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PAYING AGENT AGREEMENT

by and between the

CITY OF LAFAYETTE
CONTRA COSTA COUNTY, CALIFORNIA,

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Paying Agent

Dated as of December 1, 2011

Relating to the

\$2,960,000
CITY OF LAFAYETTE
2011 GENERAL OBLIGATION REFUNDING BONDS
(Bank Qualified)

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RCVD DEC 14 '11

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PAYING AGENT AGREEMENT

This PAYING AGENT AGREEMENT, made and entered into as of December 1, 2011, by and between WELLS FARGO BANK, NATIONAL ASSOCIATION, a national association organized and existing under the laws of the United States of America, as paying agent (the "Paying Agent"), and the CITY OF LAFAYETTE, a municipal corporation organized and existing under and by virtue of the Constitution and laws of the State of California (the "City"),

WITNESSETH:

WHEREAS, the Council has determined, by its Resolution No. 73-94, adopted on November 28, 1994, that the public interest and necessity demand the City to repair and reconstruct the roads and drains within the City, and that the cost of said repairs and reconstruction will require an expenditure greater than the amount allowed therefor by annual tax levy;

WHEREAS, by Ordinance No. 438 adopted by the City Council on December 5, 1994, the City Council called a Municipal Bond Election on March 7, 1995 for the purpose of submitting to the qualified electors of the City the measure of whether bonded indebtedness of the City in the amount of \$13,000,000 should be incurred to finance the cost of repairing and reconstructing the roads and drains in the City of Lafayette;

WHEREAS, said election was conducted by the County of Contra Costa in consolidation with its other elections on March 7, 1995, and was passed with more than two-thirds of the voters voting in favor of said measure;

WHEREAS, the City Council adopted its Resolution No. 15-95' on March 27, 1995, declaring the results of said election;

WHEREAS, on June 28, 1995, \$6,000,000 aggregate principal amount of said bonds, designated "City of Lafayette General Obligation Bonds, Election of 1995, Series 1995" were issued and sold;

WHEREAS, on March 12, 2002, \$4,320,000 aggregate principal amount of said bonds, designated "City of Lafayette General Obligation Bonds, Election of 1995, Series 2002" (the "Prior Bonds") were issued and sold;

WHEREAS, on May 6, 2004, \$6,035,000 aggregate principal amount of said bonds, designated "City of Lafayette General Obligation Bonds, Election of 1995, Series 2004" were issued and sold;

WHEREAS, the City Council has further determined and declared it necessary and desirable and that the prudent management of the fiscal affairs of the City requires that a portion of the Prior Bonds now be refunded and has deemed it desirable to defease and cause to be redeemed prior to their maturity the remaining portion of the Prior Bonds;

WHEREAS, pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code and other applicable law (the "Refunding Law"), the City is authorized to issue refunding bonds to refund all or a portion of the City's outstanding Prior Bonds;

WHEREAS, the City Council has adopted its Resolution No. 2011-40 on November 28, 2011, authorizing the issuance of the City of Lafayette 2011 General Obligation Refunding Bonds (the "Bonds") in the principal amount not to exceed \$3,355,000 in order to provide funds to refinance a portion of the Prior Bonds, and to pay the costs of issuance for the Bonds, and authorizing the depositing of certain *ad valorem* taxes collected and held by the City in an escrow to defease and cause to be redeemed prior to their maturity the remaining portion of the Prior Bonds; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Paying Agent Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Paying Agent Agreement;

NOW, THEREFORE, in order to provide for the terms and the payment of the Bonds and the performance and observance by the City of all the covenants, agreements and conditions herein and in the Bonds contained, and in consideration of the mutual covenants and agreements contained herein, and for other valuable consideration, the City and the Paying Agent hereby agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01 Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall, for all purposes hereof and of any amendment hereof or supplement hereto and of the Bonds and of any certificate, opinion, request or other document mentioned herein or therein, have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

"Authorized City Representative" shall mean the City Manager, the Mayor, the Administrative Services Director, or any other officer of the City designated by the Council, or any duly appointed deputy of any of them.

"Bondowner", "Bondholder", "Holder" or "Owner" shall mean the person in whose name any Bond shall be registered.

"Bonds" shall mean the City of Lafayette 2011 General Obligation Refunding Bonds.

"Business Day" shall mean any day other than a Saturday, Sunday, legal holiday or other day on which banking institutions in San Francisco or Los Angeles, California, or New York, New York, or any state in which the Principal Corporate Trust Office of the Paying Agent

is located, are authorized or required by law to close, or any day on which the New York Stock Exchange is closed.

“Certificate of the City”. See “Request of the City” defined herein.

“City” shall mean the City of Lafayette, County of Contra Costa, State of California.

“City Manager” shall mean the City Manager of the City.

“Code” shall mean the Internal Revenue Code of 1986, as the same shall be hereafter amended, and any regulations heretofore issued or which shall be hereafter issued by the United States Department of the Treasury thereunder.

