease to bear interest. Such notice may set forth any additional information relating to such redemption. Notice may provide for purchase in lieu of redemption or conditional redemption as provided by

a Supplemental Resolution. Notwithstanding the foregoing, Supplemental Resolutions may provide for redemption of Bonds of a Series, under certain circumstances, without notice or with notice which differs from that set forth in this section.

Section 4.04 Effect of Redemption Call. On the date so designated for redemption, notice, if required, having been given in the manner and under the conditions provided herein and in the Supplemental Resolution relating to the Bonds of any Series to be redeemed and moneys for payment of the redemption price being held in trust to pay the redemption price, unless otherwise provided in a Supplemental Resolution, the Bonds of such Series so called for redemption shall become and be due and payable on the redemption date, interest on the Bonds of such Series shall cease to accrue, the Bonds of such Series shall cease to be entitled to any lien, benefit or security under this General Resolution and the owners of the Bonds of such Series shall have no rights in respect thereof except to receive payment of the redemption price.

Bonds of any Series which have been duly called for redemption under the provisions of this Article IV and for the payment of the redemption price of which moneys shall be held in trust or irrevocably set aside for the Holders of the Bonds to be redeemed, all as provided in this General Resolution, shall not be deemed to be Outstanding under the provisions of this General Resolution.

## ARTICLE V

### REVENUES AND FUNDS

Section 5.01 Bonds Secured by Revenues. The Bonds of any Series authorized and issued under the provisions of this General Resolution are, as provided in Article II, secured by a first lien on and pledge of the Revenues. The Revenues shall be deposited and used as provided in this Article V.

Section 5.02 The SCM Fund; Creation of Funds. The City has heretofore created and currently maintains the Sewer Construction and Maintenance Fund, the Sewer Operation and Maintenance Fund and the Sewer Capital Fund (such funds and any other fund or funds into which the Revenues are deposited, the “SCM Fund”) and the City agrees that so long as any Bonds remain Outstanding it will continue to maintain such funds or another special fund or special funds into which all Revenues will be deposited and any and all of such funds into which Revenues are deposited by the City shall be maintained and the amounts therein held and used as provided herein with respect to the SCM Fund and the Revenues therein shall be subject to the pledge set forth herein to secure the Bonds.

In addition, the City agrees to establish and hold a Debt Service Fund which shall be designated as the “Wastewater System Revenue Bonds Debt Service Fund” (the “Debt Service Fund”) and held as security for and used to pay principal and interest on the Bonds as provided in Section 5.04.

For as long as any Bonds remain Outstanding, the City agrees that it will deposit all Revenues (except the earnings on the Debt Service Fund or any Reserve Fund for which special provision is made in Article VII hereof), as collected, into the SCM Fund. All Revenues in the

SCM Fund and all amounts held in or credited to the Debt Service Fund or any Reserve Fund shall be held by the City in trust and applied as provided in this Article V, and, pending such application, such amounts shall be subject to a lien and charge in favor of the Holders of the Bonds issued and Outstanding under this General Resolution as provided in Article II of this General Resolution.

With respect to any of the funds required to be established hereunder or under a Supplemental Resolution, the City may, to accommodate its internal accounting and management systems, create one or more funds, all of which collectively constitute the fund described herein, all of which collectively shall be subject to the lien created hereby upon such fund and all of which collectively shall serve the purposes described herein for such fund.

**Section 5.03 The SCM Fund.** All Revenues (except the earnings on the Debt Service Fund and any Reserve Fund for which special provision is made in Article VII hereof) shall be deposited as soon as practicable into the SCM Fund either directly or, with respect to those amounts which are collected by a collection agent, upon transfer to the SCM Fund. Revenues which have been received by a collection agent but not yet deposited into the SCM Fund, shall nevertheless be subject to the restrictions of this Section 5.03 as if they were then on deposit in the SCM Fund. Revenues in the SCM Fund shall be used on an ongoing basis to pay or provide for the expenses of the operation and maintenance of the System including, without limitation, refunds and the expenses of management, repair and other expenses necessary to maintain and preserve the System in good repair and working order when such amounts become due. On or before the twenty-fifth day of each month, the City shall withdraw from the SCM Fund and deposit to the credit of the Debt Service Fund an amount equal to the Aggregate Accrued Interest and Aggregate Accrued Principal for the current calendar month less any Excess existing on the first day of such calendar month plus (i) any Deficiency existing on the first day of such calendar month and (ii) any amount of interest or principal on Bonds which has become due and has not been paid and for which there are insufficient funds in the Debt Service Fund or another available fund or account established for the purpose of paying any interest or principal on a Series of Bonds pursuant to a Supplemental Resolution.

Amounts in the SCM Fund may, from time to time, be used to pay Subordinate Bonds, capital expenses of the System and any other obligations issued on a subordinated basis pursuant to Section 6.06 hereof, or be used for any other lawful purpose related to the System, but only if all of the following conditions are met prior to any such withdrawal:

- (a) all operation and maintenance expenses are being or have been paid as they become due;
- (b) the monthly deposits to be made into the Debt Service Fund as provided above or any Reserve Fund for a Series of Bonds for all prior months have been made in full and no Deficiency exists with respect to the Debt Service Fund or any Reserve Fund;
- (c) the amounts which are or will be required to be deposited into the Debt Service Fund and any Reserve Fund during the then current calendar month are deposited into such funds or such amounts are segregated within the SCM Fund to be used to make



such deposits prior to the withdrawal or use of funds for other purposes under this paragraph; and

(d) after any such withdrawal or segregation as provided in (c) above, there shall remain in the SCM Fund an amount at least equal to the amount reasonably estimated by the City to be needed to provide for the System's operation and maintenance expenses during the next 45 days.

Any amounts in the SCM Fund which are not Revenues may be used or withdrawn at any time without restriction imposed by this General Resolution and such amounts may be withdrawn without regard to the requirements of the preceding paragraph and may be pledged to secure other obligations, it being the intent of this General Resolution that the various funds described in this General Resolution and the balances required to be maintained in the SCM Fund be maintained from the Revenues as defined herein.

Section 5.04 The Debt Service Fund. Amounts in the Debt Service Fund shall be used to pay interest and principal on the Bonds as the same becomes due and payable. If, with respect to one or more Series of Bonds, the City has appointed a Paying Agent then on or before each interest payment date and on or before each principal payment date or redemption date on such Bonds the full amount due shall be withdrawn from the Debt Service Fund and paid to the Paying Agent. With respect to those Bonds for which no Paying Agent has been appointed, principal, interest and the redemption price shall be paid by the City from the Debt Service Fund. Amounts which are held in the Debt Service Fund for the payment of Bonds which are due and payable but which have not been presented for payment and amounts which are in the Debt Service Fund to pay the redemption price of Bonds which have been called for redemption, but which have not been presented for payment shall be so designated, segregated in such fund, held in trust for the Owners of such Bonds and be available only to make payments on such specific Bonds when presented. In addition to the direct payment of principal, interest and redemption price in the manner described above, if interest, principal, or redemption price on a Series of Bonds is paid by or through a form of credit enhancement provided for such Series of Bonds, amounts in the Debt Service Fund may, if so provided by Supplemental Resolution, be used to reimburse such amounts to the Insurer providing the credit support.

Section 5.05 Reserve Fund. The City may, by Supplemental Resolution, at the time of authorization of any Series of Bonds or at any time thereafter, provide for the creation of a Reserve Fund, as security for such series. The Supplemental Resolution shall provide for the size and manner of funding and replenishing of such Reserve Fund and shall establish such other terms with respect to such Reserve Fund as the City deems to be appropriate. The provisions for funding or replenishing any Reserve Fund shall not permit any deposit into the Reserve Fund to be made from the SCM Fund unless all payments of principal of and interest on all Bonds which have become due and payable have been paid in full or provision has been made for the payment thereof. Moneys held in a Reserve Fund shall be used for the purpose of paying principal and interest on Bonds of a Series in accordance with the Supplemental Resolution under which the Bonds of such Series are issued and the Reserve Fund created.

Section 5.06 The Construction Funds. Each Construction Fund shall be created under the terms of the Supplemental Resolution authorizing the related Series of Bonds. The

individual Construction Funds shall be funded with proceeds of the Series of Bonds for which the fund was created and with the earnings thereon. Moneys in the respective Construction Funds shall be used to pay Project Costs or other costs as provided in the Supplemental Resolutions creating such accounts.

Section 5.07 [Reserved.]

Section 5.08 Moneys Held in Trust; Unclaimed Moneys. All moneys which shall have been segregated within a Debt Service Fund or deposited with a Paying Agent for the purpose of paying any Bonds which have become due and payable, either at the maturity thereof or upon call for redemption, shall be held in trust for the respective holders of such Bonds and such funds shall be held (i) uninvested, (ii) in Government Obligations with a maturity not longer than 30 days or such earlier date on which funds will be needed to make payments on the Bonds, (iii) in repurchase agreements which are fully secured by Government Obligations, or (iv) other investments specified by Supplemental Resolution. Any moneys which shall be so segregated or deposited and which shall remain unclaimed by the Holders of such Bonds for a period of three years after the date on which such Bonds shall have become due and payable (or such longer period as shall be required by state law) shall be released from trust and deposited into the SCM Fund, and thereafter the holders of such Bonds shall look only to the SCM Fund for payment and the City shall be obligated to make such payment, but only to the extent of the original amounts due on such Bonds on the original due date or redemption date and without any interest thereon and the City shall be obligated to make payment only from Revenues.

Section 5.09 Additional Funds. The City may create additional funds under this General Resolution or any Supplemental Resolution for such purposes as the City deems appropriate, including separate funds available only for specified Bonds or Series of Bonds; however, the Revenues may be used to fund such funds only to the extent such amounts are not required to pay operation and maintenance expenses, or to make deposits into the Debt Service Fund, or any Reserve Fund as provided in Section 5.03.

Section 5.10 Additional Security. The Revenues secure all Bonds issued under the terms of this General Resolution on an equal and ratable basis. The City may, however, in its discretion, provide additional security or credit enhancement for specified Bonds or Series of Bonds with no obligation to provide such additional security or credit enhancement to other Bonds.

## ARTICLE VI

### COVENANTS OF THE CITY

Section 6.01 Payment of Principal and Interest. The City covenants and agrees that it will duly and punctually pay or cause to be paid the principal of, premium, if any, and interest on every Bond at the place and on the dates and in the manner herein and in the Bonds specified, according to the true intent and meaning thereof, and that it will faithfully do and perform all covenants and agreements herein and in the Bonds contained and the City agrees that time is of the essence under this General Resolution; provided, however, that the City's obligation to make payment of the principal of, premium, if any, and interest on the Bonds shall be strictly limited

and the City shall only be obligated to make such payments from and to the extent of the Revenues and amounts in the SCM Fund and the Debt Service Fund, and, with respect to any individual Series of Bonds, from any Reserve Fund, and any other source which the City may specifically provide for the Bonds or any Series of Bonds and no Bondholder shall have any right to require payment from any other funds of the City. The general fund of the City is not liable for the payment of the principal of, interest on or premium, if any, on the Bonds. Neither the full faith and credit nor the taxing power of the City is pledged to or will be available to pay the Bonds.

Section 6.02 Performance of Covenants by the City; Authority; Due Execution. The City covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this General Resolution, in any and every Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining hereto. The City represents and warrants that it is duly authorized under the constitution and laws of the State and its Charter to issue the Bonds and pledge the Revenues thereto and that the City has not pledged such Revenues to secure any obligations with a lien that is on parity or senior to lien on Revenues that is created by this General Resolution.

Section 6.03 Rate Covenant.

(a) The City will, at all times while any of the Bonds remain Outstanding, establish, fix, prescribe and collect rates, fees and charges, and collect other moneys, in each case, in connection with the use of the System so that Revenues and other amounts deposited into or on deposit in the SCM Fund in each Fiscal Year will be at least sufficient to pay the following amounts:

(i) the interest on and principal of the outstanding Bonds as they become due and payable;

(ii) all other payments required for compliance with the terms of this General Resolution and of any Supplemental Resolution including, but not limited to, the required deposits under Section 5.03 of this General Resolution and to the Debt Service Fund, and Reserve Funds, if any, created under Supplemental Resolutions; and

(iii) all current operation and maintenance costs of the System (but not including such operation and maintenance costs as are scheduled to be paid by the City from moneys other than Revenues, such moneys to be clearly available for such purpose).

(b) The City further agrees that it will establish, fix, prescribe and collect rates, fees and charges, and collect other moneys, in each case, in connection with the use of the System so that during each Fiscal Year the Net Revenues and other amounts deposited into or on deposit in the SCM Fund are equal to at least 125% of the scheduled debt service becoming due on Outstanding Bonds in such year provided that for such purposes, the principal amount of Bonds becoming due in such year which is paid from

the proceeds of other borrowings shall not be included as debt service becoming due in such year.

For the purpose of calculating scheduled debt service coming due on Outstanding Bonds, in determining the amount of interest coming due during any twelve-month period ending June 30 on any Series of Bonds that were issued as Direct Subsidy Bonds, such amount shall be reduced by an amount equal to the Refundable Credits the City is scheduled to receive during each such twelve-month period ending June 30 (and to avoid double counting, an equivalent amount shall be deducted from Revenues for the purpose of such calculation).

Section 6.04 Instruments of Further Assurance. The City covenants that it will, through its appropriate officers, employees and agents, do, adopt, execute, acknowledge and deliver, or cause to be done, adopted, executed, acknowledged and delivered, such Supplemental Resolutions and such further acts, instruments and transfers as may reasonably be necessary to establish or confirm to the Owners of the Bonds all of the rights and obligations of the City under and pursuant to this General Resolution.

Section 6.05 [Reserved].

Section 6.06 Restriction Upon Prior and Parity Obligations; Provision for Subordinated Obligations. The City covenants that it will not issue any other obligations, except upon the condition and in the manner provided in Sections 3.09 and 3.10, payable from the Revenues prior to or on a parity with the Bonds or secured by a prior or parity interest in the Revenues, and the City covenants that it will not voluntarily create or cause to be created any debt, lien, pledge assignment, encumbrance or any other charge having priority to or being on a parity with the lien held by the Holders of the Bonds upon the Revenues, or any part thereof. This provision shall not be deemed to restrict the City's ability to incur obligations for ordinary and reasonable operation and maintenance expenses payable on an ongoing basis from the SCM Fund as provided in Section 5.03. Such obligations for operation and maintenance expenses shall not be secured by nor create a lien on the Revenues. The City may issue obligations on a subordinated basis including, without limitation, the Subordinate Bonds issued pursuant to the Subordinate Resolution, provided that any such subordinated obligations issued by the City and payable from the Revenues shall contain an express statement that such obligations are junior and subordinate to the Bonds issued under Article III of this General Resolution as to lien on and source and security for payment from the Revenues. Any such subordinated obligations may be paid on an ongoing basis from the Revenues so long as the conditions set forth in Section 5.03 are met.

Section 6.07 Operation and Maintenance of System. The City will maintain and preserve the System in good repair and working order at all times, in conformity with standards customarily followed for municipal wastewater systems of like size and character. The City will, from time to time, make all necessary and proper repairs, renewals, replacements and substitutions to the properties of the System, so that at all times business carried on in connection with the System shall and can be properly and advantageously conducted in an efficient manner and at reasonable cost, and will operate the System in an efficient and economical manner, consistent with the protection of the Bondholders.

Section 6.08 [Reserved.]

Section 6.09 Books and Accounts; Financial Statements.

(a) The City will keep proper books of record and accounts of the SCM Fund, the Debt Service Fund, Reserve Funds, if any, and the Construction Funds, in which complete and correct entries shall be made of all transactions relating to such funds. Such books of record and accounts shall at all times during business hours be subject to the inspection of any Bondholder or a representative thereof who is authorized in writing, at reasonable hours and under reasonable conditions.

(b) The City will prepare annually within 270 days after the close of each Fiscal Year so long as any of the Bonds are Outstanding financial statements of the SCM Fund, the Debt Service Fund, Reserve Funds, if any, and the Construction Funds for the preceding Fiscal Year, prepared in accordance with generally accepted accounting principles applied on a consistent basis from year to year which financial statements shall be examined by and include the certificate or opinion of an independent certified public accountant. The City will make the financial statements available for examination by any Bondholder and will furnish a copy of the financial statements to any Bondholder upon request. The City may charge a fee to cover the cost of copying.

(c) [Reserved.]

(d) The City will annually, prior to the beginning of each Fiscal Year, prepare and adopt a budget for the SCM Fund which budget shall include the budgeted receipts and expenditures of the SCM Fund and the rates and charges to be implemented to assure that the City is able to comply with its covenants as set forth in this General Resolution, and the City will annually prepare a five-year capital plan or capital budget setting forth in reasonable detail the expected amounts to be expended in each year for capital needs of the System and the purposes for which such expected amounts are to be expended.

Section 6.10 Ownership and Operation. The City will not sell, transfer or otherwise dispose of the System or any part thereof essential to the proper operation of the System unless, after giving effect to such sale, transfer or disposition, the City reasonably expects that the System is able to generate sufficient Revenues to satisfy its obligations under Section 6.03 hereof.

Section 6.11 Insurance and Condemnation. The City agrees that it will, to the extent it determines that insurance or reserves covering risks to the System is appropriate for the System, insure or provide a self-insured reserve as protection against loss or damage to the System arising from fire, storm or other causes; provided that the City shall not be required to maintain insurance or reserve against loss or damage resulting from earthquakes if the City determines that the cost thereof is excessive.

If the City determines to obtain insurance to comply with the preceding paragraph, the City may, but shall not be required to, rely on the advice of an independent insurance consultant for purposes of determining the types and amounts of insurance to be maintained. Such insurance may be maintained through a pooled risk arrangement with other entities, through

commercial insurance, a captive insurance company or through other arrangements which the City determines to be appropriate, including a combination of commercial insurance and self-insurance in accordance with the City's self-insurance policy.

If the City determines to provide a self-insurance fund to comply with the first paragraph of this Section, the City shall establish and fund a separate self-insurance fund or together with other cities or political subdivisions establish a pooled self-insurance fund. The amount to be deposited into and maintained in the self-insurance fund shall be that amount determined by the City or by an independent insurance consultant retained by the City as necessary to adequately reserve against the risks to be covered. If such a self-insurance fund is established, the level of funding shall be reviewed annually and, on or before the last day of each Fiscal Year, the City shall determine the amount to be held in such fund for the next Fiscal Year and, if the amount in such fund is to be increased, the City shall include the amount of such increase in the budget for the SCM Fund.

Section 6.12 Resolution to Constitute a Contract. This General Resolution is adopted by the Council for the benefit of the Bondholders and constitutes a contract with the Bondholders.

## ARTICLE VII

### INVESTMENTS

Moneys held in the SCM Fund, the Debt Service Fund, Reserve Funds, if any, and the Construction Funds shall be invested and reinvested as determined by the City, in Permitted Investments subject to the restrictions set forth in this Article VII and the restrictions set forth in any Supplemental Resolution. Such investments may be made by commingling such amounts for investment purposes with other funds of the City, provided that the amount of each such fund and the earnings thereon are clearly accounted for. The maturities of investments in the Debt Service Fund shall not extend beyond the time when funds will be needed therefrom to make payment on the Bonds. Investments of moneys in any such fund shall be deemed at all times to be a part of such fund.

Earnings on the SCM Fund shall be credited to and deposited in the SCM Fund. Earnings on a Construction Fund when received shall be credited to and deposited in such Construction Fund. Earnings on a Debt Service Fund when received shall be credited to and deposited in such Debt Service Fund. Earnings on any Reserve Fund shall be credited and deposited as provided in the Supplemental Resolution creating such Reserve Fund.

## ARTICLE VIII

### DEFEASANCE

Bonds of any Series or portions thereof (such portions to be in integral multiples of the Authorized Denomination) which have been paid in full or which are deemed to have been paid in full shall no longer be secured by or entitled to the benefits of this General Resolution except for the purposes of payment from moneys or Government Obligations held by the City or a

Paying Agent for such purpose. When all Bonds which have been issued under this General Resolution have been paid in full or are deemed to have been paid in full, and all other sums payable hereunder by the City, including all necessary and proper fees, compensation and expenses of any Registrar or Paying Agent, have been paid or are duly provided for, then the pledge of the Revenues granted hereby shall cease, terminate and become void, and this General Resolution shall cease to be a lien on such Revenues and shall be discharged, except that funds or securities which are held by the City or a Paying Agent for the payment of the principal of, premium, if any, and interest on the Bonds shall continue to be held in trust for such purpose.

A Bond shall be deemed to be paid within the meaning of this Article VIII and for all purposes of this General Resolution when (a) payment of the principal, interest and premium, if any, either (i) shall have been made in accordance with the terms of the Bonds and this General Resolution or (ii) shall have been provided for by irrevocably setting aside exclusively for such payment, (1) moneys sufficient to make such payment and/or (2) Government Obligations, maturing as to principal and interest or payable to the City or its agent on demand in such amounts and at such times as will insure the availability of sufficient moneys to make such payment, and (b) all necessary and proper fees, compensation and expenses of any Registrar and any Paying Agent pertaining to the Bonds with respect to which such deposit is made shall have been paid or provision made for the payment thereof. At such times as Bonds shall be deemed to be paid hereunder, such Bonds shall no longer be secured by or entitled to the benefits of this General Resolution, except for the purposes of payment from such moneys or Government Obligations.

Notwithstanding the foregoing paragraph, no deposit under clause (a)(ii) of the immediately preceding paragraph shall be deemed a payment of any such Bonds unless the City has given notice or has agreed to give notice in accordance with Section 4.03, as soon as practicable, to the Owners of the Bonds with respect to which such deposit has been made that such deposit has been made and in such notice has included or will include the maturity or redemption date upon which moneys are to be available for the payment of the principal of and the applicable redemption premium, if any, on such Bonds and the City has given or has agreed to give proper and timely notice of the redemption of those Bonds which are to be redeemed in advance of their maturity.

## ARTICLE IX

### DEFAULTS AND REMEDIES

Section 9.01 Events of Default. Each of the following events shall constitute and is referred to in this General Resolution as an “Event of Default”:

- (a) a failure to pay the principal of or premium, if any, on any of the Bonds when the same shall become due and payable at maturity or upon redemption;
- (b) a failure to pay any installment of interest on any of the Bonds when such interest shall become due and payable;

(c) a failure in a given Fiscal Year to achieve the level of debt service coverage required by Section 6.03(b); provided that such event shall not constitute an Event of Default hereunder if (i) the budget for such Fiscal Year and the rates and charges implemented in accordance with such budget were such that the required level of debt service coverage was projected to be achieved, and (ii) immediately upon discovery of the failure to achieve the required coverage the City commences such action as is reasonable to assure that required coverage is achieved in the succeeding year;

(d) a failure by the City to observe and perform any covenant, condition, agreement or provision (other than as specified in subsections (a), (b), (c) and (d) of this Section 9.01) contained in the Bonds or in this General Resolution on the part of the City to be observed or performed, which failure shall continue for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the City by an Insurer on a Series of Bonds or by the Holders of 25% or more of the principal amount of the Bonds then Outstanding, unless such Insurer (if the Insurer has given the notice of such failure to comply with the terms hereof) or, if the notice has been given by the Holders, the Holders of Bonds in a principal amount not less than the principal amount of Bonds the Holders of which gave such notice, shall agree in writing to an extension of such period; provided, however, that the Insurer and the Holders shall be deemed to have agreed to an extension of such period if corrective action is initiated by the City within 60 days after receipt of such written notice and is being diligently pursued;

(e) a failure on the part of the City to collect the Revenues, or an attempt to divert the Revenues for any use prior to the deposit into the SCM Fund or creation of a lien on or a charge against the Revenues or the SCM Fund or Debt Service Fund, which lien or charge is prior to, or, except to the extent permitted by this General Resolution, on a parity with that granted to secure the Bonds;

(f) the occurrence of any other Event of Default as is provided in a Supplemental Resolution.

#### Section 9.02 Acceleration; Other Remedies.

(a) Upon the occurrence and continuance of an Event of Default described in Section 9.01, any Insurer or the Holders of 51% or more of the principal amount of the Bonds which are then Outstanding, may by written notice to the City, declare the Bonds to be immediately due and payable, whereupon the Bonds shall, without further action, become and be immediately due and payable, anything in this General Resolution or in the Bonds to the contrary notwithstanding; provided that, with respect to any Series of Bonds which is credit enhanced, no acceleration shall be effective unless the declaration is given by the Insurer or is consented to by the Insurer.

(b) The provisions of the preceding paragraph are subject to the condition that, if after the principal of the Bonds shall have been declared to be due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the City shall cause to be paid all matured installments of interest



upon all Bonds and the principal of any and all Bonds which shall have become due otherwise than by reason of such declaration (with interest upon such principal and, to the extent permissible by law, on overdue installments of interest, at the rate per annum specified in the Bonds) and all Events of Default hereunder other than nonpayment of the principal of Bonds which shall have become due by such declaration shall have been remedied, then the holders of a majority in principal amount of Bonds Outstanding may, if all Insurers consent in writing to such waiver, waive the Event of Default and rescind or annul the acceleration and its consequences. But no such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

(c) Upon the occurrence and continuance of any Event of Default, the Holders of 51% or more of the principal amount of the Bonds then Outstanding or any Insurer shall have the right:

(i) by mandamus, or other suit, action or proceeding at law or in equity, to enforce all rights of the Bondholders, and require the City to carry out any agreements with or for the benefit of the Bondholders and to perform its duties or agreements under this General Resolution or any Supplemental Resolution, provided that any such remedy may be taken only to the extent permitted under the applicable provisions of this General Resolution;

(ii) to bring suit upon the Bonds;

(iii) to commence an action or suit in equity to require the City to account as if it were the trustee of an express trust for the Bondholders; or

(iv) by action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders.

In the event of a conflict between the actions taken or proposed to be taken under this Section 9.02(c) by any Insurer and the Holders of the Bonds or between the Insurers on different Series of Bonds, the position taken by the entity or group of Bondholders representing the greatest principal amount of Bonds Outstanding shall prevail. For such purposes the Insurer of a Series of Bonds shall be deemed to represent the entire principal amount of Bonds for which such Insurer has provided credit enhancement.

(d) Any Holder of any Bonds issued under the terms of the Revenue Bond Law may compel the use of any or all of the remedies provided in the Revenue Bond Law.

**Section 9.03 Restoration to Former Position.** In the event that any proceeding taken to enforce any right under this General Resolution shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Bondholders, then the City, and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Bondholders and the Insurers shall continue as though no such proceeding had been taken.

Section 9.04 No Impairment of Right to Enforce Payment. Notwithstanding any other provision in this General Resolution, the right of any Bondholder to receive payment of the principal of and interest on such Bond, on or after the respective due dates expressed therein and to the extent of the Revenues, or to institute suit for the enforcement of any such payment on or after such respective date, shall not be impaired or affected without the consent of such Bondholder.

Section 9.05 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Bondholders or the Insurers is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder, or now or hereafter existing at law or in equity or by statute.

Section 9.06 No Waiver of Remedies. No delay or omission of any Bondholder or Insurer to exercise any right or power accruing upon any default shall impair any such right or power or be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by this Article IX to the Bondholders and the Insurers may be exercised from time to time and as often as may be deemed expedient.

Section 9.07 Application of Moneys. Any moneys received by any receiver or by any Bondholder or Insurer pursuant to any right given or action taken under the provisions of this Article IX, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the receiver, Bondholder or Insurer, shall be applied as follows:

(a) Unless the principal of all the Bonds of such Series shall have been declared due and payable, all such moneys shall be applied (i) first, to the payment to the persons entitled thereto of all installments of interest then due on the Bonds of such Series, with interest on overdue installments, if lawful, at the rate provided in the respective Bonds, in the order of maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment, and (ii) second, to the payment to the persons entitled thereto of the unpaid principal of the Bonds of such Series which has become due with interest on such unpaid principal amounts at the rates borne by the respective Bonds from the respective dates upon which they became due and, if the amount available shall not be sufficient to pay in full all Bonds of such Series due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege.

(b) If the principal of all the Bonds of such Series shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon all Bonds of such Series, with interest on overdue interest, if lawful, and principal, as aforesaid, without preference or priority of principal over interest or interest over principal, or of any installment of interest over any other installment of interest, or of any Bond of such Series over any other Bond of such Series, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

(c) If the principal of all the Bonds of such Series shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled, then, subject to the provisions of clause (b) of this Section 9.07 which shall be applicable in the event that the principal of all the Bonds of such Series shall later become due and payable, the moneys shall be applied in accordance with the provisions of clause (a) of this Section 9.07.

Whenever moneys are to be applied pursuant to the provisions of this Section 9.07, such moneys shall be applied at such times, and from time to time, as the receiver, Bondholders or Insurer shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such applications in the future.

Section 9.08 Severability of Remedies. It is the purpose and intention of this Article IX to provide all rights and remedies to the Bondholders and Insurers that may be lawfully granted, but should any right or remedy herein granted be held to be unlawful, the Bondholders and Insurers shall be entitled, as above set forth, to every other right and remedy provided in this General Resolution and by applicable law.

Section 9.09 Additional Events of Default and Remedies. So long as any particular Series of Bonds is Outstanding, the Events of Default and remedies as set forth in this Article IX may be supplemented with additional Events of Default and remedies as set forth in the Supplemental Resolution under which such Series of Bonds is issued and additional Events of Default and remedies, not necessarily limited to the time any Series of Bonds are Outstanding may likewise be added from time to time by Supplemental Resolution.

## ARTICLE X

### PAYING AGENT AND CO-PAYING AGENTS; REGISTRAR

Section 10.01 Paying Agent. The City may at any time or from time to time appoint a Paying Agent or Paying Agents for the Bonds or for any Series of Bonds and may from time to time remove a Paying Agent. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it hereunder or under a Supplemental Resolution by a written instrument of acceptance delivered to the City under which each such Paying Agent will agree, particularly:

(a) to hold all sums delivered to it for the payment of the principal of, premium or interest on Bonds in trust for the benefit of the Bondholders until such sums shall be paid to such Bondholders or repaid to the City as herein provided;

(b) to keep such books and records as shall be consistent with prudent industry practice, to make such books and records available for inspection by the City at all reasonable times; and

(c) upon the request of the City, to forthwith deliver to the City all sums so held in trust by such Paying Agent.

Section 10.02 Registrar. The City may appoint a Registrar for the Bonds or a Registrar for any Series of Bonds and may from time to time remove a Registrar. Each Registrar shall signify its acceptance of the duties imposed upon it hereunder or under a Supplemental Resolution by a written instrument of acceptance delivered to the City under which such Registrar will agree, particularly, to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the City and the Paying Agent at all reasonable times.

Section 10.03 Other Agents. The City may from time to time appoint other agents to perform duties and obligations under this General Resolution or under a Supplemental Resolution, which agents may include, but not be limited to, tender agents, remarketing agents, escrow agents, and authenticating agents and may remove such agents.

Section 10.04 Several Capacities. Anything in this Resolution to the contrary notwithstanding, the same entity may serve hereunder as the Paying Agent, Registrar and any other agent appointed to perform duties or obligations under this General Resolution, under a Supplemental Resolution or an escrow agreement or in any combination of such capacities or other capacities.

## ARTICLE XI

### SUPPLEMENTAL RESOLUTIONS

Section 11.01 Limitations. This General Resolution shall not be modified or amended except as provided in and in accordance with and subject to the provisions of this Article XI.

Section 11.02 Supplemental Resolutions Not Requiring Consent of Bondholders. The Council may, from time to time and at any time, without the consent of or notice to the Bondholders, adopt Supplemental Resolutions supplementing or amending, or both, this General Resolution or any Supplemental Resolution as follows:

- (a) to provide for the issuance of a Series or multiple Series of Bonds under the provisions of Section 3.09 of this General Resolution and to set forth the terms of such Bonds and the special provisions which shall apply to such Bonds;
- (b) to cure any formal defect, omission, inconsistency or ambiguity in this General Resolution or any Supplemental Resolution;
- (c) to add to the covenants and agreements of the City in this General Resolution or to surrender any right or power reserved or conferred upon the City, and which shall not adversely affect the interests of the Bondholders;
- (d) to confirm, as further assurance, any interest in and to the Revenues or in and to the funds required to be established as provided herein or in and to any other moneys, securities or funds of the City provided pursuant to this General Resolution or to otherwise add additional security for the Bondholders;

(e) to evidence any change in the terms of any Series of Bonds if such changes are authorized by the Supplemental Resolution at the time the Series of Bonds is issued and such change is made in accordance with the terms of such Supplemental Resolution;

(f) to comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended or any statutory provisions substituted therefor;

(g) to modify, alter, amend or supplement this General Resolution or any Supplemental Resolution in any other respect which is not materially adverse to the Bondholders;

(h) to provide for uncertificated Bonds or for the issuance of coupons and bearer Bonds or Bonds registered only as to principal;

(i) to qualify the Bonds or a Series of Bonds for a rating or ratings or an upgrade in a rating or ratings by Moody's, S&P or Fitch or any other nationally recognized rating agency then rating any Series of Bonds; and

(j) to comply with the requirements of the Code as are necessary, in the opinion of Bond Counsel, to prevent the interest on the Bonds or a Series of Bonds from being included in gross income of the recipient for federal income taxation purposes.

Before the City shall, pursuant to this Section 11.02, adopt any Supplemental Resolution, there shall have been delivered to the City an opinion of Bond Counsel stating that such Supplemental Resolution is authorized or permitted by this General Resolution, complies with its terms, will, upon the adoption thereof, be valid and binding upon the City in accordance with its terms and that, with respect to Bonds the interest on which was, at the time of issuance thereof, determined to be excluded from gross income of the recipients thereof for federal income tax purposes, such Supplemental Resolution will not cause the interest on such Bonds to be included in the gross income of such recipients for federal income tax purposes and that, with respect to Bonds the interest on which was, at the time of issuance, determined to be exempt from California personal income taxation, such Supplemental Resolution will not cause the interest on such Bonds to become subject to such taxation.

### Section 11.03 Supplemental Resolutions Requiring Consent of Bondholders.

(a) Except for Supplemental Resolutions adopted pursuant to Section 11.02 and except for Supplemental Resolutions adopted pursuant to Section 11.03(b) below, the City shall not adopt any Supplemental Resolution unless all Insurers and the holders of not less than 51% in aggregate principal amount of the Bonds then Outstanding shall have consented to and approved the adoption of such Supplemental Resolution. With such consents and approval, the City may, from time to time, adopt any Supplemental Resolution deemed necessary or desirable by the City for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in this General Resolution or in a Supplemental Resolution; provided, however, that, unless approved in writing by the holders of all the Bonds which would be affected by such change or unless such change affects less than all Series of

Bonds and the following subsection (b) is applicable, nothing herein contained shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal of or interest on any Outstanding Bonds or (ii) a reduction in the principal amount or redemption price of any Outstanding Bonds or the rate of interest thereon; and provided that nothing herein contained, including the provisions of Section 11.03(b) below, shall, unless approved in writing by the holders of all the Bonds then Outstanding, permit or be construed as permitting (iii) the creation of a lien (except as expressly permitted by this General Resolution as originally executed) upon or pledge of the Revenues created by this General Resolution, ranking prior to or on a parity with the claim created by this General Resolution, or (iv) except with respect to additional security which may be provided for a particular Series of Bonds, a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (v) a reduction in the aggregate principal amount of Bonds the consent of the Bondholders of which is required prior to the adoption of a Supplemental Resolution.

(b) The City may, from time to time and at any time adopt a Supplemental Resolution which amends the provisions of an earlier Supplemental Resolution under which a Series or multiple Series of Bonds were issued. If such Supplemental Resolution is adopted for one of the purposes set forth in Section 11.02, no notice to or consent of the Bondholders shall be required. If such Supplemental Resolution contains provisions which affect the rights and interests of less than all Series of Bonds Outstanding and Section 11.02 is not applicable, then this subsection (b) rather than subsection (a) above shall control and, subject to the terms and provisions contained in this Section 11.03, the holders of not less than 51% in aggregate principal amount of the Bonds of all Series which are directly affected by such changes and all Insurers of Bonds of such Series which are directly affected shall have the right from time to time to consent to and approve the adoption of any Supplemental Resolution deemed necessary or desirable by the City for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in such Supplemental Resolution and affecting only the Bonds of such Series; provided, however, that, unless approved in writing by the holders of all the Bonds which would be affected by such change, nothing herein contained shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal of or interest on any Outstanding Bonds of such Series or (ii) a reduction in the principal amount or redemption price of any Outstanding Bonds of such Series or the rate of interest thereon.

(c) If Bondholders of not less than the percentage of Bonds required by this Section 11.03 shall have consented to and approved the adoption thereof as herein provided, no Bondholders shall have any right to object to the adoption of such Supplemental Resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the City from adopting the same or from taking any action pursuant to the provisions thereof.

Section 11.04 Effect of Supplemental Resolution. Upon the adoption of any Supplemental Resolution pursuant to the provisions of this Article XI, this General Resolution or the Supplemental Resolution shall thereupon be modified and amended in accordance therewith

and shall be binding upon all Holders of Bonds issued under this General Resolution, and the respective rights, duties, and obligations under this General Resolution and the Supplemental Resolution of the City, and all Bondholders shall thereafter be determined, exercised and enforced under this General Resolution and the Supplemental Resolution, if applicable, subject in all respects to such modifications and amendments.

Section 11.05 Supplemental Resolutions to Be Part of This General Resolution. Any Supplemental Resolution adopted in accordance with the provisions of this Article XI shall thereafter form a part of this General Resolution or the Supplemental Resolution which it supplements or amends, and all of the terms and conditions contained in any such Supplemental Resolution shall be part of the terms and conditions of this General Resolution or the Supplemental Resolution which it supplements or amends.

## ARTICLE XII

### MISCELLANEOUS PROVISIONS

Section 12.01 Parties in Interest. Except as herein otherwise specifically provided, nothing in this General Resolution expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the City, the Bondholders, the Insurers and any agents appointed as described herein any right, remedy or claim under or by reason of this General Resolution. This General Resolution is for the sole and exclusive benefit of the City, the Bondholders, the Insurers and any such agents.

Section 12.02 Severability. In case any one or more of the provisions of this General Resolution, any Supplemental Resolution or of any Bonds issued hereunder shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this General Resolution, Supplemental Resolution or of the Bonds, and this General Resolution, any such Supplemental Resolution and any Bonds issued hereunder shall be construed and enforced as if such illegal or invalid provisions had not been contained herein or therein.

Section 12.03 No Personal Liability of City Officials. No covenant or agreement contained in the Bonds or in this General Resolution shall be deemed to be the covenant or agreement of any present or future official, officer, agent or employee of the City in his individual capacity, and neither the officers of the City nor any person executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 12.04 Execution of Instruments; Proof of Ownership. Any request, direction, consent or other instrument in writing required or permitted by this General Resolution to be signed or executed by Bondholders or on their behalf by an attorney-in-fact may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders in person or by an agent or attorney-in-fact appointed by an instrument in writing or as provided in the Bonds. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this General Resolution and shall be conclusive in favor of the City with regard to any action taken by it under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments within such jurisdiction, to the effect that the person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness to such execution.

(b) The ownership of Bonds shall be proved by the registration books kept under the provisions of Section 3.04 hereof.

Nothing contained in this Section 12.04 shall be construed as limiting the City to such proof. The City may accept any other evidence of matters herein stated which it may deem sufficient. Any request, consent of or assignment by any Bondholder shall bind every future Bondholder of the same Bonds or any Bonds issued in lieu thereof in respect of anything done by the City in pursuance of such request or consent.

Section 12.05 Governing Law. The laws of the State shall govern the construction and enforcement of this General Resolution and of all Bonds issued hereunder.

Section 12.06 Notices. Except as otherwise provided in this General Resolution, all notices, certificates, requests, requisitions or other communications by the City, any Paying Agent or Registrar, pursuant to this General Resolution, shall be in writing and shall be sufficiently given and shall be deemed given when given by Mail, addressed as follows: if the City, to the City of Los Angeles, c/o the City Administrative Officer, 200 North Main Street, Los Angeles, California 90012, Suite 1500; if to a Paying Agent or Registrar, to such address as is designated in writing by it to the City. Any of the foregoing may, by notice given hereunder to each of the others, designate any further or different addresses to which subsequent notices, certificates, requests, or other communications shall be sent hereunder. Any of the foregoing may also be sent by Electronic Means, receipt of which shall be confirmed.

Section 12.07 Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this General Resolution, shall not be a Business Day, such payment may, unless otherwise provided in this General Resolution or, with respect to any Series of Bonds or portion of Series of Bonds, provided in the Supplemental Resolution under which such Bonds are issued, be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this General Resolution, and no interest shall accrue for the period from such nominal date to the next Business Day.

Section 12.08 Validity of Bonds Not Affected by Acts of the City. The validity of the authorization and issuance of the Bonds by the City shall not be dependent upon or affected in any way by:

(a) Proceedings taken by the City for the acquisition, construction or completion of any Project or any part thereof;

(b) Any contracts made in connection with the acquisition, construction or completion of any Project; or



(c) The failure to complete any Project or any portion thereof for which the Bonds are authorized to be issued.

Section 12.09 [Reserved].

Section 12.10 Effective Date. This Amended and Restated General Resolution shall take effect from and upon its adoption.

**EXHIBIT A-2**

**MARKED COPY OF AMENDED AND RESTATED SENIOR GENERAL RESOLUTION**

THE CITY COUNCIL OF THE CITY OF LOS ANGELES

AMENDED AND RESTATED  
WASTEWATER SYSTEM REVENUE BONDS  
GENERAL RESOLUTION

Adopted by  
the City Council  
~~November 10, 1987~~

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## ARTICLE I

### DEFINITIONS; INTERPRETATION

Section 1.01 Definitions. The terms defined in this Article I shall, for all purposes of this General Resolution and all Supplemental Resolutions into which such definitions may be incorporated, have the meanings specified unless the context clearly requires otherwise;

“Accrued Interest” shall mean, for any calendar month, the amount of interest which has accrued or will accrue on a Series of Outstanding Bonds during that month less (i) any interest which accrues during such period, but is to be paid from moneys or Permitted Investments or the earnings thereon, which moneys or Permitted Investments are on deposit in a separate fund or account or are otherwise segregated for such purpose and (ii) interest which has accrued but is not due and payable within the 12-month period immediately following such accrual; for purposes of this definition interest which has accrued but is not due and payable within the 12-month period immediately following such accrual shall be included as Accrued Interest in 12 equal consecutive monthly installments commencing in the twelfth month preceding the payment date; with respect to the calculation of the amount to be deposited into the Debt Service Fund for any given month for any Series of Bonds the interest rate on which will or may fluctuate from the date of calculation to the end of such calendar month, interest after the calculation date, for purposes of calculating Accrued Interest for such month, will be assumed to accrue at a rate equal to 110% of the rate of interest on such Bonds on the date of calculation; for purposes of determining any Deficiency or Excess, interest accruing on fluctuating rate Bonds for any prior month shall be calculated at the actual rate or rates for such month.

“Accrued Principal” shall mean, for any calendar month, the amount of principal which has “accrued” or will “accrue” on a Series of Outstanding Bonds during that month less any principal which accrues during such period but is to be paid from moneys or Permitted Investments or the earnings thereon, which moneys or Permitted Investments are on deposit in a separate fund or account or are otherwise segregated for such purpose; for purposes of this definition, it shall be assumed that principal accrues in 12 equal monthly installments commencing in the twelfth month preceding the date on which payment is due, except that (i) with respect to principal on a Series of Bonds which is payable more frequently than annually, principal shall accrue in equal monthly installments from one payment date to the next and (ii) if the first principal payment date on a Series of Bonds is less than 12 months after the issuance of such Series, principal due on such first payment date shall accrue in equal monthly installments from the date of issuance to the first payment date and (iii) with respect to Balloon Indebtedness and commercial paper which is intended at the time of issuance to be paid with the proceeds of a corresponding issue of commercial paper, the entire principal amount shall be deemed to accrue in the month in which such Balloon Indebtedness or commercial paper is due and payable and not in monthly installments prior to such date. In all events, principal shall be determined to accrue in amounts sufficient to assure that the full amount due on any principal payment date and to be paid from the Debt Service Fund will be on deposit in the Debt Service Fund on the payment date. For purposes of determining “Accrued Principal,” a payment to be made on the basis of an accreted value shall be deemed a principal payment. If Bonds have been declared to be due and payable as provided in Section 9.02, then in each calendar month, the entire unpaid principal of all Bonds which have been accelerated under Section 9.02 shall be deemed to have accrued in that calendar month.

“Aggregate Accrued Interest” shall mean, for any calendar month, the sum of the Accrued Interest for that month for all Series of Outstanding Bonds.

“Aggregate Accrued Principal” shall mean, for any calendar month, the sum of the Accrued Principal for that month for all Series of Outstanding Bonds.

“Annual Debt Service” shall mean, with respect to any Bonds and for any Fiscal Year, the aggregate amount of Debt Service on such Bonds becoming due and payable during such Fiscal Year (or assumed to be due and payable under the definition of “Debt Service”).

“Authenticating Agent” shall mean a person or entity, other than the Treasurer, which person or entity is authorized to authenticate Bonds ~~or a~~of any Series ~~of Bonds~~ in place of or in addition to the Treasurer.

“Authorized City Representative” shall mean the Mayor, the City Administrative Officer, or the Treasurer of the City, or such other officer or employee of the City or other person who has been designated as such representative by resolution of the Council.

“Average Annual Debt Service” shall mean as of any date of calculation, the quotient obtained by dividing (1) the sum of the Annual Debt Service on all Bonds for all Fiscal Years during the period commencing with the Fiscal Year in which such calculation is made and terminating in the last Fiscal Year in which any Debt Service on any Bonds is due, by (2) the number of such Fiscal Years.

“Authorized Denomination” shall mean, with respect to any Series of Bonds, any denomination authorized by the Supplemental Resolution under which ~~such~~ Bonds of such Series are issued.

~~“Balloon Indebtedness” shall mean, with respect to any Series of Bonds designated as “Balloon Indebtedness” by the City in a certificate at the time of issuance of such Series and with respect to which twenty-five percent (25%) or more of the principal matures on the same date or within a 12-month period, that portion of such Series which matures on such date or within such 12-month period; provided, however, that to constitute Balloon Indebtedness the amount of indebtedness maturing on a single date or over a 12-month period must equal or exceed 150% of the amount of such Series which matures during any preceding 12-month period. For purposes of this definition, the principal amount maturing on any date shall be reduced by the amount of such indebtedness which is required, by the documents governing such indebtedness, to be amortized by prepayment or redemption prior to its stated maturity date.~~

~~“Beneficial Owners” shall mean, with respect to Bonds in certificated form which are held by the Registered Owner for investors who either directly or through others own interests therein, the owners of such interests and, with respect to a Bond issued in the form of a contract, lease or other obligation in which the ownership interest has been fractionalized and there have been delivered certificates or other instruments evidencing fractionalized ownership interests therein, the owners of the certificates or other instruments evidencing such ownership interests. In order to be entitled to the rights granted to Beneficial Owners hereunder, any entity claiming to be a Beneficial Owner must prove such status by delivering to the Registrar or the City, as the case may~~

~~be, a written certificate of the Registered Owner through which such ownership interest is claimed evidencing such person's ownership interest in a specified Bond or Bonds.~~

"Bond" or "Bonds" shall mean bonds, notes and other indebtedness, obligations or securities of any kind or class issued or incurred as provided in Article III of this General Resolution and secured by this General Resolution and by the pledge of the Revenues granted hereby. The term "Bonds" includes, but is not limited to, obligations in the form of bonds, notes, ~~contracts, lease obligations,~~ bond anticipation notes, commercial paper and certificates of participation. "Bond" or "Bonds" shall not include any subordinated obligations incurred by the City as permitted by Section 6.06.

"Bond Counsel" shall mean a firm of attorneys which ~~are~~is nationally recognized as experts in the area of municipal finance.

"Bondholder," "Holder," "Owner" or "Registered Owner" shall mean at any given time the person in whose name a Bond or Bonds of any Series are at such time registered on the books maintained by the City or its Registrar. ~~Beneficial Owners are not Bondholders, Holders, Owners or Registered Owners within the meaning of this General Resolution and shall, except as specifically provided herein, derive their rights only through the entity which is the Registered Owner of the Bond in which they are a Beneficial Owner.~~

"Build America Bonds" ~~means~~shall mean any bonds or other obligations issued as Build America Bonds under Section 54AA of the Code, or under any other provisions of the Code, that creates, in the determination of the City, a substantially similar direct-pay subsidy program that provides comparable security for the Owners thereof.

"Business Day" shall mean ~~a~~(i) with respect to the Series \_\_\_\_\_ Bonds and any Series of Bonds issued after the Series \_\_\_\_\_ Bonds, any day excluding Saturday, Sunday and any day which is a legal holiday under the laws of the State of California or the City or is a day on which banking institutions in the State of California or the City are authorized or required by law or other governmental action to close, and (ii) with respect to Bonds of any Series issued before the date of issuance of the Series \_\_\_\_\_ Bonds, any day on which banks located in New York, New York and in Los Angeles, California are open; provided that, with respect to both (i) and (ii) above, such term may have a different meaning for any specified Series of Bonds if so provided by Supplemental Resolution.

