
FISCAL AGENT AGREEMENT

BETWEEN

**CITY OF RIALTO
COMMUNITY FACILITIES DISTRICT NO. 2020-1 (EL RANCHO VERDE)**

AND

**U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Fiscal Agent**

DATED AS OF OCTOBER 1, 2023

RELATING TO

**\$16,840,000
CITY OF RIALTO
COMMUNITY FACILITIES DISTRICT NO. 2020-1 (EL RANCHO VERDE)
SPECIAL TAX BONDS, SERIES 2023**

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FISCAL AGENT AGREEMENT

THIS FISCAL AGENT AGREEMENT, dated as of October 1, 2023, between the City of Rialto Community Facilities District No. 2020-1 (El Rancho Verde) and U.S. Bank Trust Company, National Association, as fiscal agent (the “Fiscal Agent”) governs the terms of the City of Rialto Community Facilities District No. 2020-1 (El Rancho Verde) Special Tax Bonds, Series 2023.

RECITALS:

WHEREAS, the City Council of the City of Rialto (the “Council”), located in San Bernardino County, California, acting as the legislative body of the City of Rialto Community Facilities District No. 2020-1 (El Rancho Verde) (the “CFD”), has heretofore undertaken proceedings and declared the necessity to issue bonds pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5, of the Government Code of the State of California (the “Act”); and

WHEREAS the qualified electors within the CFD have approved the levy of a special tax and the issuance of bonds by the CFD and the Council has authorized the issuance of bonds in one or more series, pursuant to the Act, in an aggregate principal amount not to exceed \$50,000,000; and

WHEREAS, the Council intends to accomplish over time the financing of the purchase, construction, expansion or rehabilitation of certain real and other tangible property with an estimated useful life of five years or longer, including infrastructure facilities and other authorized facilities (including related capital fees), which are necessary to meet increased demands placed upon the City as a result of development or rehabilitation occurring within the CFD (collectively, the “Facilities”) through the issuance of one or more series of bonds in an aggregate principal amount not to exceed \$50,000,000 designated as the “City of Rialto Community Facilities District No. 2020-1 (El Rancho Verde) Special Tax Bonds” (the “Bonds”); and

WHEREAS, the Council intends to finance a portion of the Facilities through the issuance of an initial series of bonds in an aggregate principal amount of \$16,840,000 designated as the “City of Rialto Community Facilities District No. 2020-1 (El Rancho Verde) Special Tax Bonds, Series 2023” (the “2023 Bonds”); and

WHEREAS, all requirements of the Act for the issuance of the 2023 Bonds have been satisfied;

NOW, THEREFORE, in order to establish the terms and conditions upon and subject to which the Bonds are to be issued, and in consideration of the premises and of the mutual covenants contained herein and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, the CFD does hereby covenant and agree, for the benefit of the Owners of the Bonds (as defined herein) which may be issued hereunder from time to time, as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. Unless the context requires, the following terms shall have the following meanings:

“Acquisition and Construction Fund” means the fund by such name created and established pursuant to Section 3.1 hereof.

“Act” means the Mello-Roos Community Facilities Act of 1982, as amended, Section 53311 *et seq.* of the California Government Code.

“Administrative Expense Account” means the account by such name in the Special Tax Fund created and established pursuant to Section 3.1 hereof.

“Administrative Expense Requirement” means an amount equal to \$30,000 per Bond Year and escalating 2% each Bond Year thereafter, commencing with the Bond Year ending September 1, 2024, or such lesser amount as may be designated in a Written Request of the CFD.

“Administrative Expenses” means the administrative costs with respect to the calculation and collection (including any foreclosure actions) of the Special Taxes, including all attorneys’ fees and other costs related thereto, the fees and expenses of the Fiscal Agent, including attorneys’ fees and expenses, any fees for credit enhancement for the Bonds which are not otherwise paid as Costs of Issuance, any costs related to the CFD’s compliance with State and federal laws requiring continuing disclosure of information concerning the Bonds and the CFD, amounts necessary to create and replenish any necessary reserve funds, to pay the initial and annual costs associated with the Bonds, including, but not limited to, remarketing, credit enhancement, Fiscal Agent and other fees and expenses relating to the issuance of the Bonds and the formation of the CFD, and any other costs otherwise incurred by the City’s staff on behalf of the CFD in order to carry out the purposes of the CFD as set forth in the Resolution of Formation and any obligation of the CFD hereunder.

“Annual Debt Service” means the principal amount of any Outstanding Bonds payable in a Bond Year either at maturity or pursuant to a Sinking Fund Payment and any interest payable on any Outstanding Bonds in such Bond Year, if the Bonds are retired as scheduled.

“Appraiser” means any State certified appraiser selected by the CFD who is a designated MAI member of the Appraisal Institute and performs appraisals in accordance with the requirements of Appraisal Standards for Land Secured Financing by California Debt and Investment Advisory Commission.