“Continuing Disclosure Certificate” shall mean that certain Continuing Disclosure Certificate relating to the Bonds executed and delivered by the City dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Costs of Issuance” shall mean all items of expense directly or indirectly payable by or reimbursable to City and related to the authorization, issuance, sale and delivery of the Bonds or the defeasance and redemption of the Prior Bonds, including but not limited to costs of preparation and reproduction of documents, printing expenses, filing and recording fees, initial fees and charges of the Paying Agent or Escrow Agent, underwriting fees, legal fees and charges, fees and disbursements of consultants and professionals, rating agency fees, fees and expenses related to any credit enhancement (including without limitation bond insurance) for the Bonds, fees and expenses with respect to the conduct of the election and other proceedings authorizing the issuance of the Bonds, fees and charges for preparation, execution and safekeeping of the Bonds, interest on the Prior Bonds from the date of sale of such bonds to the date of redemption of the Prior Bonds, the amount of any premium required to be paid to redeem any of the Prior Bonds and any other cost, charge or fee in connection with the original issuance of the Bonds or the defeasance and redemption of the Prior Bonds.

“Costs of Issuance Account” shall mean the account created pursuant to Section 3.02 hereof.

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

“Escrow Agent” means Wells Fargo Bank, National Association, as escrow agent under the Escrow Agreement.

“Escrow Agreement” means that certain 2011 Letter of Instructions Regarding Outstanding City of Lafayette General Obligation Bonds, Election of 1995, Series 2004, dated December 9, 2011, by and between the City and the Escrow Agent.

“Holder” See “Bondowner” defined herein.

“Interest and Sinking Fund” shall mean the “Election of 1995 General Obligation Bond Interest and Sinking Fund” created in the treasury of the City for the payment of the bonds authorized in the election conducted in the City on March 7, 1995, including the Bonds.

“Interest Payment Date” shall mean January 15 or July 15 of each year, as specified in Section 2.01 hereof.

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

“Original Purchaser” means JPMorgan Chase Bank, N.A.

“Owner.” See “Bondowner” defined herein.

“Paying Agent” shall mean Wells Fargo Bank, National Association, acting as paying agent, registrar, and transfer agent with respect to the Bonds, its successors and assigns and any other corporation or association which may at any time be substituted in its place as provided in Section 6.02 hereof.

“Principal Corporate Trust Office” shall mean the corporate trust office of the Paying Agent in San Francisco, California; provided, however, that in any case “Principal Corporate Trust Office” shall mean any other office of the Paying Agent designated for a particular purpose, and shall include the principal corporate trust office or other designated office of any successor paying agent.

“Principal Payment Date” shall mean July 15 of each year specified in Section 2.01 hereof.

“Prior Bonds” shall mean the City of Lafayette General Obligation Bonds, Election of 1995, Series 2002.

“Record Date” shall mean the 1st day of the month in which an Interest Payment Date occurs, whether or not such day is a Business Day.

“Redemption Date” shall mean the date on which the Bonds or any of them are called for redemption, as provided in Article IV hereof.

“Request of the City” or “Certificate of the City” shall mean a written request or written certificate, respectively, authorized and signed by an Authorized City Representative.

“Tax Certificate” shall mean the Tax Certificate concerning certain matters pertaining to the use of proceeds of the Bonds, executed and delivered by the City on the date of issuance of the Bonds, including all exhibits attached thereto, as such certificate may from time to time be modified or supplemented in accordance with the terms thereof.

“Treasurer” shall mean the Treasurer of the City.

#2001-
2129

ARTICLE II

THE BONDS

SECTION 2.01 Authorization; Date; Payment of Principal and Interest; Denominations. The Bonds shall be issued to pay and redeem the Prior Bonds, and to pay Costs of Issuance. The Bonds shall be issued by the City under and subject to the terms of this Paying Agent Agreement and all applicable laws, and shall be designated as the "City of Lafayette 2011 General Obligation Refunding Bonds," and shall be in the aggregate principal amount of \$2,960,000.

The Bonds shall be dated as of their date of delivery. The Bonds shall bear interest at the rate of 2.85%, payable on January 15, 2012, and thereafter on January 15 and July 15 of each year (each, an "Interest Payment Date"). Each Bond authenticated and registered on any date prior to the close of business on the first Record Date shall bear interest from the date of said Bond. Each Bond authenticated during the period between any Record Date and the close of business on its corresponding Interest Payment Date shall bear interest from such Interest Payment Date. Any other Bond shall bear interest from the Interest Payment Date immediately preceding the date of its authentication. If, at the time of authentication of any Bond, interest is in default on outstanding Bonds, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the outstanding Bonds. Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The Bonds shall be issued as a single, fully registered bond, without coupons.

The Bonds shall mature on July 15, 2025.

The principal the Bonds shall be payable in lawful money of the United States of America to the Owner thereof, upon the surrender thereof at the Principal Corporate Trust Office of the Paying Agent, or at such other location as the Paying Agent shall designate. The interest on the Bonds shall be payable in like lawful money to the person whose name appears on the bond registration books of the Paying Agent as the Owner thereof as of the close of business on the last day of the month immediately preceding an Interest Payment Date.

Payment of the interest on any Bond shall be made by check or draft mailed by first-class mail to such Owner at such Owner's address as it appears on such registration books or at such address as the Owner may have filed with the Paying Agent for that purpose; or upon written request of the Owner of Bonds aggregating not less than \$1,000,000 in principal amount, given no later than the last day of the month immediately preceding the applicable Interest Payment Date, by wire transfer in immediately available funds to an account maintained in the United States at such wire address as such Owner shall specify in its written notice.