"Capitalized Interest" shall mean the amount of interest, if any, on a Series of Bonds which is paid from proceeds of the Bonds.

"Charter" shall mean the Charter of the City of Los Angeles as from time to time amended under which the City is organized and operates.

"City" ~~means~~shall mean the City of Los Angeles, California.

"City Administrative Officer" shall mean the City Administrative Officer of the City or any Assistant City Administrative Officer.

“City Attorney” shall mean the Office of the City Attorney of the City including the City Attorney, any Assistant City Attorney and any Deputy City Attorney or any other legal counsel designated by the City.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Construction Fund” shall mean any of the Construction Funds created as described in Section 5.06 ~~including the General Construction Fund~~hereof.

“Consultant” shall mean the consultant, consulting firm, engineer, architect, engineering firm, architectural firm, accountant or accounting firm retained by the City to perform acts and carry out the duties provided for such Consultant in this General Resolution. ~~Such consultant, consulting firm, engineer, architect, engineering firm, architectural firm, accountant or accounting firm shall be nationally recognized within its profession for work of the character required.~~

“Council” shall mean the City Council of the City of Los Angeles.

“Debt Service” shall mean, as of any date of determination and with respect to any Fiscal Year, the sum of (1) the interest scheduled to be due on any Bonds during such Fiscal Year, (2) the principal or scheduled mandatory redemption payments required to be paid with respect to such Bonds during such Fiscal Year, and (3) any other regularly scheduled payments of Bonds during such Fiscal Year to the extent not included in clauses (1) and (2) of this definition, all of which are to be computed on the assumption that no portion of such Bonds shall cease to be Outstanding during such Fiscal Year except by reason of the application of such scheduled payments; provided, however, that for purposes of such calculation:

(i) if any of the Outstanding Series of Bonds constitutes Tender Indebtedness or if Bonds then proposed to be issued would constitute Tender Indebtedness, then, for purposes of determining Debt Service, Tender Indebtedness shall be treated as if the principal amount of such Bonds were to be amortized in substantially equal annual installments of principal and interest over a term of 30 years commencing in the year in which such Series is first subject to tender; the interest rate used for such computation shall be the rate quoted in The Bond Buyer Revenue Bond Index for the last week of the month preceding the date of calculation, as published in The Bond Buyer, or if that index is no longer published another similar index selected by the City, or if the City fails to select a replacement index, an interest rate equal to 80% of the yield as of the date of calculation for United States Treasury bonds maturing at least 25 years after the date of such calculation, or if there are no such Treasury bonds having such maturities, 100% of the lowest prevailing prime rate of any of the five largest commercial banks in the United States ranked by assets; with respect to all principal and interest payments becoming due prior to the year in which such Tender Indebtedness is first subject to tender, such payments shall be treated as described in (i) above unless the interest during that period is subject to fluctuation, in which case, the interest becoming due prior to such first tender date shall be determined as provided in (iv) below;

(ii) if any of the Outstanding Series of Bonds constitutes Variable Rate Indebtedness or if Bonds proposed to be issued would constitute Variable Rate

Indebtedness (except to the extent subsection (i) relating to Tender Indebtedness), then, such Series of Bonds shall be assumed to bear interest at the rate quoted in The Bond Buyer Revenue Bond Index for the last week of the month preceding the date of calculation of Debt Service, as published in The Bond Buyer, or if that index is no longer published, another similar index selected by the City, or if the City fails to select a replacement index, an interest rate equal to 80% of the yield for outstanding United States Treasury bonds having an equivalent maturity as the then Outstanding Bonds for which the interest rate is to be assumed or having an equivalent maturity as the additional Bonds proposed to be issued, or if there are no such Treasury bonds having equivalent maturities, 100% of the lowest prevailing prime rate or any of the five largest commercial banks in the United States ranked by assets;

(iii) if moneys or Permitted Investments have been deposited by the City into a separate fund or account or are otherwise held by the City or by a fiduciary to be used to pay principal and/or interest on specified Bonds, then the principal and/or interest to be paid from such moneys or Permitted Investments or from the earnings thereon shall be disregarded and not included in calculating Debt Service; and

(iv) for the purpose of calculating Debt Service, in determining the amount of interest coming due during any twelve-month period ending June 30 on any Series of Bonds that were issued as Direct Subsidy Bonds, such amount shall be reduced by an amount equal to the Refundable Credits the City is scheduled to receive during each such twelve-month period ending June 30 (and to avoid double counting, an equivalent amount shall be deducted from Revenues for the purpose of such calculation).

Notwithstanding any other subsection of this definition of Debt Service, no amounts payable (including any settlement amounts or termination payments) under any interest rate swap agreement constituting a Bond shall be included in the calculation of Debt Service. Except as otherwise provided in this definition of Debt Service, to the extent that any calculation under this definition requires an index, interest rate or other amount to make such calculation, and such index, interest rate or other amount is not published, is not available or is not capable of being included in such calculation, then the City shall use such other index, interest rate, or other amount in its reasonable discretion in order to complete such calculation and that calculation shall be binding on City, the Owners of all Bonds, the Paying Agent and all other affected parties, absent manifest error.

“Debt Service Fund” shall mean the Debt Service Fund described in Sections 5.02 and 5.04.

“Deficiency” shall mean, at any time, the amount by which the sum of the Aggregate Accrued Interest and the Aggregate Accrued Principal for all prior calendar months with respect to unpaid interest and principal on all Outstanding Bonds exceeds the amount on deposit in the Debt Service Fund. For purposes of determining whether any Deficiency exists in the Debt Service Fund, amounts therein which have been segregated to pay Bonds which have previously become due and payable but have not been presented for payment and amounts therein which have been segregated to pay the redemption price of any Bond shall be disregarded.



“Direct Subsidy Bonds” ~~includes~~shall mean Build America Bonds and Recovery Zone Economic Development Bonds.

“Electronic Means” shall mean facsimile transmission, email transmission or other similar electronic means of communication providing evidence of transmission, including a telephone communication confirmed by any other method set forth in this definition.

~~“Emergency Fund” shall mean that fund required to be established as provided in Section 5.02 and used as provided in Section 5.07 for emergency needs of the System.~~

~~“Emergency Fund Requirement” shall mean the sum of \$5,000,000.~~

“Event of Default” shall mean any occurrence or event specified in Section 9.01 hereof.

“Excess” shall mean, at any time, the amount by which the amount on deposit in the Debt Service Fund exceeds the sum of the Aggregate Accrued Interest and Aggregate Accrued Principal for all prior months with respect to unpaid interest and principal on all Outstanding Bonds. For purposes of determining whether any Excess exists in the Debt Service Fund, amounts therein which have been segregated to pay Bonds which have previously become due and payable but have not been presented for payment and amounts therein which have been segregated to pay the redemption price of any Bonds shall be disregarded.

“Expenses” shall mean the total operating expenses of the System as determined in accordance with generally accepted accounting principles except, to the extent such items are included in such operating expenses, depreciation, interest on Outstanding Bonds and amortization of financing expenses.

“Fiscal Year” shall mean the period of time beginning on July 1 of any given year and ending on June 30 of the immediately subsequent year, or such other annual period as the City designates as its fiscal year.

“Fitch” shall mean Fitch Ratings Inc., its successors and their assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized rating agency designated by the City.

“General Resolution” shall mean this “Amended and Restated Wastewater System Revenue Bonds General Resolution” adopted by the Council on ~~November 10, 1987~~\_\_\_\_\_, as amended from time to time.

“Government Obligations” shall mean (i) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States and (ii) securities or receipts evidencing ownership interests in obligations or specified portions (such as principal or interest) of obligations described in (i).

~~“Initial Bonds” shall mean the \$125,000,000 aggregate principal amount of the City of Los Angeles Wastewater System Revenue Bonds Series 1987.~~

“Insurer” shall mean any municipal bond insurance company, bank or other financial institution or organization providing credit enhancement for any one or more Series of Bonds or a portion of a Series of Bonds whether such credit enhancement is in the form of an insurance policy, surety bond, letter of credit, line of credit, revolving credit agreement or other form of financial guaranty or commitment instrument.

“Mail” shall mean either by first-class United States mail, postage prepaid or Electronic Means.

~~“Maximum Annual Debt Service” shall mean, at any point in time, with respect to Bonds then Outstanding, the maximum amount of principal and interest becoming due on the Bonds in the then current or any future Fiscal Year, calculated by the City or by a Consultant as provided in this definition. For purposes of calculating Maximum Annual Debt Service, the following assumptions shall be used to calculate the principal and interest becoming due in any Fiscal Year:~~

~~(i) — in determining the principal amount due in each year, payment shall (except to the extent a different subsection of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made in accordance with any amortization schedule established for such debt, including any scheduled retirement of commercial paper not intended at the time of issuance to be repaid from the sale of a corresponding amount of commercial paper and including any scheduled mandatory redemption or prepayment of Bonds on the basis of accreted value, and for such purpose, the redemption payment or prepayment shall be deemed a principal payment; in determining the interest due in each year, interest payable at a fixed rate shall (except to the extent subsection (ii) or (iii) of this definition applies) be assumed to be made at such fixed rate and on the required payment dates;~~

~~(ii) — if all or any portion or portions of an Outstanding Series of Bonds constitutes Balloon Indebtedness or if all or any portion or portions of a Series of Bonds then proposed to be issued would constitute Balloon Indebtedness, then, for purposes of determining Maximum Annual Debt Service, each maturity which constitutes Balloon Indebtedness shall be treated as if it were to be amortized in substantially equal annual installments of principal and interest over a term of 25 years commencing in the year the stated maturity of such Balloon Indebtedness occurs; the interest rate used for such computation shall be the rate quoted in The Bond Buyer 25 Revenue Bond Index for the last week of the month preceding the date of calculation, as published in The Bond Buyer, or if that index is no longer published, another similar index selected by the City, or if the City fails to select a replacement index, an interest rate equal to 80% of the yield as of the date of calculation for United States Treasury bonds maturing at least 25 years after the date of such calculation, or if there are no such Treasury bonds having such maturities, 100% of the lowest prevailing prime rate of any of the five largest commercial banks in the United States ranked by assets; with respect to any Series of Bonds only a portion of which constitutes Balloon Indebtedness, the remaining portion shall be treated as described in (i) above and, with respect to any Series or that portion of a Series which constitutes Balloon Indebtedness, all payments of principal and interest becoming due prior to the year of the stated maturity of the Balloon Indebtedness shall be treated as described in (i) above;~~

~~(iii) — if any of the Outstanding Series of Bonds constitutes Tender Indebtedness or if Bonds then proposed to be issued would constitute Tender Indebtedness, then, for purposes of determining Maximum Annual Debt Service, Tender Indebtedness shall be treated as if the principal amount of such Bonds were to be amortized in substantially equal annual installments of principal and interest over a term of 25 years commencing in the year in which such Series is first subject to tender; the interest rate used for such computation shall be the rate quoted in The Bond Buyer 25 Revenue Bond Index for the last week of the month preceding the date of calculation, as published in The Bond Buyer, or if that index is no longer published, another similar index selected by the City, or if the City fails to select a replacement index, an interest rate equal to 80% of the yield as of the date of calculation for United States Treasury bonds maturing at least 25 years after the date of such calculation, or if there are no such Treasury bonds having such maturities, 100% of the lowest prevailing prime rate of any of the five largest commercial banks in the United States ranked by assets; with respect to all principal and interest payments becoming due prior to the year in which such Tender Indebtedness is first subject to tender such payments shall be treated as described in (i) above unless the interest during that period is subject to fluctuation, in which case the interest becoming due prior to such first tender date shall be determined as provided in (iv) or (v) below, as appropriate;~~

~~(iv) — if any Outstanding Bonds constitute Variable Rate Indebtedness (except to the extent subsection (ii) relating to Balloon Indebtedness or (iii) relating to Tender Indebtedness apply), the interest rate on such Bonds shall be assumed to be 110% of the greater of (a) the daily average interest rate on such Bonds during the 12 months ending with the month preceding the date of calculation, or such shorter period that such Bonds shall have been Outstanding, or (b) the rate of interest on such Bonds on the date of calculation;~~

~~(v) — if Bonds proposed to be issued will be Variable Rate Indebtedness (except to the extent subsection (ii) relating to Balloon Indebtedness or (iii) relating to Tender Indebtedness apply), then, such Bonds shall be assumed to bear interest at the rate quoted in The Bond Buyer 25 Revenue Bond Index for the last week of the month preceding the date of sale of such additional Bonds, as published in The Bond Buyer, or if that index is no longer published, another similar index selected by the City, or if the City fails to select a replacement index, an interest rate equal to 80% of the yield for outstanding United States Treasury bonds having an equivalent maturity as the additional Bonds proposed to be issued, or if there are no such Treasury bonds having equivalent maturities, 100% of the lowest prevailing prime rate of any of the five largest commercial banks in the United States ranked by assets; and~~

~~(vi) — if moneys or Permitted Investments have been deposited by the City into a separate fund or account or are otherwise held by the City or by a fiduciary to be used to pay principal and/or interest on specified Bonds, then the principal and/or interest to be paid from such moneys, Permitted Investments or from the earnings thereon shall be disregarded and not included in calculating Maximum Annual Debt Service.~~

~~(vii) — For the purpose of calculating Maximum Annual Debt Service, in determining the amount of interest coming due during any twelve-month period ending~~

~~June 30 on any Series of Bonds that were issued as Direct Subsidy Bonds, such amount shall be reduced by an amount equal to the Refundable Credits the City is scheduled to receive during each such twelve month period ending June 30 (and to avoid double counting, an equivalent amount shall be deducted from Revenues for the purpose of such calculation).~~

“Moody’s” shall mean Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized rating agency designated by the City.

“Municipal Code” shall mean the Municipal Code of the City of Los Angeles.

“Net Revenues” shall mean, for any given period, the Revenues for such period less the Expenses for such period, but excluding any profits or losses on the early extinguishment of debt or on the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets.

“Outstanding” or “Bonds Outstanding” or “Outstanding Bonds” when used with respect to Bonds, shall mean all Bonds which have been authenticated and delivered under this Resolution, except:

(a) Bonds cancelled or purchased by the City for cancellation or delivered to or acquired by the City for cancellation and, in all cases, with the intent to extinguish the debt represented thereby;

(b) Bonds or portions of Bonds which have been paid or are deemed to be paid in accordance with Article VIII;

(c) Bonds in lieu of which other Bonds have been authenticated under Section 3.05;

(d) Bonds or portions of Bonds that have become due (at maturity or on redemption, acceleration or otherwise) and for the payment of which sufficient moneys, including interest accrued to the due date, are held by the City or an agent of the City separate and apart for such purpose;

(e) Bonds which, under the terms of the Supplemental Resolution pursuant to which they were issued, are deemed to be no longer Outstanding; and

(f) for purposes of any consent or other action to be taken by the holders of a specified percentage of Bonds under this General Resolution, Bonds held by or for the account of City, unless such Bonds are pledged to secure a debt to an unrelated party, in which case such Bonds shall, for purposes of consents and other Bondholder action, be deemed to be Outstanding and owned by the party to which such Bonds are pledged.

“Paying Agent” or “Paying Agents” shall mean, ~~with respect to the Bonds~~ City Treasurer or any ~~Series of Bonds, the~~ other bank, trust, company or other financial institution, ~~if any, or other~~

~~entities designated as the place or entity which shall make payment on the Bonds or a Series of Bonds and/or the interest thereon instead of or in addition to appointed by the City Treasurer's office.~~

~~"Permitted Encumbrances" shall mean:~~

~~(i) utility, access and other easements and rights of way, restrictions, encumbrances and exceptions which do not materially interfere with or materially impair the operation of the portion of the System affected thereby;~~

~~(ii) any mechanic's, laborer's, materialman's, supplier's or vendor's lien or right in respect thereof if payment is not yet due under the contract in question or if such lien is being contested; and~~

~~(iii) such minor defects and irregularities of title which do not materially adversely affect the value of, or materially impair, the property affected thereby for the purpose for which it was acquired or is held by the City~~

"Permitted Investments" shall mean (i) Government Obligations, (ii) obligations of any state or territory of the United States or any agency or political subdivision thereof rated by S&P, if the Series of Bonds which such Permitted Investments secure is then rated by S&P, and by Moody's, if such Series is then rated by Moody's, at least as high as such Series of Bonds, (iii) obligations of any state or territory of the United States or any agency or political subdivision thereof for the payment of the principal or redemption price of and interest on which there shall have been deposited Government Obligations maturing as to principal and interest at times and in amounts sufficient to provide such payment, (iv) time certificates of deposit issued by a state or nationally chartered bank or trust company or a state or federal savings and loan association, provided that such certificates of deposit shall be (1) continuously and fully insured by the Federal Deposit Insurance Corporation or ~~the Federal Savings and Loan Insurance Corporation or~~ (2) continuously and fully secured by Government Obligations, which securities shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificate of deposit, (v) bankers' acceptances which are issued by a bank or trust company rated "A" or higher by Moody's and S&P; provided that such bankers' acceptances may not exceed 270 days' maturity, (vi) repurchase agreements with any bank or trust company or government bond dealer reporting to, trading with and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by Government Obligations, provided that the underlying securities are required by the repurchase agreement to be held by any such bank, trust company or primary dealer having a combined capital and surplus of at least \$100,000,000 and being independent of the issuer of such repurchase agreement, and provided that the securities are continuously maintained at a market value of not less than the amount so invested, (vii) commercial paper of "prime" quality of the highest or of the highest letter and numerical rating as provided by Moody's and S&P, (viii) investment agreements with (1) any bank or trust company or government bond dealer reporting to, trading with and recognized as a primary dealer by the Federal Reserve Bank of New York, having a combined capital and surplus of at least \$100,000,000, or (2) any corporation that is organized and operating within the United States and that has total assets in excess of \$500,000,000 and that has an "A" or higher rating for its debt, other than commercial paper, as provided by Moody's and S&P, provided that such investment agreements shall be

continuously and fully secured by Government Obligations, which securities shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount so invested ~~and~~ (ix) government money market portfolios or money market funds restricted to obligations issued or guaranteed as to payment of principal and interest by the full faith and credit of the United States, which portfolios, unless held by the Treasurer for five business days or less, shall have a rating in the highest two categories provided by Moody's and S&P. (x) any investment permitted by the investment policy of the City, and (xi) with respect to funds held in funds and accounts required under the terms of a specific Supplemental Resolution or securing specific Bonds or Bonds of a Series, such other securities or investment vehicles as are specified as Permitted Investments under the terms of the Supplemental Resolution creating such funds and accounts or setting forth the terms of such Series.

"Procedural Ordinance" shall mean Article 6.7 of Chapter 1 of Division 11 of the Administrative Code of the City.

"Project" shall mean any purpose for which a Series of Bonds is issued or authorized under the terms of this General Resolution.

"Project Costs" shall mean, with respect to the System, all or any part of the cost of construction, acquisition, alteration, reconstruction, remodeling, maintaining and operating, including, without limiting the generality of the foregoing, all labor, materials, machinery, equipment, lands, structures, real and personal property, rights, rights of way, water rights, air rights, franchises, easements and ~~Interests~~interests acquired or used by the City in connection with the work undertaken; the cost of any demolitions, removals or relocations necessary in connection therewith; financing charges, insurance expenses, Capitalized Interest ~~for such period as shall be determined by the Council, if any,~~ reserves for debt service and reserves for capital and current expenses; the cost of architectural, engineering, financial and legal services, plans, specifications, appraisals, surveys, inspections, estimates of costs and revenues, and other expenses necessary or incident to determining the feasibility or practicality of such undertaking; organizational, professional, administrative, operating and other expenses incurred prior to the commencement of and during such work; costs of the City properly allocated to a Project and with respect to costs of employees or other labor costs, including the cost of medical, pension, retirement and other benefits as well as salary and wages and the allocable cost of administrative, supervisory and managerial personnel and the properly allocable cost of benefits provided for such personnel; costs of equipment, supplies and training of operating personnel and other expense of completing such work and placing the same in operation; working capital, and such other expenses as may be necessary or incidental to a Project, the financing thereof, including, but not limited to, costs and expenses of consultants and advisors including insurance consultants, accountants, engineers and attorneys, printing costs, rating agency fees and expenses, insurance costs and related election expenses and expenses necessary or incidental to placing a Project in operation and all other costs, expenses and charges related directly or indirectly to the System for which the City is otherwise permitted to incur an obligation, including the financing of working capital, whether or not the Project then under consideration involves the acquisition or construction of physical properties.

~~"Rating Agency" shall mean Moody's or S&P.~~



“Rebate Fund” ~~means~~ shall mean any fund created by the City in connection with the issuance of the Bonds or any Series of Bonds for the purpose of complying with the Code and providing for the collection, holding and payment of amounts to the United States of America.

“Recovery Zone Economic Development Bonds” ~~means~~ shall mean any bonds or other obligations issued as Recovery Zone Economic Development Bonds under Section 1400U-2 of the Code, or under any other provisions of the Code, that creates, in the determination of the City, a substantially similar direct-pay subsidy program that provides comparable security for the Owners ~~of the Bonds~~ thereof.

“Refundable Credits” ~~means~~ shall mean (a) with respect to a Series of Bonds issued as Build America Bonds under Section 54AA of the Code or a Series of Bonds issued as Recovery Zone Economic Development Bonds under Section 1400U02 of the Code, in either case the amounts which are payable by the Federal government under Section 6431 of the Code, and which, in the case of Build America Bonds, the City has elected to receive under Section 54AA(g)(1) of the Code, or (b) with respect to a Series of Bonds issued as Build America Bonds or as Recovery Zone Economic Development Bonds, as the case may be, under any other provisions of the Code, that creates, in the determination of the City, a substantially similar direct-pay subsidy program, the amounts of which are payable by the Federal government under applicable provisions of the Code, which, in the case of Build America Bonds, the City has elected to receive under applicable provisions of the Code.

“Registrar” shall mean, with respect to the Bonds ~~or of~~ any Series ~~of Bonds~~, the bank, trust company or other entity, if any, designated to perform the function of Registrar under this General Resolution or any Supplemental Resolution instead of or in addition to the City Treasurer’s office.

“Reserve Fund” shall mean ~~the~~ any Debt Service Reserve Fund created for a Series of Bonds as described in ~~Sections 5.02 and~~ Section 5.05 hereof.

~~“Reserve Fund Insurance Policy” shall mean an insurance policy, a letter of credit or surety bond, deposited in the Reserve Fund in lieu of or partial substitution for cash or securities. Debt backed by the entity providing such Reserve Fund Insurance Policy shall be rated in one of the two highest classifications by both Moody’s and S&P (without reference to gradations thereof such as “plus” or “minus”).~~

~~“Reserve Fund Requirement” shall mean an amount equal to Maximum Annual Debt Service with such modification in the assumptions therefor as are described in this definition. For purposes of determining the Reserve Fund Requirement, the annual debt service with respect to any Variable Rate Indebtedness shall, upon the issuance of such Series, be calculated on the basis of the assumptions set forth in subsection (v) of the definition of Maximum Annual Debt Service, and the amount so determined shall not require adjustment thereafter except as appropriate to reflect reductions in the Outstanding principal amount of such Series. For purposes of the Reserve Fund Requirement, the annual debt service requirements assumed at the time of issuance of a Series of Bonds containing Balloon Indebtedness or Tender Indebtedness shall not, with respect to such Series, require subsequent increases.~~

“Revenue Bond Law” shall mean the Revenue Bond Law of 1941, §§54300 et seq. of the California Government Code.

“Revenues” shall mean all revenues of the SCM Fund and revenues otherwise attributable to the System, including, but not limited to, those revenues currently arising as a result of the imposition of sewer service charges, industrial waste surcharge and inspection fees, sewage disposal contract charges, sewerage facility charges and bonded sewer fees and all other income and receipts derived by the City from the ownership or operation of the System or arising from the System and including amounts attributable to extensions, additions and improvements to the System and all other amounts received by the City in payment for providing wastewater collection, treatment and/or disposal services; and all earnings received from the investment of the SCM Fund, and the Debt Service Fund, ~~the Reserve Fund and the Emergency Fund~~; provided, however, that Revenues shall not include:

- (1) any amount received from the levy or collection of taxes;
- (2) amounts received under contracts or agreements with governmental or private entities and designated for capital costs;
- (3) grants received from the United States of America ~~or~~ from the State of California or other political bodies;
- (4) earnings on the Construction Funds and on any Reserve Fund;
- (5) the proceeds of borrowings; and
- (6) proceeds of insurance.

“SCM Fund” shall mean, collectively, the City’s Sewer Construction and Maintenance Fund, Sewer Operation and Maintenance Fund, and Sewer Capital Fund established under the terms of the City’s Municipal Code as special funds in the City Treasury into which the Revenues are to be deposited and such term also includes any other fund or series of funds into which Revenues are deposited.

“Series” when used with respect to Bonds, shall mean Bonds issued at the same time or sharing some other common term or characteristic and designated as a separate Series.

“Series \_\_\_\_\_ Bonds” shall mean [TO COME].

“S&P” shall mean Standard & Poor’s Corporation, a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the City.

“State” shall mean the State of California.

“Subordinate Bonds” shall mean bonds and other obligations issued pursuant to the Subordinate Resolution.



“Subordinate Resolution” shall mean the Amended and Restated Wastewater System Subordinate Revenue Bonds General Resolution, adopted by the City Council on \_\_\_\_\_, as amended from time to time.

“Supplemental Resolution” shall mean any supplemental resolution adopted by the Council providing for the issuance of a Series or multiple Series of Bonds, amending and/or supplementing this General Resolution or amending and/or supplementing another Supplemental Resolution.

“System” ~~means~~shall mean the City’s entire wastewater collection, transportation, drainage, treatment and disposal system, including all sewers, pipes, buildings, systems, ~~plants~~plants, works, equipment, improvements and other facilities or undertakings of the City relating to the collection, transportation, treatment and disposal of sewage, wastewater, industrial wastewater and infiltration/inflows incidental thereto, including those facilities in existence at the time of adoption of this General Resolution and any and all subsequent additions, extensions, improvements, acquisitions and replacements thereto and all facilities and undertakings relating to or useful in connection with the construction, improvement, replacement, expansion, extension, operation and maintenance of the System. The term System more specifically includes, but is not limited to, sewage and wastewater treatment and disposal plants, sewage pumping plants, water reclamation plants, sewer maintenance yards-and headquarters, intercepting and collecting sewers, outfall sewers, trunk, connecting, relief and other sewer mains and additions to, alterations of and reconstruction of, any of them and the lands, rights of way, pipe, conduits, equipment, machinery, apparatus, and property necessary therefor.

“Tender Indebtedness” shall mean any Bonds or portions of Bonds a feature of which is an option, on the part of the Bondholders, or an obligation, under the terms of such Bonds, to tender all or a portion of such Bonds to the City, a ~~paying~~Paying Agent or other fiduciary or agent for payment or purchase and requiring that such Bonds or portions of Bonds be purchased if properly presented. ~~Tender Indebtedness also includes maturities of commercial paper which are intended at the time of issuance to be paid from the proceeds of a corresponding issue of commercial paper.~~

“Treasurer” shall mean the Treasurer of the City or any deputy treasurer.

“Variable Rate Indebtedness” shall mean any portion of indebtedness the interest rate on which is ~~not established at the time of incurrence of such indebtedness and has not, at some subsequent date, been established at a rate which is not~~ subject to fluctuation or subsequent adjustment.

Section 1.02 Cross References. Except as otherwise indicated, references to Articles and Sections are to the Articles and Sections of this Resolution.

Section 1.03 Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words importing the singular number shall include the plural and vice versa, and words importing person shall include firms, associations and corporations, including public bodies, as well as natural persons.

Section 1.04 Accounting Terms. Terms used in this General Resolution in an accounting context and not otherwise defined shall have the meaning ascribed to them by generally accepted accounting principles.

Section 1.05 Interpretation of "Principal Amount" Under this General Resolution. Whenever in the General Resolution it is provided that any actions be taken or determinations made on the basis of the principal amount of Bonds Outstanding or the principal amount of Bonds affected by an action, including the calculation of the principal amount of ~~any Capital Appreciation Bonds at any given time shall be equal to the Accreted Value thereof as of the most recent Interest Payment Date. For~~ purposes of Section 9.02 of the General Resolution, if the ~~declaring~~ principal of ~~the Bonds is accelerated~~ due and payable pursuant to Article IX, the ~~calculation of the~~ principal amount of ~~the Capital Appreciation~~ any Bonds becoming due as a result thereof that accrete interest shall be determined pursuant to the Accreted Value terms of such Bonds Supplemental Resolutions.

## ARTICLE II

### PLEDGE TO SECURE BONDS; SOURCE OF PAYMENT

Section 2.01 Pledge of Revenues and Funds. To secure the payment of all Bonds issued pursuant to the terms of this General Resolution, the City hereby pledges to the Owners of the Bonds, and places a first lien upon and assigns to the Owners (1) the Revenues as defined in this General Resolution, including any additional sources of Revenues pledged by Supplemental Resolutions, (2) the Revenues held in the SCM Fund including the earnings on such Revenues and (3) all moneys and securities held in the ~~Reserve Fund, the Debt Service Fund (except as hereinafter described) and the Construction Funds~~. This pledge of and lien upon the Revenues shall be for the equal and proportionate benefit and security of all Bonds issued under the terms of this General Resolution, all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction as to lien or otherwise of any Bond over any other Bonds. Amounts in the Debt Service Fund which have been segregated for the payment of Bonds which have become due and payable or which have been called for redemption but not presented for payment shall be held in trust solely as security for such specific Series of Bonds and be used to pay only such Series of Bonds and shall not be pledged as security for or be available to pay any other Bonds. The ~~pledges~~ pledge and ~~liens~~ lien hereby granted shall remain effective for so long as any Bonds are Outstanding hereunder. Amounts in any Reserve Fund established for any Series of Bonds shall, by the terms of the Supplemental Resolution setting forth the terms of such Series, be pledged to secure the Bonds of such Series in accordance with the terms of such Supplemental Resolution.

~~Section 2.02 Application of Statutory Pledge. It is hereby recognized that one or more Series of Bonds issued hereunder may be issued under the terms of the Revenue Bond Law of 1941, currently at §§54300 et seq. of the California Government Code (the "Revenue Bond Law"); and that the Revenue Bond Law, as now in effect, provides, in part, that bonds issued thereunder are secured by a lien upon the gross revenues of the System and are secured by an exclusive pledge, charge and lien upon all revenues of the enterprise, the City hereby adopts such provisions and imposes the lien described therein with respect to all Bonds issued under this, General Resolution except that, recognizing that the City, under its Charter powers, may provide security for its Bonds~~

~~in such manner as it determines, the City declares that the Revenue Bond Law as so applied (1) shall provide the benefit of the lien on the Revenues to any and all Bonds issued under this General Resolution whether such Bonds are issued under the terms of the Revenue Bond Law or under other law or Procedures and (2) shall not prevent the City from granting liens on such Revenues, which liens are subordinated to the Bonds, as provided in Section 6.06 of this General Resolution.~~

## Section 2.02 [Reserved.]

Section 2.03 No Prior or Parity Pledge. The City hereby represents and ~~states warrants~~ that it has not ~~previously~~ pledged the Revenues, the SCM Fund, or the Debt Service Fund, ~~the Reserve Fund or the Construction Funds~~ nor created any lien thereon, ~~and the~~ with a lien that is on parity or senior to lien on Revenues that is created by this General Resolution. The City covenants that, until all the Bonds issued under the provisions of this General Resolution and the interest thereon shall have been paid or are deemed to have been paid, it will not grant any prior or parity pledge of Revenues, the SCM Fund, or the Debt Service Fund, ~~the Reserve Fund or the Construction Funds~~ or create or permit to be created any charge or lien on the Revenues ranking prior to or on a parity with the charge and lien which secures the Bonds issued pursuant to this General Resolution. The City may, as provided in Section 6.06, create or permit to be created a charge or lien on the Revenues ranking junior and subordinate to the charge and lien which secures the Bonds issued pursuant to this General Resolution, including, without limitation, the Subordinate Resolution.

Section 2.04 Special Obligations. The Bonds shall be and are special, limited obligations of the City and the City is obligated to pay the principal of, premium, if any, and interest on the Bonds solely from the Revenues and from amounts in the SCM Fund, and the Debt Service Fund and, with respect to the Bonds of an individual Series, from any Reserve Fund ~~and the Construction Funds created for such Series.~~ The general fund of the City is not liable for the payment of the ~~Principal~~ principal of, interest on or premium, if any, on the Bonds. Neither the full faith and credit nor the taxing power of the City is pledged to payment of the Bonds and the Owners shall not have any ability to compel the exercise of the taxing power of the City or the forfeiture of any of its property. The City's limited obligation to make payment on the Bonds does not create a debt of the City or legal or equitable pledge, charge, lien or encumbrance, upon any of the City's property, or upon any of its income, receipts or revenues except the Revenues and amounts in the Debt Service ~~Fund~~ Funds and, to the extent provided by Supplemental Resolution, amounts in any Reserve Fund and Construction Funds.

## ARTICLE III

### ISSUANCE OF BONDS AND TERMS THEREOF

Section 3.01 Issuance of Bonds; Form of Bonds. Bonds of any Series may be issued by the City under the terms of this General Resolution from time to time and secured hereby for any ~~Purpose~~ purpose related to the System that the City deems appropriate. Bonds of any Series may be issued under this General Resolution and secured hereby only if the provisions of Section 3.09 are satisfied.

The Bonds of any Series may be ~~in certificated or uncertificated form, and Bonds which are issued in certificated form may be freely transferable or may be immobilized and held by a custodian for the Beneficial Owners, all as shall be set forth or permitted in~~ issued in such denominations as provided by the Supplemental Resolution ~~providing for the issuance of such Bonds creating such Series, in fully registered or bearer form, with or without coupons or in fully registered book-entry form.~~ The Bonds of any Series may have notations, legends or endorsements required by law or usage. In addition, Bonds of each Series may be in any of the forms, but are not limited to forms described, in the definition of Bonds in Section 1.01, and may be ~~issued publicly or to banks, other financial institutions, corporations, creditors or suppliers providing money, goods, facilities or services to the City for the benefit of or used in connection with the System~~ sold as provided in the ~~applicable~~ Supplemental Resolution ~~and in all cases subject to compliance with the provisions of Section 3.09 of this General Resolution, and the City may authorize the owner of any such obligations to issue certificates of participation or other instruments representing ownership interests in such obligations~~ establishing such Series.

Section 3.02 Terms, Designation and Payment. The Bonds of a Series shall be issued in the principal amount, shall bear interest at a rate or rates, including variable or adjustable rates, shall mature and ~~shall~~ may be subject to redemption prior to their respective maturities, all as shall be set forth by Supplemental Resolution. The Bonds of each Series issued under the provisions of this Article shall be designated “~~The City of Los Angeles Wastewater System Revenue~~” [Bonds, Notes, ~~Lease Obligations~~ or other designation], ~~Series~~” inserting appropriate identifying descriptions, series letter, number, year, word or words and including such other characteristics or designations as may be provided by a Supplemental Resolution.

Payments with respect to the Bonds of each Series shall be made as provided in the Supplemental Resolution providing for the issuance of Bonds of such ~~Bonds~~ Series or as provided in the Bonds of such Series, which provisions shall include the designation of the currency in which such payments shall be made.

Section 3.03 Execution and Authentication. The Bonds, ~~if in certificated form, of any Series~~ will be ~~signed~~ executed for the City as provided in the Supplemental Resolution. Each Bond ~~which is in certificated form of any Series~~ shall have an authentication certificate thereon which shall read substantially as follows:

The [Treasurer of the City of Los Angeles] [\_\_\_\_\_,  
as duly authorized Authenticating Agent] certifies that this is one of the Bonds referred to  
in the General Resolution and \_\_\_\_\_ Supplemental Resolution referred  
to herein.

By \_\_\_\_\_

The Bonds, ~~if in certificated form, of any Series shall be delivered~~ following execution by the City, ~~shall be delivered~~ to the Treasurer for authentication and delivery unless an Authenticating Agent has been appointed for asuch Series, in which case the Bonds of such Series shall be delivered to the Authenticating Agent. In case any officer of the City whose signature or whose facsimile signature shall appear on ~~any~~ Bonds of any Series shall cease to be such officer before the authentication and delivery of ~~such~~ Bonds of such Series, such signature or the facsimile

signature thereof shall nevertheless be valid and sufficient for all purposes the same as if he or she had remained in office until authentication and delivery. Also, if a person signing a Bond of any Series is the proper officer on the actual date of execution, the Bond of such Series will be valid even if that person is not the proper officer on the nominal date of action and even though, at the date of this General Resolution or any Supplemental Resolution, such person was not such officer.

Bonds ~~in certificated form~~ of any Series will not be valid until the Treasurer or an Authenticating Agent ~~manually signs~~ executes the certificate of authentication on the Bond of such Series by manual or facsimile signature. Such signature will be conclusive evidence that the ~~Bond~~ Bonds of such Series has been authenticated under this General Resolution.

The City may appoint an Authenticating Agent to authenticate Bonds ~~of any Series and~~ may appoint different Authenticating Agents for different Series of Bonds. An Authenticating Agent may authenticate Bonds of any Series whenever the Treasurer may do so. Each reference in this General Resolution to authentication by the City or by the Treasurer includes authentication by such agent.

Bonds of any Series issued under this General Resolution may be issued in uncertificated form, in which case the procedures for issuance and delivery and evidence of validity, ownership, transfer and exchange shall be as provided in a Supplemental Resolution, ~~and neither the provisions of this Section nor any other provision of this General Resolution shall be deemed to prohibit or restrict the issuance of uncertificated Bonds.~~

Section 3.04 Bond Register. ~~With~~ Unless otherwise provided in a Supplemental Resolution, with respect to each ~~series~~ Series of Bonds issued in registered form, the office of the Treasurer or a Registrar will keep a register of the Bonds of such Series and of their transfer and exchange. At reasonable times and under reasonable regulations established by the City or the Registrar, any of such lists of Bondholders may be inspected by any Bondholder ~~or Beneficial Owner~~ (or a properly designated representative thereof) which owns \$1,000,000 or more in principal amount of Bonds (or beneficial interest therein) then Outstanding. Bonds of any Series may be presented to the ~~office of the~~ Treasurer or to the Registrar as provided by Supplemental Resolution for registration, transfer and exchange, as provided in Section 3.06. The City and any Paying Agent shall treat the Bondholder, as shown on the registration books kept by the City or the Registrar, as the person exclusively entitled to payment of principal, premium, if any, and interest and the exercise of all other rights and powers of the Bondholder.

#### Section 3.05 Mutilated, Lost, Stolen or Destroyed Bonds.

(a) In the event any Bond of any Series is mutilated or defaced but identifiable by number and description, the City shall execute and the Treasurer or an Authenticating Agent shall authenticate and deliver a new Bond of like Series, date, interest rate and maturity as and in a denomination equal to the unpaid amount of such Bond, upon surrender thereof to the City or its agent; provided that there shall first be furnished to the City or its agent clear and unequivocal proof satisfactory to the City or its agent that the Bond has been mutilated or defaced to such an extent as to impair its value to the Bondholder. The City or its agent shall then cause proper record to be made of the cancellation of the original, and thereafter the substitute shall have the validity of the original.

(b) In the event any Bond of any Series is lost, stolen or destroyed, the City may execute and the Treasurer or an Authenticating Agent may authenticate and deliver a new Bond of like Series, date and maturity as and in a denomination equal to the unpaid amount of the Bond lost, stolen or destroyed; provided that there shall first be furnished to the City or its agent evidence of such loss, theft or destruction satisfactory to the City or its agent, together with indemnity satisfactory to them.

(c) The City and any agents may charge the Holder of any such Bond described in (a) or (b) above; the cost of preparing the substitute Bond, all transfer taxes, if any, and the City's and/or agent's reasonable fees and expenses in this connection. All substitute Bonds issued and authenticated pursuant to this Section shall be issued as a substitute and numbered, if numbering is ~~provided for~~required by the Supplemental Resolution or the City, as determined by the City or its agent. In the event any such Bond shall be about to mature or has matured or been called for redemption, instead of issuing a substitute Bond, the City may pay the same at its maturity or redemption without surrender thereof.

Section 3.06 Registration and Transfer of Bonds; Persons Treated as Owners. All Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form satisfactory to the Treasurer or the Registrar, as the case may be, duly executed by the Bondholder or by his duly authorized attorney.

Except as limited by any Supplemental Resolution, the City or any Registrar also may require payment from the Bondholder of a sum sufficient to cover any tax, or other governmental fee or charge that may be imposed in relation to any transfer or exchange.

Supplemental Resolutions may designate certain limited periods during which Bonds will not be exchanged or transferred.

Bonds delivered upon any exchange or transfer as provided herein, or as provided in Section 3.05, shall be valid obligations of the City, evidencing the same obligation as the Bond surrendered, shall be secured by this General Resolution and shall be entitled to all of the security and benefits hereof to the same extent as the Bond surrendered.

Section 3.07 Destruction of Bonds. Whenever any Outstanding Bonds shall be delivered to the City or its agent for cancellation, upon payment of the principal amount and interest represented thereby or for replacement pursuant to Section ~~3.05~~3.06 or exchange or transfer pursuant to Section 3.06, such Bond shall be cancelled and destroyed by the City or its agent.

Section 3.08 Temporary Bonds. Pending preparation of definitive Bonds of any Series, the City may execute, authenticate and deliver, in lieu of definitive Bonds of such Series and subject to the same limitations and conditions, interim receipts, certificates or temporary bonds which shall be exchanged for the Bonds of such Series.

If temporary Bonds are issued, the City shall cause the definitive Bonds to be prepared and, upon presentation to it of any temporary Bond, shall cancel the same and deliver in exchange therefor at the place designated by the Bondholder, without charge to the Bondholder, definitive Bonds of an equal aggregate principal amount, of the same Series and maturity and bearing interest at the same rate or rates as the temporary Bonds surrendered. Until so exchanged, the temporary



Bonds shall in all respects be entitled to the same benefit and security of this General Resolution as the definitive Bonds to be issued and authenticated hereunder.

Section 3.09 Issuance of Series of Bonds; Supplemental Resolution; Application of Bond Proceeds. The Bonds of each Series shall be issued, at one time or from time to time, pursuant to and in accordance with the procedures set forth in the Charter, the Procedural Ordinance and subject to the conditions of this Section 3.09.

Each Series of Bonds shall be dated, shall mature, shall bear interest, ~~shall~~may be subject to redemption and, shall be amortized, all as provided in the Supplemental Resolution under which such Bonds are issued. In addition, each such Supplemental Resolution may provide for the appointment of an Authenticating Agent, Registrar or Registrars and a Paying Agent or Paying Agents or an Issuing and Paying Agent and for the removal or replacement thereof.

Such Supplemental Resolution may provide that the interest rate on the Series of Bonds and the duration of the periods during which any such interest rate applies may, from time to time, be adjusted and that the Series of Bonds may be purchased upon the demand of the owners thereof or shall be subject to mandatory purchase upon the occurrence of certain events or at certain times; ~~and such.~~ Such provisions relating to interest rate periods and adjustments may include, without limitation, the creation of objective standards for such adjustments and the appointment of agents to apply such standards, and may provide for the procurement of liquidity and credit support facilities with respect to the Bonds.

Each of the following shall be a condition to the issuance of any Series of Bonds under this General Resolution:

(a) the Council shall adopt a Supplemental Resolution ~~providing for the issuance of~~authorizing such Series of Bonds and setting forth the terms of such ~~Bonds and, among other matters, the amount, if any, to be deposited to the credit of the Reserve Fund and the amount, if any, of Bond proceeds to be deposited to the credit of the Debt Service Fund as Capitalized Interest; the City shall upon the issuance of each Series of Bonds be required to make a deposit into the Reserve Fund in an amount sufficient to increase the amount therein to the Reserve Fund Requirement after issuance of such Series of Bonds and the application of the proceeds thereof, provided that any additional deposit to the Reserve Fund required as a result of the issuance of a Series of Bonds may, at the option of the City, be funded over a period not exceeding 12 months from the date of issuance of such Series~~Series of Bonds;

(b) if credit enhancement or liquidity support is to be provided at the time of issuance of the Series, the executed bond insurance policy, surety bond, letter of credit or other liquidity facility or credit support facility, if any, relating to the Series of Bonds shall be delivered to the City or an appropriate fiduciary;

~~(c) the City Attorney shall deliver an opinion to the purchaser of such Series of Bonds to the effect that the issuance of such Bonds has been duly authorized and that all legal conditions precedent to the delivery of such Bonds have been fulfilled, and for Bonds issued subsequent to the Initial Bonds, the City Attorney or Bond Counsel shall deliver an~~

~~opinion to the effect that the issuance of such Series will not adversely affect the priority, validity or enforceability of the lien on the Revenues with respect to Bonds previously issued and then Outstanding;~~

~~(c)~~ ~~(d) for Bonds issued subsequent to the Initial Bonds,~~ the certificate or certificates of the Consultant required by Section 3.11 or, if the Bonds of any Series to be issued are refunding Bonds and the last paragraph of Section 3.11 is applicable, the certificate of the Authorized City Representative described therein;

~~(e) for Bonds issued subsequent to the Initial Bonds,~~

~~(d)~~ a certificate of an Authorized City Representative stating that no Event of Default has occurred and is then continuing; and

~~(e)~~ ~~(f)~~ an opinion of Bond Counsel to the effect that the issuance of such Bonds has been duly authorized, that all legal conditions precedent to the delivery of such Bonds have been fulfilled, that the Bonds are valid and binding obligations of the City in accordance with their terms, and, if it is the intention of the City that interest on the Bonds of such Series is to be excluded from gross income of the recipient for federal income tax purposes, that the interest on the Bonds will be so excluded; and an opinion of Bond Counsel to the effect that the issuance of such Bonds will not adversely affect the tax-exempt status of any previously issued Bonds.

When the conditions mentioned in clauses (a) to ~~(f)~~, inclusive, of this Section shall have been fulfilled, then, upon receipt by the City of payment for the Bonds, the Bonds shall be delivered to or upon the order of the purchasers thereof.

Simultaneously with the delivery of Bonds of any Series, the City shall apply the proceeds of Bonds of such ~~Bonds~~ Series as provided in the Supplemental Resolution.

Section 3.10 Refunding Bonds. There may be issued under and secured by this General Resolution ~~refunding bonds~~ Bonds of ~~the City a~~ Series for the purpose of providing funds for refunding all of the Outstanding Bonds of any one or more Series or a portion of any Series. Such Bonds of such Series shall be issued in accordance with the provisions of Sections 3.09 and 3.11 of this General Resolution.

Section 3.11 Tests for Issuance of Bonds. As a condition to the issuance of any ~~Bonds subsequent to the issuance of any Bonds subsequent to the issuance of the initial~~ Series of Bonds, the City shall first be required to obtain a certificate or certificates prepared by a Consultant or by Consultants showing ~~(i) that the Net Revenues for the immediately preceding Fiscal Year or for any 12 consecutive months out of the 18 consecutive months immediately preceding the issuance of the proposed~~ Series of Bonds were at least equal to 125% of the ~~Maximum Annual Debt Service for all Bonds which will be Outstanding immediately after the issuance of the proposed Bonds and~~ (i) that the estimated Net Revenues for the Fiscal Year immediately following the date of issuance of such Series of Bonds will be at least equal to 125% of Maximum Average Annual Debt Service for all Bonds which will be Outstanding immediately after the issuance of the proposed Series of Bonds. For purposes of preparing the certificate or certificates described above, the Consultant or Consultants may (a) rely upon financial statements prepared by the City, ~~which that~~ have not been



subject to audit by an independent certified public accountant if audited financial statements for the Fiscal Year or period are not available and (b) make such other assumptions as determined reasonable or appropriate by such Consultant or Consultants.

For purposes of the computations to be made as described in ~~subsection (i) and in subsection (ii) of~~ the preceding paragraph, the determination of Net Revenues may take into account any increases in rates and charges which relate to the System and shall take into account any reductions in such rates and charges, which increases or decreases have been authorized by the City to be implemented and which will, ~~for purposes of the test described in (i) of the preceding paragraph,~~ be effective prior to or at the time of issuance of such proposed Series of Bonds ~~and for purposes of the test described in (ii) of the preceding paragraph will be effective during the Fiscal Year for which such estimate is made.~~

The certificate or certificates described above shall not be required if the Series of Bonds being issued are for the purpose of refunding then Outstanding Bonds, and if at the time of the issuance of such Series of Bonds, a certificate of an Authorized City Representative shall be delivered showing that ~~Maximum Average~~ Annual Debt ~~service~~ Service on all Bonds Outstanding after the issuance of the refunding Series of Bonds will not exceed ~~Maximum Average~~ Annual Debt ~~service~~ Service on all Bonds Outstanding prior to the issuance of such Series of Bonds.