“Authorized Investments” means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

(1) Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America (“Direct Obligations”).

(2) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

U.S. Export-Import Bank (“Eximbank”)

Direct obligations or fully guaranteed certificates of beneficial ownership

Farmers Home Administration (“FmHA”)

Certificates of beneficial ownership

Federal Financing Bank

Federal Housing Administration Debentures (“FHA”)

General Services Administration

Participation certificates

Government National Mortgage Association (“GNMA” or “Ginnie Mae”)

GNMA-guaranteed mortgage-backed bonds

GNMA-guaranteed pass-through obligations

U.S. Maritime Administration

Guaranteed Title XI financing

U.S. Department of Housing and Urban Development (HUD)

Project Notes

Local Authority Bonds

New Communities Debentures - U.S. government guaranteed debentures

U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds

(3) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself:

Federal Home Loan Bank System

Senior debt obligations

Federal Home Loan Mortgage Corporation (“FHLMC” or “Freddie Mac”)

Participation certificates

Senior debt obligations

Federal National Mortgage Association (“FNMA” or “Fannie Mae”)

Mortgage-backed securities and senior debt obligations

Student Loan Marketing Association (“SLMA” or “Sallie Mae”)

Senior debt obligations

Resolution Funding Corp. (“REFCORP”) obligations

Farm Credit System CM. - Consolidated system-wide bonds and notes

(4) Money market mutual funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, and having a rating by S&P of AAAm-G, AAAm or AAm, and, if rated by Moody’s, rated Aaa, Aa1 or Aa2 (including such funds for which the Fiscal Agent and/or its affiliates provide investment advice or other services) but excluding those funds with a floating net asset value.

(5) Certificates of deposit secured at all times by collateral described in (1) and/or (2) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the Bondholders must have a perfected first security interest in the collateral.

(6) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by the FDIC or which are with a bank rated AA or better by S&P and Aa or better by Moody’s (including those of the Fiscal Agent and its affiliates) or which are collateralized by Authorized Investments described in Section (1) above for amounts above FDIC insurance limits.

(7) Interest-bearing demand or time deposits (including certificates of deposit) or deposit accounts in federal or state-chartered savings and loan associations or in federal or State of California banks (including the Fiscal Agent and its affiliates), provided that the unsecured short-term obligations of such commercial bank or savings and loan association will be rated in the highest short-term rating category by any Rating Agency.

(8) Investment Agreements with any corporation, including banking or financial institutions, provided that

(a) the long-term debt of the provider of any such investment agreement is rated, at the time of investment, at least “AA” and “Aa” by the Rating Agency (without regard to gradations of plus or minus within such category), and

(b) any such investment agreement is collateralized with United States Treasury or agency obligations which at least equal 102% of the principal amount invested thereunder, and

(c) any such agreement shall include a provision to the effect that, in the event the long-term debt rating of the provider of such agreement is downgraded below “AA-” or below “Aa” by the applicable Rating Agency, the CFD has the right to withdraw or cause the Fiscal Agent to withdraw all funds invested in such agreement and thereafter to invest such funds pursuant to this Fiscal Agent Agreement.

(9) Commercial paper rated, at the time of purchase, “Prime - 1” by Moody’s and “A-1” or better by S&P.

(10) Bonds or notes issued by any state or municipality which are rated by Moody’s and S&P in one of the two highest rating categories assigned by such agencies.

(11) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured or unguaranteed obligation rating of “Prime - 1” or “A3” or better by Moody’s and “A-1” or “A” or better by S&P.

(12) Repurchase agreements collateralized by Direct Obligations, GNMMAs, FNMMAs or FHLMMCs with any registered broker/dealer subject to the Securities Investors’ Protection Corporation jurisdiction or any commercial bank insured by the FDIC, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated “P-1” or “A3” or better by Moody’s, and “A-1” or “A-” by S&P; provided:

(a) a master repurchase agreement or specific written repurchase agreement governs the transaction; and

(b) the securities are held free and clear of any lien by the Fiscal Agent or an independent third party acting solely as agent (“Agent”) for the Fiscal Agent, and such third party is (i) a Federal Reserve Bank, (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$50 million, or (iii) a bank approved in writing for such purpose by Financial Guaranty Insurance Company, and the Fiscal Agent shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Fiscal Agent; and

(c) a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 *et seq.* or 31 C.F.R. 350.0 *et seq.* in such securities is created for the benefit of the Fiscal Agent; and

(d) the repurchase agreement has a term of 180 days or less, and the collateral securities shall be valued no less frequently than weekly and the Fiscal Agent or the Agent shall liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two Business Days of such valuation; and

(e) the fair market value of the collateral securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 103%.