So long as the Bonds are owned by the Original Purchaser, the Bonds are not required to be presented and surrendered to the Trustee for payment at any time prior to the final maturity thereof, and the Trustee will pay the principal of and interest on the Bonds by wire transfer to the Original Purchaser in accordance with the following wire transfer instructions (or

such other instructions as the Original Purchase may deliver from time to time in writing to the Paying Agent.

Chase Bank, N.A.
1 Chase Manhattan Plaza
New York, NY 10005
ROUTING/TRANSIT/ABA#: 021000021
ACCOUNT# 9008114200
ACCOUNT NAME: Commercial Client Services
REFERENCE: City of Lafayette; Loan Number;
Pymt type (principal; interest)

SECTION 2.02 Form and Registration of Bonds. (a) The Bonds, the Paying Agent's certificate of authentication and registration, and the form of assignment to appear thereon shall be in substantially the forms, respectively, attached hereto as Exhibit A, with necessary or appropriate variations, omissions and insertions as permitted or required by this Paying Agent Agreement (provided that if a portion of the text of any Bond is printed on the reverse of the bond, the following legend shall be printed on the bond: "THE PROVISIONS OF THIS BOND ARE CONTINUED ON THE REVERSE HEREOF AND SUCH CONTINUED PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.").

(b) The Bonds when issued shall be registered in the name of JPMorgan Chase Bank, N.A., and shall be initially issued as one bond in the principal amount of \$2,960,000.

(c) Execution and Authentication of Bonds. The Bonds shall be signed by the manual or facsimile signatures of the Mayor of the City or any member of the Council or his or her designee, and the Treasurer, and countersigned by the City Clerk or a deputy clerk. The Bonds shall be authenticated by a manual signature of a duly authorized officer of the Paying Agent.

Only such of the Bonds as shall bear thereon a certificate of authentication and registration in the form given in Appendix A hereto, executed by the Paying Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Paying Agent Agreement, and such certificate of the Paying Agent shall be conclusive evidence that the Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Paying Agent Agreement.

SECTION 2.03 No Transfer of Bonds. The Bonds shall be issued and registered as provided in Section 2.02(b) hereof. Registered ownership of the Bonds, or any portion thereof, may not thereafter be transferred.

SECTION 2.04 Exchange of Bonds. Bonds may be exchanged at the office of the Paying Agent in San Francisco, California, or such other place as the Paying Agent shall designate, for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity and interest rate. The Paying Agent shall require the payment by the

Bondowner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. No exchange of Bonds shall be required to be made by the Paying Agent during the period from any Record Date to and including the following Interest Payment Date or from the date on which notice of redemption is given to and including the specified Redemption Date.

SECTION 2.05 Bond Register. (a) The Paying Agent will keep or cause to be kept, at its Principal Corporate Trust Office, sufficient books for the registration of the Bonds, which shall at all times be open to inspection by the City, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or cause to be registered, on said books, Bonds as hereinbefore provided.

(b) The Paying Agent shall assign each Bond authenticated and registered by it a distinctive letter or number, or letter and number.

ARTICLE III

ISSUANCE OF THE BONDS

SECTION 3.01 Delivery of Bonds. The Paying Agent is hereby authorized to authenticate and deliver the Bonds to or upon the written Request of the City.

SECTION 3.02 Application of Proceeds of Sale of Bonds. Upon the delivery of the Bonds to the Original Purchaser thereof and the receipt from said Original Purchaser of the purchase price of the Bonds (\$2,950,000), upon the order of the City, the Paying Agent shall deposit (or transfer) said amount as follows:

- (a) \$2,890,551.26 to the Escrow Agent for deposit pursuant to the Escrow Agreement with respect to the Prior Bonds.
- (b) \$69,448.74 to the Paying Agent for deposit in the Costs of Issuance account. The Paying Agent shall use monies deposited in the Costs of Issuance account to pay the payees specified in a Written Request for Disbursement of Costs of Issuance (in substantially the form appended hereto as Exhibit B) in such amounts as may be specified therein to the extent the amount available in the account is sufficient for the purpose. On the 180th day after the delivery of the bonds, any amounts remaining in the Costs of Issuance account shall be transferred to the City for deposit in the City's Interest and Sinking Fund.

ARTICLE IV

REDEMPTION OF THE BONDS

SECTION 4.01 Terms of Redemption. The Bonds are not subject to optional redemption prior to their stated maturity date.

(a) Mandatory Sinking Fund Redemption. The Bonds are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof to be redeemed, without notice or premium, in the amounts and in the years as set forth below:

Mandatory Sinking Fund Redemption Date (July 15)	Mandatory Sinking Fund Redemption Amount
2012	\$ 85,000
2013	30,000
2014	20,000
2015	20,000
2016	25,000
2017	190,000
2018	190,000
2019	205,000
2020	205,000
2021	210,000
2022	220,000
2023	320,000
2024	610,000
2025*	630,000

* Maturity Date

(b) Sinking Fund. Prior to or on the redemption date of any Bonds there shall be available in the Interest and Sinking Fund of the City, or held in trust for such purpose as provided by law, monies for the purpose and sufficient to redeem the Bonds designated herein for mandatory redemption. Such monies so set aside in any such escrow fund shall be applied on the redemption date solely for payment of principal of the Bonds, provided that all monies in the Interest and Sinking Fund of the City shall be used for the purposes established and permitted by law. Any interest due on or prior to the redemption date shall be paid from the Interest and Sinking Fund of the City, unless otherwise provided for to be paid from such escrow. If, after all of the Bonds have been redeemed and cancelled or paid and cancelled, there are monies remaining in the Interest and Sinking Fund of the City or otherwise held in trust for the payment of redemption price of the Bonds, said monies shall be held in or returned or transferred to the Interest and Sinking Fund of the City for payment of any outstanding bonds of the City payable from said fund; provided, however, that if said monies are part of the proceeds of bonds of the City, said monies shall be transferred to the fund created for the payment of principal of and interest on such bonds. If no such bonds of the City are at such time outstanding, said monies shall be transferred to the general fund of the City as provided and permitted by law.