#### ARTICLE IV

#### REDEMPTION OF BONDS

Section 4.01 Bonds Redeemable. The Bonds of each Series may be made subject to redemption either in whole or in part and at such times, prices and in such order and under such terms as may be provided by the Supplemental Resolution providing for the issuance of such Bonds. The City may provide for the redemption of Bonds of any Series from any funds available to the City and not obligated for other purposes.

Section 4.02 Selection of Bonds To Be Redeemed. If less than all the Bonds of a Series shall be called for redemption, the Bonds to be redeemed shall be selected from such Series of Bonds as ~~the City shall determine, and, within a Series of Bonds, if less than all of the Bonds of that Series are to be redeemed, Bonds shall be selected as~~ provided in the Supplemental Resolution under which Bonds of such ~~Bonds~~ Series were issued.

Section 4.03 Notice of Redemption. In the event ~~any of the~~ Bonds of any Series are called for redemption, the City, or through its agent, shall give notice, at the times and in the manner specified by Supplemental Resolution, to the Bondholders of the Bonds of a Series to be redeemed, of the redemption of ~~such~~ Bonds of such Series, which notice shall (i) specify the Bonds of a Series to be redeemed, the redemption date, the redemption price and the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds of a Series are to be redeemed, the numbers of the Bonds, and the portions of Bonds, to be redeemed, (ii) state any condition to such redemption and (iii) state that on the redemption date, and upon the satisfaction of any such condition, the Bonds of a Series to be redeemed shall cease to bear interest. Such notice may set forth any additional information relating to such redemption. Notice may provide for purchase in lieu of redemption or conditional redemption as provided by a

Supplemental Resolution. Notwithstanding the foregoing, Supplemental Resolutions may provide for redemption of Bonds of a Series, under certain circumstances, without notice or with notice which differs from that set forth in this section.

Section 4.04 Effect of Redemption Call. On the date so designated for redemption, notice, if required, having been given in the manner and under the conditions provided herein and in the ~~supplemental~~Supplemental Resolution relating to the Bonds of any Series to be redeemed and moneys for payment of the redemption price being held in trust to pay the redemption price, unless otherwise provided in a Supplemental Resolution, the Bonds of such Series so called for redemption shall become and be due and payable on the redemption date, interest on ~~such~~the Bonds of such Series shall cease to accrue, ~~such~~the Bonds of such Series shall cease to be entitled to any lien, benefit or security under this General Resolution and the owners of ~~such~~the Bonds of such Series shall have no rights in respect thereof except to receive payment of the redemption price.

Bonds of any Series which have been duly called for redemption under the provisions of this Article IV and for the payment of the redemption price of which moneys shall be held in trust or irrevocably set aside for the ~~holders~~Holders of the Bonds to be redeemed, all as provided in this General Resolution, shall not be deemed to be Outstanding under the provisions of this General Resolution.

## ARTICLE V

### REVENUES AND FUNDS

Section 5.01 Bonds Secured by Revenues. The Bonds of any Series authorized and issued under the provisions of this General Resolution are, as provided in Article II, secured by a first lien on and pledge of the Revenues. The Revenues shall be deposited and used as provided in this Article V.

Section 5.02 The SCM Fund; Creation of Funds. The City has heretofore created and currently maintains the Sewer Construction and Maintenance Fund, the Sewer Operation and Maintenance Fund and the Sewer Capital Fund (such funds and any other fund or funds into which the Revenues are deposited, the “SCM Fund”) and the City agrees that so long as any Bonds remain Outstanding it will continue to maintain such funds or another special fund or special funds into which all Revenues will be deposited and any and all of such funds into which Revenues are deposited by the City shall be maintained and the amounts therein held and used as provided herein with respect to the SCM Fund and the Revenues therein shall be subject to the pledge set forth herein to secure the Bonds.

In addition, the City agrees to establish and hold ~~the following funds: (1) — A~~a Debt Service Fund which shall be designated as the “Wastewater System Revenue Bonds Debt Service Fund” (the “Debt Service Fund”) and held as security for and used to pay principal and interest on the Bonds as provided in Section 5.04.

~~(2) — A Debt Service Reserve Fund which shall be designated as the “Wastewater System Revenue Bonds Debt Service Reserve Fund” (the “Reserve Fund”) which shall be held and used as provided in Section 5.05.~~

~~(3) — A Construction Fund for each Series of Bonds, each of which shall be designated as a “Wastewater System Revenue Bonds Construction Fund Series \_\_\_\_\_” to identify it by the Series from which it was funded (each, respectively, a “Construction Fund”). Each such Construction Fund shall be funded, held and used as provided in Section 5.06 of this General Resolution and as provided in the Supplemental Resolution pursuant to which the related Series of Bonds is issued. Notwithstanding this provision, no Construction Fund shall be required for a given Series of Bonds if all of the proceeds thereof (except those deposited into the Reserve Fund or the Debt Service Fund) are spent at the time of issuance of such Series or are used to refund Bonds or otherwise the City determines that there is no need to create a Construction Fund for such Series.~~

~~(4) — An Emergency Fund which shall be designated as the “Wastewater System Revenue Bonds Emergency Fund” (the “Emergency Fund”) to be funded, held and used as provided in Section 5.07.~~

~~After the delivery of the Initial Bonds and continuing~~ For as long as any Bonds remain Outstanding, the City agrees that it will deposit all Revenues (except the earnings on the Debt Service Fund ~~and the~~ or any Reserve Fund for which special provision is made in Article VII hereof), as collected, into the SCM Fund. All Revenues in the SCM Fund and all amounts held in or credited to the Debt Service Fund, or any Reserve ~~Fund or any Construction~~ Fund shall be held by the City in trust and applied as provided in this Article V, and, pending such application, such amounts shall be subject to a lien and charge in favor of the Holders of the Bonds issued and Outstanding under this General Resolution as provided in Article II of this General Resolution.

With respect to any of the funds required to be established hereunder or under a Supplemental Resolution, the City may, to accommodate its internal accounting and management systems, create one or more funds, all of which collectively constitute the fund described herein, all of which collectively shall be subject to the lien created hereby upon such fund and all of which collectively shall serve the purposes described herein for such fund.

Section 5.03 The SCM Fund. All Revenues (except the earnings on the Debt Service Fund and ~~the~~ any Reserve Fund for which special provision is made in Article VII hereof) shall be deposited as soon as practicable into the SCM Fund either directly or, with respect to those amounts which are collected by a collection agent, upon transfer to the SCM Fund. Revenues which have been received by a collection agent but not yet deposited into the SCM Fund, shall nevertheless be subject to the restrictions of this Section 5.03 as if they were then on deposit in the SCM Fund. Revenues in the SCM Fund shall be used on an ongoing basis to pay or provide for the ~~ordinary and reasonable~~ expenses of the operation and maintenance of the System including, without limitation, refunds and the ~~reasonable~~ expenses of management, repair and other expenses necessary to maintain and preserve the System in good repair and working order when such amounts become due ~~in the ordinary course of business~~. On or before the twenty-fifth day of each month ~~commencing on November 25, 1987~~, the City shall withdraw from the SCM Fund ~~an amount sufficient to make the deposits described in clauses (1) through (3), inclusive, below and deposit such sum so withdrawn to the credit of the following funds and in the priority listed and to the extent that in any month insufficient amounts are available to make all of such deposits, funds shall be deposited first to the Debt Service Fund and thereafter, if funds remain, to the Reserve Fund and thereafter, if funds remain, to the Emergency Fund: (1) to the credit of the Debt Service~~

~~Fund~~, an amount equal to the Aggregate Accrued Interest and Aggregate Accrued Principal for the current calendar month less any Excess existing on the first day of such calendar month plus (i) any Deficiency existing on the first day of such calendar month and (ii) any amount of interest or principal on Bonds which has become due and has not been paid and for which there are insufficient funds in the Debt Service Fund or another special available fund or account ~~to be used to make such payment~~; established for the purpose of paying any interest or principal on a Series of Bonds pursuant to a Supplemental Resolution.

~~(2) — to the credit of the Reserve Fund, the following amounts, if any: (i) if, as of the most recent valuation of the Reserve Fund, the value thereof was less than the Reserve Fund Requirement and the amount of such deficiency has not previously been restored, then commencing with the first month of the first Fiscal Year following such valuation and continuing until such deficiency has been eliminated (which may be by subsequent valuation) one-twelfth (1/12) of the difference between the Reserve Fund Requirement and the value of the Reserve Fund on such valuation date, plus (ii) if any amount has been withdrawn from the Reserve Fund during the preceding 12 months to prevent a default on the Bonds or to make a deposit into the Rebate Fund, and the Reserve Fund has not subsequently been restored to the Reserve Fund Requirement, an amount equal to one-twelfth (1/12) of the amount so withdrawn plus (iii) if any Bonds have been issued during the preceding 12 months and, at the time of such issuance, the City did not deposit into the Reserve Fund the full amount necessary to increase the amount in the Reserve Fund to the Reserve Fund Requirement and the amount of such deficiency has not previously been deposited into the Reserve Fund, an amount equal to one-twelfth (1/12) of the difference between the Reserve Fund Requirement upon the issuance of such Series of Bonds and the amount deposited into the Reserve Fund at the time of issuance; and~~

~~(3) — to the credit of the Emergency Fund, the following amounts, if any: (i) if, as of the most recent valuation of the Emergency Fund, the value thereof was less than the Emergency Fund Requirement and the amount of such deficiency has not previously been restored, then commencing with the first month of the first Fiscal Year following such valuation and continuing until such deficiency has been eliminated (which may be by subsequent valuation) one-twelfth (1/12) of the difference between the Emergency Fund Requirement and the value of the Emergency Fund on such valuation date plus (ii) if any amount has been withdrawn from the Emergency Fund during the preceding 12 months to pay expenses arising from an emergency or a liability claim, and the Emergency Fund has not subsequently been restored to the Emergency Fund Requirement, one-twelfth (1/12) of the amount so withdrawn.~~

Amounts in the SCM Fund may, from time to time, be used to pay Subordinate Bonds, capital expenses of the System and any other obligations issued on a subordinated basis pursuant to Section 6.06 hereof, or be used for any other lawful purpose related to the System, but only if all of the following conditions are met prior to any such withdrawal:

(a) all operation and maintenance expenses are being or have been paid as they become due;

(b) the monthly deposits to be made into the Debt Service ~~Fund, the Reserve Fund and the Emergency~~ Fund as provided ~~by (1), (2) and (3)~~ above or any Reserve Fund for a Series of Bonds for all prior months have been made in full and no Deficiency exists with respect to the Debt Service Fund or any Reserve Fund;

(c) the amounts which are or will be required to be deposited into the Debt Service Fund, ~~the and any~~ Reserve Fund ~~and the Emergency Fund~~ during the then current calendar month are deposited into such funds or such amounts are segregated within the SCM Fund to be used to make such deposits prior to the withdrawal or use of funds for other purposes under this paragraph; and

(d) after any such withdrawal or segregation as provided in (c) above, there shall remain in the SCM Fund an amount at least equal to the amount reasonably estimated by the City to be needed to provide for the System's operation and maintenance expenses during the next 45 days.

Any amounts in the SCM Fund which are not Revenues may be used or withdrawn at any time without restriction imposed by this General Resolution and such amounts may be withdrawn without regard to the requirements of the preceding paragraph and may be pledged to secure other obligations, it being the intent of this General Resolution that the various funds described in this General Resolution and the balances required to be maintained in the SCM Fund be maintained from the Revenues as defined herein.

Section 5.04 The Debt Service Fund. Amounts in the Debt Service Fund shall be used to pay interest and principal on the Bonds as the same becomes due and payable. If, with respect to one or more Series of Bonds, the City has appointed a Paying Agent then on or before each interest payment date and on or before each principal payment date or redemption date on such Bonds the full amount due shall be withdrawn from the Debt Service Fund and paid to the Paying Agent. With respect to those Bonds for which no Paying Agent has been appointed, principal, interest and the redemption price shall be paid by the City from the Debt Service Fund. Amounts which are held in the Debt Service Fund for the payment of Bonds which are due and payable but which have not been presented for payment and amounts which are in the Debt Service Fund to pay the redemption price of Bonds which have been called for redemption, but which have not been presented for payment shall be so designated, segregated in such fund, held in trust for the Owners of such Bonds and be available only to make payments on such specific Bonds when presented. In addition to the direct payment of principal, interest and redemption price in the manner described above, if interest, principal, or redemption price on a Series of Bonds is paid by or through a ~~farm~~form of credit enhancement provided for such Series of Bonds, amounts in the Debt Service Fund may, if so provided by Supplemental Resolution, be used to reimburse such amounts to the Insurer providing the credit support.

Section 5.05 Reserve Fund. ~~Moneys held in the Reserve Fund shall be used for the purpose of paying principal and interest on the Bonds if on any principal or interest payment date on any Bonds, the amounts in the Debt Service Fund available therefor are insufficient to pay in full the amount then due. Moneys held in the Reserve Fund may also be used to make any deposit required to be made to a Rebate Fund if the City does not have other funds available from which such deposit can be made. The Treasurer shall annually, on or about January 15 of each year,~~

~~commencing January 15, 1989 and at such other times as the City shall deem appropriate, value the Reserve Fund on the basis of the market value thereof. For purposes of determining the amount on deposit in the Reserve Fund, any Reserve Fund Insurance Policy shall be deemed to be a deposit in the face amount of the policy or the stated amount of the credit facility provided, except that if the amount available under a Reserve Fund Insurance Policy has been reduced as a result of a payment having been made thereunder and not reinstated, then, in valuing the Reserve Fund, the value of such Reserve Fund Insurance Policy shall be reduced accordingly. Upon each such valuation, the Treasurer shall prepare a written certificate setting forth the Reserve Fund Requirement as of such valuation date and the value of the Reserve Fund and deliver a copy thereof to the City Administrative Officer. If, upon any valuation, the value of the Reserve Fund exceeds the Reserve Fund Requirement, the excess amount shall be withdrawn and deposited into the Debt Service Fund; if the value is less than the Reserve Fund Requirement, additional deposits shall be made to the Reserve Fund as provided in Section 5.03(2).~~ The City may, by Supplemental Resolution, at the time of authorization of any Series of Bonds or at any time thereafter, provide for the creation of a Reserve Fund, as security for such series. The Supplemental Resolution shall provide for the size and manner of funding and replenishing of such Reserve Fund and shall establish such other terms with respect to such Reserve Fund as the City deems to be appropriate. The provisions for funding or replenishing any Reserve Fund shall not permit any deposit into the Reserve Fund to be made from the SCM Fund unless all payments of principal of and interest on all Bonds which have become due and payable have been paid in full or provision has been made for the payment thereof. Moneys held in a Reserve Fund shall be used for the purpose of paying principal and interest on Bonds of a Series in accordance with the Supplemental Resolution under which the Bonds of such Series are issued and the Reserve Fund created.

~~At such time as a Series of Bonds is to be paid in full or is deemed to be paid in full, if the amount in the Reserve Fund will, as a result thereof, exceed the Reserve Fund Requirement, the excess may at such time be used to pay or provide for the payment of the Bonds of such Series.~~

~~A Reserve Fund Insurance Policy shall not be acceptable in lieu of a deposit of cash or securities into the Reserve Fund unless at the time of such deposit (i) such Reserve Fund Insurance Policy extends to the maturity of the Bonds with respect to which it is deposited or (ii) the City has agreed, by supplemental Resolution, that the City will replace such Reserve Fund Insurance Policy prior to its expiration with another Reserve Fund Insurance Policy or with cash.~~

Section 5.06 The Construction Funds. Each Construction Fund shall be created under the terms of the Supplemental Resolution authorizing the related Series of Bonds. The individual Construction Funds shall be funded with proceeds of the Series of Bonds for which the fund was created and with the earnings thereon. Moneys in the respective Construction Funds shall be used to pay Project Costs or other costs as provided ~~by~~in the Supplemental Resolutions creating such accounts. ~~including making payment from an individual Construction Fund into the General Construction Fund created by Ordinance No. 165924 adopted May 22, 1990 and paying Project Costs from such General Construction Fund~~

Section 5.07 [Reserved.] ~~Amounts on deposit in any and all of the Construction Funds including the General Construction Fund may be used to pay principal and interest on the Bonds of any or all Series if other funds, including amounts in the Reserve Fund, are not sufficient to make such payments.~~



~~Section 5.07—Emergency Fund. At the time of issuance of the Initial Bonds, the City shall establish the Emergency Fund and deposit \$5,000,000 into such fund. Amounts in the Emergency Fund shall be available and shall be used by the City, if other funds are not readily available and sufficient therefor, for the purpose of paying expenses resulting from extraordinary and unexpected events requiring immediate attention in order to repair or replace portions of the System or prevent further damage thereto or to pay liability claims related to the System. Amounts shall be withdrawn from the Emergency Fund only if there is first delivered to the Treasurer a certificate signed by an Authorized City Representative stating that an extraordinary and unexpected event as described in this paragraph has occurred or that an amount is due as a result of a liability claim, that the expense resulting from such event or the claim which is to be paid is in excess of \$500,000, that other funds are not readily available to pay such expense or claim and that the expenditure of such funds has been duly authorized in accordance with City procedures. The Treasurer shall annually, on or about January 15 of each year, commencing January 15, 1989 and at such other times as the City shall deem appropriate, value the Emergency Fund on the basis of the market value thereof. Upon each such valuation, the Treasurer shall prepare a written certificate setting forth the Emergency Fund Requirement as of such valuation date and the value of the Emergency Fund and deliver a copy thereof to the City Administrative Officer. If, upon any valuation, the value of the Emergency Fund exceeds the Emergency Fund Requirement, the excess amount may be withdrawn and deposited into the SCM Fund; if the value is less than the Emergency Fund Requirement, additional deposits shall be made to the Emergency Fund as provided in Section 5.03(3). If the City withdraws funds from the Emergency Fund and such withdrawal reduces the balance in such fund below the Emergency Fund Requirement, then monthly deposits shall be made into such fund as provided in Section 5.03(3).~~

Section 5.08 Moneys Held in Trust; Unclaimed Moneys. All moneys which shall have been segregated within ~~the~~a Debt Service Fund or deposited with a Paying Agent for the purpose of paying any Bonds which have become due and payable, either at the maturity thereof or upon call for redemption, shall be held in trust for the respective holders of such Bonds and such funds shall be held (i) uninvested, (ii) in Government Obligations with a maturity not longer than 30 days or such earlier date on which funds will be needed to make payments on the Bonds ~~or~~ (iii) in repurchase agreements which are fully secured by Government Obligations, or (iv) other investments specified by Supplemental Resolution. Any moneys which shall be so segregated or deposited and which shall remain unclaimed by the Holders of such Bonds for a period of three years after the date on which such Bonds shall have become due and payable (or such longer period as shall be required by state law) shall be released from trust and deposited into the SCM Fund, and thereafter the holders of such Bonds shall look only to the SCM Fund for payment and the City shall be obligated to make such payment, but only to the extent of the original amounts due on such Bonds on the original due date or redemption date and without any interest thereon and the City shall be obligated to make payment only from Revenues.

Section 5.09 Additional Funds. The City may create additional funds under this General Resolution ~~and~~or any Supplemental Resolution for such purposes as the City deems appropriate, including separate funds available only for specified Bonds or Series of Bonds; however, the Revenues may be used to fund such funds only to the extent such amounts are not required to pay operation and maintenance expenses, or to make deposits into the Debt Service Fund, ~~the~~or any Reserve ~~Fund or the Emergency~~ Fund as provided in Section 5.03.

Section 5.10 Additional Security. The Revenues secure all Bonds issued under the terms of this General Resolution on an equal and ratable basis. The City may, however, in its discretion, provide additional security or credit enhancement for specified Bonds or Series of Bonds with no obligation to provide such additional security or credit enhancement to other Bonds.

## ARTICLE VI

### COVENANTS OF THE CITY

Section 6.01 Payment of Principal and Interest. The City covenants and agrees that it will duly and punctually pay or cause to be paid the principal of, premium, if any, and interest on every Bond at the place and on the dates and in the manner herein and in the Bonds specified, according to the true intent and meaning thereof, and that it will faithfully do and perform all covenants and agreements herein and in the Bonds contained and the City agrees that time is of the essence under this General Resolution; provided, however, that the City's obligation to make payment of the principal of, premium, if any, and interest on the Bonds shall be strictly limited and the City shall only be obligated to make such payments from and to the extent of the Revenues and amounts in the SCM Fund, ~~and~~ and, with respect to any individual Series of Bonds, from any Reserve Fund ~~and the Construction Funds~~, and any other source which the City may specifically provide for the Bonds or any Series of Bonds and no Bondholder shall have any right to require payment from any other funds of the City. The general fund of the City is not liable for the payment of the principal of, interest on or premium, if any, on the Bonds. Neither the full faith and credit nor the taxing power of the City is pledged to or will be available to pay the Bonds.

Section 6.02 Performance of Covenants by ~~the~~ City; Authority; Due Execution. The City covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this General Resolution, in any and every Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining hereto. The City ~~covenants~~ represents and warrants that it is duly authorized under the constitution and laws of the State and its Charter to issue the Bonds and pledge the Revenues thereto and that the City has not ~~previously~~ pledged such Revenues to secure any obligations with a lien that is on parity or senior to lien on Revenues that is created by this General Resolution.

#### Section 6.03 Rate Covenant.

(a) The City will, at all times while any of the Bonds remain Outstanding, establish, fix, prescribe and collect rates, fees and charges, and collect other moneys, in each case, in connection with the use of the System so that Revenues and other amounts deposited into or on deposit in the SCM Fund in each Fiscal Year will be at least sufficient to pay the following amounts:

(i) ~~(1)~~ the interest on and principal of the ~~Outstanding~~ outstanding Bonds as they become due and payable;

(ii) ~~(2)~~ all other payments required for compliance with the terms of this General Resolution and of any Supplemental Resolution including, but not limited



to, the required deposits under Section 5.03 of this General Resolution and to the Debt Service Fund, and Reserve ~~Fund and Emergency Fund;~~

~~(3) — all other payments to meet any other obligations of the City which are charges, liens or encumbrances upon, or payable from, the Revenues Funds, if any, created under Supplemental Resolutions;~~ and

(iii) ~~(4)~~ all current operation and maintenance costs of the System (but not including such operation and maintenance costs as are scheduled to be paid by the City from moneys other than Revenues, such moneys to be clearly available for such purpose).

(b) The City further agrees that it will establish, fix, prescribe and collect rates, fees and charges, and collect other moneys, in each case, in connection with the use of the System so that during each Fiscal Year the Net Revenues and other amounts deposited into or on deposit in the SCM Fund are equal to at least 125% of the ~~actual~~scheduled debt service becoming due on Outstanding Bonds in such year provided that for such purposes, the principal amount of Bonds becoming due in such year which is paid from the proceeds of other borrowings shall not be included as debt service becoming due in such year.

For the purpose of calculating ~~actual~~scheduled debt service coming due on Outstanding Bonds, in determining the amount of interest coming due during any twelve-month period ending June 30 on any Series of Bonds that were issued as Direct Subsidy Bonds, such amount shall be reduced by an amount equal to the Refundable Credits the City is scheduled to receive during each such twelve-month period ending June 30 (and to avoid double counting, an equivalent amount shall be deducted from Revenues for the purpose of such calculation).

Section 6.04 Instruments of Further Assurance. The ~~city~~City covenants that it will, through its appropriate officers, employees and agents, do, adopt, execute, acknowledge and deliver, or cause to be done, adopted, executed, acknowledged and delivered, such Supplemental Resolutions and such further acts, instruments and transfers as may reasonably be ~~needed for the better assuring and confirming~~necessary to establish or confirm to the Owners of the Bonds all ~~and singular~~of the rights and obligations of the City under and pursuant to this General Resolution.

Section 6.05 ~~No Inconsistent Action. The City covenants that no contract or contracts will be entered into or any action taken by the City which shall be inconsistent with the provisions of this General Resolution~~[Reserved].

Section 6.06 Restriction Upon Prior and Parity Obligations; Provision for Subordinated Obligations. The City covenants that it will not issue any other obligations, except upon the condition and in the manner provided in Sections 3.09 and 3.10, payable from the Revenues prior to or on a parity with the Bonds or secured by a prior or parity interest in the Revenues, and the City covenants that it will not voluntarily create or cause to be created any debt, lien, ~~pledgee~~pledge assignment, encumbrance or any other charge having priority to or being on a parity with the lien held by the Holders of the Bonds upon the Revenues, or any part thereof. This provision shall not be deemed to restrict the City's ability to incur obligations for ordinary and reasonable operation

and maintenance expenses payable on an ongoing basis from the SCM Fund as provided in Section 5.03. Such obligations for operation and maintenance expenses shall not be secured by nor create a lien on the Revenues. The City may issue obligations on a subordinated basis including, without limitation, the Subordinate Bonds issued pursuant to the Subordinate Resolution, provided that any such subordinated obligations issued by the City and payable from the Revenues shall contain an express statement that such obligations are junior and subordinate to the Bonds issued under Article III of this General Resolution as to lien on and source and security for payment from the Revenues. Any such subordinated obligations may be paid on an ongoing basis from the Revenues so long as the conditions set forth in ~~the next to the last paragraph of~~ Section 5.03 are met.

Section 6.07 Operation and Maintenance of System. The City will maintain and preserve the System in good repair and working order at all times, in conformity with standards customarily followed for municipal wastewater systems of like size and character. The City will, from time to time, make all necessary and proper repairs, renewals, replacements and substitutions to the properties of the System, so that at all times business carried on in connection with the System shall and can be properly and advantageously conducted in an efficient manner and at reasonable cost, and will operate the System in an efficient and economical manner, consistent with the protection of the Bondholders.

Section 6.08 ~~[Reserved.] Liens and Claims.~~ ~~The City will not, except for Permitted Encumbrances and except as provided in this Section, impose any lien, mortgage or other encumbrance upon the System or any portion of the System nor permit any lien, mortgage or other encumbrance to be imposed or to remain upon the System or any portion of the System. The City may, however, in connection with the acquisition, construction or improvement of a specific part of the System, if otherwise permitted to do so under the Charter and applicable law, encumber such specific part or permit such part to be encumbered provided that (i) any obligation of the City which is secured by such encumbrance or is incurred in connection therewith is incurred on the terms set forth and after meeting the conditions of Section 3.09 hereof or is incurred on a subordinated basis as set forth in Section 6.06 hereof and (ii) if the property encumbered is an integral part of the System, the party to which the encumbrance is granted shall have no right to foreclose on the property or otherwise evict the City from such property or prevent its use as intended as part of the System.~~

Section 6.09 Books and Accounts; Financial Statements.

(a) The City will keep proper books of record and accounts of the SCM Fund, the Debt Service Fund, ~~the Reserve Fund,~~ Funds, if any, and the Construction Funds ~~and the Emergency Fund~~, in which complete and correct entries shall be made of all transactions relating to such funds. Such books of record and accounts shall at all times during business hours be subject to the inspection of any Bondholder ~~or Beneficial Owner~~ or a representative thereof who is authorized in writing, at reasonable hours and under reasonable conditions.

(b) The City will prepare annually within 270 days after the close of each Fiscal Year so long as any of the Bonds are Outstanding financial statements of the SCM Fund, the Debt Service Fund, ~~the Reserve Fund,~~ Funds, if any, and the Construction Funds ~~and the Emergency Fund~~ for the preceding Fiscal Year, prepared in accordance with generally

accepted accounting principles applied on a consistent basis from year to year which financial statements shall be examined by and include the certificate or opinion of an independent certified public accountant. The City will make the financial statements available for examination by any Bondholder ~~or Beneficial Owner~~ and will furnish a copy of the financial statements to any Bondholder ~~or Beneficial Owner~~ upon request. The City may charge a fee to cover the cost of copying.

(c) [Reserved.] ~~The City shall each year cause the independent certified public accountant which delivers the certificate or opinion described in subsection (b) above to prepare and deliver, with the financial statements, a certificate showing that during such Fiscal Year the City was in compliance with its rate covenant as set forth in Section 6.03(b) or if the City was not in compliance, nonetheless, showing the ratio of Net Revenues to debt service for such year.~~

(d) The City will annually, prior to the beginning of each Fiscal Year, prepare and adopt a budget for the SCM Fund which budget shall include the budgeted receipts and expenditures of the SCM Fund and the rates and charges to be implemented to assure that the City is able to comply with its covenants as set forth in this General Resolution, and the City will annually prepare a five-year capital plan or capital budget setting forth in reasonable detail the expected amounts to be expended in each year for capital needs of the System and the purposes for which such expected amounts are to be expended.

Section 6.10 Ownership and Operation. The City will not sell, transfer or otherwise dispose of the System or any part thereof essential to the proper operation of the System unless, after giving effect to such sale, transfer or disposition, the City reasonably expects that the System is able to generate sufficient Revenues to satisfy its obligations under Section 6.03 hereof. ~~covenants that so long as any Bonds are Outstanding it will continue to provide the System as the primary system and as a complete and fully operational system for the collection, transportation, treatment and disposal of sewage, wastewater and industrial wastewater within the City. The City will not sell, transfer or otherwise dispose of the System or any part thereof essential to the proper operation of the System except as provided in this Section. The City may sell, transfer or dispose of portions of the System which have become nonoperative, worn out, obsolete or are otherwise not needed for the efficient and proper operation of the System. In addition, the City may transfer or sell portions of the System or enter into agreements with others permitting others to operate portions of the System provided that any such transfer, sale or agreement will not result in a reduction in the amount of Revenues the City is entitled to receive or materially increase the Expenses. If any facility or facilities to be transferred, sold or with respect to which the City proposes to enter into an operating agreement are an integral part of the System, such transfer or sale shall not occur or agreement be entered into until there has first been delivered to the City Administrative Officer a certificate of a Consultant showing that for the Fiscal Year in which the transfer, sale or change in operation occurs and each of the two immediately succeeding years (i) the estimated Net Revenues will be as great or greater than such Consultant estimates such Net Revenues would have been had the transfer, sale or change in operation not occurred or (ii) if the Consultant's certificate shows that the Net Revenues would be reduced, the estimated reduction is not greater than 10% in any one or more of such years and in each of the three years the Net Revenues are estimated to be at least 125% of Maximum Annual Debt Service. The City shall be unconditionally and irrevocably obligated, so long as any of the Bonds are Outstanding and unpaid,~~

~~to take all lawful action necessary or required to continue to entitle the City to collect the Revenues and deposit the Revenues into the SCM Fund for use as provided in this General Resolution.~~

Section 6.11 Insurance and Condemnation. The City agrees that ~~from and after July 1, 1988~~ it will, to the extent it determines that ~~such~~ insurance or reserves ~~are customary for sewer systems in metropolitan areas~~ covering risks to the System is appropriate for the System, insure or provide a self-insured reserve as protection against loss or damage to the System arising from fire, storm or other causes; provided that the City shall not be required to maintain insurance or reserve against loss or damage resulting from earthquakes if the City determines that the cost thereof is excessive.

~~In addition, the City agrees that from and after July 1, 1988 it will, to the extent it determines that such insurance or reserves are customary for sewer systems in metropolitan areas, maintain insurance or provide a self-insured reserve against loss or damage from hazards and risks to persons and property of others. Notwithstanding the foregoing provisions of this paragraph, the City shall not be required to maintain such liability insurance or self-insurance reserves for any period for which the City agrees to hold the SCM Fund harmless from all general, automobile and public liability claims filed during such period.~~

If the City determines to obtain insurance to comply with ~~either or both of~~ the preceding ~~paragraphs~~ paragraph, the City may, but shall not be required to, rely on the advice of an independent insurance consultant for purposes of determining the types and amounts of insurance to be maintained. Such insurance may be maintained through a pooled risk arrangement with other entities, through commercial insurance, a captive insurance company or through other arrangements which the City determines to be appropriate, including a combination of commercial insurance and self-insurance in accordance with the City's self-insurance policy.

If the ~~city~~ City determines to provide a self-insurance fund to comply with ~~either or both of~~ the first ~~two paragraphs~~ paragraph of this Section, the City shall establish and fund a separate self-insurance fund or together with other cities or political subdivisions establish a pooled self-insurance fund. The amount to be deposited into and maintained in the self-insurance fund shall be that amount determined by the City or by an independent insurance consultant retained by the City as necessary to adequately reserve against the risks to be covered. If such a self-insurance fund is established, the level of funding shall be reviewed annually and, on or before the last day of each Fiscal Year, the City shall determine the amount to be held in such fund for the next Fiscal Year and, if the amount in such fund is to be increased, the City shall include the amount of such increase in the budget for the SCM Fund.

~~The proceeds of any property damage insurance shall be applied to the restoration, replacement or reconstruction of the property or facility lost or damaged, unless the City determines that such property or facility is not necessary to the efficient or proper operation of the System and therefore determines not to restore, replace or reconstruct such property or facilities. Any proceeds of such insurance not applied to restoration, replacement or reconstruction or remaining after such work is completed shall be deposited in the SCM Fund and be available for other proper uses of funds deposited in the SCM Fund. The proceeds of any liability insurance shall be applied by the City in satisfaction of the applicable claim. If the City has elected to self-insure its property damage risks, then upon the occurrence of an event of damage or destruction~~

~~occurring as a result of a casualty for which a self insurance fund was created, unless the City determines that such property or facility is not necessary to the efficient or proper operation of the System and therefore determines not to restore, replace or reconstruct the facilities, amounts in the self insurance fund shall be withdrawn and used to restore, replace or reconstruct the property or facility lost or damaged. If the City has elected to self insure its liability risk, then amounts in the self insurance fund created for such purpose shall be withdrawn and applied in satisfaction of claims arising as a result of events for which such fund was created.~~

~~If any property or facilities comprising part of the System shall be taken through the exercise of the power of eminent domain, the City shall apply the proceeds of any award received on account of such taking to the replacement of the property or facilities so taken, unless the City determines that such property or facility is not necessary to the efficient or proper operation of the System and therefore determines not to replace such property or facilities. Any proceeds of such award not applied to replacement or remaining after such work has been completed shall be deposited in the SCM Fund and be available for other proper uses of funds deposited in the SCM Fund.~~

Section 6.12 Resolution ~~Teto~~ Constitute a Contract. This General Resolution is adopted by the Council for the benefit of the Bondholders and constitutes a contract with the Bondholders.

## ARTICLE VII

### INVESTMENTS

Moneys held in the SCM Fund, the Debt Service Fund, ~~the Reserve Fund,~~ Funds, if any, and the Construction Funds ~~and the Emergency Fund~~ shall be invested and reinvested as determined by the City, in ~~such investments as the City generally is permitted to invest its funds~~ Permitted Investments subject to the restrictions set forth in this Article VII and the restrictions set forth in any Supplemental Resolution. Such investments may be made by commingling such amounts for investment purposes with other funds of the City, provided that the amount of each such fund and the earnings thereon are clearly accounted for. ~~Moneys on deposit in the Debt Service Fund and the Reserve Fund shall, however, be invested solely in Permitted Investments and the Treasurer is authorized to invest the Debt Service Fund and the Reserve Fund in Permitted Investments.~~ The maturities of investments in the Debt Service Fund shall not extend beyond the time when funds will be needed therefrom to make payment on the Bonds. Investments of moneys in any such fund shall be deemed at all times to be a part of such fund.

Earnings on the SCM ~~Fund and the Emergency~~ Fund shall be credited to and deposited in the SCM Fund. Earnings on ~~the~~ a Construction ~~Funds~~ Fund when received shall be credited to and deposited in ~~the~~ such Construction Fund. Earnings on ~~the~~ a Debt Service Fund ~~and the Reserve Fund~~ when received shall be credited to and deposited in ~~the~~ such Debt Service Fund. Earnings on any Reserve Fund shall be credited and deposited as provided in the Supplemental Resolution creating such Reserve Fund.

## ARTICLE VIII

### DEFEASANCE

Bonds of any Series or portions thereof (such portions to be in integral multiples of the Authorized Denomination) which have been paid in full or which are deemed to have been paid in full shall no longer be secured by or entitled to the benefits of this General Resolution except for the purposes of payment from moneys or Government Obligations held by the City or a Paying Agent for such purpose. When all Bonds which have been issued under this General Resolution have been paid in full or are deemed to have been paid in full, and all other sums payable hereunder by the City, including all necessary and proper fees, compensation and expenses of any Registrar or Paying Agent, have been paid or are duly provided for, then the pledge of the Revenues granted hereby shall cease, terminate and become void, and this General Resolution shall cease to be a lien on such Revenues and shall be discharged, except that funds or securities which are held by the City or a Paying Agent for the payment of the principal of, premium, if any, and interest on the Bonds shall continue to be held in trust for such purpose.

A Bond shall be deemed to be paid within the meaning of this Article VIII and for all purposes of this General Resolution when (a) payment of the principal, interest and premium, if any, either (i) shall have been made in accordance with the terms of the Bonds and this General Resolution or (ii) shall have been provided for by irrevocably setting aside exclusively for such payment, (1) moneys sufficient to make such payment and/or (2) Government Obligations, maturing as to principal and interest or payable to the City or its agent on demand in such amounts and at such times as will insure the availability of sufficient moneys to make such payment, and (b) all necessary and proper fees, compensation and expenses of any Registrar and any Paying Agent pertaining to the Bonds with respect to which such deposit is made shall have been paid or provision made for the payment thereof. At such times as Bonds shall be deemed to be paid hereunder, such Bonds shall no longer be secured by or entitled to the benefits of this General Resolution, except for the purposes of payment from such moneys or Government Obligations.

Notwithstanding the foregoing paragraph, no deposit under clause (a)(ii) of the immediately preceding paragraph shall be deemed a payment of any such Bonds unless the City has given notice or has agreed to give notice in accordance with Section 4.03, as soon as practicable, to the Owners of the Bonds with respect to which such deposit has been made that such deposit has been made and in such notice has included or will include the maturity or redemption date upon which moneys are to be available for the payment of the principal of and the applicable redemption premium, if any, on such Bonds and the City has given or has agreed to give proper and timely notice of the redemption of those Bonds which are to be redeemed in advance of their maturity.

## ARTICLE IX

### DEFAULTS AND REMEDIES

Section 9.01 Events of Default. Each of the following events shall constitute and is referred to in this General Resolution as an “Event of Default”:



(a) a failure to pay the principal of or premium, if any, on any of the Bonds when the same shall become due and payable at maturity or upon redemption;

(b) a failure to pay any installment of interest on any of the Bonds when such interest shall become due and payable;

~~(c) a failure to pay the purchase price of any Bond when such purchase price shall be due and payable upon an optional or mandatory tender date as provided in the Bond;~~

(c) ~~(d)~~ a failure in a given Fiscal Year to achieve the level of debt service coverage required by Section 6.03(b); provided that such event shall not constitute an Event of Default hereunder if (i) the budget for such Fiscal Year and the rates and charges implemented in accordance with such budget were such that the required level of debt service coverage was projected to be achieved, ~~(ii) the actual debt service coverage provided by the Net Revenues computed as provided in Section 6.03(b) was at least 100% or greater~~ and ~~(iii)~~ immediately upon discovery of the failure to achieve the required coverage the City commences such action as is ~~necessary~~ reasonable to assure that required coverage is achieved in the succeeding year;

(d) ~~(e)~~ a failure by the City to observe and perform any covenant, condition, agreement or provision (other than as specified in ~~paragraphs~~ subsections (a), (b), (c) and (d) of this Section 9.01) contained in the Bonds or in this General Resolution on the part of the City to be observed or performed, which failure shall continue for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the City by an Insurer on a Series of Bonds or by the Holders of 25% or more of the principal amount of the Bonds then Outstanding, unless such Insurer (if the Insurer has given the notice of such failure to comply with the terms hereof) or, if the notice has been given by the Holders, the Holders of Bonds in a principal amount not less than the principal amount of Bonds the Holders of which gave such notice, shall agree in writing to an extension of such period; provided, however, that the Insurer and the Holders shall be deemed to have agreed to an extension of such period if corrective action is initiated by the City within 60 days after receipt of such written notice and is being diligently pursued;

~~(f) the use of amounts in the Reserve Fund to pay principal and/or interest on the Bonds or to make a deposit to a Rebate Fund and the failure to restore the amount on deposit in the Reserve Fund to the Reserve Fund Requirement within one year from the date of such withdrawal;~~

(e) ~~(g)~~ a failure on the part of the City to collect the Revenues, or an attempt to divert the Revenues for any use prior to the deposit into the SCM Fund or creation of a lien on or a charge against the Revenues or the SCM Fund, or Debt Service Fund, ~~Reserve Fund or a Construction Fund,~~ which lien or charge is prior to, or, except to the extent permitted by this General Resolution, on a parity with that granted to secure the Bonds;

~~(h) — so long as any of the Series 1987 Bonds are unpaid, the occurrence of any event or failure to comply with any provision of the Tax Certificate which results in interest on the Series 1987 Bonds being includible in gross income for federal income tax purposes;~~

~~(i) — so long as any of the Series 1988 Bonds are unpaid, the occurrence of any event or failure to comply with any provision of the Tax Certificate which results in interest on the Series 1988 Bonds being includible in gross income for federal income tax purposes;~~

~~(j) — so long as any of the Series 1989 Bonds are unpaid, the occurrence of any event or failure to comply with any provision of the Tax Certificate which results in interest on the Series 1989 Bonds being includible in gross income for federal income tax purposes;~~

~~(k) — so long as any of the Series 1990 A Bonds are unpaid, the occurrence of any event or failure to comply with any provision of the Tax Certificate which results in interest on the Series 1990 A Bonds being includible in gross income for federal income tax purposes;~~

~~(l) — so long as any of the Series 1990 B Bonds are unpaid, the occurrence of any event or failure to comply with any provision of the Tax Certificate which results in interest on the Series 1990 B Bonds being includible in gross income for federal income tax purposes;~~

~~(m) — so long as any of the Series 1991 A Bonds are unpaid, the occurrence of any event or failure to comply with any provision of the Tax Certificate which results in interest on the Series 1991 A Bonds being includible in gross income for federal income tax purposes;~~

~~(n) — so long as any of the Series 1991 B and C Bonds are unpaid, the occurrence of any event or failure to comply with any provision of the Tax Certificate which results in interest on the Series 1991 B and C Bonds being includible in gross income for federal income tax purposes;~~

~~(o) — so long as any of the Series 1991 D Bonds are unpaid, the occurrence of any event or failure to comply with any provision of the Tax Certificate which results in interest on the Series 1991 D Bonds being includible in gross income for federal income tax purposes;~~

~~(p) — so long as any of the Series 1992 A Bonds are unpaid, the occurrence of any event or failure to comply with any provision of the Tax Certificate which results in interest on the Series 1992 A Bonds being includible in gross income for federal income tax purposes;~~

~~(q) — so long as any of the Series 1992 B Bonds are unpaid, the occurrence of any event or failure to comply with any provision of the Tax Certificate which results in interest on the Series 1992 B Bonds being includible in gross income for federal income tax purposes;~~



~~(r) — so long as any of the Series 1993 A Bonds are unpaid, the occurrence of any event or failure to comply with any provision of the Tax Certificate which results in interest on the Series 1993 A Bonds being includible in gross income for federal income tax purposes;~~

~~(s) — so long as any of the Series 1993 B or C Bonds are unpaid, the occurrence of any event or failure to comply with any provision of the Tax Certificate which results in interest on the Series 1993 B or C Bonds being includible in gross income for federal income tax purposes;~~

~~(t) — so long as any of the Series 1993 D Bonds are unpaid, the occurrence of any event or failure to comply with any provision of the Tax Certificate which results in interest on the Series 1993 D Bonds being includible in gross income for federal income tax purposes;~~

~~(u) — so long as any of the Series 1994 A Bonds are unpaid, the occurrence of any event or failure to comply with any provision of the Tax Certificate which results in interest on the Series 1994 A Bonds being includible in gross income for federal income tax purposes;~~

~~(v) — so long as any of the Series 1996 A Bonds are unpaid, the occurrence of any event or failure to comply with any provision of the Tax Certificate which results in interest on the Series 1996 A Bonds being includible in gross income for federal income tax purposes;~~

~~(w) — so long as any of the Series 1997 A Bonds are unpaid, the occurrence of any event or failure to comply with any provision of the Tax Certificate which results in interest on the Series 1997 A Bonds being includible in gross income for federal income tax purposes;~~

~~(x) — so long as any of the Series 1998 A or Series 1998 B Bonds are unpaid, the occurrence of any event or failure to comply with any provision of the Tax Certificate which results in interest on the Series 1998 A or Series 1998 B Bonds being includible in gross income for federal income tax purposes;~~

~~(y) — so long as any of the Series 1998 C Bonds are unpaid, the occurrence of any event or failure to comply with any provision of the Tax Certificate which results in interest on the Series 1998 C Bonds being includible in gross income for federal income tax purposes;~~

~~(z) — so long as any of the Series 1999 A Bonds are unpaid, the occurrence of any event or failure to comply with any provision of the Tax Certificate which results in interest on the Series 1999 A Bonds being includible in gross income for federal income tax purposes;~~

~~(aa) — so long as any of the Series 2002 A Bonds are unpaid, the occurrence of any event or failure to comply with any provision of the Tax Certificate which results in~~

~~interest on the Series 2002 A Bonds being includible in gross income for federal income tax purposes;~~

~~(bb) — so long as any of the Series 2003 A Bonds are unpaid, the occurrence of any event or failure to comply with any provision of the Tax Certificate which results in interest on the Series 2003 A Bonds being includible in gross income for federal income tax purposes;~~

~~(cc) — so long as any of the Series 2003 B Bonds are unpaid, the occurrence of any event or failure to comply with any provision of the Tax Certificate which results in interest on the Series 2003 B Bonds being includible in gross income for federal income tax purposes;~~

~~(dd) — so long as any of the Series 2005 A Bonds are unpaid, the occurrence of any event or failure to comply with any provision of the Tax Certificate which results in interest on the Series 2005 A Bonds being includible in gross income for federal income tax purposes;~~

~~(ee) — so long as any of the Series 2009 Bonds are unpaid, the occurrence of any event or failure to comply with any provision of the Tax Certificate which results in interest on the Series 2009 Bonds being includible in gross income for federal income tax purposes;~~  
~~or~~

(f) ~~(ff)~~ the occurrence of any other Event of Default as is provided in a Supplemental Resolution.

#### Section 9.02 Acceleration; Other Remedies.

(a) Upon the occurrence and continuance of an Event of Default described in Section 9.01, any Insurer or the Holders of ~~25~~51% or more of the principal amount of the Bonds which are then Outstanding, may by written notice to the City, declare the Bonds to be immediately due and payable, whereupon the Bonds shall, without further action, become and be immediately due and payable, anything in this General Resolution or in the Bonds to the contrary notwithstanding; provided that, with respect to any Series of Bonds which is credit enhanced, no acceleration shall be effective unless the declaration is given by the Insurer or is consented to by the Insurer.

(b) The provisions of the preceding paragraph are subject to the condition that, if after the principal of the Bonds shall have been declared to be due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the City shall cause to be paid all matured installments of interest upon all Bonds and the principal of any and all Bonds which shall have become due otherwise than by reason of such declaration (with interest upon such principal and, to the extent permissible by law, on overdue installments of interest, at the rate per annum specified in the Bonds) and all Events of Default hereunder other than nonpayment of the principal of Bonds which shall have become due by such declaration shall have been remedied, then the holders of a majority in principal amount of Bonds Outstanding may, if all Insurers consent in writing to such waiver, waive the Event of Default and rescind or annul the acceleration and its

consequences. But no such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

(c) Upon the occurrence and continuance of any Event of Default, the Holders of ~~10~~51% or more of the principal amount of the Bonds then Outstanding or any Insurer shall have the right:

(i) by mandamus, or other suit, action or proceeding at law or in equity, to enforce all rights of the Bondholders, and require the City to carry out any agreements with or for the benefit of the Bondholders and to perform its duties or agreements under this General Resolution or any Supplemental Resolution, provided that any such remedy may be taken only to the extent permitted under the applicable provisions of this General Resolution;

(ii) to bring suit upon the Bonds;

(iii) to commence an action or suit in equity to require the City to account as if it were the trustee of an express trust for the Bondholders; or

(iv) by action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders.

In the event of a conflict between the actions taken or proposed to be taken under this Section 9.02(c) by any Insurer and the Holders of the Bonds or between the Insurers on different Series of Bonds, the position taken by the entity or group of Bondholders representing the greatest principal amount of Bonds Outstanding shall prevail. For such purposes the Insurer of a Series of Bonds shall be deemed to represent the entire principal amount of Bonds for which such Insurer has provided credit enhancement.

(d) Any Holder of ~~an Initial Bond or any other~~ Bonds issued under the terms of the Revenue Bond Law may compel the use of any or all of the remedies provided in the Revenue Bond Law.

Section 9.03 Restoration to Former Position. In the event that any proceeding taken to enforce any right under this General Resolution shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Bondholders, then the City, and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Bondholders and the Insurers shall continue as though no such proceeding had been taken.