(c) Defeasance of Bonds. If at any time the City shall pay or cause to be paid or there shall otherwise be paid to the Owners of all outstanding Bonds all of the principal, interest and premium, if any, represented by Bonds at the times and in the manner provided herein and in the Bonds, or as provided in the following paragraph, or as otherwise provided by

law consistent herewith, then such Owners shall cease to be entitled to the obligation to levy taxes for payment of the Bonds as described in Section 5.02 hereof, and such obligation and all agreements and covenants of the City to such Owners hereunder and under the Bonds shall thereupon be satisfied and discharged and shall terminate, except only that the City shall remain liable for payment of all principal, interest and premium, if any, represented by the Bonds, but only out of monies on deposit in the Interest and Sinking Fund or otherwise held in trust for such payment; and provided further, however, that the provisions of Section 6.07 hereof shall apply in all events.

For purposes of this section, the City may pay and discharge any or all of the Bonds by depositing in trust with the Paying Agent or an escrow agent at or before maturity, money or non-callable direct obligations of the United States of America or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, in an amount which will, together with the interest to accrue thereon and available monies then on deposit in the Interest and Sinking Fund of the City, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates, in the opinion of a certified public accountant licensed to practice in the State of California.

ARTICLE V

COVENANTS OF THE CITY

SECTION 5.01 Payment of Principal and Interest. On or prior to the date any payment is due in respect of the Bonds, the City will cause the monies on deposit in the Interest and Sinking Fund, or, to the extent necessary, such other monies as shall be lawfully available for the payment of the Bonds, to be deposited with the Paying Agent sufficient to pay the principal and the interest to become due in respect of all Bonds outstanding on such payment date. When and as paid in full, and following surrender thereof to the Paying Agent, all Bonds shall be cancelled by the Paying Agent, and thereafter they shall be destroyed.

SECTION 5.02 Obligation to Levy Taxes For Payment of Bonds. The money for the payment of principal and interest on the Bonds shall be raised by ad valorem taxation without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates) upon all taxable property in the City, and provision shall be made for the levy and collection of such taxes in the manner provided by law, and the City shall cause such money to be deposited in the Interest and Sinking Fund.

SECTION 5.03 Validity of Bonds. The recital contained in the Bonds that the same are regularly issued pursuant to all applicable laws shall be conclusive evidence of their validity and of compliance with the provisions of the law in their issuance.

SECTION 5.04 Further Assurances. The City will promptly execute and deliver or cause to be executed and delivered all such other and further instruments, documents or assurances, and promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order to further and more fully vest in the Bondowners all

rights, interest, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by this Paying Agent Agreement.

SECTION 5.05 Tax Covenants. (a) The City covenants that it shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the City covenants that it will comply with the requirements of the Tax Certificate, which is incorporated herein as if fully set forth herein. This covenant shall survive payment in full or defeasance of the Bonds.

(b) In the event that at any time the City is of the opinion that for purposes of this section it is necessary or helpful to restrict or limit the yield on the investment of any monies held by the Paying Agent or other custodian on behalf of the City, the City shall so instruct the Paying Agent or other custodian in writing.

(c) Notwithstanding any provision of this section, if the City shall obtain and provide to the Paying Agent or other custodian, as appropriate, an Opinion of Counsel that any specified action required under this section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Bonds, said party may conclusively rely on such Opinion of Counsel in complying with the requirements of this section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

ARTICLE VI

THE PAYING AGENT

SECTION 6.01 Appointment; Acceptance. Wells Fargo Bank, National Association, is hereby appointed Paying Agent, and hereby accepts and agrees to perform the duties and obligations of the Paying Agent, registrar and transfer agent specifically imposed upon it by this Paying Agent Agreement, and no implied duties shall be read into this Paying Agent Agreement against the Paying Agent.

SECTION 6.02 Resignation, Removal, Replacement of Paying Agent. The Paying Agent may at any time resign by giving written notice to the City of such resignation, whereupon the City shall promptly appoint a successor Paying Agent by the resignation date. Resignation of the Paying Agent will be effective forty-five (45) days after notice of the resignation is given as stated above or upon appointment of a successor Paying Agent, whichever first occurs. The City may at any time remove the Paying Agent and any successor Paying Agent by an instrument given in writing. After removal or receiving a notice of resignation of the Paying Agent, the City may appoint a temporary Paying Agent or temporarily assume the duties of the Paying Agent to replace the former Paying Agent until the City appoints a successor Paying Agent. Any such temporary Paying Agent so appointed by the City shall immediately and without further act be superseded by the successor Paying Agent upon the appointment of and acceptance thereof by such successor.

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

SECTION 6.03 Protection of Paying Agent. The Paying Agent hereby agrees, provided sufficient immediately available funds have been provided to it for such purpose by or on behalf of the City, to use the funds deposited with it hereunder solely for payment of the principal of and interest on the Bonds as the same shall become due or become subject to earlier redemption.

SECTION 6.04 Reliance on Documents, Etc.

(a) The Paying Agent may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Paying Agent by the City.

(b) The Paying Agent shall not be liable for any error of judgment made in good faith. The Paying Agent shall not be liable for other than its negligence or willful misconduct in connection with any act or omission hereunder.

(c) No provision of this Paying Agent Agreement shall require the Paying Agent to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(d) The Paying Agent may rely, or be protected in acting or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Paying Agent need not examine the ownership of any Bond, but is protected in acting upon receipt of Bonds containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Bondowner or agent of the Bondowner.

(e) The Paying Agent may consult with counsel, and the written advice of such counsel or any Opinion of Counsel shall be full authorization and protection with respect to any action taken, suffered or omitted by it hereunder in good faith and reliance thereon.

(f) The Paying Agent may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys.

SECTION 6.05 Recitals of City. The recitals contained herein and in the Bonds shall be taken as the statements of the City, and the Paying Agent assumes no responsibility for their correctness.

SECTION 6.06 Money Held by Paying Agent; Unclaimed Monies. Money held by the Paying Agent hereunder may be commingled with other funds held by the Paying Agent, but shall be separately accounted for. The Paying Agent shall have no duties with respect to investment of funds deposited with it and shall be under no obligation to pay interest on any money received by it hereunder.

Any money held in any fund created pursuant to this Paying Agent Agreement, or held by the Paying Agent in trust, for the payment of the principal of, redemption premium, if any, or interest on the Bonds and remaining unclaimed for two years after the principal of all of the Bonds has become due and payable (whether by maturity or upon prior redemption) shall be transferred to the Interest and Sinking Fund of the City for payment of any outstanding bonds of the City payable from said fund; or, if no such bonds of the City are at such time outstanding, said monies shall be transferred to the general fund of the City as provided and permitted by law.

SECTION 6.07 Other Transactions. The Paying Agent may engage in or be interested in any financial or other transaction with the City.

SECTION 6.08 Interpleader. The Paying Agent may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in a court of competent jurisdiction. The Paying Agent has the right to file an action in interpleader in any court of competent jurisdiction to determine the rights of any person claiming any interest herein.

SECTION 6.09 Indemnification. The City shall indemnify the Paying Agent, its officers, directors, employees, and agents ("Indemnified Parties") for, and hold them harmless against any loss, cost, claim, liability or expense arising out of or in connection with the Paying Agent's acceptance or administration of the Paying Agent's duties hereunder or under the Bonds (except any loss, liability or expense as may be adjusted by a court of competent jurisdiction to be attributable to the Paying Agent's negligence or willful misconduct), including without limitation the cost and expense (including its counsel fees and disbursements, including the allocated costs and disbursements of internal counsel) of defending itself against any claim or liability (except such action as may be brought against the Paying agent by the City) in connection with the exercise or performance of any of its powers or duties under this Paying Agent Agreement. The provisions of this Section 6.10 shall survive termination of this Paying Agent Agreement and shall continue for the benefit of any Paying Agent after its resignation as Paying Agent hereunder.

ARTICLE VII

MISCELLANEOUS

SECTION 7.01 Counterparts. This Paying Agent Agreement may be signed in several counterparts, each of which will constitute an original, but all of which shall constitute one and the same instrument.

SECTION 7.02 Continuing Disclosure. The City hereby covenants and agrees that it shall comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Paying Agent Agreement, failure of the

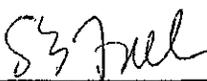
City to comply with the Continuing Disclosure Certificate shall not be considered an event of default hereunder; provided that any Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this section.

SECTION 7.03 Notices. Unless otherwise specified herein, all notices, statements, orders, requests or other communications hereunder by any party to another shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States registered or certified mail, return receipt requested, postage prepaid, or if given by fax, electronically, or other means of written communication and confirmed by mail:

If to the City:	City of Lafayette 3675 Mt. Diablo Blvd., #210 Lafayette, CA 94549 Attn: City Manager
If to the Paying Agent:	Wells Fargo Bank, National Association MAC A0119-181 333 Market Street, 18 th Floor San Francisco, CA 94105 Attn: Corporate Trust Department
If to the Purchaser:	JPMorgan Chase Bank, N.A. 560 California Street San Francisco, CA 94105 Attn: Jeffrey Kajisa, Senior Vice President

IN WITNESS WHEREOF, the parties hereto have caused this Paying Agent Agreement to be duly executed by their officers duly authorized as of the date first written above.

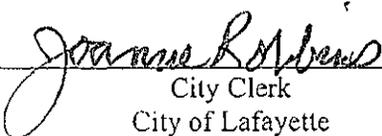
CITY OF LAFAYETTE

By: 
City Manager

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Paying Agent

By: _____
Authorized Officer

Acknowledged:

By: 
City Clerk
City of Lafayette

IN WITNESS WHEREOF, the parties hereto have caused this Paying Agent Agreement to be duly executed by their officers duly authorized as of the date first written above.