Section 9.04 No Impairment of Right ~~To~~To Enforce Payment. Notwithstanding any other provision in this General Resolution, the right of any Bondholder to receive payment of the principal of and interest on such Bond, on or after the respective due dates expressed therein and to the extent of the Revenues, or to institute suit for the enforcement of any such payment on or after such respective date, shall not be impaired or affected without the consent of such Bondholder.

Section 9.05 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Bondholders or the Insurers is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder, or now or hereafter existing at law or in equity or by statute.

Section 9.06 No Waiver of Remedies. No delay or omission of any Bondholder or Insurer to exercise any right or power accruing upon any default shall impair any such right or power or be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by this Article IX to the Bondholders and the Insurers may be exercised from time to time and as often as may be deemed expedient.

Section 9.07 Application of Moneys. Any moneys received by any receiver or by any Bondholder or Insurer pursuant to any right given or action taken under the provisions of this Article IX, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the receiver, Bondholder or Insurer, ~~shall be deposited in the Debt Service Fund and all moneys so deposited in the Debt Service Fund during the continuance of an Event of Default~~ shall be applied as follows:

(a) Unless the principal of all the Bonds of such Series shall have been declared due and payable, all such moneys shall be applied (i) first, to the payment to the persons entitled thereto of all installments of interest then due on the Bonds of such Series, with interest on overdue installments, if lawful, at the rate provided in the respective Bonds, in the order of maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment, and (ii) second, to the payment to the persons entitled thereto of the unpaid principal of the Bonds of such Series which has become due with interest on such unpaid principal amounts at the rates borne by the respective Bonds from the respective dates upon which they became due and, if the amount available shall not be sufficient to pay in full all Bonds of such Series due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege.

(b) If the principal of all the Bonds of such Series shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon all Bonds of such Series, with interest on overdue interest, if lawful, and principal, as aforesaid, without preference or priority of principal over interest or interest over principal, or of any installment of interest over any other installment of interest, or of any Bond of such Series over any other Bond of such Series, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

(c) If the principal of all the Bonds of such Series shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled, then, subject to the provisions of clause (b) of this Section 9.07 which shall be applicable in the event that the principal of all the Bonds of such Series shall later become due and

payable, the moneys shall be applied in accordance with the provisions of clause (a) of this Section 9.07.

Whenever moneys are to be applied pursuant to the provisions of this Section 9.07, such moneys shall be applied at such times, and from time to time, as the receiver, Bondholders or Insurer shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such ~~application~~applications in the future.

Section 9.08 Severability of Remedies. It is the purpose and intention of this Article IX to provide all rights and remedies to the Bondholders and Insurers that may be lawfully granted, but should any right or remedy herein granted be held to be unlawful, the Bondholders and Insurers shall be entitled, as above set forth, to every other right and remedy provided in this General Resolution and by applicable law.

Section 9.09 Additional Events of Default and Remedies. So long as any particular Series of Bonds is Outstanding, the Events of Default and remedies as set forth in this Article IX may be supplemented with additional Events of Default and remedies as set forth in the Supplemental Resolution under which such Series of Bonds is issued and additional Events of Default and remedies, not necessarily limited to the time any Series of Bonds are Outstanding may likewise be added from time to time by Supplemental Resolution.

## ARTICLE X

### PAYING AGENT AND CO-PAYING AGENTS; REGISTRAR

Section 10.01 Paying Agent. The City may at any time or from time to time appoint a Paying Agent or Paying Agents for the Bonds or for any Series of Bonds and may from time to time remove a Paying Agent. Each Paying Agent shall ~~designate to the City its principal office~~ and signify its acceptance of the duties and obligations imposed upon it hereunder or under a Supplemental Resolution by a written instrument of acceptance delivered to the City under which each such Paying Agent will agree, particularly:

(a) to hold all sums delivered to it for the payment of the principal of, premium or interest on Bonds in trust for the benefit of the Bondholders until such sums shall be paid to such Bondholders or repaid to the City as herein provided;

(b) to keep such books and records as shall be consistent with prudent industry practice, to make such books and records available for inspection by the City at all reasonable times; and

(c) upon the request of the City, to forthwith deliver to the City all sums so held in trust by such Paying Agent.

Section 10.02 Registrar. The City may appoint a Registrar for the Bonds or a Registrar for any Series of Bonds and may from time to time remove a Registrar. Each Registrar shall ~~designate to the Paying Agent, if any, and the City its principal office and~~ signify its acceptance

of the duties imposed upon it hereunder or under a Supplemental Resolution by a written instrument of acceptance delivered to the City under which such Registrar will agree, particularly, to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the City and the Paying Agent at all reasonable times.

Section 10.03 Other Agents. The City may from time to time appoint other agents to perform duties and obligations under this General Resolution or under a Supplemental Resolution, which agents may include, but not be limited to, tender agents, remarketing agents, escrow agents, and authenticating agents and may remove such agents.

Section 10.04 Several Capacities. Anything in this Resolution to the contrary notwithstanding, the same entity may serve hereunder as the Paying Agent, Registrar and any other agent appointed to perform duties or obligations under this General Resolution, under a Supplemental Resolution or an escrow agreement or in any combination of such capacities or other capacities.

## ARTICLE XI

### SUPPLEMENTAL RESOLUTIONS

Section 11.01 Limitations. This General Resolution shall not be modified or amended ~~in any respect subsequent to delivery of the Initial Bonds~~ except as provided in and in accordance with and subject to the provisions of this Article XI.

Section 11.02 Supplemental Resolutions Not Requiring Consent of Bondholders. The Council may, from time to time and at any time, without the consent of or notice to the Bondholders, adopt Supplemental Resolutions supplementing ~~and~~/or amending, or both, this General Resolution or any Supplemental Resolution as follows:

- (a) to provide for the issuance of a Series or multiple Series of Bonds under the provisions of Section 3.09 of this General Resolution and to set forth the terms of such Bonds and the special provisions which shall apply to such Bonds;
- (b) to cure any formal defect, omission, inconsistency or ambiguity in this General Resolution or any Supplemental Resolution;
- (c) to add to the covenants and agreements of the City in this General Resolution or to surrender any right or power reserved or conferred upon the City, and which shall not adversely affect the interests of the Bondholders;
- (d) to confirm, as further assurance, any interest in and to the Revenues or in and to the funds required to be established as provided herein or in and to any other moneys, securities or funds of the City provided pursuant to this General Resolution or to otherwise add additional security for the Bondholders;

(e) to evidence any change in the terms of any Series of Bonds if such changes are authorized by the Supplemental Resolution at the time the Series of Bonds is issued and such change is made in accordance with the terms of such Supplemental Resolution;

(f) to comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended or any statutory provisions substituted therefor;

(g) to modify, alter, amend or supplement this General Resolution or any Supplemental Resolution in any other respect which, ~~in the opinion of a Consultant, the City Attorney or Bond Counsel, in each case evidenced by a written opinion or determination delivered to the City,~~ is not materially adverse to the Bondholders ~~and which will not, in itself, result in a reduction in any credit rating then assigned to any Series of Bonds;~~

(h) to provide for uncertificated Bonds or for the issuance of coupons and bearer Bonds or Bonds registered only as to principal;

(i) to qualify the Bonds or a Series of Bonds for a rating or ratings or an upgrade in a rating or ratings by Moody's ~~and/or~~ S&P or Fitch or any other nationally recognized rating agency then rating any Series of Bonds; and

(j) to comply with the requirements of the Code as are necessary, in the opinion of Bond Counsel, to prevent the interest on the Bonds or a Series of Bonds from being included in gross income of the recipient for federal income taxation purposes;

~~(k) — to provide that in lieu of a Reserve Fund securing all Bonds, a separate reserve for each Series of Bonds be established and maintained in the amount of the Maximum Annual Debt Service on the Series of Bonds to which it applies; and~~

~~(l) — to provide that Beneficial Owners may be included as Bondholders for any or all purposes and to set forth provisions related thereto, provided that no such provision shall result in any duplication of ownership rights with respect to any Bonds.~~

Before the City shall, pursuant to this Section 11.02, adopt any ~~Supplemental Resolution subsequent to the First~~ Supplemental Resolution, there shall have been delivered to the City an opinion of Bond Counsel stating that such Supplemental Resolution is authorized or permitted by this General Resolution, complies with its terms, will, upon the adoption thereof, be valid and binding upon the City in accordance with its terms and that, with respect to Bonds the interest on which was, at the time of issuance thereof, determined to be excluded from gross income of the recipients thereof for federal income tax purposes, such Supplemental Resolution will not cause the interest on such Bonds to be included in the gross income of such recipients for federal income tax purposes and that, with respect to Bonds the interest on which was, at the time of issuance, determined to be exempt from California personal income taxation, such Supplemental Resolution will not cause the interest on such Bonds to become subject to such taxation.

### Section 11.03 Supplemental Resolutions Requiring Consent of Bondholders.



(a) Except for Supplemental Resolutions adopted pursuant to Section 11.02 and except for Supplemental Resolutions adopted pursuant to Section 11.03(b) below, the City shall not adopt any Supplemental Resolution unless all Insurers and the holders of not less than 51% in aggregate principal amount of the Bonds then Outstanding shall have consented to and approved the adoption of such Supplemental Resolution. With such consents and approval, the City may, from time to time, adopt any Supplemental Resolution deemed necessary or desirable by the City for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in this General Resolution or in a Supplemental Resolution; provided, however, that, unless approved in writing by the holders of all the Bonds which would be affected by such change or unless such change affects less than all Series of Bonds and the following subsection (b) is applicable, nothing herein contained shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal of or interest on any Outstanding Bonds or (ii) a reduction in the principal amount or redemption price of any Outstanding Bonds or the rate of interest thereon; and provided that nothing herein contained, including the provisions of Section 11.03(b) below, shall, unless approved in writing by the holders of all the Bonds then Outstanding, permit or be construed as permitting (iii) the creation of a lien (except as expressly permitted by this General Resolution as originally executed) upon or pledge of the Revenues created by this General Resolution, ranking prior to or on a parity with the claim created by this General Resolution, or (iv) except with respect to additional security which may be provided for a particular Series of Bonds, a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (v) a reduction in the aggregate principal amount of Bonds the consent of the Bondholders of which is required prior to the adoption of a Supplemental Resolution.

(b) The City may, from time to time and at any time adopt a Supplemental Resolution which amends the provisions of an earlier Supplemental Resolution under which a Series or multiple Series of Bonds were issued. If such Supplemental Resolution is adopted for one of the purposes set forth in Section 11.02, no notice to or consent of the Bondholders shall be required. If such Supplemental Resolution contains provisions which affect the rights and interests of less than all Series of Bonds Outstanding and Section 11.02 is not applicable, then this subsection (b) rather than subsection (a) above shall control and, subject to the terms and provisions contained in this Section 11.03, the holders of not less than 51% in aggregate principal amount of the Bonds of all Series which are directly affected by such changes and all Insurers of Bonds of such Series which are directly affected shall have the right from time to time to consent to and approve the adoption of any Supplemental Resolution deemed necessary or desirable by the City for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in such Supplemental Resolution and affecting only the Bonds of such Series; provided, however, that, unless approved in writing by the holders of all the Bonds which would be affected by such change, nothing herein contained shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal of or interest on any Outstanding Bonds of such Series or (ii) a reduction in the principal amount or redemption price of any Outstanding Bonds of such Series or the rate of interest thereon.



~~(c) — If at any time the City shall desire to adopt any Supplemental Resolution for any of the purposes of this Section 11.03, the City shall cause notice of the proposed adoption of the Supplemental Resolution to be given by Mail to all Bondholders and all Insurers, or, under Section 11.03(b), to all Bondholders and all Insurers of the affected Series. Such notice shall briefly set forth the nature of Supplemental Resolution and shall state that a copy thereof is on file at an office of the City for inspection by all Bondholders and Beneficial Owners.~~

~~(d) — Not prior for two weeks after the date of the first mailing of such notice, the City may adopt such Supplemental Resolution in substantially the form described in such notice, but only if there shall have first been delivered to the City (i) the required consents, in writing, of Bondholders and Insurers and (ii) an opinion of Bond Counsel stating that such Supplemental Resolution is authorized as permitted by this General Resolution, complies with the terms hereof and, upon the execution and delivery thereof, will be valid and binding upon the City in accordance with its terms and that, with respect to Bonds the interest on which was, at the time of issuance thereof, determined to be excluded from gross income of the recipients thereof for federal income tax purposes, such Supplemental Resolution will not cause the interest on such Bonds to be included in the gross income of such recipients for federal income tax purpose and that, with respect to Bonds the interest on which was at the time of issuance determined to be exempt from California personal income taxation, such Supplemental Resolution will not cause the interest on such Bonds to become subject to such taxation.~~

(c) ~~(e)~~ If Bondholders of not less than the percentage of Bonds required by this Section 11.03 shall have consented to and approved the adoption thereof as herein provided, no Bondholders shall have any right to object to the adoption of such Supplemental Resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the City from adopting the same or from taking any action pursuant to the provisions thereof.

Section 11.04 Effect of Supplemental Resolution. Upon the adoption of any Supplemental Resolution pursuant to the provisions of this Article XI, this General Resolution or the Supplemental Resolution shall thereupon be modified and amended in accordance therewith and shall be binding upon all Holders of Bonds issued under this General Resolution, and the respective rights, duties, and obligations under this General Resolution and the Supplemental Resolution of the City, and all Bondholders shall thereafter be determined, exercised and enforced under this General Resolution and the Supplemental Resolution, if applicable, subject in all respects to such modifications and amendments.

Section 11.05 Supplemental Resolutions ~~To~~ Be Part of This General Resolution. Any Supplemental Resolution adopted in accordance with the provisions of this Article XI shall thereafter form a part of this General Resolution or the Supplemental Resolution which it supplements or amends, and all of the terms and conditions contained in any such Supplemental Resolution shall be part of the terms and conditions of this General Resolution or the Supplemental Resolution which it supplements or amends.

## ARTICLE XII

### MISCELLANEOUS PROVISIONS

Section 12.01 Parties in Interest. Except as herein otherwise specifically provided, nothing in this General Resolution expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the City, the Bondholders, the Insurers and any agents appointed as described herein any right, remedy or claim under or by reason of this General Resolution. This General Resolution is for the sole and exclusive benefit of the City, the Bondholders, the Insurers and any such agents.

Section 12.02 Severability. In case any one or more of the provisions of this General Resolution, any Supplemental Resolution or of any Bonds issued hereunder shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this General Resolution, Supplemental Resolution or of the Bonds, and this General Resolution, any such Supplemental Resolution and any Bonds issued hereunder shall be construed and enforced as if such illegal or invalid provisions had not been contained herein or therein.

Section 12.03 No Personal Liability of City Officials. No covenant or agreement contained in the Bonds or in this General Resolution shall be deemed to be the covenant or agreement of any present or future official, officer, agent or employee of the City in his individual capacity, and neither the officers of the City nor any person executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 12.04 Execution of Instruments; Proof of Ownership. Any request, direction, consent or other instrument in writing required or permitted by this General Resolution to be signed or executed by Bondholders or on their behalf by an attorney-in-fact may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders in person or by an agent or attorney-in-fact appointed by an instrument in writing or as provided in the Bonds. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this General Resolution and shall be conclusive in favor of the City with regard to any action taken by it under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments within such jurisdiction, to the effect that the person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness to such execution.

(b) The ownership of Bonds shall be proved by the registration books kept under the provisions of Section 3.04 hereof.

Nothing contained in this Section 12.04 shall be construed as limiting the City to such proof. The City may accept any other evidence of matters herein stated which it may deem sufficient. Any request, consent of or assignment by any Bondholder shall bind every future Bondholder of the same Bonds or any Bonds issued in lieu thereof in respect of anything done by

the City in pursuance of such request or consent. ~~Bonds which are held by an Owner for the benefit of various Beneficial Owners may, for purposes of determining the amount of Owners which have requested, approved or consented to an action, be treated as numerous Bonds held by such Owner and such Owner may provide such requests, approvals or consents with respect to all or a portion of such Bonds.~~

Section 12.05 Governing Law. The laws of the State shall govern the construction and enforcement of this General Resolution and of all Bonds issued hereunder.

Section 12.06 Notices. Except as otherwise provided in this General Resolution, all notices, certificates, requests, requisitions or other communications by the City, any Paying Agent or Registrar, pursuant to this General Resolution, shall be in writing and shall be sufficiently given and shall be deemed given when given by Mail, addressed as follows: if the City, to ~~The~~the City of Los Angeles, c/o the City ~~Treasurer, Room 295~~Administrative Officer, 200 North ~~Spring~~Main Street, Los Angeles, California 90012, Suite 1500; if to a Paying Agent or Registrar, to such address as is designated in writing by it to the City. Any of the foregoing may, by notice given hereunder to each of the others, designate any further or different addresses to which subsequent notices, certificates, requests, or other communications shall be sent hereunder. Any of the foregoing may also be sent by Electronic Means, receipt of which shall be confirmed.

Section 12.07 Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this General Resolution, shall not be a Business Day, such payment may, unless otherwise provided in this General Resolution or, with respect to any Series of Bonds or portion of Series of Bonds, provided in the Supplemental Resolution under which such Bonds are issued, be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this General Resolution, and no interest shall accrue for the period from such nominal date to the next Business Day.

Section 12.08 Validity of Bonds Not Affected by Acts of the City. The validity of the authorization and issuance of the Bonds by the City shall not be dependent upon or affected in any way by:

- (a) Proceedings taken by the City for the acquisition, construction or completion of any Project or any part thereof;
- (b) Any contracts made in connection with the acquisition, construction or completion of any Project; or
- (c) The failure to complete any Project or any portion thereof for which the Bonds are authorized to be issued.

Section 12.09 ~~Repeal of Inconsistent Resolutions. All resolutions of the City, or parts of resolutions, inconsistent with this General Resolution or any Supplemental Resolution are hereby repealed to the extent of such inconsistency~~[Reserved].

Section 12.10 Effective Date. This Amended and Restated General Resolution shall take effect from and upon its adoption.

**EXHIBIT B-1**

**COPY OF AMENDED AND RESTATED SUBORDINATE GENERAL RESOLUTION**

**THE CITY COUNCIL OF THE CITY OF LOS ANGELES**

**AMENDED AND RESTATED  
WASTEWATER SYSTEM SUBORDINATE REVENUE BONDS  
GENERAL RESOLUTION**

**Adopted by  
the City Council on  
\_\_\_\_\_, 2025**

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**THE CITY COUNCIL OF THE CITY OF LOS ANGELES  
AMENDED AND RESTATED  
WASTEWATER SYSTEM SUBORDINATE REVENUE BONDS  
GENERAL RESOLUTION**

WHEREAS, the City of Los Angeles (the “City”) is a municipal corporation and a political subdivision of the State of California (the “State”) and is a charter city having availed itself of the home rule provisions of the California Constitution and is organized and operates under the terms of the Charter of the City of Los Angeles as from time to time amended (the “Charter”) and under such Charter has the power and authority to issue bonds and incur other indebtedness and obligations; and

WHEREAS, the City owns and operates the System (as defined herein); and

WHEREAS, it is necessary from time to time to provide financing for the acquisition, construction, improvement and extension of the System and for other needs related to the System; and

WHEREAS, the City Council on November 10, 1987, adopted its Wastewater System Revenue Bonds General Resolution (as amended, modified and supplemented from time to time, the “Senior Lien Resolution”) and therein pledged, as security and a source of payment for all Bonds (as defined in the Senior Lien Resolution), the Revenues and all moneys and securities held in the Reserve Fund, Debt Service Fund and Construction Funds under the Senior Lien Resolution; and

WHEREAS, the City Council on March 26, 1991, adopted its Wastewater System Subordinate Revenue Bonds General Resolution (as amended, modified and supplemented to date, the “Original Subordinate Lien Resolution”), to implement a commercial paper program to provide an alternative form of financing for costs of the System and to encumber the Revenues on a subordinate basis to secure obligations issued as part of the commercial paper program and to provide for other subordinate obligations to be incurred from time to time on a parity with the commercial paper notes; and

WHEREAS, the City Council desires to amend and restate the Original Subordinate Lien Resolution; and

WHEREAS, the City Council desires to also make an amendment to the First Supplemental Subordinate Resolution (as defined herein); and

WHEREAS, the conditions precedent set forth in the Original Subordinate Lien Resolution to the effectiveness of the amendments and restatement contained herein have been satisfied;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Los Angeles, as follows:

## ARTICLE I

### DEFINITIONS; INTERPRETATION

Section 1.01 Definitions. The terms defined in this Article I shall, for all purposes of this Subordinate General Resolution and all Supplemental Resolutions into which such definitions may be incorporated, have the meanings specified unless the context clearly requires otherwise.

“Annual Debt Service” shall mean, with respect to any Covered Obligations and for any Fiscal Year, the aggregate amount of Debt Service on such Covered Obligations becoming due and payable during such Fiscal Year (or assumed to be due and payable under the definition of “Debt Service”).

“Authenticating Agent” shall mean a person or entity, other than the Treasurer, which person or entity is authorized to authenticate Subordinate Bonds of any Series in place of or in addition to the Treasurer.

“Authorized City Representative” shall mean the Mayor, the City Administrative Officer, or the Treasurer of the City, or such other officer or employee of the City or other person who has been designated as such representative by resolution of the Council.

“Average Annual Debt Service” shall mean as of any date of calculation, the quotient obtained by dividing (1) the sum of the Annual Debt Service on all Covered Obligations for all Fiscal Years during the period commencing with the Fiscal Year in which such calculation is made and terminating in the last Fiscal Year in which any Debt Service on any Covered Obligations is due, by (2) the number of such Fiscal Years.

“Authorized Denomination” shall mean, with respect to any Series of Subordinate Bonds, any denomination authorized by the Supplemental Resolution under which Subordinate Bonds of such Series are issued.

“Bond Counsel” shall mean a firm of attorneys which is nationally recognized as experts in the area of municipal finance.

“Bondholder,” “Holder,” “Owner” or “Registered Owner” shall mean at any given time the person in whose name a Subordinate Bond or Subordinate Bonds of any Series are at such time registered on the books maintained by the City or its Registrar.

“Build America Bonds” shall mean any bonds or other obligations issued as Build America Bonds under Section 54AA of the Code, or under any other provisions of the Code, that creates, in the determination of the City, a substantially similar direct-pay subsidy program that provides comparable security for the Owners thereof.

“Business Day” shall mean (i) with respect to the Series 2022-C Subordinate Bonds and any Series of Subordinate Bonds issued after the Series 2022-C Subordinate Bonds, any day excluding Saturday, Sunday and any day which is a legal holiday under the laws of the State of California or the City or is a day on which banking institutions in the State of California or the City are authorized or required by law or other governmental action to close, and (ii) with respect

to Subordinate Bonds of any Series issued before the date of issuance of the Series 2022-C Subordinate Bonds, any day on which banks located in New York, New York and in Los Angeles, California are open; provided that, with respect to both (i) and (ii) above, such term may have a different meaning for any specified Series of Subordinate Bonds if so provided by Supplemental Resolution.

“Capitalized Interest” shall mean the amount of interest, if any, on a Series of Subordinate Bonds which is paid from proceeds of the Subordinate Bonds.

“Charter” shall mean the Charter of the City of Los Angeles as from time to time amended under which the City is organized and operates.

“City” shall mean the City of Los Angeles, California.

“City Administrative Officer” shall mean the City Administrative Officer of the City or any Assistant City Administrative Officer.

“City Attorney” shall mean the Office of the City Attorney of the City including the City Attorney, any Assistant City Attorney and any Deputy City Attorney or any other legal counsel designated by the City.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Commercial Paper Program” shall mean an aggregate principal amount of short-term obligations of the City payable from the Revenues and authorized by the Council to be incurred through the issuance and refinancing, from time to time, of notes of the City with maturities of not to exceed 270 days. The maximum aggregate principal amount of such notes which may be Outstanding at any time is limited by the Council. The term “Commercial Paper Program” shall also include the City’s agreement with and obligations to any and all banks or other credit enhancers or liquidity providers entered into in connection with the program, including Credit Agreements and Bank Notes (as such terms are defined in the First Supplemental Subordinate Resolution).

“Construction Fund” shall mean any of the Construction Funds created as described in Section 5.06 hereof and, where specifically stated as such, the Construction Funds as defined in the Senior Lien Resolution.

“Consultant” shall mean the consultant, consulting firm, engineer, architect, engineering firm, architectural firm, accountant or accounting firm retained by the City to perform acts and carry out the duties provided for such Consultant in this Subordinate General Resolution.

“Covered Obligations” shall mean, collectively, the Senior Lien Bonds and the Subordinate Bonds.

“Council” shall mean the City Council of the City of Los Angeles.

“Debt Service” shall mean, as of any date of determination and with respect to any Fiscal Year, the sum of (1) the interest scheduled to be due on any Covered Obligations during such

Fiscal Year, (2) the principal or scheduled mandatory redemption payments required to be paid with respect to such Covered Obligations during such Fiscal Year, and (3) any other regularly scheduled payments of Covered Obligations during such Fiscal Year to the extent not included in clauses (1) and (2) of this definition, all of which are to be computed on the assumption that no portion of such Covered Obligations shall cease to be Outstanding during such Fiscal Year except by reason of the application of such scheduled payments; provided, however, that for purposes of such calculation:

(i) if any of the Outstanding Series of Covered Obligations constitutes Tender Indebtedness or if Subordinate Bonds then proposed to be issued would constitute Tender Indebtedness, then, for purposes of determining Debt Service, Tender Indebtedness shall be treated as if the principal amount of such Covered Obligations were to be amortized in substantially equal annual installments of principal and interest over a term of 30 years commencing in the year in which such Series is first subject to tender; the interest rate used for such computation shall be the rate quoted in The Bond Buyer Revenue Bond Index for the last week of the month preceding the date of calculation, as published in The Bond Buyer, or if that index is no longer published another similar index selected by the City, or if the City fails to select a replacement index, an interest rate equal to 80% of the yield as of the date of calculation for United States Treasury bonds maturing at least 25 years after the date of such calculation, or if there are no such Treasury bonds having such maturities, 100% of the lowest prevailing prime rate of any of the five largest commercial banks in the United States ranked by assets; with respect to all principal and interest payments becoming due prior to the year in which such Tender Indebtedness is first subject to tender, such payments shall be treated as described in the initial paragraph of this definition of "Debt Service" unless the interest during that period is subject to fluctuation, in which case, the interest becoming due prior to such first tender date shall be determined as provided in (ii) below;

(ii) if any of the Outstanding Series of Covered Obligations constitutes Variable Rate Indebtedness or if Subordinate Bonds proposed to be issued would constitute Variable Rate Indebtedness (except to the extent subsection (i) relating to Tender Indebtedness or subsection (iii) relating to a Commercial Paper Program apply), then, such Series of Covered Obligations shall be assumed to bear interest at the rate quoted in The Bond Buyer Revenue Bond Index for the last week of the month preceding the date of calculation as published in The Bond Buyer, or if that index is no longer published, another similar index selected by the City, or if the City fails to select a replacement index, an interest rate equal to 80% of the yield for outstanding United States Treasury bonds having an equivalent maturity as the then Outstanding Subordinate Bonds or Senior Lien Bonds for which the interest rate is to be assumed or having an equivalent maturity as the additional Subordinate Bonds proposed to be issued, or if there are no such Treasury bonds having equivalent maturities, 100% of the lowest prevailing prime rate or any of the five largest commercial banks in the United states ranked by assets;

(iii) if any of the Outstanding Series of Covered Obligations are, or Subordinate Bonds proposed to be issued will be, part of a Commercial Paper Program, then the maximum aggregate principal amount established by the Council with respect to such Commercial Paper Program (without regard to the principal amount of such Covered

Obligations that have been issued at such time) shall be deemed to be fully Outstanding on the date of calculation and such maximum aggregate principal amount shall be treated for purposes of this definition of "Debt Service" as if it were to be amortized in substantially equal annual installments of principal and interest over a term of 30 years commencing in the year in which the date of calculation falls; and the interest rate used for such computation shall be the rate quoted in The Bond Buyer Revenue Bond Index for the last week of the month preceding the date of calculation, as published in The Bond Buyer, or if that index is no longer published, another similar index selected by the City, or if the City fails to select a replacement index, an interest rate equal to 80% of the yield as of the date of calculation for United States Treasury bonds maturing at least 25 years after the date of such calculation, or if there are no such Treasury bonds having such maturities, 100% of the lowest prevailing prime rate of any of the five largest commercial banks in the United States ranked by assets; and, provided, further, that no other amounts with respect to the Commercial Paper Program (including any of the City's agreement with and obligations to any and all banks or other credit enhancers or liquidity providers entered into in connection with the Commercial Paper Program, including Credit Agreements and Bank Notes (as such terms are defined in the First Supplemental Subordinate Resolution) shall be included in the calculation of "Debt Service";

(iv) if moneys or Permitted Investments have been deposited by the City into a separate fund or account or are otherwise held by the City or by a fiduciary to be used to pay principal and/or interest on specified Covered Obligations, then the principal and/or interest to be paid from such moneys or Permitted Investments or from the earnings thereon shall be disregarded and not included in calculating Debt Service; and

(v) for the purpose of calculating Debt Service, in determining the amount of interest coming due during any twelve-month period ending June 30 on any Series of Senior Lien Bonds or Subordinate Bonds that were issued as Direct Subsidy Bonds, such amount shall be reduced by an amount equal to the Refundable Credits the City is scheduled to receive during each such twelve-month period ending June 30 (and to avoid double counting, an equivalent amount shall be deducted from Revenues for the purpose of such calculation).

Notwithstanding any other subsection of this definition of Debt Service, no amounts payable (including any settlement amounts or termination payments) under any interest rate swap agreement constituting a Covered Obligation shall be included in the calculation of Debt Service. Except as otherwise provided in this definition of Debt Service, to the extent that any calculation under this definition requires an index, interest rate or other amount to make such calculation, and such index, interest rate or other amount is not published, is not available or is not capable of being included in such calculation, then the City shall use such other index, interest rate, or other amount in its reasonable discretion in order to complete such calculation and that calculation shall be binding on City, the Owners of all Subordinate Bonds, the Paying Agent and all other affected parties, absent manifest error.

"Debt Service Fund" shall mean any of the Debt Service Funds as described in Section 5.04 hereof and, where specifically stated as such, the Debt Service Fund as defined in the Senior Lien Resolution.

“Direct Subsidy Bonds” shall mean Build America Bonds and Recovery Zone Economic Development Bonds.

“Electronic Means” shall mean facsimile transmission, email transmission or other similar electronic means of communication providing evidence of transmission, including a telephone communication confirmed by any other method set forth in this definition.

“Event of Default” shall mean any occurrence or event specified in Section 9.01 hereof.

“Expenses” shall mean the total operating expenses of the System as determined in accordance with generally accepted accounting principles except, to the extent such items are included in such operating expenses, depreciation, interest on Outstanding Covered Obligations and amortization of financing expenses.

“First Supplemental Subordinate Resolution” shall mean the Amended and Restated First Supplemental Resolution Supplementing and Amending the Subordinate General Resolution and certain Supplemental Resolutions thereto, adopted by the City Council October 12, 2021, as amended and supplemented from time to time.

“Fiscal Year” shall mean the period of time beginning on July 1 of any given year and ending on June 30 of the immediately subsequent year, or such other annual period as the City designates as its fiscal year.

“Fitch” shall mean Fitch Ratings Inc., its successors and their assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized rating agency designated by the City.

“Government Obligations” shall mean (i) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States and (ii) securities or receipts evidencing ownership interests in obligations or specified portions (such as principal or interest) of obligations described in (i).

“Insurer” shall mean any municipal bond insurance company, bank or other financial institution or organization providing credit enhancement for any one or more Series of Subordinate Bonds or a portion of a Series of Subordinate Bonds whether such credit enhancement is in the form of an insurance policy, surety bond, letter of credit, line of credit, revolving credit agreement or other form of financial guaranty or commitment instrument.

“Mail” shall mean either by first-class United States mail, postage prepaid or Electronic Means.

“Moody’s” shall mean Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized rating agency designated by the City.

“Municipal Code” shall mean the Municipal Code of the City of Los Angeles.

“Net Revenues” shall mean, for any given period, the Revenues for such period less the Expenses for such period, but excluding any profits or losses on the early extinguishment of debt or on the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets.

“Outstanding” when used with respect to Subordinate Bonds or Senior Lien Bonds shall mean Subordinate Bonds which have been authenticated and delivered under this Subordinate General Resolution or Senior Lien Bonds which have been authenticated and delivered under the Senior Lien Resolution except:

(i) Subordinate Bonds or Senior Lien Bonds cancelled or purchased by the City for cancellation or delivered to or acquired by the City for cancellation and, in all cases, with the intent to extinguish the debt represented thereby;

(ii) Subordinate Bonds or portions of Subordinate Bonds which have been paid or are deemed to be paid in accordance with Article VIII and Senior Lien Bonds or portions of Senior Lien Bonds which have been paid or are deemed to be paid in accordance with the terms of the Senior Lien Resolution;

(iii) Subordinate Bonds in lieu of which other Subordinate Bonds have been authenticated under Section 3.05;

(iv) Subordinate Bonds or Senior Lien Bonds or portions of Subordinate Bonds or Senior Lien Bonds that have become due (at maturity or on redemption, acceleration or otherwise) and for the payment of which sufficient moneys, including interest accrued to the due date, are held by the City or an agent of the City separate and apart for such purpose;

(v) Subordinate Bonds which, under the terms of the Supplemental Resolution pursuant to which they were issued, are deemed to be no longer Outstanding; and

(vi) for purposes of any consent or other action to be taken by the holders of a specified percentage of Subordinate Bonds under this Subordinate General Resolution, Subordinate Bonds held by or for the account of City, unless such Subordinate Bonds are pledged to secure a debt to an unrelated party, in which case such Subordinate Bond shall, for purposes of consents and other Bondholder action, be deemed to be Outstanding and owned by the party to which such Subordinate Bonds are pledged.

“Paying Agent” or “Paying Agents” shall mean the City Treasurer or any other bank, trust company or other financial institution appointed by the City.

“Permitted Investments” shall mean (i) Government Obligations, (ii) obligations of any state or territory of the United States or any agency or political subdivision thereof rated by S&P, if the Series of Subordinate Bonds which such Permitted Investments secure is then rated by S&P, and by Moody’s, if such Series is then rated by Moody’s, at least as high as such Series of Subordinate Bonds, (iii) obligations of any state or territory of the United States or any agency or political subdivision thereof for the payment of the principal or redemption price of and interest on which there shall have been deposited Government Obligations maturing as to principal and interest at times and in amounts sufficient to provide such payment, (iv) time certificates of deposit

issued by a state or nationally chartered bank or trust company or a state or federal savings and loan association, provided that such certificates of deposit shall be (1) continuously and fully insured by the Federal Deposit Insurance Corporation or (2) continuously and fully secured by Government Obligations, which securities shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificate of deposit, (v) bankers' acceptances which are issued by a bank or trust company rated "A" or higher by Moody's and S&P; provided that such bankers' acceptances may not exceed 270 days' maturity, (vi) repurchase agreements with any bank or trust company or government bond dealer reporting to, trading with and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by Government Obligations, provided that the underlying securities are required by the repurchase agreement to be held by any such bank, trust company or primary dealer having a combined capital and surplus of at least \$100,000,000 and being independent of the issuer of such repurchase agreement, and provided that the securities are continuously maintained at a market value of not less than the amount so invested, (vii) commercial paper of "prime" quality of the highest or of the highest letter and numerical rating as provided by Moody's and S&P, (viii) investment agreements with (1) any bank or trust company or government bond dealer reporting to, trading with and recognized as a primary dealer by the Federal Reserve Bank of New York, having a combined capital and surplus of at least \$100,000,000, or (2) any corporation that is organized and operating within the United States and that has total assets in excess of \$500,000,000 and that has an "A" or higher rating for its debt, other than commercial paper, as provided by Moody's and S&P, provided that such investment agreements shall be continuously and fully secured by Government Obligations, which securities shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount so invested, (ix) government money market portfolios or money market funds restricted to obligations issued or guaranteed as to payment of principal and interest by the full faith and credit of the United States, which portfolios, unless held by the Treasurer for five business days or less, shall have a rating in the highest two categories provided by Moody's and S&P, (x) any investment permitted by the investment policy of the City, and (xi) with respect to funds held in funds and accounts required under the terms of a specific Supplemental Resolution or securing specific Subordinate Bonds or Subordinate Bonds of a Specific Series of Subordinate Bonds, such other securities or investment vehicles as are specified as Permitted Investments under the terms of the Supplemental Resolution creating such funds and accounts or setting forth the terms of such Series.

"Procedural Ordinance" shall mean Article 6.7 of Chapter 1 of Division 11 of the Administrative Code of the City.

"Project" shall mean any purpose for which a Series of Subordinate Bonds is issued or authorized under the terms of this Subordinate General Resolution.

"Project Costs" shall mean, with respect to the System, all or any part of the cost of construction, acquisition, alteration, reconstruction, remodeling, maintaining and operating, including, without limiting the generality of the foregoing, all labor, materials, machinery, equipment, lands, structures, real and personal property, rights, rights of way, water rights, air rights, franchises, easements and interests acquired or used by the City in connection with the work undertaken; the cost of any demolitions, removals or relocations necessary in connection therewith; financing charges, insurance expenses, Capitalized Interest, if any, reserves for debt service and reserves for capital and current expenses; the cost of architectural, engineering,



financial and legal services, plans, specifications, appraisals, surveys, inspections, estimates of costs and revenues, and other expenses necessary or incident to determining the feasibility or practicality of such undertaking; organizational, professional, administrative, operating and other expenses incurred prior to the commencement of and during such work; costs of the City properly allocated to a Project and with respect to costs of employees or other labor costs, including the cost of medical, pension, retirement and other benefits as well as salary and wages and the allocable cost of administrative, supervisory and managerial personnel and the properly allocable cost of benefits provided for such personnel; costs of equipment, supplies and training of operating personnel and other expense of completing such work and placing the same in operation; working capital, and such other expenses as may be necessary or incidental to a Project, the financing thereof, including, but not limited to, costs and expenses of consultants and advisors including insurance consultants, accountants, engineers and attorneys, printing costs, rating agency fees and expenses, insurance costs and related election expenses and expenses necessary or incidental to placing a Project in operation and all other costs, expenses and charges related directly or indirectly to the System for which the City is otherwise permitted to incur an obligation, including the financing of working capital, whether or not the Project then under consideration involves the acquisition or construction of physical properties.

“Rebate Fund” shall mean any fund created by the City in connection with the issuance of the Subordinate Bonds or any Series of Subordinate Bonds for the purpose of complying with the Code and providing for the collection, holding and payment of amounts to the United States of America.

“Recovery Zone Economic Development Bonds” shall mean any bonds or other obligations issued as Recovery Zone Economic Development Bonds under Section 1400U-2 of the Code, or under any other provisions of the Code, that creates, in the determination of the City, a substantially similar direct-pay subsidy program that provides comparable security for the Owners thereof.

“Refundable Credits” shall mean (a) with respect to a Series of Senior Lien Bonds or Subordinate Bonds issued as Build America Bonds under Section 54AA of the Code or a Series of Senior Lien Bonds or Subordinate Bonds issued as Recovery Zone Economic Development Bonds under Section 1400U02 of the Code, in either case the amounts which are payable by the Federal government under Section 6431 of the Code, and which, in the case of Build America Bonds, the City has elected to receive under Section 54AA(g)(1) of the Code, or (b) with respect to a Series of Senior Lien Bonds or Subordinate Bonds issued as Build America Bonds or as Recovery Zone Economic Development Bonds, as the case may be, under any other provisions of the Code, that creates, in the determination of the City, a substantially similar direct-pay subsidy program, the amounts of which are payable by the Federal government under applicable provisions of the Code, which, in the case of Build America Bonds, the City has elected to receive under applicable provisions of the Code.

“Registrar” shall mean, with respect to the Subordinate Bonds of any Series, the bank, trust company or other entity, if any, designated to perform the function of Registrar under this Subordinate General Resolution or any Supplemental Resolution instead of or in addition to the City Treasurer’s office.

“Reserve Fund” shall mean any Debt Service Reserve Fund created for a Series of Subordinate Bonds as described in Section 5.05 hereof and where specifically stated as such, the Reserve Fund as defined in the Senior Lien Resolution.

“Revenue Bond Law” shall mean the Revenue Bond Law of 1941, §§54300 et seq. of the California Government Code.

“Revenues” shall mean all revenues of the SCM Fund and revenues otherwise attributable to the System, including, but not limited to, those revenues currently arising as a result of the imposition of sewer service charges, industrial waste surcharge and inspection fees, sewage disposal contract charges, sewerage facility charges and bonded sewer fees and all other income and receipts derived by the City from the ownership or operation of the System or arising from the System and including amounts attributable to extensions, additions and improvements to the System and all other amounts received by the City in payment for providing wastewater collection, treatment and/or disposal services; and all earnings received from the investment of the SCM Fund and the Debt Service Fund (as defined in the Senior Lien Resolution); and all earnings received on the Debt Service Funds created for Subordinate Bonds of any Series, provided, however, that Revenues shall not include:

- (i) any amount received from the levy or collection of taxes;
- (ii) amounts received under contracts or agreements with governmental or private entities and designated for capital costs;
- (iii) grants received from the United States of America, from the State of California or other political bodies;
- (iv) earnings on any Construction Funds and any Reserve Funds;
- (v) earnings on any Construction Funds under the Senior Lien Resolution and any Reserve Funds under the Senior Lien Resolution;
- (vi) the proceeds of borrowings; and
- (vii) proceeds of insurance.

“SCM Fund” shall mean, collectively, the City’s Sewer Construction and Maintenance Fund, Sewer Operation and Maintenance Fund, and Sewer Capital Fund established under the terms of the City’s Municipal Code as special funds in the City Treasury into which the Revenues are to be deposited and such term also includes any other fund or series of funds into which Revenues are deposited.

“Senior Lien Bonds” shall mean bonds, notes and all other obligations issued or incurred under the terms of the Senior Lien Resolution and secured, under the terms of the Senior Lien Resolution, by a pledge of the Revenues prior to that pledge securing Subordinate Bonds issued under this Subordinate General Resolution.

“Senior Lien Resolution” shall mean the Wastewater System Revenue Bonds General Resolution adopted by the City Council November 10, 1987, as amended and supplemented from time to time.

“Series” when used with respect to Subordinate Bonds, shall mean Subordinate Bonds issued at the same time or sharing some other common term or characteristic and designated as a separate Series, and shall also mean a Commercial Paper Program authorized by the Council notwithstanding the fact that the Subordinate Bonds constituting part of such program are issued at different times and from time to time; and, when used with respect to Senior Lien Bonds, shall have the meaning assigned to such term in the Senior Lien Resolution.

“Series 2022-C Subordinate Bonds” shall mean the City of Los Angeles Wastewater System Subordinate Revenue Bonds, Refunding Series 2022-C, issued on April 1, 2022.

“S&P” shall mean Standard & Poor’s Corporation, a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the City.

“State” shall mean the State of California.

“Subordinate Bond” or “Subordinate Bonds” shall mean bonds, notes and other indebtedness, obligations or securities of any kind or class issued or incurred as provided in Article III of this Subordinate General Resolution and secured by this Subordinate General Resolution and by the subordinate pledge of the Revenues granted hereby. The term “Subordinate Bonds” includes, but is not limited to, obligations in the form of bonds, notes, bond anticipation notes, commercial paper, and certificates of participation. “Subordinate Bond” or “Subordinate Bonds” shall not include any obligations incurred by the City as permitted by Section 5.06 which rank junior to the Subordinate Bonds issued pursuant to and secured by this Subordinate General Resolution.

“Subordinate General Resolution” shall mean this “Amended and Restated Wastewater System Subordinate Revenue Bonds General Resolution” adopted by the Council on the date shown on the cover page hereof, as amended from time to time.

“Supplemental Resolution” shall mean any supplemental resolution adopted by the Council providing for the issuance of a Series or multiple Series of Subordinate Bonds, amending and/or supplementing this Subordinate General Resolution or amending and/or supplementing another Supplemental Resolution.

“System” shall mean the City’s entire wastewater collection, transportation, drainage, treatment and disposal system, including all sewers, pipes, buildings, systems, plants, works, equipment, improvements and other facilities or undertakings of the City relating to the collection, transportation, treatment and disposal of sewage, wastewater, industrial wastewater and infiltration/inflows incidental thereto, including those facilities in existence at the time of adoption of this Subordinate General Resolution and any and all subsequent additions, extensions, improvements, acquisitions and replacements thereto and all facilities and undertakings relating to or useful in connection with the construction, improvement, replacement, expansion, extension,

operation and maintenance of the System. The term System more specifically includes, but is not limited to, sewage and wastewater treatment and disposal plants, sewage pumping plants, water reclamation plants, sewer maintenance yards and headquarters, intercepting and collecting sewers, outfall sewers, trunk, connecting, relief and other sewer mains and additions to, alterations of and reconstruction of, any of them and the lands, rights of way, pipe, conduits, equipment, machinery, apparatus, and property necessary therefor.

“Tender Indebtedness” shall mean any Covered Obligations or portions of Covered Obligations a feature of which is an option, on the part of the Bondholders, or an obligation, under the terms of such Covered Obligations, to tender all or a portion of such Covered Obligations to the City, a Paying Agent or other fiduciary or agent for payment or purchase and requiring that such Covered Obligations or portions of Covered Obligations be purchased if properly presented.

“Treasurer” shall mean the Treasurer of the City or any deputy treasurer.

“Variable Rate Indebtedness” shall mean any portion of indebtedness the interest rate on which is subject to fluctuation or subsequent adjustment.

Section 1.02 Cross References. Except as otherwise indicated, references to Articles and Sections are to the Articles and Sections of this Subordinate General Resolution.

Section 1.03 Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words importing the singular number shall include the plural and vice versa, and words importing person shall include firms, associations and corporations, including public bodies, as well as natural persons.

Section 1.04 Accounting Terms. Terms used in this Subordinate General Resolution in an accounting context and not otherwise defined shall have the meaning ascribed to them by generally accepted accounting principles.

Section 1.05 Interpretation of “Principal Amount” Under this Subordinate General Resolution. Whenever in the Subordinate General Resolution it is provided that any actions be taken or determinations made on the basis of the principal amount of Subordinate Bonds Outstanding or the principal amount of Subordinate Bonds affected by an action, including the calculation of the principal amount of Subordinate Bonds for purposes of declaring principal of Subordinate Bonds due and payable pursuant to Article IX, the calculation of the principal amount of any Subordinate Bonds that accrete interest shall be determined pursuant to the terms of Supplemental Resolutions.

## ARTICLE II

### PLEDGE TO SECURE SUBORDINATE BONDS; SOURCE OF PAYMENT

Section 2.01 Pledge of Revenues and Funds. To secure the payment of all Subordinate Bonds issued pursuant to the terms of this Subordinate General Resolution, the City hereby pledges to the Owners of the Subordinate Bonds, and places a second lien upon and assigns to the Owners

of the Subordinate Bonds (1) the Revenues as defined in this Subordinate General Resolution, including any additional sources of Revenues pledged by Supplemental Resolutions and (2) the Revenues held in the SCM Fund including the earnings on such Revenues. The City has previously pledged and assigned the Revenues and granted a lien upon the Revenues to secure Senior Lien Bonds, whenever issued, including Senior Lien Bonds issued subsequent to the execution and delivery of this Subordinate General Resolution and subsequent to the issuance of Subordinate Bonds. The pledge, assignment and lien on the Revenues granted to secure the Senior Lien Bonds shall in all respects be prior to the pledge, assignment and lien granted by this Subordinate General Resolution. The Revenues, including Revenues held in the SCM Fund and the earnings on such Revenues, shall be used first to pay the Senior Lien Bonds as the same become due and make current deposits into the funds held pursuant to the Senior Lien Resolution before such Revenues will be available to pay Subordinate Bonds. This pledge of and lien upon the Revenues shall be for the equal and proportionate benefit and security of all Subordinate Bonds issued under the terms of this Subordinate General Resolution, all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction as to lien or otherwise of any Subordinate Bond over any other Subordinate Bond. The pledge and lien hereby granted shall remain effective for so long as any Subordinate Bonds are Outstanding hereunder. Amounts in any Debt Service Fund and Reserve Fund established for any Series of Subordinate Bonds shall, by the terms of the Supplemental Resolution setting forth the terms of such Series, be pledged to secure the Subordinate Bonds of such Series in accordance with the terms of such Supplemental Resolution.