CITY OF LAFAYETTE

By: _____
City Manager

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Paying Agent

By: *Kerri S Jones*
Authorized Officer

Acknowledged:

By: _____
City Clerk
City of Lafayette

EXHIBIT A
[FORM OF BOND]

Number R-__	UNITED STATES OF AMERICA STATE OF CALIFORNIA CONTRA COSTA COUNTY CITY OF LAFAYETTE 2011 GENERAL OBLIGATION REFUNDING BONDS	Amount \$ _____
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This bond has been designated by the issuer as a qualified tax-exempt obligation for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986.

THIS TRANSACTION IS SOLD TO THE ORIGINAL PURCHASER WITH NO INTENT FOR DISTRIBUTION OR RESALE. THE BOND IS BEING DELIVERED IN PHYSICAL DELIVERY FORMAT WITH NO DTC CLOSING AND IS NOT TRANSFERABLE.

Interest Rate	Maturity Date	Dated as of	CUSIP NO.
_____%	July 15, 2025	December 9, 2011	_____

Registered Owner: JPMORGAN CHASE BANK, N.A.

Principal Sum: _____ DOLLARS

The City of Lafayette, County of Contra Costa, State of California (herein called the "City"), acknowledges itself obligated to and promises to pay to the registered owner identified above or registered assigns on the maturity date set forth above or upon redemption prior thereto, the principal sum specified above in lawful money of the United States of America, and to pay interest thereon in like lawful money at the interest rate per annum stated above, computed on the basis of a 360-day year of twelve 30-day months, payable January 15, 2012, and thereafter on January 15 and July 15 in each year, until payment of said principal sum. If this bond is authenticated and registered on any date prior to the close of business on January 1, 2012, it shall bear interest from the date hereof. If authenticated during the period between any Record Date (defined as the first day of the month in which an interest payment date occurs) and the close of business on its corresponding interest payment date, it shall bear interest from such interest payment date. Otherwise, this bond shall bear interest from the interest payment date immediately preceding the date of its authentication.

The principal hereof is payable to the registered owner hereof upon the surrender hereof at the principal corporate trust office (as that term is defined in the Paying Agent Agreement hereinafter described) of the paying agent/registrar and transfer agent of the City, initially Wells Fargo Bank, National Association (herein called the "Paying Agent"). The interest hereon is payable to the person whose name appears on the bond registration books of the Paying Agent as the registered owner hereof as of the close of business on the Record Date

preceding each interest payment date, whether or not such day is a business day, such interest to be paid by check mailed to such registered owner at the owner's address as it appears on such registration books, or at such other address filed with the Paying Agent for that purpose. Upon written request, given no later than the Record Date immediately preceding an interest payment date, of the owner of Bonds (hereinafter defined) aggregating at least \$1,000,000 in principal amount, interest will be paid by wire transfer to an account maintained in the United States as specified by the owner in such request.

This Bond is one of a duly authorized issue of bonds of like tenor (except for such variations, if any, as may be required to designate varying series, numbers, denominations, interest rates, maturities and redemption provisions), amounting in the aggregate to \$2,960,000, designated as "City of Lafayette 2011 General Obligation Refunding Bonds" (the "Bonds"). The Bonds are issued and sold pursuant to a Paying Agent Agreement (the "Paying Agent Agreement"), dated as of December 1, 2011, between the City and the Paying Agent, and in strict conformity with the provisions thereof and of the Constitution and laws of California, specifically the provisions of Articles 9 and 11 of Chapter 3, of Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

The Bonds are issuable as one fully registered bond without coupons.

This Bond is not transferrable.

The City and the Paying Agent may treat the registered owner hereof as the absolute owner hereof for all purposes, and the City and the Paying Agent shall not be affected by any notice to the contrary.

The Bonds are subject to mandatory sinking fund redemption on the terms and subject to the conditions specified in the Paying Agent Agreement and as shown in the attached Sinking Fund Redemption Schedule. If this bond is called for redemption and payment is duly provided therefor, interest shall cease to accrue hereon from and after the date fixed for redemption.

The City Council hereby certifies and declares that the total amount of indebtedness of the City, including the amount of this Bond, is within the limit provided by law, that all acts, conditions and things required by law to be done or performed precedent to and in the issuance of this Bond have been done and performed in strict conformity with the laws authorizing the issuance of this Bond, that this Bond is in the form prescribed by order of this City Council duly made and entered on its minutes and shall be payable out of the Interest and Sinking Fund of the City, and the money for the payment of the principal of this Bond, premium, if any, and the payment of interest hereon, shall be raised by taxation upon the taxable property of said City.

This Bond shall not be entitled to any benefit under the Paying Agent Agreement, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been signed by the Paying Agent.

This document need not be presented to the Paying Agent for the Registered Owner to receive the sinking fund payments.

The Bank did not require that this bond have a CUSIP; the Bank intends on holding this Bond to maturity.

IN WITNESS WHEREOF the City Council of the City of Lafayette has caused this Bond to be signed by facsimile signatures of its Mayor and Treasurer of the City, and to be countersigned by the City Clerk or the deputy City Clerk, as of the date set forth.

Mayor
City of Lafayette

Treasurer
City of Lafayette

Countersigned:

City Clerk
City of Lafayette

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one of the Bonds described in the within-mentioned Paying Agent Agreement authenticated and registered on _____.

**WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Paying Agent/Registrar
and Transfer Agent**

Authorized Officer

REDEMPTION SCHEDULE

Optional Redemption.

The Bonds are not subject to optional redemption prior to their stated maturity date.

Mandatory Sinking Fund Redemption.

The Bonds are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof to be redeemed, without notice or premium, in the amounts and in the years as set forth below:

Mandatory Sinking Fund Redemption Date (July 15)	Mandatory Sinking Fund Redemption Amount
2012	\$ 85,000
2013	30,000
2014	20,000
2015	20,000
2016	25,000
2017	190,000
2018	190,000
2019	205,000
2020	205,000
2021	210,000
2022	220,000
2023	320,000
2024	610,000
2025*	630,000

* Maturity Date

SCHEDULE A

Payee Name	Purpose of Obligation	Amount
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Number
R-1

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
CONTRA COSTA COUNTY

Amount
\$2,960,000

CITY OF LAFAYETTE
2011 GENERAL OBLIGATION REFUNDING BONDS

This bond has been designated by the issuer as a qualified tax-exempt obligation for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986.

THIS TRANSACTION IS SOLD TO THE ORIGINAL PURCHASER WITH NO INTENT FOR DISTRIBUTION OR RESALE. THE BOND IS BEING DELIVERED IN PHYSICAL DELIVERY FORMAT WITH NO DTC CLOSING AND IS NOT TRANSFERABLE.

Interest Rate	Maturity Date	Date (as of)	CUSIP NO.
2.85%	July 15, 2025	December 9, 2011	506017 CX8

Registered Owner: JPMORGAN CHASE BANK

Principal Sum: TWO MILLION NINE HUNDRED SIXTY THOUSAND DOLLARS

The City of Lafayette, County of Contra Costa, State of California (herein called the "City"), acknowledges itself obligated to and promises to pay to the registered owner identified above or registered assigns on the maturity date set forth above or upon redemption prior thereto, the principal sum specified above in lawful money of the United States of America, and to pay interest thereon in like lawful money at the interest rate per annum stated above, computed on the basis of a 360-day year of twelve 30-day months, payable January 15, 2012, and thereafter on January 15 and July 15 in each year, until payment of said principal sum. If this bond is authenticated and registered on any date prior to the close of business on January 1, 2012, it shall bear interest from the date hereof. If authenticated during the period between any Record Date (defined as the first day of the month in which an interest payment date occurs) and the close of business on its corresponding interest payment date, it shall bear interest from such interest payment date. Otherwise, this bond shall bear interest from the interest payment date immediately preceding the date of its authentication.

The principal hereof is payable to the registered owner hereof upon the surrender hereof at the principal corporate trust office (as that term is defined in the Paying Agent Agreement hereinafter described) of the paying agent/registrar and transfer agent of the City, initially Wells Fargo Bank, National Association (herein called the "Paying Agent"). The interest hereon is payable to the person whose name appears on the bond registration books of the Paying Agent as the registered owner hereof as of the close of business on the Record Date preceding each interest payment date, whether or not such day is a business day, such interest to be paid by check mailed to such registered owner at the owner's address as it appears on such registration books, or at such other address filed with the Paying Agent for that purpose. Upon written request, given no later than the Record Date immediately preceding an interest payment

date, of the owner of Bonds (hereinafter defined) aggregating at least \$1,000,000 in principal amount, interest will be paid by wire transfer to an account maintained in the United States as specified by the owner in such request.

This Bond is one of a duly authorized issue of bonds of like tenor (except for such variations, if any, as may be required to designate varying series, numbers, denominations, interest rates, maturities and redemption provisions), amounting in the aggregate to \$2,966,000, designated as "City of Lafayette 2011 General Obligation Refunding Bonds" (the "Bonds"). The Bonds are issued and sold pursuant to a Paying Agent Agreement (the "Paying Agent Agreement"), dated as of December 1, 2011, between the City and the Paying Agent, and in strict conformity with the provisions thereof and of the Constitution and laws of California, specifically the provisions of Articles 9 and 11 of Chapter 3, of Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

The Bonds are issuable as one fully registered bond without coupons.

This Bond is not transferrable.

The City and the Paying Agent may treat the registered owner hereof as the absolute owner hereof for all purposes, and the City and the Paying Agent shall not be affected by any notice to the contrary.

The Bonds are subject to mandatory sinking fund redemption on the terms and subject to the conditions specified in the Paying Agent Agreement and as shown in the attached Sinking Fund Redemption Schedule. If this bond is called for redemption and payment is duly provided therefor, interest shall cease to accrue hereon from and after the date fixed for redemption.

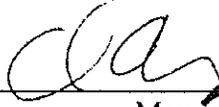
The City Council hereby certifies and declares that the total amount of indebtedness of the City, including the amount of this Bond, is within the limit provided by law, that all acts, conditions and things required by law to be done or performed precedent to and in the issuance of this Bond have been done and performed in strict conformity with the laws authorizing the issuance of this Bond, that this Bond is in the form prescribed by order of this City Council duly made and entered on its minutes and shall be payable out of the Interest and Sinking Fund of the City, and the money for the payment of the principal of this Bond, premium, if any, and the payment of interest hereon, shall be raised by taxation upon the taxable property of said City.