#### Section 2.02 [Reserved.]

Section 2.03 No Prior or Parity Pledge. The City hereby represents and warrants that except for the pledge granted to secure the Senior Lien Bonds, the City has not pledged the Revenues or the SCM Fund nor created any lien thereon on a basis that ranks senior to the Subordinate Bonds, and the City covenants that, until all the Subordinate Bonds issued under the provisions of this Subordinate General Resolution and the interest thereon shall have been paid or are deemed to have been paid, it will not, except to the extent additional Senior Lien Bonds are issued under the terms of the Senior Lien Resolution grant any prior or parity pledge of Revenues or the SCM Fund, or create or permit to be created any charge or lien on the Revenues ranking prior to or on a parity with the charge and lien which secures the Subordinate Bonds issued pursuant to this Subordinate General Resolution. It is hereby expressly provided that the City shall not, by the provisions of this Section 2.03 or any other part of this Subordinate General Resolution, be restricted or limited in any way in its ability to issue additional Senior Lien Bonds, all of which shall rank prior to the Subordinate Bonds with respect to the pledge of, lien on and assignment of the Revenues. The City may, as provided in Section 5.06, create or permit to be created a charge or lien on the Revenues ranking junior and subordinate to the charge and lien which secures the Subordinate Bonds issued pursuant to this Subordinate General Resolution.

Section 2.04 Special Obligations. The Subordinate Bonds shall be and are special, limited obligations of the City and the City is obligated to pay the principal of, premium, if any, and interest on the Subordinate Bonds solely from the Revenues and from amounts in the SCM Fund and, with respect to the Subordinate Bonds of an individual Series, from any Debt Service Fund and Reserve Fund created for such Series. The general fund of the City is not liable for the payment of the principal of, interest on or premium, if any, on the Subordinate Bonds. Neither the

full faith and credit nor the taxing power of the City is pledged to payment of the Subordinate Bonds and the Owners shall not have any ability to compel the exercise of the taxing power of the City or the forfeiture of any of its property. The City's limited obligation to make payment on the Subordinate Bonds does not create a debt of the City or legal or equitable pledge, charge, lien or encumbrance, upon any of the City's property, or upon any of its income, receipts or revenues except the Revenues and, to the extent provided by Supplemental Resolution, amounts in the Debt Service Funds and Reserve Funds.

### ARTICLE III

#### ISSUANCE OF SUBORDINATE BONDS AND TERMS THEREOF

Section 3.01 Issuance of Subordinate Bonds; Form of Subordinate Bonds. Subordinate Bonds of any Series may be issued by the City under the terms of this Subordinate General Resolution from time to time and secured hereby for any purpose related to the System that the City deems appropriate. Subordinate Bonds of any Series may be issued under this Subordinate General Resolution and secured hereby only if the provisions of Section 3.09 are satisfied.

The Subordinate Bonds of any Series may be issued in such denominations as provided by the Supplemental Resolution creating such Series, in fully registered or bearer form, with or without coupons or in fully registered book-entry form. The Subordinate Bonds of any Series may have notations, legends or endorsements required by law or usage. In addition, Subordinate Bonds of each Series may be in any of the forms, but are not limited to forms described in the definition of Subordinate Bonds in Section 1.01, and may be sold as provided in the Supplemental Resolution establishing such Series.

Section 3.02 Terms, Designation and Payment. The Subordinate Bonds of a Series shall be issued in the principal amount, shall bear interest at a rate or rates, including variable or adjustable rates, shall mature and may be subject to redemption prior to their respective maturities, all as shall be set forth by Supplemental Resolution. The Subordinate Bonds of each Series issued under the provisions of this Article shall be designated "City of Los Angeles Wastewater System Revenue [Bonds, Notes or other designation]," inserting appropriate identifying descriptions, series letter, number, year, word or words and including such other characteristics or designations as may be provided by a Supplemental Resolution. Subordinate Bonds of each Series shall contain an express statement that a Subordinate Bond of such Series is junior and subordinate to the Senior Lien Bonds as to lien on and source and security for payment from the Revenues.

Payments with respect to the Subordinate Bonds of each Series shall be made as provided in the Supplemental Resolution providing for the issuance of Subordinate Bonds of such Series or as provided in the Subordinate Bonds of such Series, which provisions shall include the designation of the currency in which such payments shall be made.

Section 3.03 Execution and Authentication. The Subordinate Bonds of any Series will be executed for the City as provided in the Supplemental Resolution. Each Subordinate Bond of any Series shall have an authentication certificate thereon which shall read substantially as follows:

The [Treasurer of the City of Los Angeles] [\_\_\_\_\_], as duly authorized Authenticating Agent] certifies that this is one of the Subordinate Bonds referred to in the Subordinate General Resolution and \_\_\_\_\_ Supplemental Resolution referred to herein.

By \_\_\_\_\_

The Subordinate Bonds of any Series shall be delivered following execution by the City to the Treasurer for authentication and delivery unless an Authenticating Agent has been appointed for such Series, in which case the Subordinate Bonds of such Series shall be delivered to the Authenticating Agent. In case any officer of the City whose signature or whose facsimile signature shall appear on Subordinate Bonds of any Series shall cease to be such officer before the authentication and delivery of Subordinate Bonds of such Series, such signature or the facsimile signature thereof shall nevertheless be valid and sufficient for all purposes the same as if he or she had remained in office until authentication and delivery. Also, if a person signing a Subordinate Bond of any Series is the proper officer on the actual date of execution, the Subordinate Bond of such Series will be valid even if that person is not the proper officer on the nominal date of action and even though, at the date of this Subordinate General Resolution or any Supplemental Resolution, such person was not such officer.

Subordinate Bonds of any Series will not be valid until the Treasurer or an Authenticating Agent executes the certificate of authentication on the Subordinate Bond of such Series by manual or facsimile signature. Such signature will be conclusive evidence that the Subordinate Bonds of such Series has been authenticated under this Subordinate General Resolution.

The City may appoint an Authenticating Agent to authenticate Subordinate Bonds of any Series and may appoint different Authenticating Agents for different Series of Subordinate Bonds. An Authenticating Agent may authenticate Subordinate Bonds of any Series whenever the Treasurer may do so. Each reference in this Subordinate General Resolution to authentication by the City or by the Treasurer includes authentication by such agent.

Subordinate Bonds of any Series issued under this Subordinate General Resolution may be issued in uncertificated form, in which case the procedures for issuance and delivery and evidence of validity, ownership, transfer and exchange shall be as provided in a Supplemental Resolution.

Section 3.04 Bond Register. Unless otherwise provided in a Supplemental Resolution, with respect to each Series of Subordinate Bonds issued in registered form, the office of the Treasurer or a Registrar will keep a register of the Subordinate Bonds of such Series and of their transfer and exchange. At reasonable times and under reasonable regulations established by the City or the Registrar, any of such lists of Bondholders may be inspected by any Bondholder (or a properly designated representative thereof) which owns \$1,000,000 or more in principal amount of Subordinate Bonds (or beneficial interest therein) then Outstanding. Subordinate Bonds of any Series may be presented to the Treasurer or to the Registrar as provided by Supplemental Resolution for registration, transfer and exchange, as provided in Section 3.06. The City and any Paying Agent shall treat the Bondholder, as shown on the registration books kept by the City or the Registrar, as the person exclusively entitled to payment of principal, premium, if any, and interest and the exercise of all other rights and powers of the Bondholder.

Section 3.05 Mutilated, Lost, Stolen or Destroyed Subordinate Bonds.

(a) In the event any Subordinate Bond of any Series is mutilated or defaced but identifiable by number and description, the City shall execute and the Treasurer or an Authenticating Agent shall authenticate and deliver a new Subordinate Bond of like Series, date, interest rate and maturity as and in a denomination equal to the unpaid amount of such Subordinate Bond, upon surrender thereof to the City or its agent; provided that there shall first be furnished to the City or its agent clear and unequivocal proof satisfactory to the City or its agent that the Subordinate Bond has been mutilated or defaced to such an extent as to impair its value to the Bondholder. The City or its agent shall then cause proper record to be made of the cancellation of the original, and thereafter the substitute shall have the validity of the original.

(b) In the event any Subordinate Bond of any Series is lost, stolen or destroyed, the City may execute and the Treasurer or an Authenticating Agent may authenticate and deliver a new Subordinate Bond of like Series, date and maturity as and in a denomination equal to the unpaid amount of the Subordinate Bond lost, stolen or destroyed; provided that there shall first be furnished to the City or its agent evidence of such loss, theft or destruction satisfactory to the City or its agent, together with indemnity satisfactory to them.

(c) The City and any agents may charge the Holder of any such Subordinate Bond described in (a) or (b) above the cost of preparing the substitute Subordinate Bond, all transfer taxes, if any, and the City's and/or agent's reasonable fees and expenses in this connection. All substitute Subordinate Bonds issued and authenticated pursuant to this Section shall be issued as a substitute and numbered, if numbering is required by the Supplemental Resolution or the City, as determined by the City or its agent. In the event any such Subordinate Bond shall be about to mature or has matured or been called for redemption, instead of issuing a substitute Subordinate Bond, the City may pay the same at its maturity or redemption without surrender thereof.

Section 3.06 Registration and Transfer of Subordinate Bonds; Persons Treated as Owners. All Subordinate Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form satisfactory to the Treasurer or the Registrar, as the case may be, duly executed by the Bondholder or by his duly authorized attorney.

Except as limited by any Supplemental Resolution, the City or any Registrar also may require payment from the Bondholder of a sum sufficient to cover any tax or other governmental fee or charge that may be imposed in relation to any transfer or exchange.

Supplemental Resolutions may designate certain limited periods during which Subordinate Bonds will not be exchanged or transferred.

Subordinate Bonds delivered upon any exchange or transfer as provided herein, or as provided in Section 3.05, shall be valid obligations of the City evidencing the same obligation as the Subordinate Bond surrendered, shall be secured by this Subordinate General Resolution and



shall be entitled to all of the security and benefits hereof to the same extent as the Subordinate Bond surrendered.

Section 3.07 Destruction of Subordinate Bonds. Whenever any Outstanding Subordinate Bonds shall be delivered to the City or its agent for cancellation, upon payment of the principal amount and interest represented thereby or for replacement pursuant to Section 3.06 or exchange or transfer pursuant to Section 3.06, such Subordinate Bond shall be cancelled and destroyed by the City or its agent.

Section 3.08 Temporary Subordinate Bonds. Pending preparation of definitive Subordinate Bonds of any Series, the City may execute, authenticate and deliver, in lieu of definitive Subordinate Bonds of such Series and subject to the same limitations and conditions, interim receipts, certificates or temporary bonds which shall be exchanged for the Subordinate Bonds of such Series.

If temporary Subordinate Bonds are issued, the City shall cause the definitive Subordinate Bonds to be prepared and, upon presentation to it of any temporary Subordinate Bond, shall cancel the same and deliver in exchange therefor at the place designated by the Bondholder, without charge to the Bondholder, definitive Subordinate Bonds of an equal aggregate principal amount, of the same Series and maturity and bearing interest at the same rate or rates as the temporary Subordinate Bonds surrendered. Until so exchanged, the temporary Subordinate Bonds shall in all respects be entitled to the same benefit and security of this Subordinate General Resolution as the definitive Subordinate Bonds to be issued and authenticated hereunder.

Section 3.09 Issuance of Series of Subordinate Bonds; Supplemental Resolution; Application of Bond Proceeds. The Subordinate Bonds of each Series shall be issued, at one time or from time to time, pursuant to and in accordance with the procedures set forth in the Charter, the Procedural Ordinance and subject to the conditions of this Section 3.09.

Each Series of Subordinate Bonds shall be dated, shall mature, shall bear interest, shall be subject to redemption and shall be amortized, all as provided in the Supplemental Resolution under which such Subordinate Bonds are issued. In addition, each such Supplemental Resolution may provide for the appointment of an Authenticating Agent, Registrar or Registrars and a Paying Agent or Paying Agents or an Issuing and Paying Agent and for the removal or replacement thereof.

Such Supplemental Resolution may provide that the interest rate on the Series of Subordinate Bonds and the duration of the periods during which any such interest rate applies may, from time to time, be adjusted and that the Series of Subordinate Bonds may be purchased upon the demand of the owners thereof or shall be subject to mandatory purchase upon the occurrence of certain events or at certain times. Such provisions relating to interest rate periods and adjustments may include, without limitation, the creation of objective standards for such adjustments and the appointment of agents to apply such standards, and may provide for the procurement of liquidity and credit support facilities with respect to the Subordinate Bonds.

Each of the following shall be a condition to the issuance of any Series of Subordinate Bonds under this Subordinate General Resolution:

(a) the Council shall adopt a Supplemental Resolution authorizing such Series of Subordinate Bonds and setting forth the terms of such Series of Subordinate Bonds;

(b) if credit enhancement or liquidity support is to be provided at the time of issuance of the Series, the executed bond insurance policy, surety bond, letter of credit or other liquidity facility or credit support facility, if any, relating to the Series of Subordinate Bonds shall be delivered to the City or an appropriate fiduciary;

(c) the certificate or certificates of the Consultant required by Section 3.11 or, if the Subordinate Bonds of any Series to be issued are refunding Subordinate Bonds and the last paragraph of Section 3.11 is applicable, the certificate of the Authorized City Representative described therein;

(d) a certificate of an Authorized City Representative stating that no Event of Default has occurred and is then continuing; and

(e) an opinion of Bond Counsel to the effect that the issuance of such Subordinate Bonds has been duly authorized, that all legal conditions precedent to the delivery of such Bonds have been fulfilled, that the Subordinate Bonds are valid and binding obligations of the City in accordance with their terms, and if it is the intention of the City that interest on the Subordinate Bonds of such Series is to be excluded from gross income of the recipient for federal income tax purposes, that the interest on the Subordinate Bonds will be so excluded; and an opinion of Bond Counsel to the effect that the issuance of such Subordinate Bonds will not adversely affect the tax-exempt status of any previously issued Subordinate Bonds.

With respect to Subordinate Bonds of any Series which are part of a Commercial Paper Program, fulfillment of the conditions (a) to (e), inclusive, of this Section shall be required prior to issuance of the first note of such program; thereafter, Subordinate Bonds of any Series constituting part of the same Commercial Paper Program may be issued from time to time as the City determines without again meeting the requirements of this Section so long as the maximum aggregate principal amount of such Commercial Paper Program authorized by the Council for which the conditions (a) to (e), inclusive, were previously fulfilled, is not increased. Any increase in the maximum aggregate principal amount of the Commercial Paper Program authorized by the Council shall, prior to such increase, require compliance with conditions (a) to (e), inclusive.

When the conditions mentioned in clauses (a) to (e), inclusive, of this Section shall have been fulfilled, then upon receipt by the City of payment for the Subordinate Bonds, the Subordinate Bonds shall be delivered to or upon the order of the purchasers thereof.

Simultaneously with the delivery of Subordinate Bonds of any Series, the City shall apply the proceeds of Subordinate Bonds of such Series as provided in the Supplemental Resolution.

Section 3.10 Refunding Subordinate Bonds. There may be issued under and secured by this Subordinate General Resolution Subordinate Bonds of a Series for the purpose of providing funds for refunding all of the Outstanding Subordinate Bonds of any one or more Series or a portion of any Series. Such Subordinate Bonds of such Series shall be issued in accordance with the provisions of Sections 3.09 and 3.11 of this Subordinate General Resolution.

Section 3.11 Tests for Issuance of Subordinate Bonds. As a condition to the issuance of any Series of Subordinate Bonds, the City shall first be required to obtain a certificate or certificates prepared by a Consultant or by Consultants showing that the Net Revenues for the immediately preceding Fiscal Year or for any 12 consecutive months out of the 18 consecutive months immediately preceding the issuance of the proposed Series of Subordinate Bonds were at least equal to 110% of the Average Annual Debt Service for all Covered Obligations which will be Outstanding immediately after the issuance of the proposed Series of Subordinate Bonds. For purposes of preparing the certificate or certificates described above, the Consultant or Consultants may (a) rely upon financial statements prepared by the City that have not been subject to audit by an independent certified public accountant if audited financial statements for the Fiscal Year or period are not available and (b) make such other assumptions as determined reasonable or appropriate by such Consultant or Consultants.

For purposes of the computations to be made as described in the preceding paragraph, the determination of Net Revenues may take into account any increases in rates and charges which relate to the System and shall take into account any reductions in such rates and charges which increases or decreases have been authorized by the City to be implemented and which will be effective prior to or at the time of issuance of such proposed Series of Subordinate Bonds.

With respect to Subordinate Bonds of any Series which are part of a Commercial Paper Program, fulfillment of the requirement of this Section shall be required prior to issuance of the first note of such program; thereafter, Subordinate Bonds of any Series constituting part of the same Commercial Paper Program may be issued from time to time as the City determines without again meeting the requirements of this Section so long as the maximum aggregate principal amount of such Commercial Paper Program authorized by the Council for which such requirement was previously fulfilled, is not increased. Any increase in the maximum aggregate principal amount of the Commercial Paper Program authorized by the Council shall, prior to such increase, require compliance with the requirement of this Section.

Except as described in the last sentence of this paragraph, the certificate or certificates described above shall not be required if the Series of Subordinate Bonds being issued are for the purpose of refunding then Outstanding Senior Lien Bonds or Subordinate Bonds, and if at the time of the issuance of such Series of Subordinate Bonds, a certificate of an Authorized City Representative shall be delivered showing that Average Annual Debt Service on all Covered Obligations Outstanding after the issuance of the refunding Series of Subordinate Bonds will not exceed Average Annual Debt Service on all Covered Obligations Outstanding prior to the issuance of such Series of Subordinate Bonds. The City may not rely on the exception in this paragraph with respect to the issuance of a refunding Series of Subordinate Bonds which are not part of a Commercial Paper Program to refund Subordinate Bonds which are part of a Commercial Paper Program unless the maximum aggregate principal amount of the Commercial Paper Program authorized by the Council is concurrently reduced by an amount equal to that portion of Subordinate Bonds constituting part of such Commercial Paper Program being refunded.

## ARTICLE IV

### REDEMPTION OF SUBORDINATE BONDS

Section 4.01 Subordinate Bonds Redeemable. The Subordinate Bonds of each Series may be made subject to redemption either in whole or in part and at such times, prices and in such order and under such terms as may be provided by the Supplemental Resolution providing for the issuance of such Subordinate Bonds. The City may provide for the redemption of Subordinate Bonds of any Series from any funds available to the City and not obligated for other purposes.

Section 4.02 Selection of Subordinate Bonds to Be Redeemed. If less than all the Subordinate Bonds of any Series shall be called for redemption, the Subordinate Bonds to be redeemed shall be selected from such Series of Subordinate Bonds as provided in the Supplemental Resolution under which Subordinate Bonds of such Series were issued.

Section 4.03 Notice of Redemption. In the event Subordinate Bonds of any Series are called for redemption, the City, or through its agent, shall give notice, at the times and in the manner specified by Supplemental Resolution, to the Bondholders of the Subordinate Bonds of a Series to be redeemed, of the redemption of Subordinate Bonds of such Series, which notice shall (i) specify the Subordinate Bonds of a Series to be redeemed, the redemption date, the redemption price and the place or places where amounts due upon such redemption will be payable and, if less than all of the Subordinate Bonds of a Series are to be redeemed, the numbers of the Subordinate Bonds, and the portions of Subordinate Bonds, to be redeemed, (ii) state any condition to such redemption and (iii) state that on the redemption date, and upon the satisfaction of any such condition, the Subordinate Bonds of such Series to be redeemed shall cease to bear interest. Such notice may set forth any additional information relating to such redemption. Notice may provide for purchase in lieu of redemption or conditional redemption as provided by a Supplemental Resolution. Notwithstanding the foregoing, Supplemental Resolutions may provide for redemption of Subordinate Bonds of a Series, under certain circumstances, without notice or with notice which differs from that set forth in this section.

Section 4.04 Effect of Redemption Call. On the date so designated for redemption, notice, if required, having been given in the manner and under the conditions provided herein and in the Supplemental Resolution relating to the Subordinate Bonds of a Series to be redeemed and moneys for payment of the redemption price being held in trust to pay the redemption price, unless otherwise provided in a Supplemental Resolution, the Subordinate Bonds of such Series so called for redemption shall become and be due and payable on the redemption date, interest on such Subordinate Bonds shall cease to accrue, such Subordinate Bonds of such Series shall cease to be entitled to any lien, benefit or security under this Subordinate General Resolution and the owners of such Subordinate Bonds of such Series shall have no rights in respect thereof except to receive payment of the redemption price.

Subordinate Bonds of any Series which have been duly called for redemption under the provisions of this Article IV and for the payment of the redemption price of which moneys shall be held in trust or irrevocably set aside for the Holders of the Subordinate Bonds of such Series to be redeemed, all as provided in this Subordinate General Resolution, shall not be deemed to be Outstanding under the provisions of this Subordinate General Resolution.

## ARTICLE V

### REVENUES AND FUNDS

Section 5.01 Subordinate Bonds Secured by Revenues. The Subordinate Bonds of any Series authorized and issued under the provisions of this Subordinate General Resolution are, as provided in Article II, secured by a subordinate lien on and pledge of the Revenues. The Revenues shall be deposited and used as provided in Article V of the Senior Lien Resolution and in this Article V.

Section 5.02 The SCM Fund; Creation of Funds. The City has heretofore created and currently maintains the Sewer Construction and Maintenance Fund, the Sewer Operation and Maintenance Fund and the Sewer Capital Fund (such funds and any other fund or funds into which the Revenues are deposited, the “SCM Fund”) and the City agrees that so long as any Subordinate Bonds remain Outstanding it will continue to maintain such funds or another special fund or special funds into which all Revenues will be deposited and any and all of such funds into which Revenues are deposited by the City shall be maintained and the amounts therein held and used as provided in the Senior Lien Resolution, so long as such resolution remains in effect, and as provided herein with respect to the SCM Fund and the Revenues therein shall be subject to the subordinate pledge set forth herein to secure the Subordinate Bonds.

The City agrees that it will deposit all Revenues (except the earnings on the Debt Service Fund (as defined in the Senior Lien Resolution) created and held under the Senior Lien Resolution and any Reserve Fund (as defined in the Senior Lien Resolution) created and held under the Senior Lien Resolution for which special provision is made in the Senior Lien Resolution and except for earnings on funds created and held under Supplemental Resolutions for which special provision may be made) as collected, into the SCM Fund. All Revenues in the SCM Fund shall be held by the City in trust and applied as provided in the Senior Lien Resolution and as provided in this Article V, and, pending such application, such amounts shall be subject to a lien and charge in favor of the Holders of the Subordinate Bonds issued and Outstanding under this Subordinate General Resolution as provided in Article II of this Subordinate General Resolution.

With respect to any of the funds required to be established hereunder or under a Supplemental Resolution, the City may, to accommodate its internal accounting and management systems, create one or more funds, all of which collectively constitute the fund described herein, all of which collectively shall be subject to the lien created hereby upon such fund and all of which collectively shall serve the purposes described herein for such fund.

Section 5.03 The SCM Fund. All Revenues (except the earnings on the Debt Service Fund (as defined in the Senior Lien Resolution) created and held under the Senior Lien Resolution and any Reserve Fund (as defined in the Senior Lien Resolution) created and held under the Senior Lien Resolution for which special provision is made in the Senior Lien Resolution and except for earnings on funds created and held under Supplemental Resolutions for which special provisions may be made) shall be deposited as soon as practicable into the SCM Fund either directly or, with respect to those amounts which are collected by a collection agent, upon transfer to the SCM Fund. Revenues which have been received by a collection agent but not yet deposited into the SCM Fund, shall nevertheless be subject to the restrictions of this Section 5.03 as if they were then on deposit

in the SCM Fund. Revenues in the SCM Fund shall be used on an ongoing basis to pay or provide for the expenses of the operation and maintenance of the System including, without limitation, refunds and the expenses of management, repair and other expenses necessary to maintain and preserve the System in good repair and working order when such amounts become due. So long as the requirements set forth below are met, the City may, at any time, as provided by Supplemental Resolution, withdraw amounts from the SCM Fund to make deposits to the Debt Service Funds and Reserve Funds created under Supplemental Resolutions or otherwise to make payments or provide for payments on Subordinate Bonds. The foregoing provisions are, however, restricted to the extent that no amount shall be withdrawn from the SCM Fund to make deposits to funds created under Supplemental Resolutions or otherwise make payments or provide for payments on Subordinate Bonds unless:

- (a) all operation and maintenance expenses are being or have been paid as they become due;
- (b) the monthly deposits to be made into the Debt Service Fund and any Reserve Fund (each such fund as defined in and held under the Senior Lien Resolution) for all prior months have been made in full and no deficiency exist with respect to the Debt Service Fund or any Reserve Fund under the Senior Lien Resolution; and
- (c) the amounts which are or will be required to be deposited into the Debt Service Fund and any Reserve Fund (each such as defined in the Senior Lien Resolution and held under the Senior Lien Resolution) during the then-current calendar month have been deposited into such funds or such amounts are segregated within the SCM Fund to be used to make such deposits, and the funding requirements for the then-current calendar month contained in the Senior Lien Resolution have been satisfied, prior to the withdrawal or use of funds for the purpose of paying or providing for the payment of Subordinate Bonds.

If the conditions (a), (b) and (c) above are met, and an amount at least equal to the amount reasonably estimated by the City to be needed to provide for the System's operation and maintenance expenses during the next 45 days shall remain in the SCM Fund, then the City may at any time and, subject to the conditions set forth above, shall, as required by Supplemental Resolutions, withdraw from the SCM Fund such amounts as are required by this Subordinate General Resolution and the Supplemental Resolutions to pay debt service on Subordinate Bonds or to provide for the payment of debt service on Subordinate Bonds and fulfill other funding requirements contained in Supplemental Resolutions under which Subordinate Bonds have been issued.

If the conditions (a), (b) and (c) above are met, an amount at least equal to the amount reasonably estimated by the City to be needed to provide for the System's operation and maintenance expenses during the next 45 days shall remain in the SCM Fund, and the City has withdrawn from the SCM Fund such amounts as are required by this Supplemental General Resolution and the Supplemental Resolutions for the then-current calendar month to pay debt service on Subordinate Bonds or to provide for the payment of debt service on Subordinate Bonds and fulfill other funding requirements for the then-current calendar month contained in Supplemental Resolutions under which Subordinate Bonds have been issued, then the City may

use any amounts in the SCM Fund, from time to time, to pay capital expenses of the System or be used for any other lawful purpose related to the System.

Any amounts in the SCM Fund which are not Revenues may be used or withdrawn at any time without any restriction imposed by this Subordinate General Resolution.

Section 5.04 The Debt Service Funds. Amounts in the Debt Service Funds established pursuant to the Supplemental Resolutions shall be used to pay interest and principal on the Subordinate Bonds of the Series for which such Fund was created as the same becomes due and payable. Such Debt Service Funds may be established and held by the City or established by the City, but held by a Paying Agent, but in any case, the fund shall be held in trust as security and a source of payment for the Series of Subordinate Bonds for which it was created. Amounts which are held in a Debt Service Fund for the payment of Subordinate Bonds of any Series which are due and payable but which have not been presented for payment and amounts which are in a Debt Service Fund to pay the redemption price of Subordinate Bonds of any Series which have been called for redemption, but which have not been presented for payment shall be so designated, segregated in such fund, held in trust for the Owners of such Subordinate Bonds of such Series and be available only to make payments on such specific Subordinate Bonds of such Series presented. In addition to the direct payment of principal, interest and redemption price, if interest, principal, or redemption price on a Series of Subordinate Bonds is paid by or through a form of credit enhancement provided for such Series of Subordinate Bonds, amounts in the Debt Service Fund created for such Series may, if so provided by Supplemental Resolution, be used to reimburse such amounts to the Insurer providing the credit support.

Section 5.05 Reserve Fund. The City may, by Supplemental Resolution, at the time of authorization of any Series of Subordinate Bonds or at any time thereafter, provide for the creation of a Reserve Fund, as security for such series. The Supplemental Resolution shall provide for the size and manner of funding and replenishing of such Reserve Fund and shall establish such other terms with respect to such Reserve Fund as the City deems to be appropriate. The provisions for funding or replenishing any Reserve Fund shall not permit any deposit into the Reserve Fund to be made from the SCM Fund unless all payments of principal of and interest on all Subordinate Bonds which have become due and payable have been paid in full or provision has been made for the payment thereof. Moneys held in a Reserve Fund shall be used for the purpose of paying principal and interest on Subordinate Bonds of a Series in accordance with the Supplemental Resolution under which the Subordinate Bonds of such Series are issued and the Reserve Fund created.

Section 5.06 The Construction Funds. Each Construction Fund shall be created under the terms of the Supplemental Resolution authorizing the related Series of Subordinate Bonds. The individual Construction Funds shall be funded with proceeds of the Series of Subordinate Bonds for which the fund was created and with the earnings thereon. Moneys in the respective Construction Funds shall be used to pay Project Costs or other costs as provided in the Supplemental Resolutions creating such accounts.

Section 5.07 Moneys Held in Trust; Unclaimed Moneys. All moneys which shall have been segregated within a Debt Service Fund or deposited with a Paying Agent for the purpose of paying any Subordinate Bonds which have become due and payable, either at the maturity thereof

or upon call for redemption, shall be held in trust for the respective holders of such Subordinate Bonds and such funds shall be held (i) uninvested, (ii) in Government Obligations with a maturity not longer than 30 days or such earlier date on which funds will be needed to make payments on the Subordinate Bonds, (iii) in repurchase agreements which are fully secured by Government Obligations, or (iv) other investments specified by Supplemental Resolution. Any moneys which shall be so segregated or deposited and which shall remain unclaimed by the Holders of such Subordinate Bonds for a period of three years after the date on which such Subordinates Bonds shall have become due and payable (or such longer period as shall be required by state law) shall be released from trust and deposited into the SCM Fund, and thereafter the holders of such Subordinate Bonds shall look only to the SCM Fund for payment and the City shall be obligated to make such payment, but only to the extent of the original amounts due on such Subordinate Bonds on the original due date or redemption date and without any interest thereon and the City shall be obligated to make payment only from Revenues.

Section 5.08 Additional Funds. The City may create additional funds under this Subordinate General Resolution or any Supplemental Resolution for such purposes as the City deems appropriate, including separate funds available only for specified Subordinate Bonds or Series of Subordinate Bonds; however, except for Debt Service Funds and Reserve Funds, the Revenues may be used to fund such funds only if the conditions for the use of excess amounts in the SCM Fund are met as provided in Section 5.03.

Section 5.09 Additional Security. The Revenues secure all Subordinate Bonds issued under the terms of this Subordinate General Resolution on an equal and ratable basis. The City may, however, in its discretion, provide additional security or credit enhancement for specified Subordinate Bonds or Series of Subordinate Bonds with no obligation to provide such additional security or credit enhancement to other Subordinate Bonds.

## ARTICLE VI

### COVENANTS OF THE CITY

Section 6.01 Payment of Principal and Interest. The City covenants and agrees that it will duly and punctually pay or cause to be paid the principal of, premium, if any, and interest on every Subordinate Bond at the place and on the dates and in the manner herein and in the Subordinate Bonds specified, according to the true intent and meaning thereof, and that it will faithfully do and perform all covenants and agreements herein and in the Subordinate Bonds contained and the City agrees that time is of the essence under this Subordinate General Resolution; provided, however, that (i) the City's obligation to make payment of the principal of, premium, if any, and interest on the Subordinate Bonds shall be strictly limited and the City shall only be obligated to make such payments from and to the extent of the Revenues and amounts in the SCM Fund and, with respect to the individual Series of Subordinate Bonds, from the Debt Service Fund and the Reserve Fund, if any, created for such Series, and any other source which the City may specifically provide for the Subordinate Bonds or any Series of Subordinate Bonds, (ii) no Bondholder shall have any right to require payment from any other funds of the City, (iii) the City's obligation to make payments of the principal of, premium, if any, and interest on the Subordinate Bonds from Revenues shall be subordinate to the City's obligations to make payments on the Senior Lien Bonds and to make deposits required by the Senior Lien Resolution,



and (iv) no Revenues shall be withdrawn from the SCM Fund and used to make payments on or provide for the payment of Subordinate Bonds unless the conditions set forth in Section 5.03 of this Subordinate General Resolution have been met. The general fund of the City is not liable for the payment of the principal of, interest on or premium, if any, on the Subordinate Bonds. Neither the full faith and credit nor the taxing power of the City is pledged to or will be available to pay the Subordinate Bonds.

Section 6.02 Performance of Covenants by the City; Authority; Due Execution. The City covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Subordinate General Resolution, in any and every Subordinate Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining hereto. The City represents and warrants that it is duly authorized under the constitution and laws of the State and its Charter to issue the Subordinate Bonds and pledge the Revenue thereto, on a subordinate basis, as provided herein, and that the City has not except as provided in the Senior Lien Resolution previously pledged such Revenues to secure any obligations.

Section 6.03 Rate Covenant.

(a) The City will, at all times while any of the Subordinate Bonds remain Outstanding, establish, fix, prescribe and collect rates, fees and charges, and collect other moneys, in each case, in connection with the use of the System so that Revenues and other amounts deposited into or on deposit in the SCM Fund in each Fiscal Year will be at least sufficient to pay the following amounts:

(1) the interest on and principal of the outstanding Senior Lien Bonds and Subordinate Bonds as they become due and payable;

(2) all other payments required for compliance with the terms of the Senior Lien Resolution and this Subordinate General Resolution and of any Supplemental Resolution including, but not limited to, the required deposits under Section 5.03 of the Senior Lien Resolution and to the Debt Service Funds and Reserve Funds, if any, created under Supplemental Resolutions; and

(3) all current operation and maintenance costs of the System (but not including such operation and maintenance costs as are scheduled to be paid by the City from moneys other than Revenues, such moneys to be clearly available for such purpose).

(b) The City further agrees that it will establish, fix, prescribe and collect rates, fees and charges, and collect other moneys, in each case, in connection with the use of the System so that during each Fiscal Year the Net Revenues and other amounts deposited into or on deposit in the SCM Fund are equal to at least 110% of the scheduled debt service becoming due on Outstanding Senior Lien Bonds and Subordinate Bonds in such year provided that for such purposes, the principal amount of Senior Lien Bonds and Subordinate Bonds becoming due in such year which is paid from the proceeds of other borrowings shall not be included as debt service becoming due in such year.

For the purpose of calculating scheduled debt service coming due on Outstanding Senior Lien Bonds and Subordinate Bonds, in determining the amount of interest coming due during any twelve-month period ending June 30 on any Series of Senior Lien Bonds or Subordinate Bonds that were issued as Direct Subsidy Bonds, such amount shall be reduced by an amount equal to the Refundable Credits the City is scheduled to receive during each such twelve-month period ending June 30 (and to avoid double counting, an equivalent amount shall be deducted from Revenues for the purpose of such calculation).

Section 6.04 Instruments of Further Assurance. The City covenants that it will, through its appropriate officers, employees and agents, do, adopt, execute, acknowledge and deliver, or cause to be done, adopted, executed, acknowledged and delivered, such Supplemental Resolutions and such further acts, instruments and transfers as may reasonably be necessary to establish or confirm to the Owners of the Subordinate Bonds all of the rights and obligations of the City under and pursuant to this Subordinate General Resolution.

Section 6.05 [Reserved.]

Section 6.06 Restriction Upon Prior and Parity Obligations; Provision for Subordinated Obligations. The City covenants that it will not, except to the extent it issues additional Senior Lien Bonds under the terms of the Senior Lien Resolution, issue any other obligations, except upon the condition and in the manner provided in Sections 3.09 and 3.10, payable from the Revenues prior to or on a parity with the Subordinate Bonds or secured by a prior or parity interest in the Revenues, and the City covenants that it will not voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or any other charge having priority to or being on a parity with the lien held by the Holders of the Subordinate Bonds upon the Revenues, or any part thereof. This provision shall not be deemed to restrict the City's ability to incur obligations for ordinary and reasonable operation and maintenance expenses payable on an ongoing basis from the SCM Fund as provided in Section 5.03. Such obligations for operation and maintenance expenses shall not be secured by nor create a lien on the Revenues. The City may issue obligations on a basis subordinate to the Subordinate Bonds provided that any such subordinated obligations issued by the City and payable from the Revenues shall contain an express statement that such obligations are junior and subordinate to the Subordinate Bonds issued under Article III of this Subordinate General Resolution as to lien on and source and security for payment from the Revenues. Any such subordinated obligations may be paid on an ongoing basis from the Revenues so long as the conditions set forth in Section 5.03 are met.

Section 6.07 Operation and Maintenance of System. The City will maintain and preserve the System in good repair and working order at all times, in conformity with standards customarily followed for municipal wastewater systems of like size and character. The City will, from time to time, make all necessary and proper repairs, renewals, replacements and substitutions to the properties of the System, so that at all times business carried on in connection with the System shall and can be properly and advantageously conducted in an efficient manner and at reasonable cost, and will operate the System in an efficient and economical manner, consistent with the protection of the holders of the Subordinate Bonds.

Section 6.08 [Reserved.]

Section 6.09 Books and Accounts; Financial Statements.

(a) The City will keep proper books of record and accounts of the SCM Fund, the Debt Service Funds, the Reserve Funds, if any, and the Construction Funds, in which complete and correct entries shall be made of all transactions relating to such funds. Such books of record and accounts shall at all times during business hours be subject to the inspection of any Bondholder or a representative thereof who is authorized in writing, at reasonable hours and under reasonable conditions.

(b) The City will prepare annually within 270 days after the close of each Fiscal Year so long as any of the Subordinate Bonds are Outstanding financial statements of the SCM Fund, the Debt Service Funds, the Reserve Funds, if any, and the Construction Funds for the preceding Fiscal Year, prepared in accordance with generally accepted accounting principles applied on a consistent basis from year to year which financial statements shall be examined by and include the certificate or opinion of an independent certified public accountant. The City will make the financial statements available for examination by any Bondholder and will furnish a copy of the financial statements to any Bondholder upon request. The City may charge a fee to cover the cost of copying.

(c) [Reserved.]

(d) The City will annually, prior to the beginning of each Fiscal Year, prepare and adopt a budget for the SCM Fund which budget shall include the budgeted receipts and expenditures of the SCM Fund and the rates and charges to be implemented to assure that the City is able to comply with its covenants as set forth in this Subordinate General Resolution, and the City will annually prepare a five-year capital plan or capital budget setting forth in reasonable detail the expected amounts to be expended in each year for capital needs of the System and the purposes for which such expected amounts are to be expended.

Section 6.10 Ownership and Operation. The City will not sell, transfer or otherwise dispose of the System or any part thereof essential to the proper operation of the System unless, after giving effect to such sale, transfer or disposition, the City reasonably expects that the System is able to generate sufficient Revenues to satisfy its obligations under Section 6.03 hereof.

Section 6.11 Insurance and Condemnation. The City agrees that it will, to the extent it determines that insurance or reserves covering risks to the System is appropriate for the System, insure or provide a self-insured reserve as protection against loss or damage to the System arising from fire, storm or other causes; provided that the City shall not be required to maintain insurance or reserve against loss or damage resulting from earthquakes if the City determines that the cost thereof is excessive.

If the City determines to obtain insurance to comply with the preceding paragraph, the City may, but shall not be required to, rely on the advice of an independent insurance consultant for purposes of determining the types and amounts of insurance to be maintained. Such insurance may be maintained through a pooled risk arrangement with other entities, through commercial insurance, a captive insurance company or through other arrangements which the City determines

to be appropriate, including a combination of commercial insurance and self-insurance in accordance with the City's self-insurance policy.

If the City determines to provide a self-insurance fund to comply with the first paragraph of this Section, the City shall establish and fund a separate self-insurance fund or together with other cities or political subdivisions establish a pooled self-insurance fund. The amount to be deposited into and maintained in the self-insurance fund shall be that amount determined by the City or by an independent insurance consultant retained by the City as necessary to adequately reserve against the risks to be covered. If such a self-insurance fund is established, the level of funding shall be reviewed annually and, on or before the last day of each Fiscal Year, the City shall determine the amount to be held in such fund for the next Fiscal Year and, if the amount in such fund is to be increased, the City shall include the amount of such increase in the budget for the SCM Fund.

Section 6.12 Resolution to Constitute a Contract. This Subordinate General Resolution is adopted by the Council for the benefit of the Bondholders and constitutes a contract with the Bondholders.

## ARTICLE VII

### INVESTMENTS

Moneys held in the SCM Fund, the Debt Service Funds, the Reserve Funds, if any, and the Construction Funds shall be invested and reinvested as determined by the City, in Permitted Investments subject to the restrictions set forth in this Article VII and the restrictions set forth in any Supplemental Resolution. Such investments may be made by commingling such amounts for investment purposes with other funds of the City, provided that the amount of each such fund and the earnings thereon are clearly accounted for. The maturities of investments in the Debt Service Funds shall not extend beyond the time when funds will be needed therefrom to make payment on the Subordinate Bonds. Investments of moneys in any such fund shall be deemed at all times to be a part of such fund.

Earnings on the SCM Fund shall be credited to and deposited in the SCM Fund. Earnings on a Construction Fund when received shall be credited to and deposited in such Construction Fund. Earnings on a Debt Service Fund when received shall be credited to and deposited in such Debt Service Fund. Earnings on any Reserve Fund shall be credited and deposited as provided in the Supplemental Resolution creating such Reserve Fund.

## ARTICLE VIII

### DEFEASANCE

Subordinate Bonds of any Series or portions thereof (such portions to be in integral multiples of the Authorized Denomination) which have been paid in full or which are deemed to have been paid in full shall no longer be secured by or entitled to the benefits of this Subordinate General Resolution except for the purposes of payment from moneys or Government Obligations held by the City or a Paying Agent for such purpose. When all Subordinate Bonds which have

been issued under this Subordinate General Resolution have been paid in full or are deemed to have been paid in full, and all other sums payable hereunder by the City, including all necessary and proper fees, compensation and expenses of any Registrar or Paying Agent, have been paid or are duly provided for, then the pledge of the Revenues granted hereby shall cease, terminate and become void, and this Subordinate General Resolution shall cease to be a lien on such Revenues and shall be discharged, except that funds or securities which are held by the City or a Paying Agent for the payment of the principal of, premium, if any, and interest on the Subordinate Bonds shall continue to be held in trust for such purpose.

A Subordinate Bond of any Series, except as provided in the last paragraph of this Article or by Supplemental Resolution, shall be deemed to be paid within the meaning of this Article VIII and for all purposes of this Subordinate General Resolution when (a) payment of the principal, interest and premium, if any, either (i) shall have been made in accordance with the terms of the Subordinate Bonds and this Subordinate General Resolution or (ii) shall have been provided for by irrevocably setting aside exclusively for such payment, (1) moneys sufficient to make such payment and/or (2) Government Obligations, maturing as to principal and interest or payable to the City or its agent on demand in such amounts and at such times as will insure the availability of sufficient moneys to make such payment, and (b) all necessary and proper fees, compensation and expenses of any Registrar and any Paying Agent pertaining to the Subordinate Bonds with respect to which such deposit is made shall have been paid or provision made for the payment thereof. At such times as Subordinate Bonds shall be deemed to be paid hereunder, such Subordinate Bonds shall no longer be secured by or entitled to the benefits of this Subordinate General Resolution, except for the purposes of payment from such moneys or Government Obligations.

Notwithstanding the foregoing paragraph, no deposit under clause (a)(ii) of the immediately preceding paragraph shall be deemed a payment of any such Subordinate Bonds unless the City has given notice or has agreed to give notice in accordance with Section 4.03, as soon as practicable, to the Owners of the Subordinate Bonds with respect to which such deposit has been made and that such deposit has been made and in such notice has included or will include the maturity or redemption date upon which moneys are to be available for the payment of the principal of and the applicable redemption premium, if any, on such Subordinate Bonds and the City has given or has agreed to give proper and timely notice of the redemption of those Subordinate Bonds which are to be redeemed in advance of their maturity.

Notwithstanding the foregoing provisions of this Article, the Bank Notes (as such term is defined in the First Supplemental Subordinate Resolution) which are part of a Commercial Paper Program shall remain Outstanding and shall not be deemed paid until such Bank Notes and the interest thereon shall have been paid in full.

## ARTICLE IX

### DEFAULTS AND REMEDIES

Section 9.01 Events of Default. Each of the following events shall constitute and is referred to in this Subordinate General Resolution as an “Event of Default”:

(a) a failure to pay the principal of or premium, if any, on any of the Senior Lien Bonds or the Subordinate Bonds when the same shall become due and payable at maturity or upon redemption;

(b) a failure to pay any installment of interest on any of the Senior Lien Bonds or the Subordinate Bonds when such interest shall become due and payable;

(c) a failure in a given Fiscal Year to achieve the level of debt service coverage required by Section 6.03(b); provided that such event shall not constitute an Event of Default hereunder if (i) the budget for such Fiscal Year and the rates and charges implemented in accordance with such budget were such that the required level of debt service coverage was projected to be achieved, and (ii) immediately upon discovery of the failure to achieve the required coverage the City commences such action as is reasonable to assure that required coverage is achieved in the succeeding year;

(d) a failure by the City to observe and perform any covenant, condition, agreement or provision (other than as specified in subsections (a), (b), (c) and (d) of this Section 9.01) contained in the Subordinate Bonds or in this Subordinate General Resolution on the part of the City to be observed or performed, which failure shall continue for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the City by an Insurer on a Series of Subordinate Bonds or by the Holders of 25% or more of the principal amount of the Subordinate Bonds then Outstanding, unless such Insurer (if the Insurer has given the notice of such failure to comply with the terms hereof) or, if the notice has been given by the Holders, the Holders of Subordinate Bonds in a principal amount not less than the principal amount of Subordinate Bonds the Holders of which gave such notice, shall agree in writing to an extension of such period; provided, however, that the Insurer and the Holders shall be deemed to have agreed to an extension of such period if corrective action is initiated by the City within 60 days after receipt of such written notice and is being diligently pursued;

(e) a failure on the part of the City to collect the Revenues, or an attempt to divert the Revenues for any use prior to the deposit into the SCM Fund or creation of a lien on or a charge against the Revenues or the SCM Fund, which lien or charge is prior to (except to the extent such lien secures Senior Lien Bonds), or, except to the extent permitted by this Subordinate General Resolution, on a parity with that granted to secure the Subordinate Bonds; or the creation of a lien on or a charge against a Debt Service Fund or Reserve Fund which, except to the extent permitted by this Subordinate General Resolution, lien or charge is prior to or on a parity with, the lien granted to secure a Series of Subordinate Bonds; and

(f) the occurrence of any other Event of Default as is provided in a Supplemental Resolution.

#### Section 9.02 Acceleration; Other Remedies.

(a) Upon the occurrence and continuance of an Event of Default described in Section 9.01, any Insurer or the Holders of 51% or more of the principal amount of the

Subordinate Bonds which are then Outstanding and which are subject to acceleration, may by written notice to the City, declare the Subordinate Bonds which are subject to acceleration to be immediately due and payable, whereupon the Subordinate Bonds which are subject to acceleration shall, without further action, become and be immediately due and payable, anything in this Subordinate General Resolution or in the Subordinate Bonds to the contrary notwithstanding. All Subordinate Bonds Outstanding under this Subordinate General Resolution shall be subject to acceleration unless, under the terms of the Supplemental Resolution authorizing such Subordinate Bonds, a Series of Subordinate Bonds or a portion of a Series is declared not to be subject to acceleration; and provided that, with respect to any Series of Subordinate Bonds or portion of a Series of Subordinate Bonds which is credit enhanced, no acceleration shall be effective with respect to such Subordinate Bonds unless the declaration is given by the Insurer or is consented to by the Insurer.

(b) The provisions of the preceding paragraph are subject to the condition that, if after the principal of the Subordinate Bonds shall have been declared to be due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the City shall cause to be paid all matured installments of interest upon all Subordinate Bonds and the principal of any and all Subordinate Bonds which shall have become due otherwise than by reason of such declaration (with interest upon such principal and, to the extent permissible by law, on overdue installments of interest, at the rate per annum specified in the Subordinate Bonds) and all Events of Default hereunder other than nonpayment of the principal of Subordinate Bonds which shall have become due by such declaration shall have been remedied, then the holders of at least a majority in principal amount of Subordinate Bonds Outstanding including a majority in principal amount of Subordinate Bonds which have been accelerated may, if all Insurers consent in writing to such waiver, waive the Event of Default and rescind or annul the acceleration and its consequences. But no such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

(c) Upon the occurrence and continuance of any Event of Default, the Holders of 51% or more of the principal amount of the Subordinate Bonds then Outstanding or any Insurer shall have the right:

(i) by mandamus, or other suit, action or proceeding at law or in equity, to enforce all rights of the Bondholders, and require the City to carry out any agreements with or for the benefit of the Bondholders and to perform its duties or agreements under this Subordinate General Resolution or any Supplemental Resolution, provided that any such remedy may be taken only to the extent permitted under the applicable provisions of this Subordinate General Resolution;

(ii) to bring suit upon the Subordinate Bonds;

(iii) to commence an action or suit in equity to require the City to account as if it were the trustee of an express trust for the Bondholders; or

(iv) by action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders.

In the event of a conflict between the actions taken or proposed to be taken under this Section 9.02(c) by any Insurer and the Holders of the Subordinate Bonds or between the Insurers on different Series of Subordinate Bonds, the position taken by the entity or group of Bondholders representing the greatest principal amount of Subordinate Bonds Outstanding shall prevail. For such purposes the Insurer of a Series of Subordinate Bonds shall be deemed to represent the entire principal amount of Subordinate Bonds for which such Insurer has provided credit enhancement.

(d) Any Holder of any Subordinate Bond issued under the terms of the Revenue Bond Law may compel the use of any or all of the remedies provided in the Revenue Bond Law.

Section 9.03 Restoration to Former Position. In the event that any proceeding taken to enforce any right under this Subordinate General Resolution shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Bondholders, then the City, and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Bondholders and the Insurers shall continue as though no such proceeding had been taken.

Section 9.04 No Impairment of Right to Enforce Payment. Notwithstanding any other provision in this Subordinate General Resolution, the right of any Bondholder to receive payment of the principal of and interest on such Subordinate Bond, on or after the respective due dates expressed therein and to the extent of the Revenues, or to institute suit for the enforcement of any such payment on or after such respective date, shall not be impaired or affected without the consent of such Bondholder.

Section 9.05 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Bondholders or the Insurers is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder, or now or hereafter existing at law or in equity or by statute.

Section 9.06 No Waiver of Remedies. No delay or omission of any Bondholder or Insurer to exercise any right or power accruing upon any default shall impair any such right or power or be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by this Article IX to the Bondholders and the Insurers may be exercised from time to time and as often as may be deemed expedient.

Section 9.07 Application of Moneys. Any moneys received by any receiver or by any Bondholder or Insurer pursuant to any right given or action taken under the provisions of this Article IX, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the receiver, Bondholder or Insurer, shall be applied as follows:

(a) Unless the principal of all the Subordinate Bonds of such Series shall have been declared due and payable, all such moneys shall be applied (i) first, to the payment to the persons entitled thereto of all installments of interest then due on the Subordinate Bonds



of such Series, with interest on overdue installments, if lawful, at the rate provided in the respective Subordinate Bonds, in the order of maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment, and (ii) second, to the payment to the persons entitled thereto of the unpaid principal of the Subordinate Bonds of such Series which has become due with interest on such unpaid principal amounts at the rates borne by the respective Subordinate Bonds from the respective dates upon which they became due and, if the amount available shall not be sufficient to pay in full all Subordinate Bonds of such Series due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege.

(b) If the principal of all the Subordinate Bonds of such Series shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon all Subordinate Bonds of such Series, with interest on overdue interest, if lawful, and principal, as aforesaid, without preference or priority of principal over interest or interest over principal, or of any installment of interest over any other installment of interest, or of any Subordinate Bond of such Series over any other Subordinate Bond of such Series, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

(c) If the principal of all the Subordinate Bonds of such Series shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled, then, subject to the provisions of clause (b) of this Section 9.07 which shall be applicable in the event that the principal of all the Subordinate Bonds of such Series shall later become due and payable, the moneys shall be applied in accordance with the provisions of clause (a) of this Section 9.07.

Whenever moneys are to be applied pursuant to the provisions of this Section 9.07, such moneys shall be applied at such times, and from time to time, as the receiver, Bondholders or Insurer shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such applications in the future.

**Section 9.08 Severability of Remedies.** It is the purpose and intention of this Article IX to provide all rights and remedies to the Bondholders and Insurers that may be lawfully granted, but should any right or remedy herein granted be held to be unlawful, the Bondholders and Insurers shall be entitled, as above set forth, to every other right and remedy provided in this Subordinate General Resolution and by applicable law.

**Section 9.09 Additional Events of Default and Remedies.** So long as any particular Series of Subordinate Bonds is Outstanding, the Events of Default and remedies as set forth in this Article IX may be supplemented with additional Events of Default and remedies as set forth in the Supplemental Resolution under which such Series of Subordinate Bonds is issued and additional Events of Default and remedies, not necessarily limited to the time any Series of Subordinate Bonds are Outstanding may likewise be added from time to time by Supplemental Resolution.

## ARTICLE X

### PAYING AGENT AND CO-PAYING AGENTS; REGISTRAR

Section 10.01 Paying Agent. The City may at any time or from time to time appoint a Paying Agent or Paying Agents for the Subordinate Bonds or for any Series of Subordinate Bonds and may from time to time remove a Paying Agent. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it hereunder or under a Supplemental Resolution by a written instrument of acceptance delivered to the City under which each such Paying Agent will agree, particularly:

- (a) to hold all sums delivered to it for the payment of the principal of, premium or interest on Subordinate Bonds in trust for the benefit of the Bondholders until such sums shall be paid to such Bondholders or repaid to the City as herein provided;
- (b) to keep such books and records as shall be consistent with prudent industry practice, to make such books and records available for inspection by the City at all reasonable times; and
- (c) upon the request of the City, to forthwith deliver to the City all sums so held in trust by such Paying Agent.

Section 10.02 Registrar. The City may appoint a Registrar for the Subordinate Bonds or a Registrar for any Series of Subordinate Bonds and may from time to time remove a Registrar. Each Registrar shall signify its acceptance of the duties imposed upon it hereunder or under a Supplemental Resolution by a written instrument of acceptance delivered to the City under which such Registrar will agree, particularly, to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the City and the Paying Agent at all reasonable times.

Section 10.03 Other Agents. The City may from time to time appoint other agents to perform duties and obligations under this Subordinate General Resolution or under a Supplemental Resolution, which agents may include, but not be limited to, tender agents, remarketing agents, escrow agents, issuing and paying agents and authenticating agents and may remove such agents.

Section 10.04 Several Capacities. Anything in this Resolution to the contrary notwithstanding, the same entity may serve hereunder as the Paying Agent, Registrar and any other agent appointed to perform duties or obligations under this Subordinate General Resolution, under a Supplemental Resolution or an escrow agreement or in any combination of such capacities or other capacities.

## ARTICLE XI

### SUPPLEMENTAL RESOLUTIONS

Section 11.01 Limitations. This Subordinate General Resolution shall not be modified or amended except as provided in and in accordance with and subject to the provisions of this Article XI.

Section 11.02 Supplemental Resolutions Not Requiring Consent of Bondholders. The Council may, from time to time and at any time, without the consent of or notice to the Bondholders, adopt Supplemental Resolutions supplementing or amending, or both, this Subordinate General Resolution or any Supplemental Resolution as follows:

- (a) to provide for the issuance of a Series or multiple Series of Subordinate Bonds under the provisions of Section 3.09 of this Subordinate General Resolution and to set forth the terms of such Subordinate Bonds and the special provisions which shall apply to such Subordinate Bonds;
- (b) to cure any formal defect, omission, inconsistency or ambiguity in this Subordinate General Resolution or any Supplemental Resolution;
- (c) to add to the covenants and agreements of the City in this Subordinate General Resolution or to surrender any right or power reserved or conferred upon the City, and which shall not adversely affect the interests of the Bondholders;
- (d) to confirm, as further assurance, any interest in and to the Revenues or in and to the funds required to be established as provided herein or in and to any other moneys, securities or funds of the City provided pursuant to this Subordinate General Resolution or to otherwise add additional security for the Bondholders;
- (e) to evidence any change in the terms of any Series of Subordinate Bonds if such changes are authorized by the Supplemental Resolution at the time the Series of Subordinate Bonds is issued and such change is made in accordance with the terms of such Supplemental Resolution;
- (f) to comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended or any statutory provisions substituted therefor;
- (g) to modify, alter, amend or supplement this Subordinate General Resolution or any Supplemental Resolution in any other respect which is not materially adverse to the Bondholders;
- (h) to provide for uncertificated Subordinate Bonds or for the issuance of coupons and bearer Subordinate Bonds or Subordinate Bonds registered only as to principal;

(i) to qualify the Subordinate Bonds or a Series of Subordinate Bonds for a rating or ratings or an upgrade in a rating or ratings by Moody's, S&P and/or Fitch or any other nationally recognized rating agency then rating any Series of Subordinate Bonds; and

(j) to comply with the requirements of the Code as are necessary, in the opinion of Bond Counsel, to prevent the interest on the Subordinate Bonds or a Series of Subordinate Bonds from being included in gross income of the recipient for federal income taxation purposes.

Before the City shall, pursuant to this Section 11.02, adopt any Supplemental Resolution, there shall have been delivered to the City an opinion of Bond Counsel stating that such Supplemental Resolution is authorized or permitted by this Subordinate General Resolution, complies with its terms, will, upon the adoption thereof, be valid and binding upon the City in accordance with its terms and that, with respect to Subordinate Bonds the interest on which was, at the time of issuance thereof, determined to be excluded from gross income of the recipients thereof for federal income tax purposes, such Supplemental Resolution will not cause the interest on such Subordinate Bonds to be included in the gross income of such recipients for federal income tax purposes and that, with respect to Subordinate Bonds the interest on which was, at the time of issuance, determined to be exempt from California personal income taxation, such Supplemental Resolution will not cause the interest on such Subordinate Bonds to become subject to such taxation.

#### Section 11.03 Supplemental Resolutions Requiring Consent of Bondholders.

(a) Except for Supplemental Resolutions adopted pursuant to Section 11.02 and except for Supplemental Resolutions adopted pursuant to Section 11.03(b) below, the City shall not adopt any Supplemental Resolution unless all Insurers and the holders of not less than 51% in aggregate principal amount of the Subordinate Bonds then outstanding shall have consented to and approved the adoption of such Supplemental Resolution. With such consents and approval, the City may, from time to time, adopt any Supplemental Resolution deemed necessary or desirable by the City for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in this Subordinate General Resolution or in a Supplemental Resolution; provided, however, that, unless approved in writing by the holders of all the Subordinate Bonds which would be affected by such change or unless such change affects less than all Series of Subordinate Bonds and the following subsection (b) is applicable, nothing herein contained shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal of or interest on any outstanding Subordinate Bonds or (ii) a reduction in the principal amount or redemption price of any Outstanding Subordinate Bonds or the rate of interest thereon; and provided that nothing herein contained, including the provisions of Section 11.03(b) below, shall, unless approved in writing by the holders of all the Subordinate Bonds then Outstanding, permit or be construed as permitting (iii) the creation of a lien (except as expressly permitted by this Subordinate General Resolution as originally executed) upon or pledge of the Revenues created by this Subordinate General Resolution, ranking prior to or on a parity with the claim created by this Subordinate General Resolution, or (iv) except with respect to additional security which may be provided for a particular Series of Subordinate Bonds,

a preference or priority of any Subordinate Bond or Subordinate Bonds over any other Subordinate Bond or Subordinate Bonds, or (v) a reduction in the aggregate principal amount of Subordinate Bonds the consent of the Bondholders of which is required prior to the adoption of a Supplemental Resolution.

(b) The City may, from time to time and at any time adopt a Supplemental Resolution which amends the provisions of an earlier Supplemental Resolution under which a Series or multiple Series of Subordinate Bonds were issued. If such Supplemental Resolution is adopted for one of the purposes set forth in Section 11.02, no notice to or consent of the Bondholders shall be required. If such Supplemental Resolution contains provisions which affect the rights and interests of less than all Series of Subordinate Bonds Outstanding and Section 11.02 is not applicable, then this subsection (b) rather than subsection (a) above shall control and, subject to the terms and provisions contained in this Section 11.03, the holders of not less than 51% in aggregate principal amount of the Subordinate Bonds of all series which are directly affected by such changes and all Insurers of Subordinate Bonds of such Series which are directly affected shall have the right from time to time to consent to and approve the adoption of any Supplemental Resolution deemed necessary or desirable by the City for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in such Supplemental Resolution and affecting only the Subordinate Bonds of such series; provided, however, that, unless approved in writing by the holders of all the Subordinate Bonds which would be affected by such change, nothing herein contained shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal of or interest on any Outstanding Subordinate Bonds of such Series or (ii) a reduction in the principal amount or redemption price of any Outstanding Subordinate Bonds of such Series or the rate of interest thereon.

(c) If Bondholders of not less than the percentage of Subordinate Bonds required by this Section 11.03 shall have consented to and approved the adoption thereof as herein provided, no Bondholder shall have any right to object to the adoption of such Supplemental Resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the City from adopting the same or from taking any action pursuant to the provisions thereof.

Section 11.04 Effect of Supplemental Resolution. Upon the adoption of any Supplemental Resolution pursuant to the provisions of this Article XI, this Subordinate General Resolution or the Supplemental Resolution shall thereupon be modified and amended in accordance therewith and shall be binding upon all Holders of Subordinate Bonds issued under this Subordinate General Resolution, and the respective rights, duties, and obligations under this Subordinate General Resolution and the Supplemental Resolution of the City, and all Bondholders shall thereafter be determined, exercised and enforced under this Subordinate General Resolution and the Supplemental Resolution, if applicable, subject in all respects to such modifications and amendments.

Section 11.05 Supplemental Resolutions to Be Part of This Subordinate General Resolution. Any Supplemental Resolution adopted in accordance with the provisions of this

Article XI shall thereafter form a part of this Subordinate General Resolution or the Supplemental Resolution which it supplements or amends, and all of the terms and conditions contained in any such Supplemental Resolution shall be part of the terms and conditions of this Subordinate General Resolution or the Supplemental Resolution which it supplements or amends.

## ARTICLE XII

### MISCELLANEOUS PROVISIONS

Section 12.01 Parties in Interest. Except as herein otherwise specifically provided, nothing in this Subordinate General Resolution expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the City, the Bondholders, the Insurers and any agents appointed as described herein any right, remedy or claim under or by reason of this Subordinate General Resolution. This Subordinate General Resolution is for the sole and exclusive benefit of the City, the Bondholders, the Insurers and any such agents.

Section 12.02 Severability. In case any one or more of the provisions of this Subordinate General Resolution, any Supplemental Resolution or of any Subordinate Bonds issued hereunder shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Subordinate General Resolution, Supplemental Resolution or of the Subordinate Bonds, and this Subordinate General Resolution, any such Supplemental Resolution and any Subordinate Bonds issued hereunder shall be construed and enforced as if such illegal or invalid provisions had not been contained herein or therein.

Section 12.03 No Personal Liability of City Officials. No covenant or agreement contained in the Subordinate Bonds or in this Subordinate General Resolution shall be deemed to be the covenant or agreement of any present or future official, officer, agent or employee of the City in his or her individual capacity, and neither the officers of the City nor any person executing the Subordinate Bonds shall be liable personally on the Subordinate Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 12.04 Execution of Instruments; Proof of Ownership. Any request, direction, consent or other instrument in writing required or permitted by this Subordinate General Resolution to be signed or executed by Bondholders or on their behalf by an attorney-in-fact may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders in person or by an agent or attorney-in-fact appointed by an instrument in writing or as provided in the Subordinate Bonds. Proof of the execution of any such instrument and of the ownership of Subordinate Bonds shall be sufficient for any purpose of this Subordinate General Resolution and shall be conclusive in favor of the City with regard to any action taken by it under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments within such jurisdiction, to the effect that the person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness to such execution.

(b) The ownership of Subordinate Bonds shall be proved by the registration books kept under the provisions of Section 3.04 hereof.

Nothing contained in this Section 12.04 shall be construed as limiting the City to such proof. The City may accept any other evidence of matters herein stated which it may deem sufficient. Any request, consent of or assignment by any Bondholder shall bind every future Bondholder of the same Subordinate Bonds or any Subordinate Bonds issued in lieu thereof in respect of anything done by the City in pursuance of such request or consent.

Section 12.05 Governing Law. The laws of the State shall govern the construction and enforcement of this Subordinate General Resolution and of all Subordinate Bonds issued hereunder.

Section 12.06 Notices. Except as otherwise provided in this Subordinate General Resolution, all notices, certificates, requests, requisitions or other communications by the City, any Paying Agent or Registrar, pursuant to this Subordinate General Resolution, shall be in writing and shall be sufficiently given and shall be deemed given when given by Mail, addressed as follows: if the City, to the City of Los Angeles, c/o the City Administrative Officer, 200 North Main Street, Los Angeles, California 90012, Suite 1500; if to a Paying Agent or Registrar, to such address as is designated in writing by it to the City. Any of the foregoing may, by notice given hereunder to each of the others, designate any further or different addresses to which subsequent notices, certificates, requests, or other communications shall be sent hereunder. Any of the foregoing may also be sent by Electronic Means, receipt of which shall be confirmed.

Section 12.07 Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Subordinate General Resolution, shall not be a Business Day, such payment may, unless otherwise provided in this Subordinate General Resolution or, with respect to any Series of Subordinate Bonds or portion of Series of Subordinate Bonds, provided in the Supplemental Resolution under which such Subordinate Bonds are issued, be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Subordinate General Resolution, and no interest shall accrue for the period from such nominal date to the next Business Day.

Section 12.08 Validity of Subordinate Bonds Not Affected by Acts of the City. The validity of the authorization and issuance of the Subordinate Bonds by the City shall not be dependent upon or affected in any way by:

(a) Proceedings taken by the City for the acquisition, construction or completion of any Project or any part thereof;

(b) Any contracts made in connection with the acquisition, construction or completion of any Project; or

(c) The failure to complete any Project or any portion thereof for which the Subordinate Bonds are authorized to be issued.

Section 12.09 [Reserved.]

Section 12.10 Amendment to First Supplemental Subordinate Resolution. The First Supplemental Subordinate Resolution shall be hereby amended to delete the last two sentences of Section 3.02 of the First Supplemental Subordinate Resolution, as set forth below (deletions are marked with strikethrough):

~~“The City further acknowledges that all Other Obligations shall constitute payments described under Section 6.03(a)(3) of the Subordinate General Resolution.~~

~~The City agrees that with respect to any money obligations included in Other Obligations, for purposes of calculating compliance with Section 3.11 of the Subordinate General Resolution, such obligations will be treated as interest coming due in the year in which such obligations are first payable.”~~

Section 12.11 Effective Date. This Amended and Restated Subordinate General Resolution shall take effect from and upon its adoption.



**EXHIBIT B-2**

**MARKED COPY OF AMENDED AND RESTATED SUBORDINATE GENERAL RESOLUTION**

**THE CITY COUNCIL OF THE CITY OF LOS ANGELES**

**AMENDED AND RESTATED**  
**WASTEWATER SYSTEM SUBORDINATE REVENUE BONDS**  
**GENERAL RESOLUTION**

Adopted by  
the City Council  
~~March 26, 1991~~

## ARTICLE I

### DEFINITIONS; INTERPRETATION

Section 1.01 Definitions. The terms defined in this Article I shall, for all purposes of this Subordinate General Resolution and all Supplemental Resolutions into which such definitions may be incorporated, have the meanings specified unless the context clearly requires otherwise.

“Annual Debt Service” shall mean, with respect to any Covered Obligations and for any Fiscal Year, the aggregate amount of Debt Service on such Covered Obligations becoming due and payable during such Fiscal Year (or assumed to be due and payable under the definition of “Debt Service”).

“Authenticating Agent” shall mean a person or entity, other than the Treasurer, which person or entity is authorized to authenticate Subordinate Bonds ~~or aof any Series of Subordinate Bonds~~ in place of or in addition to the Treasurer.

“Authorized City Representative” shall mean the Mayor, the City Administrative Officer, or the Treasurer of the City, or such other officer or employee of the City or other person who has been designated as such representative by resolution of the Council.

“Average Annual Debt Service” shall mean as of any date of calculation, the quotient obtained by dividing (1) the sum of the Annual Debt Service on all Covered Obligations for all Fiscal Years during the period commencing with the Fiscal Year in which such calculation is made and terminating in the last Fiscal Year in which any Debt Service on any Covered Obligations is due, by (2) the number of such Fiscal Years.

“Authorized Denomination” shall mean, with respect to any Series of Subordinate Bonds, any denomination authorized by the Supplemental Resolution under which ~~such~~ Subordinate Bonds of such Series are issued.

~~“Balloon Indebtedness” shall mean, with respect to any Series of Subordinate Bonds and Senior Lien Bonds designated as “Balloon Indebtedness” by the City in a certificate at the time of issuance of such Series and with respect to which twenty five percent (25%) or more of the principal matures on the same date or within a 12 month period, that portion of such Series which matures on such date or within such 12 month period; provided, however, that to constitute Balloon Indebtedness the amount of indebtedness maturing on a single date or over a 12 month period must equal or exceed 150% of the amount of such Series which matures during any preceding 12 month period. For purposes of this definition, the principal amount maturing on any date shall be reduced by the amount of such indebtedness which is required, by the documents governing such indebtedness, to be amortized by prepayment or redemption prior to its stated maturity date.~~

~~“Beneficial Owners” shall mean, with respect to Subordinate Bonds in certificated form which are held by the Registered Owner for investors who either directly or through others own interests therein, the owners of such interests and, with respect to a Subordinate Bond issued in the form of a contract, lease or other obligation in which the ownership interest has been fractionalized and there have been delivered certificates or other instruments evidencing fractionalized ownership~~

~~interests therein, the owners of the certificates or other instruments evidencing such ownership interests. In order to be entitled to the rights granted to Beneficial Owners hereunder, any entity claiming to be a Beneficial Owner must prove such status by delivering to the Registrar or the City, as the case may be, a written certificate of the Registered Owner through which such ownership interest is claimed evidencing such person's ownership interest in a specified Subordinate Bond or Subordinate Bonds.~~

“Bond Counsel” shall mean a firm of attorneys which ~~are~~is nationally recognized as experts in the area of municipal finance.

“Bondholder,” “Holder,” “Owner” or “Registered Owner” shall mean at any given time the person in whose name a Subordinate Bond or Subordinate Bonds of any Series are at such time registered on the books maintained by the City or its Registrar. ~~Beneficial Owners are not Bondholders, Holders, Owners or Registered Owners within the meaning of this Subordinate General Resolution and shall, except as specifically provided herein, derive their rights only through the entity which is the Registered Owner of the Subordinate Bond in which they are a Beneficial Owner.~~

“Build America Bonds” ~~means~~shall mean any bonds or other obligations issued as Build America Bonds under Section 54AA of the Code, or under any other provisions of the Code, that creates, in the determination of the City, a substantially similar direct-pay subsidy program that provides comparable security for the Owners thereof.

“Business Day” shall ~~from and after the date of issuance of~~ mean (i) with respect to the Series 2022 Subordinate Bonds, ~~with respect to~~ and any Series of Subordinate Bonds issued ~~on or~~ after the ~~date of initial issuance of the~~ Series 2022 Subordinate Bonds, ~~means~~ any day excluding Saturday, Sunday and any day which is a legal holiday under the laws of the State of California or the City or is a day on which banking institutions in the State of California or the City are authorized or required by law or other governmental action to close, and (ii) with respect to Subordinate Bonds of any Series issued ~~prior to~~before the date of ~~the initial~~ issuance of the Series 2022 Subordinate Bonds, ~~means~~ any day on which banks located in New York, New York and in Los Angeles, California are open; provided that, with respect to both (i) and (ii) above, such term may have a different meaning for any specified Series of Subordinate Bonds if so provided by Supplemental Resolution.

“Capitalized Interest” shall mean the amount of interest, if any, on a Series of Subordinate Bonds which is paid from proceeds of the Subordinate Bonds.

“Charter” shall mean the Charter of ~~The~~the City of Los Angeles as from time to time amended under which the City is organized and operates.

“City” shall mean ~~The~~the City of Los Angeles, California.

“City Administrative Officer” shall mean the City Administrative Officer of the City or any Assistant City Administrative Officer.

“City Attorney” shall mean the Office of the City Attorney of the City including the City Attorney, any Assistant City Attorney and any Deputy City Attorney or any other legal counsel designated by the City.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Commercial Paper Program” shall mean an aggregate principal amount of short-term obligations of the City payable from the Revenues and authorized by the Council to be incurred through the issuance and refinancing, from time to time, of notes of the City with maturities of not to exceed 270 days. The maximum aggregate principal amount of such notes which may be Outstanding at any time is limited by the Council. The term “Commercial Paper Program” shall also include the City’s agreement with and obligations to any and all banks or other credit enhancers or liquidity providers entered into in connection with the program, including Credit Agreements and Bank Notes (as such terms are defined in the First Supplemental Subordinate Resolution).

“Construction Fund” shall mean any of the Construction Funds created as described in Section 5.06 hereof and, where specifically stated as such, the Construction Funds as defined in the Senior Lien Resolution.

“Consultant” shall mean the consultant, consulting firm, engineer, architect, engineering firm, architectural firm, accountant or accounting firm retained by the City to perform acts and carry out the duties provided for such Consultant in this Subordinate General Resolution. ~~Such consultant, consulting firm, engineer, architect, engineering firm, architectural firm, accountant or accounting firm shall be nationally recognized within its profession for work of the character required.~~

“Covered Obligations” shall mean, collectively, the Senior Lien Bonds and the Subordinate Bonds.

“Council” shall mean, the City Council of ~~The~~ the City of Los Angeles.

“Debt Service” shall mean, as of any date of determination and with respect to any Fiscal Year, the sum of (1) the interest scheduled to be due on any Covered Obligations during such Fiscal Year, (2) the principal or scheduled mandatory redemption payments required to be paid with respect to such Covered Obligations during such Fiscal Year, and (3) any other regularly scheduled payments of Covered Obligations during such Fiscal Year to the extent not included in clauses (1) and (2) of this definition, all of which are to be computed on the assumption that no portion of such Covered Obligations shall cease to be Outstanding during such Fiscal Year except by reason of the application of such scheduled payments; provided, however, that for purposes of such calculation:

(i) if any of the Outstanding Series of Covered Obligations constitutes Tender Indebtedness or if Subordinate Bonds then proposed to be issued would constitute Tender Indebtedness, then, for purposes of determining Debt Service, Tender Indebtedness shall be treated as if the principal amount of such Covered Obligations were to be amortized in substantially equal annual installments of principal and interest over a term of 30 years commencing in the year in which such Series is first subject to tender; the interest rate used

for such computation shall be the rate quoted in The Bond Buyer Revenue Bond Index for the last week of the month preceding the date of calculation, as published in The Bond Buyer, or if that index is no longer published another similar index selected by the City, or if the City fails to select a replacement index, an interest rate equal to 80% of the yield as of the date of calculation for United States Treasury bonds maturing at least 25 years after the date of such calculation, or if there are no such Treasury bonds having such maturities, 100% of the lowest prevailing prime rate of any of the five largest commercial banks in the United States ranked by assets; with respect to all principal and interest payments becoming due prior to the year in which such Tender Indebtedness is first subject to tender, such payments shall be treated as described in the initial paragraph of this definition of “Debt Service” unless the interest during that period is subject to fluctuation, in which case, the interest becoming due prior to such first tender date shall be determined as provided in (ii) below;

(ii) if any of the Outstanding Series of Covered Obligations constitutes Variable Rate Indebtedness or if Subordinate Bonds proposed to be issued would constitute Variable Rate Indebtedness (except to the extent subsection (i) relating to Tender Indebtedness or subsection (iii) relating to a Commercial Paper Program apply), then, such Series of Covered Obligations shall be assumed to bear interest at the rate quoted in The Bond Buyer Revenue Bond Index for the last week of the month preceding the date of calculation as published in The Bond Buyer, or if that index is no longer published, another similar index selected by the City, or if the City fails to select a replacement index, an interest rate equal to 80% of the yield for outstanding United States Treasury bonds having an equivalent maturity as the then Outstanding Subordinate Bonds or Senior Lien Bonds for which the interest rate is to be assumed or having an equivalent maturity as the additional Subordinate Bonds proposed to be issued, or if there are no such Treasury bonds having equivalent maturities, 100% of the lowest prevailing prime rate or any of the five largest commercial banks in the United states ranked by assets;

(iii) if any of the Outstanding Series of Covered Obligations are, or Subordinate Bonds proposed to be issued will be, part of a Commercial Paper Program, then the maximum aggregate principal amount established by the Council with respect to such Commercial Paper Program (without regard to the principal amount of such Covered Obligations that have been issued at such time) shall be deemed to be fully Outstanding on the date of calculation and such maximum aggregate principal amount shall be treated for purposes of this definition of “Debt Service” as if it were to be amortized in substantially equal annual installments of principal and interest over a term of 30 years commencing in the year in which the date of calculation falls; and the interest rate used for such computation shall be the rate quoted in The Bond Buyer Revenue Bond Index for the last week of the month preceding the date of calculation, as published in The Bond Buyer, or if that index is no longer published, another similar index selected by the City, or if the City fails to select a replacement index, an interest rate equal to 80% of the yield as of the date of calculation for United States Treasury bonds maturing at least 25 years after the date of such calculation, or if there are no such Treasury bonds having such maturities, 100% of the lowest prevailing prime rate of any of the five largest commercial banks in the United States ranked by assets; and, provided, further, that no other amounts with respect to the Commercial Paper Program (including any of the City’s agreement with and

obligations to any and all banks or other credit enhancers or liquidity providers entered into in connection with the Commercial Paper Program, including Credit Agreements and Bank Notes (as such terms are defined in the First Supplemental Subordinate Resolution) shall be included in the calculation of “Debt Service”;

(iv) if moneys or Permitted Investments have been deposited by the City into a separate fund or account or are otherwise held by the City or by a fiduciary to be used to pay principal and/or interest on specified Covered Obligations, then the principal and/or interest to be paid from such moneys or Permitted Investments or from the earnings thereon shall be disregarded and not included in calculating Debt Service; and

(v) for the purpose of calculating Debt Service, in determining the amount of interest coming due during any twelve-month period ending June 30 on any Series of Senior Lien Bonds or Subordinate Bonds that were issued as Direct Subsidy Bonds, such amount shall be reduced by an amount equal to the Refundable Credits the City is scheduled to receive during each such twelve-month period ending June 30 (and to avoid double counting, an equivalent amount shall be deducted from Revenues for the purpose of such calculation).

Notwithstanding any other subsection of this definition of Debt Service, no amounts payable (including any settlement amounts or termination payments) under any interest rate swap agreement constituting a Covered Obligation shall be included in the calculation of Debt Service. Except as otherwise provided in this definition of Debt Service, to the extent that any calculation under this definition requires an index, interest rate or other amount to make such calculation, and such index, interest rate or other amount is not published, is not available or is not capable of being included in such calculation, then the City shall use such other index, interest rate, or other amount in its reasonable discretion in order to complete such calculation and that calculation shall be binding on City, the Owners of all Subordinate Bonds, the Paying Agent and all other affected parties, absent manifest error.

“Debt Service Fund” shall mean any of the Debt Service Funds as described in Section 5.04 hereof and, where specifically stated as such, the Debt Service Fund as defined in the Senior Lien Resolution.

“Direct Subsidy Bonds” ~~includes~~shall mean Build America Bonds and Recovery Zone Economic Development Bonds.

“Electronic Means” shall mean facsimile transmission, email transmission or other similar electronic means of communication providing evidence of transmission, including a telephone communication confirmed by any other method set forth in this definition.

“Event of Default” shall mean any occurrence or event specified in Section 9.01 hereof.

“Expenses” shall mean the total operating expenses of the System as determined in accordance with generally accepted accounting principles except, to the extent such items are included in such operating expenses, depreciation, interest on Outstanding ~~Senior Lien Bonds and Subordinate Bonds~~Covered Obligations and amortization of financing expenses.

“First Supplemental Subordinate Resolution” shall mean the Amended and Restated First Supplemental Resolution Supplementing and Amending the Subordinate General Resolution and certain Supplemental Resolutions thereto, adopted by the City Council October 12, 2021, as amended and supplemented from time to time.

“Fiscal Year” shall mean the period of time beginning on July 1 of any given year and ending on June 30 of the immediately subsequent year, or such other annual period as the City designates as its fiscal year.

“Fitch” shall mean Fitch ~~Investors Service~~Ratings Inc., its successors and their assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized rating agency designated by the City.

“Government Obligations” shall mean (i) direct obligations of ~~the~~ the United States and (ii) securities or receipts evidencing ownership interests in obligations or specified portions (such as principal or interest) of obligations described in (i).

~~“Initial Series of Subordinate Bonds” shall mean the \$130,000,000 Commercial Paper Program authorized under the First Supplemental Resolution adopted by the Council simultaneously with this Subordinate General Resolution.~~

“Insurer” shall mean any municipal bond insurance company, bank or other financial institution or organization providing credit enhancement for any one or more Series of Subordinate Bonds or a portion of a Series of Subordinate Bonds whether such credit enhancement is in the form of an insurance policy, surety bond, letter of credit, line of credit, revolving credit agreement or other form of financial guaranty or commitment instrument.

“Mail” shall mean either by first-class United States mail, postage prepaid or Electronic Means.

~~“Maximum Annual Debt Service” shall mean, at any point in time, with respect to Subordinate Bonds and Senior Lien Bonds then Outstanding, the maximum amount of principal and interest becoming due in the then current or any future Fiscal Year, calculated by the City or by a Consultant as provided in this definition. For purposes of calculating Maximum Annual Debt Service, the following assumptions shall be used to calculate the principal and interest becoming due in any Fiscal Year:~~

~~(i) — in determining the principal amount due in each year, payment shall (except to the extent a different subsection of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made in accordance with any amortization schedule established for such debt, including any scheduled retirement of commercial paper not intended at the time of calculation to be repaid from the proceeds of a subsequent borrowing and including any scheduled mandatory redemption or prepayment of Senior Lien Bonds or Subordinate Bonds on the basis of accreted value, and for such purpose, the redemption payment or prepayment shall be deemed a principal payment; in determining the interest due in each year, interest payable at a fixed rate shall (except to~~



the extent subsection (ii) or (iii) of this definition applies) be assumed to be made at such fixed rate and on the required payment dates;

~~(ii) — if all or any portion or portions of an Outstanding Series of Subordinate Bonds or Senior Lien Bonds constitutes Balloon Indebtedness or if all or any portion or portions of a Series of Subordinate Bonds then proposed to be issued would constitute Balloon Indebtedness, then, for purposes of determining Maximum Annual Debt Service, each maturity which constitutes Balloon Indebtedness shall be treated as if it were to be amortized in substantially equal annual installments of principal and interest over a term of 30 years commencing in the year the stated maturity of such Balloon Indebtedness occurs; the interest rate used for such computation shall be the rate quoted in The Bond Buyer Revenue Bond Index for the last week of the month preceding the date of calculation, as published in The Bond Buyer, or if that index is no longer published, another similar index selected by the City, or if the City fails to select a replacement index, an interest rate equal to 80% of the yield as of the date of calculation for United States Treasury bonds maturing at least 25 years after the date of such calculation, or if there are no such Treasury bonds having such maturities, 100% of the lowest prevailing prime rate of any of the five largest commercial banks in the United States ranked by assets; with respect to any Series of Subordinate Bonds or Senior Lien Bonds only a portion of which constitutes Balloon Indebtedness, the remaining portion shall be treated as described in (i) above and, with respect to any Series or that portion of a Series which constitutes Balloon Indebtedness, all payments of principal and interest becoming due prior to the year of the stated maturity of the Balloon Indebtedness shall be treated as described in (i) above;~~

~~(iii) — if any of the Outstanding Series of Subordinate Bonds or Senior Lien Bonds constitutes Tender Indebtedness or if Subordinate Bonds then proposed to be issued would constitute Tender Indebtedness, then, for purposes of determining Maximum Annual Debt Service, Tender Indebtedness shall be treated as if the principal amount of such Subordinate Bonds were to be amortized in substantially equal annual installments of principal and interest over a term of 30 years commencing in the year in which such Series is first subject to tender; the interest rate used for such computation shall be the rate quoted in The Bond Buyer Revenue Bond Index for the last week of the month preceding the date of calculation, as published in The Bond Buyer, or if that index is no longer published another similar index selected by the City, or if the City fails to select a replacement index, an interest rate equal to 80% of the yield as of the date of calculation for United States Treasury bonds maturing at least 25 years after the date of such calculation, or if there are no such Treasury bonds having such maturities, 100% of the lowest prevailing prime rate of any of the five largest commercial banks in the United States ranked by assets; with respect to all principal and interest payments becoming due prior to the year in which such Tender Indebtedness is first subject to tender, such payments shall be treated as described in (i) above unless the interest during that period is subject to fluctuation, in which case, the interest becoming due prior to such first tender date shall be determined as provided in (iv) below;~~

~~(iv) — if any of the Outstanding Series of Subordinate Bonds or Senior Lien Bonds constitutes Variable Rate Indebtedness or if Subordinate Bonds proposed to be issued would constitute Variable Rate Indebtedness (except to the extent subsection (ii) relating~~

~~to Balloon Indebtedness, (iii) relating to Tender Indebtedness or subsection (v) relating to a Commercial Paper Program apply), then, such Subordinate Bonds or Senior Lien Bonds shall be assumed to bear interest at the rate quoted in The Bond Buyer Revenue Bond Index for the last week of the month preceding the date of calculation of Maximum Annual Debt Service, as published in The Bond Buyer, or if that index is no longer published, another similar index selected by the City, or if the City fails to select a replacement index, an interest rate equal to 80% of the yield for outstanding United States Treasury bonds having an equivalent maturity as the then Outstanding Subordinate Bonds or Senior Lien Bonds for which the interest rate is to be assumed or having an equivalent maturity as the additional Subordinate Bonds proposed to be issued, or if there are no such Treasury bonds having equivalent maturities, 100% of the lowest prevailing prime rate or any of the five largest commercial banks in the United States ranked by assets;~~

~~(v) —if Outstanding Subordinate Bonds or Senior Lien Bonds are, or Subordinate Bonds proposed to be issued will be part of a Commercial Paper Program, such bonds shall be deemed to be Balloon Indebtedness for purposes of this definition of Maximum Annual Debt Service and the entire principal amount of such obligations shall be deemed to mature on the final date of the program, and, prior to the final date of the program, interest shall be calculated as for Variable Rate Indebtedness under (iv) above; provided, however, that if Subordinate Bonds are issued to an Insurer or a liquidity provider as part of or in connection with a Commercial Paper Program, if any calculation of Maximum Annual Debt Service is made after the termination of the Commercial Paper Program but prior to the time all obligations to the Insurer or liquidity provider have been satisfied, then the Subordinate Bonds held by the Insurer or liquidity provider shall be treated in accordance with provisions (i) through (iv) of this definition and not as part of a Commercial Paper Program; for purposes of calculating Maximum Annual Debt Service for a Commercial Paper Program, the entire maximum authorized principal amount of the program shall be deemed to be Outstanding and shall be included in the calculations as Outstanding whether or not such amount has been issued and whether or not such amount is actually Outstanding;~~

~~(vi) —if moneys or Permitted Investments have been deposited by the City into a separate fund or account or are otherwise held by the City or by a fiduciary to be used to pay principal and/or interest on specified Subordinate Bonds or Senior Lien Bonds, then the principal and/or interest to be paid from such moneys or Permitted Investments or from the earnings thereon shall be disregarded and not included in calculating Maximum Annual Debt Service; and~~

~~(vii) —for the purpose of calculating Maximum Annual Debt Service, in determining the amount of interest coming due during any twelve month period ending June 30 on any Series of Senior Lien Bonds or Subordinate Bonds that were issued as Direct Subsidy Bonds, such amount shall be reduced by an amount equal to the Refundable Credits the City is scheduled to receive during each such twelve month period ending June 30 (and to avoid double counting, an equivalent amount shall be deducted from Revenues for the purpose of such calculation);~~

“Moody’s” shall mean Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized rating agency designated by the City.

“Municipal Code” shall mean the Municipal Code of ~~The~~the City of Los Angeles.

“Net Revenues” shall mean, for any given period, the Revenues for such period less the Expenses for such period, but excluding any profits or losses on the early extinguishment of debt or on the sale or other disposition, not in the ordinary course of business, of ~~investments~~ or fixed or capital assets.

“Outstanding” when used with respect to Subordinate Bonds or Senior Lien Bonds shall mean Subordinate Bonds which have been authenticated and delivered under this Subordinate General Resolution or Senior Lien Bonds which have been authenticated and delivered under the Senior Lien Resolution except:

(i) Subordinate Bonds or Senior Lien Bonds cancelled or purchased by the City for cancellation or delivered to or acquired by the City for cancellation and, in all cases, with the intent to extinguish the debt represented thereby;

(ii) Subordinate Bonds or portions of Subordinate Bonds which have been paid or are deemed to be paid in accordance with Article VIII and Senior Lien Bonds or portions of Senior Lien Bonds which have been paid or are deemed to be paid in accordance with the terms of the Senior Lien Resolution;

(iii) Subordinate Bonds in lieu of which other Subordinate Bonds have been authenticated under Section 3.05;

(iv) Subordinate Bonds or Senior Lien Bonds or portions of Subordinate Bonds or Senior Lien Bonds that have become due (at maturity or on redemption, acceleration or otherwise) and for the payment of which sufficient moneys, including interest accrued to the due date, are held by the City or an agent of the City separate and apart for such purpose;

(v) Subordinate Bonds which, under the terms of the Supplemental Resolution pursuant to which they were issued, are deemed to be no longer Outstanding; and

(vi) for purposes of any consent or other action to be taken by the holders of a specified percentage of Subordinate Bonds under this Subordinate General Resolution, Subordinate Bonds held by or for the account of City, unless such Subordinate Bonds are pledged to secure a debt to an unrelated party, in which case such Subordinate Bond shall, for purposes of consents and other Bondholder action, be deemed to be Outstanding and owned by the party to which such Subordinate Bonds are pledged.

“Paying Agent” or “Paying Agents” shall mean ~~with respect to the Subordinate Bonds~~ City Treasurer or any ~~Series of Subordinate Bonds, the~~ other bank, trust company or other financial institution, ~~if any, or other entities designated as the place or entity which shall make payment on~~

~~the Subordinate Bonds or a Series of Subordinate Bonds and/or the interest thereon instead of or in addition to the City Treasurer's office.~~

~~"Permitted Encumbrances" shall mean:~~

~~(i) utility, access and other easements and rights of way, restrictions, encumbrances and exceptions which do not materially interfere with or materially impair the operation of the portion of the System affected thereby;~~

~~(ii) any mechanic's, laborer's, materialman's, supplier's or vendor's lien or right in respect thereof if payment is not yet due under the contract in question or if such lien is being contested; and~~

~~(iii) such minor defects and irregularities of title which do not materially adversely affect the value of, or materially impair, the property affected thereby for the purpose for which it was acquired or is held~~ appointed by the City.

"Permitted Investments" shall mean (i) Government Obligations, (ii) obligations of any state or territory of the United States or any agency or political subdivision thereof rated by S&P, if the Series of Subordinate Bonds which such Permitted Investments secure is then rated by S&P, and by Moody's, if such Series is then rated by Moody's, at least as high as such Series of Subordinate Bonds, (iii) obligations of any state or territory of the United States or any agency or political subdivision thereof for the payment of the principal or redemption price of and interest on which there shall have been deposited Government Obligations maturing as to principal and interest at times and in amounts sufficient to provide such payment, (iv) time certificates of deposit issued by a state or nationally chartered bank or trust company or a state or federal savings and loan association, provided that such certificates of deposit shall be (1) continuously and fully insured by the Federal Deposit Insurance Corporation or (2) continuously and fully secured by Government Obligations, which securities shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificate of deposit, (v) bankers' acceptances which are issued by a bank or trust company rated "A" or higher by Moody's and S&P; provided that such bankers' acceptances may not exceed 270 days' maturity, (vi) repurchase agreements with any bank or trust company or government bond dealer reporting to, trading with and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by Government Obligations, provided that the underlying securities are required by the repurchase agreement to be held by any such bank, trust company or primary dealer having a combined capital and surplus of at least \$100,000,000 and being independent of the issuer of such repurchase agreement, and provided that the securities are continuously maintained at a market value of not less than the amount so invested, (vii) commercial paper of "prime" quality of the highest or of the highest letter and numerical rating as provided by Moody's and S&P, (viii) investment agreements with (1) any bank or trust company or government bond dealer reporting to, trading with and recognized as a primary dealer by the Federal Reserve Bank of New York, having a combined capital and surplus of at least \$100,000,000, or (2) any corporation that is organized and operating within the United States and that has total assets in excess of \$500,000,000 and that has an "A" or higher rating for its debt, other than commercial paper, as provided by Moody's and S&P, provided that such investment agreements shall be continuously and fully secured by Government Obligations, which securities shall have a market value (exclusive of

accrued interest) at all times at least equal to the principal amount so invested, (ix) government money market portfolios or money market funds restricted to obligations issued or guaranteed as to payment of principal and interest by the full faith and credit of the United States, which portfolios, unless held by the Treasurer for five business days or less, shall have a rating in the highest two categories provided by Moody's and S&P ~~and~~, (x) any investment permitted by the investment policy of the City, and (xi) with respect to funds held in funds and accounts required under the terms of a specific Supplemental Resolution or securing specific Subordinate Bonds or Subordinate Bonds of a ~~specific~~ Specific Series of Subordinate Bonds, such other securities or investment vehicles as are specified as Permitted Investments under the terms of the Supplemental Resolution creating such funds and accounts or setting forth the terms of such Series.

"Procedural Ordinance" shall mean Article 6.7 of Chapter 1 of Division 11 of the Administrative Code of the City.

"Project" shall mean any purpose for which a Series of Subordinate Bonds is issued or authorized under the terms of this Subordinate General Resolution.

"Project Costs" shall mean, with respect to the System, all or any part of the cost of construction, acquisition, alteration, reconstruction, remodeling, maintaining and operating, including, without limiting the generality of the foregoing, all labor, materials, machinery, equipment, lands, structures, real and personal property, rights, rights of way, water rights, air rights, franchises, easements and interests acquired or used by the City in connection with the work undertaken; the cost of any demolitions, removals or relocations necessary in connection therewith; financing charges, insurance expenses, Capitalized Interest ~~for such period as shall be determined by the Council, if any,~~ reserves for debt service and reserves for capital and current expenses; the cost of architectural, engineering, financial and legal services, plans, specifications, appraisals, surveys, inspections, estimates of costs and revenues, and other expenses necessary or incident to determining the feasibility or practicality of such undertaking; organizational, professional, administrative, operating and other expenses incurred prior to the commencement of and during such work; costs of the City properly allocated to a Project and with respect to costs of employees or other labor costs, including the cost of medical, pension, retirement and other benefits as well as salary and wages and the allocable cost of administrative, supervisory and managerial personnel and the properly allocable cost of benefits provided for such personnel; costs of equipment, supplies and training of operating personnel and other expense of completing such work and placing the same in operation; working capital, and such other expenses as may be necessary or incidental to a Project, the financing thereof, including, but not limited to, costs and expenses of consultants and advisors including insurance consultants, accountants, engineers and attorneys, printing costs, rating agency fees and expenses, insurance costs and related election expenses and expenses necessary or incidental to placing a Project in operation and all other costs, expenses and charges related directly or indirectly to the System for which the City is otherwise permitted to incur an obligation, including the financing of working capital, whether or not the Project then under consideration involves the acquisition or construction of physical properties.

~~"Rating Agency" shall mean Fitch, Moody's or S&P.~~

"Rebate Fund" shall mean any fund created by the City in connection with the issuance of the Subordinate Bonds or any Series of Subordinate Bonds for the purpose of complying with the

Code and providing for the collection, holding and payment of amounts to the United States of America.

“Recovery Zone Economic Development Bonds” ~~means~~shall mean any bonds or other obligations issued as Recovery Zone Economic Development Bonds under Section 1400U-2 of the Code, or under any other provisions of the Code, that creates, in the determination of the City, a substantially similar direct-pay subsidy program that provides comparable security for the Owners thereof.

“Refundable Credits” ~~means~~shall mean (a) with respect to a Series of Senior Lien Bonds or Subordinate Bonds issued as Build America Bonds under Section 54AA of the Code or a Series of Senior Lien Bonds or Subordinate Bonds issued as Recovery Zone Economic Development Bonds under Section 1400U02 of the Code, in either case the amounts which are payable by the Federal government under Section 6431 of the Code, and which, in the case of Build America Bonds, the City has elected to receive under Section 54AA(g)(1) of the Code, or (b) with respect to a Series of Senior Lien Bonds or Subordinate Bonds issued as Build America Bonds or as Recovery Zone Economic Development Bonds, as the case may be, under any other provisions of the Code, that creates, in the determination of the City, a substantially similar direct-pay subsidy program, the amounts of which are payable by the Federal government under applicable provisions of the Code, which, in the case of Build America Bonds, the City has elected to receive under applicable provisions of the Code.

“Registrar” shall mean, with respect to the Subordinate Bonds ~~or of~~ any Series ~~of Subordinate Bonds~~, the bank, trust company or other entity, if any, designated to perform the function of Registrar under this Subordinate General Resolution or any Supplemental Resolution instead of or in addition to the City Treasurer’s office.

“Reserve Fund” shall mean any Debt Service Reserve Fund created for a Series of Subordinate Bonds as described in Section 5.05 hereof and where specifically stated as such, the Reserve Fund as defined in the Senior Lien Resolution.

“Revenue Bond Law” shall mean the Revenue Bond Law of 1941, §§54300 et seq. of the California Government Code.