This Bond shall not be entitled to any benefit under the Paying Agent Agreement, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been signed by the Paying Agent.

This document need not be presented to the Paying Agent for the Registered Owner to receive the sinking fund payments.

The Bank did not require that this bond have a CUSIP; the Bank intends on holding this Bond to maturity.

IN WITNESS WHEREOF the City Council of the City of Lafayette has caused this Bond to be signed by facsimile signatures of its Mayor and Treasurer of the City, and to be countersigned by the City Clerk or the deputy City Clerk, as of the date set forth.

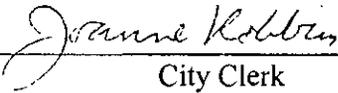


Mayor
City of Lafayette



Treasurer
City of Lafayette

Countersigned:



City Clerk
City of Lafayette

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one of the Bonds described in the within-mentioned Paying Agent Agreement authenticated and registered on December 9, 2011.

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Paying Agent, Registrar
and Transfer Agent

Terri L. Jones

Authorized Officer

SPECIMEN

REDEMPTION SCHEDULE

Optional Redemption.

The Bonds are not subject to optional redemption prior to their stated maturity date.

Mandatory Sinking Fund Redemption.

The Bonds are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof to be redeemed without notice or premium, in the amounts and in the years as set forth below:

<u>Mandatory Sinking Fund Redemption Date (July 15)</u>	<u>Mandatory Sinking Fund Redemption Amount</u>
2012	\$ 85,000
2013	90,000
2014	20,000
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2016	20,000
2017	190,000
2018	190,000
2019	205,000
2020	205,000
2021	210,000
2022	220,000
2023	320,000
2024	610,000
2025	630,000

* Maturity Date

INVESTOR LETTER

I. Jeffrey Kajisa, of JPMorgan Chase Bank, N.A. (the "Purchaser") do hereby certify as follows with regard to the \$2,960,000 City of Lafayette 2011 General Obligation Refunding Bonds (the "Bonds"):

1. The Purchaser has full power and authority to carry on its business as now conducted, deliver this certificate and make the representations and certifications contained herein.

2. The Purchaser is a lender that regularly extends credit by purchasing loans in the form of state and local government obligations such as the Bonds; has knowledge and experience in financial and business matters that make it capable of evaluating the City of Lafayette (the "City"), the Bonds and the risks associated with the purchase of the Bonds; has the ability to bear the economic risk of an investment in the Bonds; and is an "accredited investor" as defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933, as amended. The Purchaser is not acting as a broker, dealer or municipal securities Purchaser in connection with its purchase of the Bonds.

3. The Purchaser has conducted its own investigation of the financial condition of the City, the purpose for which the Bonds is being entered into and of the security for the payment of the principal and interest on the Bonds pursuant to the Paying Agent Agreement, dated as of December 1, 2011, by and between the City and Wells Fargo Bank, National Association, as payment agent (the "Paying Agent"), and has obtained such information regarding the Bonds, the City and its operations, financial condition and financial prospects as the Purchaser deems necessary to make an informed investment decision with respect to the purchase of the Bonds.

4. The Purchaser is purchasing the Bonds for its own account solely and not with a present view to any distribution of the Bonds or any interest therein or portion thereof or without a present intention of distributing or reselling the Bonds or any interest therein or portion thereof, provided that the Purchaser retains the right at any time to dispose of the Bonds or any interest therein or portion thereof as it may determine to be in its best interests. In the event that the Purchaser disposes of the Bonds or any part thereof in the future, the Purchaser understands that it has the responsibility for complying with any applicable federal and state securities laws and all rules and regulations promulgated pursuant thereto.

5. The Purchaser acknowledges that the Bonds have not been registered under the Securities Act of 1933, as amended, or under any state securities laws and that such registration is not legally required. The Purchaser agrees that it will comply with any applicable state and federal securities laws then in effect with respect to any subsequent disposition of the Bonds, and further acknowledges that any current exemption from registration of the Bonds does not affect or diminish this requirement.

6. The undersigned is a duly appointed, qualified, and acting officer of the Purchaser, is authorized to cause the Purchaser to make the certifications, representations and

warranties contained herein and in the Bond Purchase Contract, dated December 9, 2011 (the "Bond Purchase Contract") between the Purchaser and the City, and is authorized to execute and deliver this letter, said Bond Purchase Contract, and the other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Bonds.

7. The Purchaser has been informed that the Bonds (i) have not been and will not be registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any jurisdiction. (ii) will not be listed on any stock or other securities exchange and (iii) will not carry any rating from any rating service.

8. None of the City, its members, its governing body, or any of its employees, counsel or agents nor Bond Counsel will have any responsibility to the Purchaser for the accuracy or completeness of information obtained by the Purchaser from any source regarding the City or its financial condition or regarding the Bonds, the provision for payment thereof, or the sufficiency of any security therefor. No written information has been provided by the City to the Purchaser with respect to the Bonds. The Purchaser acknowledges that, as between the Purchaser and all of such parties, the Purchaser has assumed responsibility for obtaining such information and making such review as the Purchaser deemed necessary or desirable in connection with its decision to purchase the Bonds.

DATED this 9th day of December, 2011.

JPMORGAN CHASE BANK, N.A.

By: _____



Jeffrey Kajisa
Senior Vice President