“Revenues” shall mean all revenues of the SCM Fund and revenues otherwise attributable to the System, including, but not limited to, those revenues currently arising as a result of the imposition of sewer service charges, industrial waste surcharge and inspection fees, sewage disposal contract charges, sewerage facility charges and bonded sewer fees and all other income and receipts derived by the City from the ownership or operation of the System or arising from the System and including amounts attributable to extensions, additions and improvements to the System and all other amounts received by the City in payment for providing wastewater collection, treatment and/or disposal services; and all earnings received from the investment of the SCM Fund; ~~and the Debt Service Fund (as defined in the Senior Lien Resolution), the Reserve Fund (as defined in the Senior Lien Resolution) and the Emergency Fund (as defined in the Senior Lien Resolution);~~ and all earnings received on the Debt Service Funds ~~and, if any, Reserve Funds~~ created for Subordinate Bonds of any Series, provided, however, that Revenues shall not include:



- (i) any amount received from the levy or collection of taxes;
- (ii) amounts received under contracts or agreements with governmental or private entities and designated for capital costs;
- (iii) grants received from the United States of America, from the State of California or other political bodies;
- (iv) earnings on ~~the~~any Construction Funds and any Reserve Funds;
- (v) earnings on ~~the~~any Construction Funds ~~as defined in~~under the Senior Lien Resolution; and any Reserve Funds under the Senior Lien Resolution;
- (vi) ~~(v)~~ the proceeds of borrowings; and
- (vii) ~~(vi)~~ proceeds of insurance; ;

“SCM Fund” shall mean, collectively, the City’s Sewer Construction and Maintenance Fund, Sewer Operation and Maintenance Fund, and Sewer Capital Fund established under the terms of the City’s Municipal Code as special funds in the City Treasury into which the Revenues are to be deposited and such term also includes any other fund or series of funds into which Revenues are deposited.

“Senior Lien Bonds” shall mean bonds, notes and all other obligations issued or incurred under the terms of the Senior Lien Resolution and secured, under the terms of the Senior Lien Resolution, by a pledge of the Revenues prior to that pledge securing Subordinate Bonds issued under this Subordinate General Resolution.

“Senior Lien Resolution” shall mean the Wastewater System Revenue Bonds General Resolution adopted by the City Council November 10, 1987, as amended and supplemented from time to time.

“Series,” when used with respect to Subordinate Bonds, shall mean Subordinate Bonds issued at the same time or sharing some other common term or characteristic and designated as a separate Series, and shall also mean a Commercial Paper Program authorized by the Council notwithstanding the fact that the Subordinate Bonds constituting part of such program are issued at different times and from time to time; and, when used with respect to Senior Lien Bonds, shall have the meaning assigned to such term in the Senior Lien Resolution.

“Series 2022 Subordinate Bond” shall mean the City of Los Angeles Wastewater System Subordinate Revenue Bonds, Series 2022 [of each Series, issued on \_\_\_\_\_, 2022].

“S&P” shall mean Standard & Poor’s Corporation, a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the City.

“State” shall mean the State of California.

“Subordinate Bond” or “Subordinate Bonds” shall mean bonds, notes and other indebtedness, obligations or securities of any kind or class issued or incurred as provided in Article III of this Subordinate General Resolution and secured by this Subordinate General Resolution and by the subordinate pledge of the Revenues granted hereby. The term “Subordinate Bonds” includes, but is not limited to, obligations in the form of bonds, notes, ~~contracts, lease obligations,~~ bond anticipation notes, commercial paper, and certificates of participation. “Subordinate Bond” or “Subordinate Bonds” shall not include any obligations incurred by the City as permitted by Section 5.06 which rank junior to the Subordinate Bonds issued pursuant to and secured by this Subordinate General Resolution.

“Subordinate General Resolution” shall mean this “Amended and Restated Wastewater System Subordinate Revenue Bonds General Resolution” adopted by the Council on ~~March 26, 1991~~ \_\_\_\_\_, as amended from time to time.

“Supplemental Resolution” shall mean any supplemental resolution adopted by the Council providing for the issuance of a Series or multiple Series of Subordinate Bonds, amending and/or supplementing this Subordinate General Resolution or amending and/or supplementing another Supplemental Resolution.

“System” shall mean the City’s entire wastewater collection, transportation, drainage, treatment and disposal system, including all sewers, pipes, buildings, systems, plants, works, equipment, improvements and other facilities or undertakings of the City relating to the collection, transportation, treatment and disposal of sewage, wastewater, industrial wastewater and infiltration/inflows incidental thereto, including those facilities in existence at the time of adoption of this Subordinate General Resolution and any and all subsequent additions, extensions, improvements, acquisitions and replacements thereto and all facilities and undertakings relating to or useful in connection with the construction, improvement, replacement, expansion, extension, operation and maintenance of the System. The term System more specifically includes, but is not limited to, sewage and wastewater treatment and disposal plants, sewage pumping plants, water reclamation plants, sewer maintenance yards and headquarters, intercepting and collecting sewers, outfall sewers, trunk, connecting, relief and other sewer mains and additions to, alterations of and reconstruction of, any of them and the lands, rights of way, pipe, conduits, equipment, machinery, apparatus, and property necessary therefor.

“Tender Indebtedness” shall mean any ~~Subordinate Bonds~~Covered Obligations or portions of ~~Subordinate Bonds~~Covered Obligations a feature of which is an option, on the part of the Bondholders, or an obligation, under the terms of such ~~Subordinate Bonds~~Covered Obligations, to tender all or a portion of such ~~Subordinate Bonds~~Covered Obligations to the City, a Paying Agent ~~and~~ or other fiduciary or agent for payment or purchase and requiring that such ~~Subordinate Bonds~~Covered Obligations or portions of ~~Subordinate Bonds~~Covered Obligations be purchased if properly presented.

“Treasurer” shall mean the Treasurer of the City or any deputy treasurer.

“Variable Rate Indebtedness” shall mean any portion of indebtedness the interest rate on which is subject to fluctuation or subsequent adjustment.



Section 1.02 Cross References. Except as otherwise indicated, references to Articles and Sections are to the Articles and Sections of this Subordinate General Resolution.

Section 1.03 Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words importing the singular number shall include the plural and vice versa, and words importing person shall include firms, associations and corporations, including public bodies, as well as natural persons.

Section 1.04 Accounting Terms. Terms used in this Subordinate General Resolution in an accounting context and not otherwise defined shall have the meaning ascribed to them by generally accepted accounting principles.

Section 1.05 Interpretation of "Principal Amount" Under this Subordinate General Resolution. Whenever in the Subordinate General Resolution it is provided that any actions be taken or determinations made on the basis of the principal amount of Subordinate Bonds Outstanding or the principal amount of Subordinate Bonds affected by an action, including the calculation of the principal amount of Subordinate Bonds for purposes of declaring principal of Subordinate Bonds due and payable pursuant to Article IX, the calculation of the principal amount of any Subordinate Bonds that accrete interest shall be determined pursuant to the terms of Supplemental Resolutions.

## ARTICLE II

### PLEDGE TO SECURE SUBORDINATE BONDS; SOURCE OF PAYMENT

Section 2.01 Pledge of Revenues and Funds. To secure the payment of all Subordinate Bonds issued pursuant to the terms of this Subordinate General Resolution, the City hereby pledges to the Owners of the Subordinate Bonds, and places a second lien upon and assigns to the Owners of the Subordinate Bonds (1) the Revenues as defined in this Subordinate General Resolution, including any additional sources of Revenues pledged by Supplemental Resolutions and (2) the Revenues held in the SCM Fund including the earnings on such Revenues. The City has previously pledged and assigned the Revenues and granted a lien upon the Revenues to secure Senior Lien Bonds, whenever issued, including Senior Lien Bonds issued subsequent to the execution and delivery of this Subordinate General Resolution and subsequent to the issuance of Subordinate Bonds. The pledge, assignment and lien on the Revenues granted to secure the Senior Lien Bonds shall in all respects be prior to the pledge, assignment and lien granted by this Subordinate General Resolution. The Revenues, including Revenues held in the SCM Fund and the earnings on such Revenues, shall be used first to pay the Senior Lien Bonds as the same become due and make current deposits into the funds held pursuant to the Senior Lien Resolution before such Revenues will be available to pay Subordinate Bonds. This pledge of and lien upon the Revenues shall be for the equal and proportionate benefit and security of all Subordinate Bonds issued under the terms of this Subordinate General Resolution, all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction as to lien or otherwise of any Subordinate Bond over any other Subordinate Bond. The pledge and lien hereby granted shall remain effective for so long as any Subordinate

Bonds are Outstanding hereunder. Amounts in any Debt Service Fund, ~~and~~ Reserve Fund ~~and Construction Fund~~ established for any Series of Subordinate Bonds shall, by the terms of the Supplemental Resolution setting forth the terms of such Series, be pledged to secure the Subordinate Bonds of such Series in accordance with the terms of such Supplemental Resolution.

Section 2.02 ~~Application of Statutory Pledge. It is hereby recognized that one or more Series of Subordinate Bonds or portion of a Series of Subordinate Bonds issued hereunder may be issued under the terms of the Revenue Bond Law of 1941, currently at §§54300 et seq. of the California Government Code (the "Revenue Bond Law") and that the Revenue Bond Law, as now in effect, provides, in part, that bonds issued thereunder shall be secured by a pledge, charge and lien upon the revenues of the System. The City hereby adopts such provisions with respect to all Subordinate Bonds issued under the Revenue Bond Law and, with respect to all Subordinate Bonds issued under this Subordinate General Resolution whether issued under the Revenue Bond Law or under other authorization, imposes a lien on the Revenues on a parity with that created by the Revenue Bond Law; provided, however, that the lien on the Revenues shall secure the Senior Lien Bonds on a first priority basis and the Subordinate Bonds on a subordinate basis.~~ [Reserved.]

Section 2.03 No Prior or Parity Pledge. The City hereby represents and ~~states warrants~~ that except for the pledge granted to secure the Senior Lien Bonds, the City has not ~~previously~~ pledged the Revenues or the SCM Fund nor created any lien thereon on a basis that ranks senior to the Subordinate Bonds, and the City covenants that, until all the Subordinate Bonds issued under the provisions of this Subordinate General Resolution and the interest thereon shall have been paid or are deemed to have been paid, it will not, except to the extent additional Senior Lien Bonds are issued under the terms of the Senior Lien Resolution grant any prior or parity pledge of Revenues or the SCM Fund, or create or permit to be created any charge or lien on the Revenues ranking prior to or on a parity with the charge and lien which secures the Subordinate Bonds issued pursuant to this Subordinate General Resolution. It is hereby expressly provided that the City shall not, by the provisions of this Section 2.03 or any other part of this Subordinate General Resolution, be restricted or limited in any way in its ability to issue additional Senior Lien Bonds, all of which shall rank prior to the Subordinate Bonds with respect to the pledge of, lien on and assignment of the Revenues. The City may, as provided in Section 5.06, create or permit to be created a charge or lien on the Revenues ranking junior and subordinate to the charge and lien which secures the Subordinate Bonds issued pursuant to this Subordinate General Resolution.

Section 2.04 Special Obligations. The Subordinate Bonds shall be and are special, limited obligations of the City and the City is obligated to pay the principal of, premium, if any, and interest on the Subordinate Bonds solely from the Revenues and from amounts in the SCM Fund and, with respect to the Subordinate Bonds of an individual Series, from any Debt Service Fund, ~~and~~ Reserve Fund ~~and Construction Fund~~ created for such Series. The general fund of the City is not liable for the payment of the principal of, interest on or premium, if any, on the Subordinate Bonds. Neither the full faith and credit nor the taxing power of the City is pledged to payment of the Subordinate Bonds and the Owners shall not have any ability to compel the exercise of the taxing ~~powers~~ power of the City or the forfeiture of any of its property. The City's limited obligation to make payment on the Subordinate Bonds does not create a debt of the City or legal or equitable pledge, charge, lien or encumbrance, upon any of the City's ~~Property~~ property, or upon any of its income, receipts or revenues except the ~~revenues~~ Revenues and, to the extent provided

by Supplemental Resolution, amounts in the Debt Service Funds, ~~and~~ Reserve ~~Funds and Construction~~ Funds.

### ARTICLE III

#### ISSUANCE OF SUBORDINATE BONDS AND TERMS THEREOF

Section 3.01 Issuance of Subordinate Bonds; Form of Subordinate Bonds. Subordinate Bonds of any Series may be issued by the City under the terms of this Subordinate General Resolution from time to time and secured hereby for any purpose related to the System that the City deems appropriate. Subordinate Bonds of any Series may be issued under this Subordinate General Resolution and secured hereby only if the provisions of Section 3.09 are satisfied.

The Subordinate Bonds of any Series may be ~~in certificated or uncertificated form or in contract form, and Subordinate Bonds which are issued in certificated form may be freely transferable or may be immobilized and held by a custodian for the Beneficial Owners, all as shall be set forth or permitted in~~ issued in such denominations as provided by the Supplemental Resolution ~~providing for the issuance of such Subordinate Bonds~~ creating such Series, in fully registered or bearer form, with or without coupons or in fully registered book-entry form. The Subordinate Bonds of any Series may have notations, legends or endorsements required by law or usage. In addition, Subordinate Bonds of each Series may be in any of the forms, but are not limited to forms described in the definition of Subordinate Bonds in Section 1.01, and may be ~~issued publicly or to banks, other financial institutions, corporations, creditors or suppliers providing money, goods, facilities or services to the City for the benefit of or use in connection with the System~~ sold as provided in the ~~applicable~~ Supplemental Resolution ~~and in all cases subject to compliance with the provisions of Section 3.09 of this Subordinate General Resolution. The City may authorize the owner of any such obligations to issue certificates of participation or other instruments representing ownership interests in such obligations~~ establishing such Series.

Section 3.02 Terms, Designation and Payment. The Subordinate Bonds of a Series shall be issued in the principal amount, shall bear interest at a rate or rates, including variable or adjustable rates, shall mature and ~~shall~~ may be subject to redemption prior to their respective maturities, all as shall be set forth by Supplemental Resolution. The Subordinate Bonds of each Series issued under the provisions of this Article shall be designated “~~The~~ City of Los Angeles Wastewater System Revenue [Bonds, Notes, ~~Lease Obligations~~ or other designation],” inserting appropriate identifying descriptions, series letter, number, year, word or words and including such other characteristics or designations as may be provided by a Supplemental Resolution; ~~provided that obligations in contract form need not be so designated but must clearly state that such contract is entered into under the terms of this Subordinate General Resolution and the obligations represented thereby are~~ Subordinate Bonds. ~~Each Subordinate Bond~~ of each Series shall contain an express statement that ~~such a~~ Subordinate Bond of such Series is junior and subordinate to the Senior Lien Bonds as to lien on and source and security for payment from the Revenues.

Payments with respect to the Subordinate Bonds of each Series shall be made as provided in the Supplemental Resolution providing for the issuance of ~~such~~ Subordinate Bonds of such Series or as provided in the Subordinate Bonds of such Series, which provisions shall include the designation of the currency in which such payments shall be made.

Section 3.03 Execution and Authentication. The Subordinate Bonds, ~~if in certificated form or in contract form, of any Series~~ will be ~~signed~~executed for the City as provided in the Supplemental Resolution. Each Subordinate Bond ~~which is in certificated form of any Series~~ shall have an authentication certificate thereon which shall read substantially as follows:

The [Treasurer of the City of Los Angeles] [\_\_\_\_\_, as duly authorized Authenticating Agent] certifies that this is one of the Subordinate Bonds referred to in the Subordinate General Resolution and \_\_\_\_\_ Supplemental Resolution referred to herein.

By \_\_\_\_\_

~~Subordinate Bonds which are in contract form shall not be required to bear the foregoing authentication provision.~~

The Subordinate Bonds, ~~if in certificated form, of any Series~~ shall be delivered following execution by the City to the Treasurer for authentication and delivery unless an Authenticating Agent has been appointed for ~~a~~such Series, in which case the Subordinate Bonds of such Series shall be delivered to the Authenticating Agent ~~or unless the Subordinate Bonds are in contract form and no authentication is, therefore, required.~~ In case any officer of the City whose signature or whose facsimile signature shall appear on ~~any~~ Subordinate Bonds of any Series shall cease to be such officer before the authentication and delivery of ~~such~~ Subordinate Bonds of such Series, such signature or the facsimile signature thereof shall nevertheless be valid and sufficient for all purposes the same as if he or she had remained in office until authentication and delivery. Also, if a person signing a Subordinate Bond of any Series is the proper officer on the actual date of execution, the Subordinate Bond of such Series will be valid even if that person is not the proper officer on the nominal date of action and even though, at the date of this Subordinate General Resolution or any Supplemental Resolution, such person was not such officer.

Subordinate Bonds ~~in certificated form of any Series~~ will not be valid until the Treasurer or an Authenticating Agent ~~manually signs~~executes the certificate of authentication on the Subordinate Bond of such Series by manual or facsimile signature. Such signature will be conclusive evidence that the Subordinate Bonds of such Series has been authenticated under this Subordinate General Resolution.

The City may appoint an Authenticating Agent to authenticate Subordinate Bonds ~~or of any Series and~~ may appoint different Authenticating Agents for different Series of Subordinate Bonds. An Authenticating Agent may authenticate Subordinate Bonds of any Series whenever the Treasurer may do so. Each reference in this Subordinate General Resolution to authentication by the City or by the Treasurer includes authentication by such agent.

Subordinate Bonds of any Series issued under this Subordinate General Resolution may be issued in uncertificated form, in which case the procedures for issuance and delivery and evidence of validity, ownership, transfer and exchange shall be as provided in a Supplemental Resolution, ~~and neither the provisions of this Section nor any other provision of this Subordinate General Resolution shall be deemed to prohibit or restrict the issuance of uncertificated Subordinate Bonds.~~

~~Subordinate Bonds which are in contract form and bear a manual signature of an Authorized City Representative shall not require any form of authentication to cause such obligations to become valid.~~

Section 3.04 Bond Register. ~~With~~Unless otherwise provided in a Supplemental Resolution, with respect to each Series of Subordinate Bonds issued in registered form, the office of the Treasurer or a Registrar will keep a register of the Subordinate Bonds of such Series and of their transfer and exchange. At reasonable times and under reasonable regulations established by the City or the Registrar, any of such lists of Bondholders may be inspected by any Bondholder ~~or Beneficial Owner~~ (or a properly designated representative thereof) which owns \$1,000,000 or more in principal amount of Subordinate Bonds (or beneficial interest therein) then Outstanding. Subordinate Bonds of any Series may be presented to the Treasurer or to the Registrar as provided by Supplemental Resolution for registration, transfer and exchange, as provided in Section 3.06. The City and any Paying Agent shall treat the Bondholder, as shown on the registration books kept by the City or the Registrar, as the person exclusively entitled to payment of principal, premium, if any, and interest and the exercise of all other rights and powers of the Bondholder.

Section 3.05 Mutilated, Lost, Stolen or Destroyed Subordinate Bonds.

(a) In the event any Subordinate Bond of any Series is mutilated or defaced but identifiable by number and description, the City shall execute and the Treasurer or an Authenticating Agent shall authenticate and deliver a new Subordinate Bond of like Series, date, interest rate and maturity as and in a denomination equal to the unpaid amount of such Subordinate Bond, upon surrender thereof to the City or its agent; provided that there shall first be furnished to the City or its agent clear and unequivocal proof satisfactory to the City or its agent that the Subordinate Bond has been mutilated or defaced to such an extent as to impair its value to the Bondholder. The City or its agent shall then cause proper record to be made of the cancellation of the original, and thereafter the substitute shall have the validity of the original.

(b) In the event any Subordinate Bond of any Series is lost, stolen or destroyed, the City may execute and the Treasurer or an Authenticating Agent may authenticate and deliver a new Subordinate Bond of like Series, date and maturity as and in a denomination equal to the unpaid amount of the Subordinate Bond lost, stolen or destroyed; provided that there shall first be furnished to the City or its agent evidence of such loss, theft or destruction satisfactory to the City or its agent, together with indemnity satisfactory to them.

(c) The City and any agents may charge the Holder of any such Subordinate Bond described in (a) or (b) above the cost of preparing the substitute Subordinate Bond, all transfer taxes, if any, and the City's and/or agent's reasonable fees and expenses in this connection. All substitute Subordinate Bonds issued and authenticated pursuant to this Section shall be issued as a substitute and numbered, if numbering is required by the Supplemental Resolution or the City, as determined by the City or its agent. In the event any such Subordinate Bond shall be about to mature or has matured or been called for redemption, instead of issuing a substitute Subordinate Bond, the City may pay the same at its maturity or redemption without surrender thereof.



Section 3.06 Registration and Transfer of Subordinate Bonds; Persons Treated as Owners. All Subordinate Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form satisfactory to the Treasurer or the Registrar, as the case may be, duly executed by the Bondholder or by his duly authorized attorney.

Except as limited by any Supplemental Resolution, the City or any Registrar also may require payment from the Bondholder of a sum sufficient to cover any tax or other governmental fee or charge that may be imposed in relation to any transfer or exchange.

Supplemental Resolutions may designate certain limited periods during which Subordinate Bonds will not be exchanged or transferred.

Subordinate Bonds delivered upon any exchange or transfer as provided herein, or as provided in Section 3.05, shall be valid obligations of the City evidencing the same obligation as the Subordinate Bond surrendered, shall be secured by this Subordinate General Resolution and shall be entitled to all of the security and benefits hereof to the same extent as the Subordinate Bond surrendered.

Section 3.07 Destruction of Subordinate Bonds. Whenever any Outstanding Subordinate Bonds shall be delivered to the City or its agent for cancellation, upon payment of the principal amount and interest represented thereby or for replacement pursuant to Section 3.06 or exchange or transfer pursuant to Section 3.06, such Subordinate Bond shall be cancelled and destroyed by the City or its agent.

Section 3.08 Temporary Subordinate Bonds. Pending preparation of definitive Subordinate Bonds of any Series, the City may execute, authenticate and deliver, in lieu of definitive Subordinate Bonds of such Series and subject to the same limitations and conditions, interim receipts, certificates or temporary bonds which shall be exchanged for the Subordinate Bonds of such Series.

If temporary Subordinate Bonds are issued, the City shall cause the definitive Subordinate Bonds to be prepared and, upon presentation to it of any temporary Subordinate Bond, shall cancel the same and deliver in exchange therefor at the place designated by the Bondholder, without charge to the Bondholder, definitive Subordinate Bonds of an equal aggregate principal amount, of the same Series and maturity and bearing interest at the same rate or rates as the temporary Subordinate Bonds surrendered. Until so exchanged, the temporary Subordinate Bonds shall in all respects be entitled to the same benefit and security of this Subordinate General Resolution as the definitive Subordinate Bonds to be issued and authenticated hereunder.

Section 3.09 Issuance of Series of Subordinate Bonds; Supplemental Resolution; Application of Bond Proceeds. The Subordinate Bonds of each Series shall be issued, at one time or from time to time, pursuant to and in accordance with the procedures set forth in the Charter, the Procedural Ordinance and subject to the conditions of this Section 3.09.

Each Series of Subordinate Bonds shall be dated, shall mature, shall bear interest, shall be subject to redemption and shall be amortized, all as provided in the Supplemental Resolution under which such Subordinate Bonds are issued. In addition, each such Supplemental Resolution may

provide for the appointment of an Authenticating Agent, Registrar or Registrars and a Paying Agent or Paying Agents or an Issuing and Paying Agent and for the removal or replacement thereof.

Such Supplemental Resolution may provide that the interest rate on the Series of Subordinate Bonds and the duration of the periods during which any such interest rate applies may, from time to time, be adjusted and that the Series of Subordinate Bonds may be purchased upon the demand of the owners thereof or shall be subject to mandatory purchase upon the occurrence of certain events or at certain times. Such provisions relating to interest rate periods and adjustments may include, without limitation, the creation of objective standards for such adjustments and the appointment of agents to apply such standards, and may provide for the procurement of liquidity and credit support facilities with respect to the Subordinate Bonds.

Each of the following shall be a condition to the issuance of any Series of Subordinate Bonds under this Subordinate General Resolution:

(a) the Council shall adopt a Supplemental Resolution authorizing such Series of Subordinate Bonds and setting forth the terms of ~~such Subordinate Bonds and, among other matters, the amount, if any, to be deposited to the credit of the Reserve Fund; the City shall not be required upon the issuance of any Series of Subordinate Bonds to create or make a deposit into a Reserve Fund for~~ such Series of Subordinate Bonds ~~except to the extent required by Supplemental Resolution;~~

(b) if credit enhancement or liquidity support is to be provided at the time of issuance of the Series, the executed bond insurance policy, surety bond, letter of credit or other liquidity facility or credit support facility, if any, relating to the Series of Subordinate Bonds shall be delivered to the City or an appropriate fiduciary;

~~(c) — the City Attorney shall deliver an opinion to the purchaser of such Series of Subordinate Bonds to the effect that the issuance of such Subordinate Bonds has been duly authorized and that all legal conditions precedent to the delivery of such Subordinate Bonds have been fulfilled, and for Subordinate Bonds issued subsequent to the Initial Series of Subordinate Bonds, the City Attorney or Bond Counsel shall deliver an opinion to the effect that the issuance of such Series will not adversely affect the priority, validity or enforceability of the lien on the Revenues with respect to Subordinate Bonds previously issued and then Outstanding;~~

~~(c)~~ ~~(d) for Subordinate Bonds issued subsequent to the Initial Series of Subordinate Bonds,~~ the certificate or certificates of the Consultant required by Section 3.11 or, if the Subordinate Bonds of any Series to be issued are refunding Subordinate Bonds and the last paragraph of Section 3.11 is applicable, the certificate of the Authorized City Representative described therein;

~~(e) — for Subordinate Bonds issued subsequent to the Initial Series of Subordinate Bonds,~~

(d) a certificate of an Authorized City Representative stating that no Event of Default has occurred and is then continuing; and

(e) ~~(f)~~—an opinion of Bond Counsel to the effect that the issuance of such Subordinate Bonds has been duly authorized, that all legal conditions precedent to the delivery of such ~~Subordinate~~ Bonds have been fulfilled, that the Subordinate Bonds are valid and binding obligations of the City in accordance with their terms, and, if it is the intention of the City that interest on the Subordinate Bonds of such Series is to be excluded from gross income of the recipient for federal income tax purposes, that the interest on the Subordinate Bonds will be so excluded; and an opinion of Bond Counsel to the effect that the issuance of such Subordinate Bonds will not adversely affect the tax-exempt status of any previously issued Subordinate Bonds.

With respect to Subordinate Bonds of any Series which are part of a Commercial Paper Program, fulfillment of the conditions (a) to ~~(f)~~, inclusive, of this Section shall be required prior to issuance of the first note of such program; thereafter, Subordinate Bonds of any Series constituting part of the same Commercial Paper Program may be issued from time to time as the City determines without again meeting the requirements of this Section ~~provided that so long as~~ the ~~authorized maximum aggregate~~ principal amount of ~~the such~~ Commercial Paper Program authorized by the Council for which the conditions (a) to (e), inclusive, were previously fulfilled, is not increased. Any increase in the ~~authorized maximum aggregate~~ principal amount of the Commercial Paper Program authorized by the Council shall, prior to ~~the issuance of any notes causing the principal amount of such program outstanding to exceed the maximum authorized amount prior to the such~~ increase, ~~requires~~ require compliance with conditions (a) to ~~(f)~~, inclusive.

When the conditions mentioned in clauses (a) to ~~(f)~~, inclusive, of this Section shall have been fulfilled, then upon receipt by the City of payment for the Subordinate Bonds, the Subordinate Bonds shall be delivered to or upon the order of the purchasers thereof.

Simultaneously with the delivery of Subordinate Bonds of any Series, the City shall apply the proceeds of ~~such~~ Subordinate Bonds of such Series as provided in the Supplemental Resolution.

Section 3.10 Refunding Subordinate Bonds. There may be issued under and secured by this Subordinate General Resolution ~~refunding bonds~~ Subordinate Bonds of ~~the City a Series~~ for the purpose of providing funds for refunding all of the Outstanding Subordinate Bonds of any one or more Series or a portion of any Series. Such Subordinate Bonds of such Series shall be issued in accordance with the provisions of Sections 3.09 and 3.11 of this Subordinate General Resolution.

Section 3.11 Tests for Issuance of Subordinate Bonds. As a condition to the issuance of any Series of Subordinate Bonds ~~subsequent to the issuance of the Initial Series of Subordinate Bonds~~, the City shall first be required to obtain a certificate or certificates prepared by a Consultant or by Consultants showing that the Net Revenues for the immediately preceding Fiscal Year or for any 12 consecutive months out of the 18 consecutive months immediately preceding the issuance of the proposed Series of Subordinate Bonds were at least equal to 110% of the ~~Maximum Average~~ Annual Debt Service for all ~~Senior Lien Bonds and Subordinate Bonds Covered Obligations~~ which will be Outstanding immediately after the issuance of the proposed Series of Subordinate Bonds. For purposes of preparing the certificate or certificates described above, the Consultant or Consultants may (a) rely upon financial statements prepared by the City that have not been subject to audit by an independent certified public accountant if audited financial statements for the Fiscal



Year or period are not available and (b) make such other assumptions as determined reasonable or appropriate by such Consultant or Consultants.

For purposes of the computations to be made as described in the preceding paragraph, the determination of Net Revenues may take into account any increases in rates and charges which relate to the System and shall take into account any reductions in such rates and charges which increases or decreases have been authorized by the City to be implemented and which will be effective prior to or at the time of issuance of such proposed Series of Subordinate Bonds.

With respect to Subordinate Bonds of any Series which are part of a Commercial Paper Program, fulfillment of the requirement of this Section shall be required prior to issuance of the first note of such program; thereafter, Subordinate Bonds of any Series constituting part of the same Commercial Paper Program may be issued from time to time as the City determines without again meeting the requirements of this Section so long as the maximum aggregate principal amount of such Commercial Paper Program authorized by the Council for which such requirement was previously fulfilled, is not increased. Any increase in the maximum aggregate principal amount of the Commercial Paper Program authorized by the Council shall, prior to such increase, require compliance with the requirement of this Section.

Except as described in the last sentence of this paragraph, the certificate or certificates described above shall not be required if the Series of Subordinate Bonds being issued are for the purpose of refunding then Outstanding Senior Lien Bonds or Subordinate Bonds, and if at the time of the issuance of such Series of Subordinate Bonds, a certificate of an Authorized City Representative shall be delivered showing that ~~Maximum Average~~ Annual Debt Service on all ~~Senior Lien Bonds and Subordinate Bonds~~ Covered Obligations Outstanding after the issuance of the refunding Series of Subordinate Bonds will not exceed ~~Maximum Average~~ Annual Debt Service on all ~~Senior Lien Bonds and Subordinate Bonds~~ Covered Obligations Outstanding prior to the issuance of such Series of Subordinate Bonds. The City may not rely on the exception ~~provided by in~~ this paragraph ~~shall not apply~~ with respect to the issuance of a refunding Series of Subordinate Bonds which are not ~~constituting~~ part of a Commercial Paper Program ~~issued~~ to refund Subordinate Bonds ~~constituting which are~~ part of a Commercial Paper Program unless the ~~authorized~~ maximum aggregate principal amount of the Commercial Paper Program authorized by the Council is concurrently reduced by an amount equal to ~~the~~ that portion of Subordinate Bonds constituting part of such Commercial Paper Program being refunded.

## ARTICLE IV

### REDEMPTION OF SUBORDINATE BONDS

Section 4.01 Subordinate Bonds Redeemable. The Subordinate Bonds of each Series may be made subject to redemption either in whole or ~~to in~~ part and at such times, prices and in such order and under such terms as may be provided by the Supplemental Resolution providing for the issuance of such Subordinate Bonds. The City may provide for the redemption of Subordinate Bonds of any Series from any funds available to the City and not obligated for other purposes.

Section 4.02 Selection of Subordinate Bonds ~~Toto~~ Be Redeemed. If less than all the Subordinate Bonds of any Series shall be called for redemption, the Subordinate Bonds to be redeemed shall be selected from such Series of Subordinate Bonds as ~~the City shall determine, and, within a Series of Subordinate Bonds, if less than all of the Subordinate Bonds of that Series are to be redeemed, Subordinate Bonds shall be selected as~~ provided in the Supplemental Resolution under which ~~such~~ Subordinate Bonds of such Series were issued.

Section 4.03 Notice of Redemption. In the event ~~any of the~~ Subordinate Bonds of any Series are called for redemption, the City, or through its agent, shall give notice, at the times and in the manner specified by ~~supplemental~~ Supplemental Resolution, to the Bondholders of the Subordinate Bonds of a Series to be redeemed, of the redemption of ~~such~~ Subordinate Bonds of such Series, which notice shall (i) specify the Subordinate Bonds of a Series to be redeemed, the redemption date, the redemption price and the place or places where amounts due upon such redemption will be payable and, if less than all of the Subordinate Bonds of a Series are to be redeemed, the numbers of the Subordinate Bonds, and the portions of Subordinate Bonds, to be redeemed, (ii) state any condition to such redemption and (iii) state that on the redemption date, and upon the satisfaction of any such condition, the Subordinate Bonds of such Series to be redeemed shall cease to bear interest. Such notice may set forth any additional information relating to such redemption. Notice may provide for purchase in lieu of redemption or conditional redemption as provided by a Supplemental Resolution. Notwithstanding the foregoing, Supplemental Resolutions may provide for redemption of Subordinate Bonds of a Series, under certain circumstances, without notice or with notice which differs from that set forth in this section.

Section 4.04 Effect of Redemption Call. On the date so designated for redemption, notice, if required, having been given in the manner and under the conditions provided herein and in the Supplemental Resolution relating to the Subordinate Bonds of a Series to be redeemed and moneys for payment of the redemption price being held in trust to pay the redemption price, unless otherwise provided in a Supplemental Resolution, the Subordinate Bonds of such Series so called for redemption shall become and be due and payable on the redemption date, interest on such Subordinate Bonds shall cease to accrue, such Subordinate Bonds of such Series shall cease to be entitled to any lien, benefit or security under this Subordinate General Resolution and the owners of such Subordinate Bonds of such Series shall have no rights in respect thereof except to receive payment of the redemption price.

Subordinate Bonds of any Series which have been duly called for redemption under the provisions of this Article IV and for the payment of the redemption price of which moneys shall be held in trust or irrevocably set aside for the ~~holders~~ Holders of the Subordinate Bonds of such Series to be redeemed, all as provided in this Subordinate General Resolution, shall not be deemed to be ~~outstanding~~ Outstanding under the provisions of this Subordinate General Resolution.

## ARTICLE V

### ~~REVENUE~~ REVENUES AND FUNDS

Section 5.01 Subordinate Bonds Secured by Revenues. The Subordinate Bonds of any Series authorized and issued under the provisions of this Subordinate General Resolution are, as provided in Article II, secured by a subordinate lien on and pledge of the Revenues. The Revenues

shall be deposited and used as provided in Article V of the Senior Lien Resolution and in this Article V.

Section 5.02 The SCM Fund; Creation of Funds. The City has heretofore created and currently maintains the Sewer Construction and Maintenance Fund, the Sewer Operation and Maintenance Fund and the Sewer Capital Fund (such funds and any other fund or funds into which the Revenues are deposited, the “SCM Fund”) and the City agrees that ~~as~~so long as any Subordinate Bonds remain Outstanding it will continue to maintain such funds or another special fund or special funds into which all Revenues will be deposited and any and all of such funds into which Revenues are deposited by the City shall be maintained and the amounts therein held and used as provided in the Senior Lien ~~Resolution,~~Resolution, so long as such resolution remains in effect, and as provided herein with respect to the SCM Fund and the Revenues therein shall be subject to the subordinate pledge set forth herein to secure the Subordinate Bonds.

The City agrees that it will deposit all Revenues (except the earnings on the Debt Service Fund (as defined in the Senior Lien Resolution) created and held under the Senior Lien Resolution and ~~the~~any Reserve Fund (as defined in the Senior Lien Resolution) created and held under the Senior Lien Resolution for which special provision is made in the Senior Lien Resolution and except for earnings on funds created and held under Supplemental Resolutions for which special provision may be made) as collected, into the SCM Fund. All Revenues in the SCM Fund shall be held by the City in trust and applied as provided in the Senior Lien Resolution and as provided in this Article V, and, pending such application, such amounts shall be subject to a lien and charge in favor of the Holders of the Subordinate Bonds issued and Outstanding under this Subordinate General Resolution as provided in Article II of this Subordinate General Resolution.

With respect to any of the funds required to be established hereunder or under a ~~Subordinate~~Supplemental Resolution, the City may, to accommodate its internal accounting and management systems, create, one or more funds, all of which collectively constitute the fund described herein, all of which collectively shall be subject to the lien created hereby upon such fund and all of which collectively shall serve the purposes described herein for such fund.

Section 5.03 The SCM Fund. All Revenues (except the earnings on the Debt Service Fund (as defined in the Senior Lien Resolution) created and held under the Senior Lien Resolution and ~~the~~any Reserve Fund (as defined in the Senior Lien Resolution) created and held under the Senior Lien Resolution for which special provision is made in the Senior Lien Resolution and except for earnings on funds created and held under Supplemental Resolutions for which special provisions may be made) shall be deposited as soon as practicable into the SCM Fund either directly or, with respect to those amounts which are collected by a collection agent, upon transfer to the SCM Fund. Revenues which have been received by a collection agent but not yet deposited into the SCM Fund, shall nevertheless, be subject to the restrictions of this Section 5.03 as if they were then on deposit in the SCM Fund. Revenues in the SCM Fund shall be used on an ongoing basis to pay or provide for the ~~ordinary and reasonable~~ expenses of the operation and maintenance of the System including, without limitation, refunds and the ~~reasonable~~ expenses of management, repair and other expenses necessary to maintain and preserve the System in good repair and working order when such amounts become due ~~in the ordinary course of business~~. So long as the requirements set forth below are met, the City may, at any time, as provided by Supplemental Resolution, withdraw amounts from the SCM Fund to make deposits to the Debt Service Funds

and Reserve Funds created under Supplemental Resolutions or otherwise to make payments or provide for payments on Subordinate Bonds. The foregoing provisions are, however, restricted to the extent that no amount shall be withdrawn from the SCM Fund to make deposits to funds created under Supplemental Resolutions or otherwise make payments or provide for payments on Subordinate Bonds unless:

(a) all operation and maintenance expenses are being or have been paid as they become due;

(b) the monthly deposits to be made into the Debt Service Fund, ~~the~~ and any Reserve Fund ~~and the Emergency Fund~~ (each such fund as defined in and held under the Senior Lien Resolution) for all prior months have been made in full and no deficiency exist with respect to the Debt Service Fund or any Reserve Fund under the Senior Lien Resolution; and

(c) the amounts which are or will be required to be deposited into the Debt Service Fund, ~~the~~ and any Reserve Fund ~~and the Emergency Fund~~ (each such as defined in the Senior Lien Resolution and held under the Senior Lien Resolution) during the then ~~current~~ current calendar month have been deposited into such funds or such amounts are segregated within the SCM Fund to be used to make such deposits, and the funding requirements for the then-current calendar month contained in the Senior Lien Resolution have been satisfied, prior to the withdrawal or use of funds for the purpose of paying or providing for the payment of Subordinate Bonds; and

If the conditions (a), (b) and

~~(d) — after any such withdrawal or segregation as provided in (c) above~~ are met, ~~and after the withdrawal for the purpose of paying or providing for the payment of Subordinate Bonds, there shall remain in the SCM Fund~~ an amount at least equal to the amount reasonably estimated by the City to be needed to provide for the System's operation and maintenance expenses during the next 45 days;

~~So long as conditions (a), (b), (c) and (d) above are met~~ shall remain in the SCM Fund, then the City may at any time and, subject to the conditions set forth above, shall, as required by Supplemental Resolutions, withdraw from the SCM Fund such amounts as are ~~needed~~ required by this Subordinate General Resolution and the Supplemental Resolutions to pay debt service on Subordinate Bonds or to provide for the payment of debt service on Subordinate Bonds and fulfill other funding requirements contained in Supplemental Resolutions under which Subordinate Bonds have been issued.

~~Amounts in the SCM Fund may, from time to time, be used to pay capital expenses of the System or be used for any other lawful purpose related to the System, but only if all of the following conditions are met prior to any such withdrawal:~~

~~(a) — all operation and maintenance expenses are being or have been paid as they become due;~~

~~(b) — the monthly deposits to be made pursuant to Section 5.03(1), (2) and (3) of the Senior Lien Resolution for all prior months have been made in full and no Deficiency (as defined in the Senior Lien Resolution) exists with respect to the Debt Service Fund as defined in and created under the Senior Lien Resolution; and all payments to be made to pay or provide for payment of Subordinate Bonds under the terms of Supplemental Resolutions which payments have become due have been paid in full, and no deficiency then exists in any Debt Service Fund or Reserve Fund;~~

~~(c) — the~~ If the conditions (a), (b) and (c) above are met, an amount at least equal to the amount reasonably estimated by the City to be needed to provide for the System's operation and maintenance expenses during the next 45 days shall remain in the SCM Fund, and the City has withdrawn from the SCM Fund such amounts ~~which~~ as ~~are or will be required to be deposited pursuant to Section 5.03(1), (2) and (3) of the Senior Lien~~ by this Supplemental General Resolution during and the Supplemental Resolutions for the then current ~~calendar month are deposited as provided in the Senior Lien Resolution or such amounts are segregated within the SCM Fund to be used to make such deposits prior to the withdrawal or use of funds for other purposes under this paragraph; and all amounts to be paid to pay debt service on Subordinate Bonds or otherwise required under the terms of Supplemental Resolutions to be deposited to provide for the payment of debt service on Subordinate Bonds during and fulfill other funding requirements for~~ the then current ~~calendar month have been paid or deposited or such amounts (which may be an estimated amount deemed appropriate by the City) are segregated within the SCM Fund to be used to make such deposits prior to the withdrawal or use of funds for other purposes under this paragraph; and~~

~~(d) — after such withdrawal, there shall remain in the SCM Fund an amount at least equal to the amount reasonably estimated by the City to be needed to provide for the Systems operation and maintenance expenses during the next 45 days contained in Supplemental Resolutions under which Subordinate Bonds have been issued, then the City may use any amounts in the SCM Fund, from time to time, to pay capital expenses of the System or be used for any other lawful purpose related to the System.~~

Any amounts in the SCM Fund which are not Revenues may be used or withdrawn at any time without any restriction imposed ~~to be used or withdrawn by~~ this Subordinate General Resolution ~~and such amounts may be withdrawn without regard to the requirements of the preceding paragraph and may be pledged to secure other obligations, it being the intent of this Subordinate General Resolution that the various funds described in this Subordinate General Resolution and the balances required to be maintained in the SCM Fund be maintained from the Revenues as defined herein.~~

Section 5.04 The Debt Service Funds. Amounts in the Debt Service Funds established pursuant to the Supplemental Resolutions shall be used to pay interest and principal on the Subordinate Bonds of the Series for which such Fund was created as the same becomes due and payable. Such Debt Service Funds may be established and held by the City or established by the City, but held by a Paying Agent, but in any case, the fund shall be held in trust as security and a source of payment for the Series of Subordinate Bonds for which it was created. Amounts which are held in a Debt Service Fund for the payment of Subordinate Bonds of any Series which are due and payable but which have not been presented for payment and amounts which are in a Debt Service Fund to pay the redemption price of Subordinate Bonds of any Series which have been



called for redemption, but which have not been presented for payment shall be so designated, segregated in such fund, held in trust for the Owners of such Subordinate Bonds of such Series and be available only to make payments on such specific Subordinate Bonds ~~when~~ of such Series presented. In addition to the direct payment of principal, interest and redemption price, if interest, principal, or redemption price on a Series of Subordinate Bonds is paid by or through a form of credit enhancement provided for such Series of Subordinate Bonds, amounts in the Debt Service Fund created for such Series may, if so provided by Supplemental Resolution, be used to reimburse such amounts to the Insurer providing the credit support.

Section 5.05 Reserve Fund. The City may, by Supplemental Resolution, at the time of authorization of any Series of Subordinate Bonds or at any time thereafter, provide for the creation of a Reserve Fund, as security for such ~~Series~~ series. The Supplemental Resolution shall provide for the size and manner of funding and replenishing of such Reserve Fund and shall establish such other terms with respect to such Reserve Fund as the City deems to be appropriate. The provisions for funding or replenishing any Reserve Fund shall not permit any deposit into the Reserve Fund to be made from the SCM Fund unless all payments of principal of and interest on all Subordinate Bonds which have become due and payable have been paid in full or provision has been made for the payment thereof. Moneys held in a Reserve Fund shall be used for the ~~purpose~~ propose of paying principal and interest on Subordinate Bonds of a Series in accordance with the Supplemental Resolution under which ~~such~~ the Subordinate Bonds of such Series are issued and the Reserve Fund created.

Section 5.06 The Construction Funds. Each Construction Fund shall be created under the terms of the Supplemental Resolution authorizing the related Series of Subordinate Bonds. The individual Construction Funds shall be funded with proceeds of the Series of Subordinate Bonds for which the fund was created and with the earnings thereon. Moneys in the respective Construction Funds shall be used to pay Project Costs or other costs as provided ~~by~~ in the Supplemental Resolutions creating such accounts. ~~Amounts on deposit in any and all of the Construction Funds so long as held in the funds created by Supplemental Resolution may be used to pay principal and interest on the Subordinate Bonds of any or all Series of Subordinate Bonds if other funds, including amounts in any Reserve Fund created for such Series, are not sufficient to make such payments. If so provided by Supplemental Resolution, moneys in any Construction Fund may, at any time, or from time to time, be deposited into the City's General Wastewater System Construction Fund created by Ordinance No. 165-924 and, thereupon, shall, so long as any Senior Lien Bonds remaining Outstanding, no longer provide security for nor be available to pay Subordinate Bonds.~~

Section 5.07 Moneys Held in Trust; Unclaimed Moneys. All moneys which shall have been segregated within a Debt Service Fund or deposited with a Paying Agent for the purpose of paying any Subordinate Bonds which have become due and payable, either at the maturity thereof or upon call for redemption, shall be held in trust for the respective holders of such Subordinate Bonds and such funds shall be held (i) uninvested, (ii) in Government Obligations with a maturity not longer than 30 days or such earlier date on which funds will be needed to make payments on the Subordinate Bonds, (iii) in repurchase agreements which are fully secured by Government Obligations, or (iv) other investments specified by Supplemental Resolution. Any moneys which shall be so segregated or deposited and which shall remain unclaimed by the Holders of such Subordinate Bonds for a period of three years after the date on which such Subordinates Bonds

shall have become due and payable (or such longer period as shall be required by state law) shall be released from trust and deposited into the SCM Fund, and thereafter the holders of such Subordinate Bonds shall look only to the SCM Fund for payment and the City shall be obligated to make such payment, but only to the extent of the original amounts due on such Subordinate Bonds on the original due date or redemption date and without any interest thereon and the City shall be obligated to make payment only from Revenues.

Section 5.08 Additional Funds. The City may create additional funds under this Subordinate General Resolution or any Supplemental Resolution for such purposes as the City deems appropriate, including separate funds available only for specified Subordinate Bonds or Series of Subordinate Bonds; however, except for Debt Service Funds and Reserve Funds, the Revenues may be used to fund such funds only if the conditions for the use of excess amounts in the SCM Fund are met as provided in Section 5.03.

Section 5.09 Additional Security. The Revenues secure all Subordinate Bonds issued under the terms of this Subordinate General Resolution on an equal and ratable basis. The City may, however, in its discretion, provide additional security or credit enhancement for specified Subordinate Bonds or Series of Subordinate Bonds with no obligation to provide such additional security or credit enhancement to other Subordinate Bonds.

## ARTICLE VI

### COVENANTS OF THE CITY

Section 6.01 Payment of Principal and Interest. The City covenants and agrees that it will duly and punctually pay or cause to be paid the principal of, premium, if any, and interest on every Subordinate Bond at the place and on the dates and in the manner herein and in the Subordinate Bonds specified, according to the true intent and meaning thereof, and that it will faithfully do and perform all covenants and agreements herein and in the Subordinate Bonds contained and the City agrees that time is of the essence under this Subordinate General ~~Resolutions~~Resolution; provided, however, that (i) the City's obligation to make payment of the principal of, premium, if any, and interest on the Subordinate Bonds shall be strictly limited and the City shall only be obligated to make such payments from and to the extent of the Revenues and amounts in the SCM Fund and, with respect to the individual Series of Subordinate Bonds, from the Debt Service Fund, ~~Construction Fund~~ and the Reserve Fund, if any, created for such Series, and any other source which the City may specifically provide for the Subordinate Bonds or any Series of Subordinate Bonds, (ii) no Bondholder shall have any right to require payment from any other funds of the City, (iii) the City's obligation to make payments of the principal of, premium, if any, and interest on the Subordinate Bonds from Revenues shall be subordinate to the City's obligations to make payments on the Senior Lien Bonds and to make deposits required by the Senior Lien Resolution, and (iv) no Revenues shall be withdrawn from the SCM Fund and used to make payments on or provide for the payment of Subordinate Bonds unless the conditions set forth in Section 5.03 of this Subordinate General Resolution have been met. The general fund of the City is not liable for the payment of the principal of, interest on or premium, if any, on the Subordinate Bonds. Neither the full faith and credit nor the taxing power of the City is pledged to or will be available to pay the Subordinate Bonds.

Section 6.02 Performance of Covenants by the City; Authority; Due Execution. The City covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Subordinate General Resolution, in any and every Subordinate Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining hereto. The City represents and warrants that it is duly authorized under the constitution and laws of the State and its Charter to issue the Subordinate Bonds and pledge the Revenue thereto, on a subordinate basis, as provided herein, and that the City has not except as provided in the Senior Lien Resolution previously pledged such Revenues to secure any obligations.

Section 6.03 Rate Covenant.

(a) The City will, at all times while any of the Subordinate Bonds remain Outstanding, establish, fix, prescribe and collect rates, fees and charges, and collect other moneys, in each case, in connection with the use of the System so that Revenues and other amounts deposited into or on deposit in the SCM Fund in each Fiscal Year will be at least sufficient to pay the following amounts:

(1) the interest on and principal of the ~~Outstanding~~outstanding Senior Lien Bonds and Subordinate Bonds as they become due and payable;

(2) all other payments required for compliance with the terms of the Senior Lien Resolution and this Subordinate General Resolution and of any Supplemental Resolution including, but not limited to, the required deposits under Section 5.03 of the Senior Lien Resolution and to the Debt Service Funds and Reserve Funds, if any, created under Supplemental Resolutions;

~~(3) —all other payments to meet any other obligations of the City which are charges, liens or encumbrances upon, or payable from, the Revenues; and~~

(3) ~~(4)~~ all current operation and maintenance costs of the System (but not including such operation and maintenance costs as are scheduled to be paid by the City from moneys other than Revenues, such moneys to be clearly available for such purpose).

(b) The City further agrees that it will establish, fix, prescribe and collect rates, fees and charges, and collect other moneys, in each case, in connection with the use of the System so that during each Fiscal Year the Net Revenues and other amounts deposited into or on deposit in the SCM Fund are equal to at least 110% of the ~~actual~~scheduled debt service becoming due on Outstanding Senior Lien Bonds and Subordinate Bonds in such year provided that for such purposes, the principal amount of Senior Lien Bonds and Subordinate Bonds becoming due in such year which is paid from the proceeds of other borrowings shall not be included as debt service becoming due in such year.

For the purpose of calculating ~~actual~~scheduled debt service coming due on Outstanding Senior Lien Bonds and Subordinate Bonds, in determining the amount of interest coming due during any twelve-month period ending June 30 on any Series of Senior Lien Bonds or Subordinate



Bonds that were issued as Direct Subsidy Bonds, such amount shall be reduced by an amount equal to the Refundable Credits the City is scheduled to receive during each such twelve-month period ending June 30 (and to avoid double counting, an equivalent amount shall be deducted from Revenues for the purpose of such calculation).

Section 6.04 Instruments of Further Assurance. The City covenants that it will, through its appropriate officers, employees and agents, do, adopt, execute, acknowledge and deliver, or cause to be done, adopted, executed, acknowledged and delivered, such Supplemental Resolutions and such further acts, instruments and transfers as may reasonably be ~~needed for the better assuring and confirming~~ necessary to establish or confirm to the Owners of the Subordinate Bonds all ~~and singular~~ of the rights and obligations of the City under and pursuant to ~~this Subordinate General Resolution.~~

~~Section 6.05 No Inconsistent Action. The City covenants that no contract or contracts will be entered into or any action taken by the City which shall be inconsistent with the provisions of this Subordinate General Resolution.~~

Section 6.05 [Reserved.]

Section 6.06 Restriction Upon Prior and Parity Obligations; Provision for Subordinated Obligations. The City covenants that it will not, except to the extent it issues additional Senior Lien Bonds under the terms of the Senior Lien Resolution, issue any other obligations, except upon the condition and in the manner provided in Sections 3.09 and 3.10, payable from the Revenues prior to or on a parity with the Subordinate Bonds or secured by a prior or parity interest in the Revenues, and the City covenants that it will not voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or any other charge having priority to or being on a parity with the lien held by the Holders of the Subordinate Bonds upon the Revenues, or any part thereof. This provision shall not be deemed to restrict the City's ability to incur obligations for ordinary and reasonable operation and maintenance expenses payable on an ongoing basis from the SCM Fund as provided in Section 5.03. Such obligations for operation and maintenance expenses shall not be secured by nor create a lien on the Revenues. The City may issue obligations on a basis subordinate to the Subordinate Bonds provided that any such subordinated obligations, issued by the City and payable from the Revenues shall contain an express statement that such obligations are junior and subordinate to the Subordinate Bonds issued under Article III of this Subordinate General Resolution as to lien on and source and security for payment from the Revenues. Any such subordinated obligations may be paid on an ongoing basis from the Revenues so long as the conditions set forth in ~~the next to the last paragraph of~~ Section 5.03 are met.

Section 6.07 Operation and Maintenance of System. The City will maintain and preserve the System in good repair and working order at all times, in conformity with standards customarily followed for municipal wastewater systems of like size and character. The City will, from time to time, make all necessary and proper repairs, renewals, replacements and substitutions to the properties of the System, so that at all times business carried on in connection with the System shall and can be properly and advantageously conducted in an efficient manner and at reasonable cost, and will operate the System in an efficient and economical manner, consistent with the protection of the holders of the Subordinate Bonds.

Section 6.08 ~~Liens and Claims. The City will not, except for Permitted Encumbrances and except as provided in this Section, impose any lien, mortgage or other encumbrance upon the System or any portion of the System nor permit any lien, mortgage or other encumbrance to be imposed or to remain upon the System or any portion of the System. The City may, however, in connection with the acquisition, construction or improvement of a specific part of the System, if otherwise permitted to do so under the Charter and applicable law, encumber such specific part or permit such part to be encumbered provided that (i) any obligation of the City which is secured by such encumbrance or is incurred in connection therewith is incurred on the terms set forth in the Senior Lien Resolution or after meeting the conditions of Section 3.09 hereof or is incurred on a subordinated basis as set forth in Section 6.06 hereof and (ii) if the property encumbered is an integral part of the System, the party to which the encumbrance is granted shall have no right to foreclose on the property or otherwise evict the City from such property or prevent its use as intended as part of the System.~~[Reserved.]

Section 6.09 Books and Accounts; Financial Statements.

(a) The City will keep proper books of record and accounts of the SCM Fund, the Debt Service Funds, the Reserve Funds, if any, and the Construction Funds, in which complete and correct entries shall be made of all transactions relating to such funds. Such books of record and accounts shall at all times during business hours be subject to the inspection of any Bondholder ~~or Beneficial Owner~~ or a representative thereof who is authorized in writing, at reasonable hours and under reasonable conditions.

(b) The City will prepare annually, within 270 days after the close of each Fiscal Year, so long as any of the Subordinate Bonds are Outstanding financial statements of the SCM Fund, the Debt Service Funds, the Reserve Funds, if any, and the Construction Funds for the preceding Fiscal Year, prepared in accordance with generally accepted accounting principles applied on a consistent basis from year to year which financial statements shall be examined by and include the certificate or opinion of an independent certified public accountant. The City will make the financial statements available for examination by any Bondholder ~~or Beneficial Owner~~ and will furnish a copy of the financial statements to any Bondholder ~~or Beneficial Owner~~ upon request. The City may charge a fee to cover the cost of copying.

(c) ~~The City shall each year cause the independent certified public accountant which delivers the certificate or opinion described in subsection (b) above to prepare and deliver, with the financial statements, a certificate showing that during such Fiscal Year the City was in compliance with its rate covenant as set forth in Section 6.03(b) or if the City was not in compliance, nonetheless, showing the ratio of Net Revenues to debt service for such year.~~[Reserved.]

(d) The City will annually, prior to the beginning of each Fiscal Year, prepare and adopt a budget for the SCM Fund which budget shall include the budgeted receipts and expenditures of the SCM Fund and the rates and charges to be implemented to assure that the City is able to comply with its covenants as set forth in this Subordinate General Resolution, and the City will annually prepare a five-year capital plan or capital budget setting forth in reasonable detail the expected amounts to be expended in each year for

capital needs of the System and the purposes for which such expected amounts are to be expended.

**Section 6.10 Ownership and Operation.** ~~The City covenants that so long as any Subordinate Bonds are Outstanding it will continue to provide the System as the primary system and as a complete and fully operational system for the collection, transportation, treatment and disposal of sewage, wastewater and industrial wastewater within the City. The City will not sell, transfer or otherwise dispose of the System or any part thereof essential to the proper operation of the System except as provided in this Section. The City may sell, transfer or dispose of portions of the System which have become nonoperative, worn out, obsolete or are otherwise not needed for the efficient and proper operation of the System. In addition, the City may transfer or sell portions of the System or enter into agreements with others permitting others to operate portions of the System provided that any such transfer, sale or agreement will not result in a reduction in the amount of Revenues the City is entitled to receive or materially increase the Expenses. If any facility or facilities to be transferred, sold or with respect to which the City proposes to enter into an operating agreement are an integral part of the System, such transfer or sale shall not occur or agreement be entered into until there has first been delivered to the City Administrative Officer a certificate of a Consultant showing that for the Fiscal Year in which the transfer, sale or change in operation occurs and each of the two immediately succeeding years (i) the estimated Net Revenues will be as great or greater than such Consultant estimates such Net Revenues would have been had the transfer, sale or change in operation not occurred or (ii) if the Consultant's certificate shows that the Net Revenues would be reduced, the estimated reduction is not greater than 10% in any one or more of such years and in each of the three years the Net Revenues are estimated to be at least 110% of Maximum Annual Debt Service on the Senior Lien Bonds and Subordinate Bonds. The City shall be unconditionally and irrevocably obligated, so long as any of the Subordinate Bonds are Outstanding and unpaid, to take all lawful action necessary or required to continue to entitle the City to collect the Revenues and deposit the Revenues into the SCM Fund for use as provided in this Subordinate General Resolution~~will not sell, transfer or otherwise dispose of the System or any part thereof essential to the proper operation of the System unless, after giving effect to such sale, transfer or disposition, the City reasonably expects that the System is able to generate sufficient Revenues to satisfy its obligations under Section 6.03 hereof.

**Section 6.11 Insurance and Condemnation.** The City agrees that it will, to the extent it determines that ~~such insurance or reserves are customary for sewer systems in metropolitan areas~~covering risks to the System is appropriate for the System, insure or provide a self-insured reserve as protection against loss or damage to the System arising from fire, storm or other causes; provided that the City shall not be required to maintain insurance or reserve against loss or damage resulting from earthquakes if the City determines that the cost thereof is excessive.

~~In addition, the City agrees that it will, to the extent it determines that such insurance or reserves are customary for sewer systems in metropolitan areas, maintain insurance or provide a self-insured reserve against loss or damage from hazards and risks to persons and property of others. Notwithstanding the foregoing provisions of this paragraph, the City shall not be required to maintain such liability insurance or self-insurance reserves for any period for which the City agrees to hold the SCM Fund harmless from all general, automobile and public liability claims filed during such period.~~

If the City determines to obtain insurance to comply with ~~either or both of~~ the preceding ~~paragraphs~~paragraph, the City may, but shall not be required to, rely on the advice of an independent insurance consultant for purposes of determining the types and amounts of insurance to be maintained. Such insurance may be maintained through a pooled risk arrangement with other entities, through commercial insurance, a captive insurance company or through other arrangements which the City determines to be appropriate, including a combination of commercial insurance and self-insurance in accordance with the City's self-insurance policy.

If the City determines to provide a self-insurance fund to comply with ~~either or both of~~ the first ~~two paragraphs~~paragraph of this Section, the City shall establish and fund a separate self-insurance fund or together with other cities or political subdivisions establish a pooled self-insurance fund. The amount to be deposited into and maintained in the self-insurance fund shall be that amount determined by the City or by an independent insurance consultant retained by the City as necessary to adequately reserve against the risks to be covered. If such a self-insurance fund is established, the level of funding shall be reviewed annually and, on or before the last day of each Fiscal Year, the City shall determine the amount to be held in such fund for the next Fiscal Year and, if the amount in such fund is to be increased, the City shall include the amount of such increase in the budget for the SCM Fund.

~~The proceeds of any property damage insurance shall be applied to the restoration, replacement or reconstruction of the property or facility lost or damaged, unless the City determines that such property or facility is not necessary to the efficient or proper operation of the System and therefore determines not to restore, replace or reconstruct such property or facilities. Any proceeds of such insurance not applied to restoration, replacement or reconstruction or remaining after such work is completed shall be deposited in the SCM Fund and be available for other proper uses of funds deposited in the SCM Fund. The proceeds of any liability insurance shall be applied by the City in satisfaction of the applicable claim. If the City has elected to self-insure its property damage risks, then upon the occurrence of an event of damage or destruction occurring as a result of a casualty for which a self insurance fund was created, unless the City determines that such property or facility is not necessary to the efficient or proper operation of the System and therefore determines not to restore, replace or reconstruct the facilities, amounts in the self insurance fund shall be withdrawn and used to restore, replace or reconstruct the property or facility lost or damaged. If the City has elected to self insure its liability risk, then amounts in the self insurance fund created for such purpose shall be withdrawn and applied in satisfaction of claims arising as a result of events for which such fund was created.~~

~~If any property or facilities comprising part of the System shall be taken through the exercise of the power of eminent domain, the City shall apply the proceeds of any award received on account of such taking to the replacement of the property or facilities so taken, unless the City determines that such property or facility is not necessary to the efficient or proper operation of the System and therefore determines not to replace such property or facilities. Any proceeds of such award not applied to replacement or remaining after such work has been completed shall be deposited in the SCM Fund and be available for other proper uses of funds deposited in the SCM Fund.~~

Section 6.12 Resolution to Constitute a Contract. This Subordinate General Resolution is adopted by the Council for the benefit of the Bondholders and constitutes a contract with the Bondholders.

## ARTICLE VII

### INVESTMENTS

Moneys held in the SCM Fund, the Debt Service Funds, the Reserve Funds, if any, and the Construction Funds shall be invested and reinvested as determined by the City, in ~~such investments as the City generally is permitted to invest its funds and in such investments as are specifically described for investment of any fund under the terms of a Supplemental Resolution~~ Permitted Investments subject to the restrictions set forth in this Article VII and the restrictions set forth in any Supplemental Resolution. Such investments may be made by commingling such ~~accounts~~ amounts for investment purposes with other funds of the City, provided that the amount of each such fund and the earnings thereon are clearly accounted for. The maturities of investments in the Debt Service Funds shall not extend beyond the time when funds will be needed therefrom to make payment on the Subordinate Bonds. Investments of moneys in any such fund shall be deemed at all times to be a part of such fund.

Earnings on the SCM Fund shall be credited to and deposited in the SCM Fund. Earnings on a Construction Fund when received shall be credited to and deposited in such Construction Fund. Earnings on a Debt Service Fund when received shall be credited to and deposited in such Debt Service Fund ~~and earnings.~~ Earnings on any Reserve Fund shall be credited and deposited as provided in the Supplemental Resolution creating such Reserve Fund.

## ARTICLE VIII

### DEFEASANCE

Subordinate Bonds of any Series or portions thereof (such portions to be in integral multiples of the Authorized Denomination) which have been paid in full or which are deemed to have been paid in full shall no longer be secured by or entitled to the benefits of this Subordinate General Resolution except for the purposes of payment from moneys or Government Obligations held by the City or a Paying Agent for such purpose. When all Subordinate Bonds which have been issued under this Subordinate General Resolution have been paid in full or are deemed to have been paid in full, and all other sums payable hereunder by the City, including all necessary and proper fees, compensation and expenses of any Registrar or Paying Agent, have been paid or are duly provided for, then the pledge of the Revenues granted hereby shall cease, terminate and become void, and this Subordinate General Resolution shall cease to be a lien on such Revenues and shall be discharged, except that funds or securities which are held by the City or a Paying Agent for the payment of the principal of, premium, if any, and interest on the Subordinate Bonds shall continue to be held in trust for such purpose.

A Subordinate Bond of any Series, except as provided in the last paragraph of this Article or by Supplemental Resolution, shall be deemed to be paid within the meaning of this Article VIII and for all purposes of this Subordinate General Resolution when (a) payment of the principal,

interest and premium, if any, either (i) shall have been made in accordance with the terms of the Subordinate Bonds and this Subordinate General Resolution or (ii) shall have been provided for by irrevocably setting aside exclusively for such payment, (1) moneys sufficient to make such payment and/or (2) Government Obligations, maturing as to principal and interest or payable to the City or its agent on demand in such amounts and at such times as will insure the availability of sufficient moneys to make such payment, and (b) all necessary and proper fees, compensation and expenses of any Registrar and any Paying Agent pertaining to the Subordinate Bonds with respect to which such deposit is made shall have been paid or provision made for the payment thereof. At such times as Subordinate Bonds shall be deemed to be paid hereunder, such Subordinate Bonds shall no longer be secured by or entitled to the benefits of this Subordinate General Resolution, except for the purposes of payment from such moneys or Government Obligations.

Notwithstanding the foregoing paragraph, no deposit under clause (a)(ii) of the immediately preceding paragraph shall be deemed a payment of any such Subordinate Bonds unless the City has given notice or has agreed to give notice ~~by mail~~in accordance with Section 4.03, as soon as practicable, to the Owners of the Subordinate Bonds with respect to which such deposit has been made and that such deposit has been made and in such notice has included or will include the maturity or redemption date upon which moneys are to be available for the payment of the principal of and the applicable redemption premium, if any, on such Subordinate Bonds and the City has given or has agreed to give proper and timely notice of the redemption of those Subordinate Bonds which are to be redeemed in advance of their maturity.

Notwithstanding the foregoing provisions of this Article, the Bank Notes ~~constituting part of the Initial Series of~~(as such term is defined in the First Supplemental Subordinate Bonds Resolution) which are part of a Commercial Paper Program shall remain Outstanding and shall not be deemed paid until such Bank Notes and the interest thereon shall have been paid in full.

## ARTICLE IX

### DEFAULTS AND REMEDIES

Section 9.01 Events of Default. Each of the following events shall constitute and is referred to in this Subordinate General Resolution as an “Event of Default”:

(a) a failure to pay the principal of or premium, if any, on any of the Senior Lien Bonds or the Subordinate Bonds when the same shall become due and payable at maturity or upon redemption;

(b) a failure to pay any installment of interest on any of the Senior Lien Bonds or the ~~subordinate~~Subordinate Bonds when such interest shall become due and payable;

~~(c) a failure to pay the purchase price of any Senior Lien Bonds or the Subordinate Bond when such purchase price shall be due and payable upon an optional or mandatory tender date as provided in the Senior Lien Bonds or the Subordinate Bonds;~~

(c) ~~(d)~~ a failure in a given Fiscal Year to achieve the level of debt service coverage required by Section 6.03(b); provided that such event shall not constitute an Event



of Default hereunder if (i) the budget for such Fiscal Year and the rates and charges implemented in accordance with such budget were such that the required level of debt service coverage was projected to be achieved, and (ii) ~~the actual debt service coverage provided by the Net Revenues computed as provided in Section 6.03(b) was at least 100% or greater and (iii)~~ immediately upon discovery of the failure to achieve the required coverage the City commences such action as is ~~necessary~~ reasonable to assure that required coverage is achieved in the succeeding year;

(d) ~~(e)~~ a failure by the City to observe and perform any covenant, condition, agreement or provision (other than as specified in subsections (a), (b), (c) and (d) of this Section 9.01) contained in the Subordinate Bonds or in this Subordinate General Resolution on the part of the City to be observed or performed, which failure shall continue for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the City by an Insurer on a Series of Subordinate Bonds or by the Holders of 25% or more of the principal amount of the Subordinate Bonds then Outstanding, unless such Insurer (if the Insurer has given the notice of such failure to comply with the terms hereof) or, if the notice has been given by the Holders, the Holders of Subordinate Bonds in a principal amount not less than the principal amount of Subordinate Bonds the Holders of which gave such notice, shall agree in writing to an extension of such period; provided, however, that the Insurer and the Holders shall be deemed to have agreed to an extension of such period if corrective action is initiated by the City within 60 days after receipt of such written notice and is being diligently pursued;

(e) ~~(f)~~ a failure on the part of the City to collect the Revenues, or an attempt to divert the Revenues for any use prior to the deposit into the SCM Fund or creation of a lien on or a charge against the Revenues or the SCM Fund, which lien or charge is prior to (except to the extent such lien secures Senior Lien Bonds), or, except to the extent permitted by this Subordinate General Resolution, on a parity with that granted to secure the Subordinate Bonds; or the creation of a lien on or a charge against a Debt Service Fund, or ~~Reserve Fund or Construction~~ Fund which, except to the extent permitted by this Subordinate General Resolution, lien or charge is prior to or on a parity with, the lien granted to secure a Series of Subordinate Bonds; and

(f) ~~(g)~~ the occurrence of any other Event of Default as is provided in a Supplemental Resolution; and.

~~(h) — during any time and only during such times as any amounts are outstanding on the Bank Notes as a result of advances which have been made and have not been repaid, the occurrence of an Event of Default as set forth in Article VI of the Credit Agreement dated as of April 1, 1991 between the City and The Sumitomo Bank, Limited, Los Angeles Branch as such events are stated at the time of issuance of the first Commercial Paper Notes.~~

~~(i) — so long as any of the Series 2001 A Subordinate Bonds, Series 2001 B Subordinate Bonds, Series 2001 C Subordinate Bonds or Series 2001 D Subordinate Bonds, as applicable, are unpaid: The occurrence of any event or failure to comply with any provision of the Tax Certificate that results in interest on the Series 2001 A~~

~~Subordinate Bonds, Series 2001-B Subordinate Bonds, Series 2001-C Subordinate Bonds or Series 2001-D Subordinate Bonds, as applicable, being includible in gross income for federal income tax purposes.~~

~~(j) — so long as any of the Series 2003-A Subordinate Bonds are unpaid: The occurrence of any event or failure to comply with any provision of the Tax Certificate which results in interest on the Series 2003-A Subordinate Bonds being includible in gross income for federal income tax purposes.~~

~~(k) — so long as any of the Series 2003-B Subordinate Bonds are unpaid: The occurrence of any event or failure to comply with any provision of the Tax Certificate which results in interest on the Series 2003-B Subordinate Bonds being includible in gross income for federal income tax purposes.~~

~~(l) — so long as any of the Series 2006-A Subordinate Bonds, Series 2006-B Subordinate Bonds, Series 2006-C Subordinate Bonds or Series 2006-D Subordinate Bonds, as applicable, are unpaid: The occurrence of any event or failure to comply with any provision of the Tax Certificate that results in interest on the Series 2006-A Subordinate Bonds, Series 2006-B Subordinate Bonds, Series 2006-C Subordinate Bonds or Series 2006-D Subordinate Bonds, as applicable, being includible in gross income for federal income tax purposes.~~

~~(m) — so long as any of the Series 2008-A Subordinate Bonds, Series 2008-B Subordinate Bonds, Series 2008-C Subordinate Bonds, Series 2008-D Subordinate Bonds, Series 2008-E Subordinate Bonds, Series 2008-F-1 Subordinate Bonds, Series 2008-F-2 Subordinate Bonds, Series 2008-G Subordinate Bonds and Series 2008-H Subordinate Bonds, as applicable, are unpaid: The occurrence of any event or failure to comply with any provision of the Tax Certificate that results in interest on the Series 2008-A Subordinate Bonds, Series 2008-B Subordinate Bonds, Series 2008-C Subordinate Bonds, Series 2008-D Subordinate Bonds, Series 2008-E Subordinate Bonds, Series 2008-F-1 Subordinate Bonds, Series 2008-F-2 Subordinate Bonds, Series 2008-G Subordinate Bonds or Series 2008-H Subordinate Bonds, as applicable, being includible in gross income for federal income tax purposes.~~

~~(n) — so long as any of the Series 2012-D Subordinate Bonds are unpaid: (i) The occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by the City, or the failure to take any action by the City, or the making by the City of any misrepresentation) or failure to comply with any provision of the Tax Certificate that results in interest on the Series 2012-D Subordinate Bonds, being includible in gross income for federal income tax purposes; and/or (ii) an event of default under the Continuing Covenant Agreement.~~

## Section 9.02 Acceleration; Other Remedies.

(a) Upon the occurrence and continuance of an Event of Default described in Section 9.01, any Insurer or the Holders of 25~~51~~% or more of the principal amount of the Subordinate Bonds which are then Outstanding and which are subject to acceleration, may



by written notice to the City, declare the Subordinate Bonds which are subject to acceleration to be immediately due and payable, whereupon the Subordinate Bonds which are subject to acceleration shall, without further action, become and be immediately due and payable, anything in this Subordinate General Resolution or in the Subordinate Bonds to the contrary notwithstanding. All Subordinate Bonds Outstanding under this Subordinate General Resolution shall be subject to acceleration unless, under the terms of the Supplemental Resolution authorizing such Subordinate Bonds, a Series of Subordinate Bonds or a portion of a Series is declared not to be subject to acceleration; and provided that, with respect to any Series of Subordinate Bonds or portion of a Series of Subordinate Bonds which is credit enhanced, no acceleration shall be effective with respect to such Subordinate Bonds unless the declaration is given by the Insurer or is consented to by the Insurer.

(b) The provisions of the preceding paragraph are subject to the condition that, if after the principal of the Subordinate Bonds shall have been declared to be due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the City shall cause to be paid all matured installments of interest upon all Subordinate Bonds and the principal of any and all Subordinate Bonds which shall have become due otherwise than by reason of such declaration (with interest upon such principal and, to the extent permissible by law, on overdue installments of interest, at the rate per annum specified in the Subordinate Bonds) and all Events of Default hereunder other than nonpayment of the principal of Subordinate Bonds which shall have become due by such declaration shall have been remedied, then the holders of at least a majority in principal amount of Subordinate Bonds Outstanding including a majority in principal amount of Subordinate Bonds which have been accelerated may, if all Insurers consent in writing to such waiver, waive the Event of Default and rescind or annul the acceleration and its consequences. But no such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

(c) ~~upon~~Upon the occurrence and continuance of any Event of Default, the Holders of ~~40~~51% or more of the principal amount of the Subordinate Bonds then Outstanding or any Insurer shall have the right:

(i) by mandamus, or other suit, action or proceeding at law or in equity, to enforce all rights of the Bondholders, and require the City to carry out any agreements with or for the benefit of the Bondholders and to perform its duties or agreements under this Subordinate General Resolution or any Supplemental Resolution, provided that any such remedy may be taken only to the extent permitted under the applicable provisions of this Subordinate General Resolution;

(ii) to bring suit upon the Subordinate Bonds;

(iii) to commence an action or suit in equity to require the City to account as if it were the trustee of an express trust for the Bondholders; or

(iv) by action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders.

In the event of a conflict between the actions taken or proposed to be taken under this Section 9.02(c) by any Insurer and the Holders of the Subordinate Bonds or between the Insurers on different Series of Subordinate Bonds, the position taken by the entity or group of Bondholders representing the greatest principal amount of Subordinate Bonds Outstanding shall prevail. For such purposes the Insurer of a Series of Subordinate Bonds shall be deemed to represent the entire principal amount of Subordinate Bonds for which such Insurer has provided credit enhancement.

(d) Any Holder of any Subordinate Bond issued under the terms of the Revenue Bond Law may compel the use of any or all of the remedies provided in the Revenue Bond Law.

Section 9.03 Restoration to Former Position. In the event that any proceeding taken to enforce any right under this Subordinate General Resolution shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Bondholders, then the City, and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Bondholders and the Insurers shall continue as though no such proceeding had been taken.

Section 9.04 No Impairment of Right to Enforce Payment. Notwithstanding any other provision in this Subordinate General Resolution, the right of any Bondholder to receive payment of the principal of and interest on such Subordinate Bond, on or after the respective due dates expressed therein and to the extent of the Revenues, or to institute suit for the enforcement of any such payment on or after such respective date, shall not be impaired or affected without the consent of such Bondholder.

Section 9.05 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Bondholders or the Insurers is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder, or now or hereafter existing at law or in equity or by statute.

Section 9.06 No Waiver of Remedies. No delay or omission of any Bondholder or Insurer to exercise any right or power accruing upon any default shall impair any such right or power or be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by this Article IX to the Bondholders and the Insurers may be exercised from time to time and as often as may be deemed expedient.

Section 9.07 Application of Moneys. Any moneys received by any receiver or by any Bondholder or Insurer pursuant to any right given or action taken under the provisions of this Article IX, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the receiver, Bondholder or Insurer, ~~shall be deposited pro rata, on the basis of the total amount of unpaid principal of a Series plus interest accrued but unpaid on such Series, into the Debt Service Funds for the respective Series of Subordinate Bonds and all moneys so deposited in a Debt Service Fund during the continuance of an Event of Default~~ shall be applied as follows:

(a) Unless the principal of all the Subordinate Bonds of such Series shall have been declared due and payable, all such moneys ~~deposited into the Debt Service Fund~~ shall

be applied (~~4~~) first, to the payment to the persons entitled thereto of all installments of interest then due on the Subordinate Bonds of such Series, with interest on overdue installments, if lawful, ~~at~~ at the rate provided in the respective Subordinate Bonds, in the order of maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment of interest, ~~then~~ to the payment ratably, according to the amounts due on such installment, and (ii) second, to the payment to the persons entitled thereto of the unpaid principal of the Subordinate Bonds of such Series which has become due with interest on such unpaid principal amounts at the rates borne by the respective Subordinate Bonds from the respective dates upon which they became due and, if the amount available shall not be sufficient to pay in full all Subordinate Bonds of such Series due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege.

(b) If the principal of all the Subordinate Bonds of such Series shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon all Subordinate Bonds of such Series, with interest on overdue interest, if lawful, and principal, as aforesaid, without preference or priority of principal over interest or interest over principal, or of any installment of interest over any other installment of interest, or of any Subordinate Bond of such Series over any other Subordinate Bond of such Series, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

(c) If the principal of all the Subordinate Bonds of such Series shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled, then, subject to the provisions of clause (b) of this Section 9.07 which shall be applicable in the event that the principal of all the Subordinate Bonds of such Series shall later become due and payable, the moneys shall be applied in accordance with the provisions of clause (a) of this Section 9.07.

Whenever moneys are to be applied pursuant to the provisions of this Section 9.07, such moneys shall be applied at such times, and from time to time, as the receiver, Bondholders or Insurer shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such applications in the future.

Section 9.08 Severability of Remedies. It is the purpose and intention of this Article IX to provide all rights and remedies to the Bondholders and Insurers that may be lawfully granted, but should any right or remedy herein granted be held to be unlawful, the Bondholders and Insurers shall be entitled, as above set forth, to every other right and remedy provided in this Subordinate General Resolution and by applicable law.

Section 9.09 Additional Events of Default and Remedies. So long as any particular Series of Subordinate Bonds is Outstanding, the Events of Default and remedies as set forth in this Article IX may be supplemented with additional Events of Default and remedies as set forth in the Supplemental Resolution under which such Series of Subordinate Bonds is issued and additional

Events of Default and remedies, not necessarily limited to the time any Series of Subordinate Bonds are Outstanding may likewise be added from time to time by Supplemental Resolution.

## ARTICLE X

### PAYING AGENT AND CO-PAYING AGENTS; REGISTRAR

Section 10.01 Paying Agent. The City may at any time or from time to time appoint a Paying Agent or Paying Agents for the Subordinate Bonds or for any Series of Subordinate Bonds and may from time to time remove a Paying Agent. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it hereunder or under a Supplemental Resolution by a written instrument of acceptance delivered to the City under which each such Paying Agent will agree, particularly:

(a) to hold all sums delivered to it for the payment of the principal of, premium or interest on Subordinate Bonds in trust for the benefit of the Bondholders until such sums shall be paid to such Bondholders or repaid to the City as herein provided; ~~and~~

(b) to keep such books and records as shall be consistent with prudent industry practice, to make such books and records available for inspection by the City at all reasonable times; and

(c) upon the request of the City, to forthwith deliver to the City all sums so held in trust by such Paying Agent.

Section 10.02 Registrar. The City may appoint a Registrar for the Subordinate Bonds or a Registrar for any Series of Subordinate Bonds ~~which are issued in registered form~~ and may from time to time remove a Registrar. Each Registrar shall ~~designate to the Paying Agent, if any, and the City its principal office and~~ signify its acceptance of the duties imposed upon it hereunder or under a Supplemental Resolution by a written instrument of acceptance delivered to the City under which such Registrar will agree, particularly, to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the City and the Paying Agent at all reasonable times.

Section 10.03 Other Agents. The City may from time to time appoint other agents to perform duties and obligations under this Subordinate General Resolution or under a Supplemental Resolution, which agents may include, but not be limited to, tender agents, remarketing agents, escrow agents, issuing and paying agents and authenticating agents and may remove such agents.

Section 10.04 Several Capacities. Anything in this Resolution to the contrary notwithstanding, the same entity may serve hereunder as the Paying Agent, Registrar and any other agent appointed to perform duties or obligations under this Subordinate General Resolution, under a Supplemental Resolution or an escrow agreement or in any combination of such capacities or other capacities.

## ARTICLE XI

### SUPPLEMENTAL RESOLUTIONS

Section 11.01 Limitations. This Subordinate General Resolution shall not be modified or amended ~~in any respect subsequent to delivery of any Subordinate Bonds of the Initial Series of Subordinate Bonds~~ except as provided in and in accordance with and subject to the provisions of this Article XI.

Section 11.02 Supplemental Resolutions Not Requiring Consent of Bondholders. The Council may, from time to time and at any time, without the consent of or notice to the Bondholders, adopt Supplemental Resolutions supplementing ~~and/or~~ amending, or both, this Subordinate General Resolution or any Supplemental Resolution as follows:

(a) to provide for the issuance of a Series or multiple Series of Subordinate Bonds under the provisions of Section 3.09 of this Subordinate General Resolution and to set forth the terms of such Subordinate Bonds and the special provisions which shall apply to such Subordinate Bonds;

(b) to cure any formal defect, omission, inconsistency or ambiguity in this Subordinate General Resolution or any Supplemental Resolution;

(c) to add to the covenants and agreements of the City in this Subordinate General Resolution or to surrender any right or power reserved or conferred upon the City, and which shall not adversely affect the interests of the Bondholders;

(d) to confirm, as further assurance, any interest in and to the Revenues or in and to the funds required to be established as provided herein or in and to any other moneys, securities or funds of the City provided pursuant to this Subordinate General Resolution or to otherwise add additional security for the Bondholders;

(e) to evidence any change in the terms of any Series of Subordinate Bonds if such changes are authorized by the Supplemental Resolution at the time the Series of Subordinate Bonds is issued and such change is made in accordance with the terms of such Supplemental ~~Resolutions~~Resolution;

(f) to comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended or any statutory provisions substituted therefor;

(g) to modify, alter, amend or supplement this Subordinate General Resolution or any Supplemental Resolution in any other respect which, ~~in the opinion of a Consultant, the City Attorney or Bond Counsel, in each case evidenced by a written opinion or determination delivered to the City, is not materially adverse to the Bondholders and which will not, in itself, result in a reduction in any credit rating then assigned to any Series of Subordinate Bonds;~~

(h) to provide for uncertificated Subordinate Bonds or for the issuance of coupons and bearer Subordinate Bonds or Subordinate Bonds registered only as to principal;

(i) to qualify the Subordinate Bonds or a Series of Subordinate Bonds for a rating or ratings or an upgrade in a rating or ratings by Moody's, S&P and/or Fitch or any other nationally recognized rating agency then rating any Series of Subordinate Bonds; and

(j) to comply with the requirements of the Code as are necessary, in the opinion of Bond Counsel, to prevent the interest on the Subordinate Bonds or a Series of Subordinate Bonds from being included in gross income of the recipient for federal income taxation purposes; ~~and~~

~~(k) —to provide that Beneficial Owners may be included as Bondholders for any or all purposes and to set forth provisions related thereto, provided that no such provision shall result in any duplication of ownership rights with respect to any Subordinate Bonds.~~

Before the City shall, pursuant to this Section 11.02, adopt any ~~Supplemental Resolution subsequent to the First~~ Supplemental Resolution, there shall have been delivered to the City an opinion of Bond Counsel stating that such Supplemental Resolution is authorized or permitted by this Subordinate General Resolution, complies with its terms, will, upon the adoption thereof, be valid and binding upon the City in accordance with its terms and that, with respect to Subordinate Bonds the interest on which was, at the time of issuance thereof, determined to be excluded from gross income of the ~~recipient~~ recipients thereof for federal income tax purposes, such Supplemental Resolution will not cause the interest on such Subordinate Bonds to be included in the gross income of such recipients for federal income tax purposes and that, with respect to Subordinate Bonds the interest on which was, at the time of issuance, determined to be exempt from California personal income taxation, such Supplemental Resolution will not cause the interest on such Subordinate Bonds to become subject to such taxation.

#### Section 11.03 Supplemental Resolutions Requiring Consent of Bondholders.

(a) Except for Supplemental Resolutions adopted pursuant to Section 11.02 and except for Supplemental Resolutions adopted pursuant to Section 11.03(b) below, the City shall not adopt any Supplemental Resolution unless all Insurers and the holders of not less than 51% in aggregate principal amount of the Subordinate Bonds then ~~Outstanding~~ outstanding shall have consented to and approved the adoption of such Supplemental Resolution. With such consents and approval, the City may, from time to time, adopt any Supplemental Resolution deemed necessary or desirable by the City for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in this Subordinate General Resolution or in a Supplemental Resolution; provided, however, that, unless approved in writing by the holders of all the Subordinate Bonds which would be affected by such change or unless such change affects less than all Series of Subordinate Bonds and the following subsection (b) is applicable, nothing herein contained shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal or of interest on any ~~Outstanding~~ outstanding Subordinate Bonds or (ii) a reduction in the principal amount or



redemption price of any Outstanding Subordinate Bonds or the rate of interest thereon; and provided that nothing herein contained, including the provisions of Section 11.03(b) below, shall, unless approved in writing by the holders of all the Subordinate Bonds then Outstanding, permit or be construed as permitting (iii) the creation of a lien (except as expressly permitted by this Subordinate General Resolution as originally executed) upon or pledge of the Revenues created by this Subordinate General Resolution, ranking prior to or on a parity with the claim created by this Subordinate General Resolution, or (iv) except with respect to additional security which may be provided for a particular Series of Subordinate Bonds, a preference or priority of any Subordinate Bond or Subordinate Bonds over any other Subordinate Bond or Subordinate Bonds, or (v) a reduction in the aggregate principal amount of Subordinate Bonds the consent of the Bondholders of which is required prior to the adoption of a Supplemental Resolution.

(b) The City may, from time to time and at any time adopt a Supplemental Resolution which amends the provisions of an earlier Supplemental Resolution under which a Series or multiple Series of Subordinate Bonds were issued. If such Supplemental Resolution is adopted for one of the purposes set forth in Section 11.02, no notice to or consent of the Bondholders shall be required. If such Supplemental Resolution contains provisions which affect the rights and interests of less than all Series of Subordinate Bonds Outstanding and Section 11.02 is not applicable, then this subsection (b) rather than subsection (a) above shall control and, subject to the terms and provisions contained in this Section 11.03, the holders of not less than 51% in aggregate principal amount of the Subordinate Bonds of all series which are directly affected by such changes and all Insurers of Subordinate Bonds of such Series which are directly affected shall have the right from time to time to consent to and approve the adoption of any Supplemental Resolution deemed necessary or desirable by the City for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in such Supplemental Resolution and affecting only the Subordinate Bonds of such series; provided, however, that, unless approved in writing by the holders of all the Subordinate Bonds which would be affected by such change, nothing herein contained shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal of or interest on any Outstanding Subordinate Bonds of such Series or (ii) a reduction in the principal amount or redemption price of any Outstanding Subordinate Bonds of such Series or the rate of interest thereon.

~~(c) — If at any time the City shall desire to adopt any Supplemental Resolution for any of the purposes of this Section 11.03, the City shall cause notice of the proposed adoption of the Supplemental Resolution to be given by Mail to all Bondholders and all Insurers or, under Section 11.03(b), to all Bondholders and all Insurers of the affected Series. Such notice shall briefly set forth the nature of the proposed Supplemental Resolution and shall state that a copy thereof is on file at an office of the City for inspection by all Bondholders, Beneficial Owners and Insurers.~~

~~(d) — Not prior to two weeks after the date of the first mailing of such notice, the City may adopt such Supplemental Resolution in substantially the form described in such notice; but only if there shall have first been delivered to the City (i) the required consents, in writing, of Bondholders and Insurers and (ii) an opinion of Bond Counsel stating that~~

~~such Supplemental Resolution is authorized or permitted by this Subordinate General Resolution, complies with the terms hereof and, upon the execution and delivery thereof, will be valid and binding upon the City in accordance with its terms and that, with respect to Subordinate Bonds the interest on which was, at the time of issuance thereof, determined to be excluded from gross income of the recipients thereof for federal income tax purposes, such Supplemental Resolution will not cause the interest on such Subordinate Bonds to be included in the gross income of such recipient for federal income tax purposes and that, with respect to Subordinate Bonds the interest on which was at the time of issuance determined to be exempt from California personal income taxation, such Supplemental Resolution will not cause the interest on such Subordinate Bonds to become subject to such taxation.~~

(c) ~~(e)~~ If Bondholders of not less than the percentage of Subordinate Bonds required by this Section 11.03 shall have consented to and approved the adoption thereof as herein provided, no Bondholder shall have any right to object to the adoption of such Supplemental Resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the City from adopting the same or from taking any action pursuant to the provisions thereof.

Section 11.04 Effect of Supplemental Resolution. Upon the adoption of any Supplemental Resolution pursuant to the provisions of this Article XI, this Subordinate General Resolution or the Supplemental Resolution shall thereupon be modified and amended in accordance therewith and shall be binding upon all Holders of Subordinate Bonds issued under this Subordinate General Resolution, and the respective rights, duties, and obligations under this Subordinate General Resolution and the Supplemental Resolution of the City, and all Bondholders shall thereafter be determined, exercised and enforced under this Subordinate General Resolution and the Supplemental Resolution, if applicable, subject in all respects to such modifications and amendments.

Section 11.05 Supplemental Resolutions ~~Teto~~ Be Part of This Subordinate General Resolution. Any Supplemental Resolution adopted in accordance with the provisions of this Article XI shall thereafter form a part of this Subordinate General Resolution or the Supplemental Resolution which it supplements or amends, and all of the terms and ~~Conditions~~conditions contained in any such Supplemental Resolution shall be part of the terms and conditions of this Subordinate General Resolution or the Supplemental Resolution which it supplements or amends.

## ARTICLE XII

### MISCELLANEOUS PROVISIONS

Section 12.01 Parties in Interest. Except as herein otherwise specifically provided, nothing in this Subordinate General Resolution expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the City, the Bondholders, the Insurers and any agents appointed as described herein any right, remedy or claim under or by reason of this Subordinate General Resolution. This Subordinate General Resolution is for the sole and exclusive benefit of the City, the Bondholders, the Insurers and any such agents.



Section 12.02 Severability. In case any one or more of the provisions of this Subordinate General Resolution, any Supplemental Resolution or of any Subordinate Bonds issued hereunder shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Subordinate General Resolution, Supplemental Resolution or of the Subordinate Bonds, and this Subordinate General Resolution, any such Supplemental Resolution and any Subordinate Bonds issued hereunder shall be construed and enforced as if such illegal or invalid provisions had not been contained herein or therein.

Section 12.03 No Personal Liability of City Officials. No covenant or agreement contained in the Subordinate Bonds or in this Subordinate General Resolution shall be deemed to be the covenant or agreement of any present or future official, officer, agent or employee of the City in his or her individual capacity, and neither the officers of the City nor any person executing the Subordinate Bonds shall be liable personally on the Subordinate Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 12.04 Execution of Instruments; Proof of Ownership. Any request, direction, consent or other instrument in writing required or permitted by this Subordinate General Resolution to be signed or executed by Bondholders or on their behalf by an attorney-in-fact may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders in person or by an agent or attorney ~~an~~in-fact appointed by an instrument in writing or as provided in the Subordinate Bonds. Proof of the execution of any such instrument and of the ownership of Subordinate Bonds shall be sufficient for any purpose of this Subordinate General Resolution and shall be conclusive in favor of the City with regard to any action taken by it under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments within such jurisdiction, to the effect that the person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness to such execution.

~~(b) — The fact of the holding by any person of Subordinate Bonds transferable by delivery and the amounts and numbers of such Subordinate Bonds, and the date of the holdings of the same, may be proved by a certificate deemed by the City to be satisfactory, executed by any trust company, bank or banker, stating that, at the date thereof, the party therein did exhibit to the officer of such trust company or bank or to such banker, as the property of such party, the Subordinate Bonds mentioned therein. The City may, in its discretion, require evidence that such Subordinate Bonds have been deposited with a bank or trust company before taking any action based on such ownership. In lieu of the foregoing, the City may accept other proofs as it shall deem appropriate.~~

(b) ~~(e)~~ The ownership of ~~Subordinate Bonds registered other than to bearer and the amount or amounts of such~~ Subordinate Bonds shall be proved by the registration books kept under the provisions of Section 3.04 hereof.

Nothing contained in this Section 12.04 shall be construed as limiting the City to such proof. The City may accept any other evidence of matters herein stated which it may deem

sufficient. Any request, consent of or assignment by any Bondholder shall bind every future Bondholder of the same Subordinate Bonds or any Subordinate Bonds issued in lieu thereof in respect of anything done by the City in pursuance of such request or consent. ~~Subordinate Bonds which are held by an Owner for the benefit of various Beneficial Owners may, for purposes of determining the amount of Owners which have requested, approved or consented to an action, be treated as numerous Subordinate Bonds held by such Owner and such Owner may provide such requests, approvals or consents with respect to all or a portion of such Subordinate Bonds.~~

Section 12.05 Governing Law. The laws of the State shall govern the construction and enforcement of this Subordinate General Resolution and of all Subordinate Bonds issued hereunder.

Section 12.06 Notices. Except as otherwise provided in this Subordinate General Resolution, all notices, certificates, requests, requisitions or other communications by the City, any Paying Agent or Registrar, pursuant to this Subordinate General Resolution, shall be in writing and shall be sufficiently given and shall be deemed given when given by Mail, addressed as follows: if the City, to ~~The~~the City of Los Angeles, c/o the City ~~Treasurer, Room 295~~Administrative Officer, 200 North ~~Spring~~Main Street, Los Angeles, California 90012, Suite 1500; if to a Paying Agent or Registrar, to such address as is designated in writing by it to the City. Any of the foregoing may, by notice given hereunder to each of the others, designate any further or different addresses to which subsequent notices, certificates, requests, or other communications shall be sent hereunder. Any of the foregoing may also be sent by Electronic Means, receipt of which shall be confirmed.

Section 12.07 Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Subordinate General Resolution, shall not be a Business Day, such payment may, unless otherwise provided in this Subordinate General Resolution or, with respect to any Series of Subordinate Bonds or portion of Series of Subordinate Bonds, provided in the Supplemental Resolution under which such Subordinate Bonds are issued, be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Subordinate General Resolution, and no interest shall accrue for the period from such nominal date to the next Business Day.

Section 12.08 Validity of Subordinate Bonds Not Affected by Acts of the City. The validity of the authorization and issuance of the Subordinate Bonds by the City shall not be dependent upon or affected in any way by:

- (a) Proceedings taken by the City for the acquisition, construction or completion of any Project or any part thereof;
- (b) Any contracts made in connection with the acquisition, construction or completion of any Project; or
- (c) The failure to complete any Project or any portion thereof for which the Subordinate Bonds are authorized to be issued.

Section 12.09 ~~Repeal of Inconsistent Resolutions.~~ All resolutions of the City, or parts of resolutions, inconsistent with this Subordinate General Resolution or any Supplemental Resolution are hereby repealed to the extent of such inconsistency. [Reserved.]

Section 12.10 Amendment to First Supplemental Subordinate Resolution. The First Supplemental Subordinate Resolution shall be hereby amended to delete the last two sentences of Section 3.02 of the First Supplemental Subordinate Resolution, as set forth below (deletions are marked with strikethrough):

~~“The City further acknowledges that all Other Obligations shall constitute payments described under Section 6.03(a)(3) of the Subordinate General Resolution.~~

~~The City agrees that with respect to any money obligations included in Other Obligations, for purposes of calculating compliance with Section 3.11 of the Subordinate General Resolution, such obligations will be treated as interest coming due in the year in which such obligations are first payable.”~~

Section 12.11 ~~Section 12.10~~ Effective Date. This Amended and Restated Subordinate General Resolution shall take effect from and upon its adoption.