(13) Local Agency Investment Fund (“LAIF”) of the State of California.

(14) Any other investment which the CFD is permitted by law to make.

“Authorized Representative of the CFD” means the Mayor, City Manager, Finance Director or any other person or persons designated by the Council and authorized to act on behalf of the CFD by a written certificate signed on behalf of the CFD by the Mayor or the City Manager and containing the specimen signature of each such person.

“Bond Counsel” means an attorney at law or a firm of attorneys selected by the CFD of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

“Bond Register” means the books which the Fiscal Agent shall keep or cause to be kept on which the registration and transfer of the Bonds shall be recorded.

“Bondowner” or “Owner” means the person or persons in whose name or names any Bond is registered.

“Bonds” means the City of Rialto Community Facilities District No. 2020-1 (El Rancho Verde) Special Tax Bonds, authorized by, and at any time Outstanding under, this Fiscal Agent Agreement pursuant to Section 2.1 and Section 3.10.

“Bond Year” means the twelve month period commencing on September 2 of each year and ending on September 1 of the following year, except that the first Bond Year for the Bonds shall begin on the Delivery Date and end on the first September 1 which is not more than 12 months after the Delivery Date.

“Business Day” means a day which is not a Saturday or Sunday or a day of the year on which banks in New York, New York, Los Angeles, California, or the city where the Designated Corporate Trust Office of the Fiscal Agent is located, are not required or authorized to remain closed.

“Certificate of Authorized Representative of the CFD” means a written certificate or warrant request executed by an Authorized Representative of the CFD.

“CFD” means the City of Rialto Community Facilities District No. 2020-1 (El Rancho Verde) established pursuant to the Act and the Resolution of Formation.

“CFD Value” means the market value, as of the date of the appraisal described below and/or the date of the most recent County real property tax roll, as applicable, of the subject parcels of real property in the CFD subject to the levy of the Special Taxes, including the value of the then existing improvements and any facilities to be constructed or acquired with any amounts then on deposit in the Acquisition and Construction Fund and with the proceeds of any proposed Series of Bonds, as determined with respect to any parcel or group of parcels by reference to (i) an appraisal performed within three (3) months of the date of issuance of any proposed Series of Bonds by the Appraiser, or (ii) in the alternative or in combination with the appraisal, the assessed value of the subject parcels and improvements thereon as shown on the then current County real property tax roll available to the Treasurer. It is expressly acknowledged that, in determining the CFD Value, the CFD may rely on an appraisal to determine the value of some or all of the parcels in the CFD and/or the most recent County real property tax roll as to the value of some or all of the parcels in the CFD; provided that any parcel or which the assessed valuation is then under appeal must be valued based on an appraisal. Neither the CFD nor the Treasurer shall be liable to the Owners, underwriters or any other person or entity in respect of any appraisal provided for purposes of this definition or by reason of any exercise of discretion made by any Appraiser pursuant to this definition.

“City” means the City of Rialto, California.

“Code” means the Internal Revenue Code of 1986 and any Regulations, rulings, judicial decisions, and notices, announcements, and other releases of the United States Treasury Department or Internal Revenue Service interpreting and construing it.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated as of October 1, 2023, by and between the CFD and Webb Municipal Finance LLC, as dissemination agent.

“Costs of Issuance” means the costs and expenses incurred in connection with the issuance and sale of the Bonds, including the acceptance and initial annual fees and expenses of the Fiscal Agent and its counsel, legal fees and expenses, costs of printing the Bonds and the preliminary and final official statements for the Bonds, fees of financial consultants and all other related fees and expenses, as set forth in a Certificate of Authorized Representative of the CFD.

“Costs of Issuance Account” means the account by such name in the Acquisition and Construction Fund created and established pursuant to Section 3.1 hereof.

“Council” means the City Council of the City of Rialto.

“Defeasance Securities” means any of the following:

- (a) Cash
- (b) United States Treasury Certificates, Notes and Bonds (including State and Local Government Series -- “SLGS”)
- (c) Direct obligations of the U.S. Treasury which have been stripped by the U.S. Treasury itself, *e.g.*, CATS, TIGRS and similar securities.
- (d) The interest component of Resolution Funding Corp. strips which have been stripped by request to the Federal Reserve Bank of New York and are in book-entry form.
- (e) Pre-refunded municipal bonds rated “Aaa” by Moody’s and “AAA” by S&P.
- (f) Obligations issued by the following agencies which are backed by the full faith and credit of the United States:

U.S. Export-Import Bank - direct obligations or fully guaranteed certificates of beneficial ownership

Farmers Home Administration - certificates of beneficial ownership

Federal Financing Bank

General Services Administration - participation certificates

U.S. Maritime Administration - guaranteed Title XI financing

U.S. Department of Housing and Urban Development (HUD) - Project Notes, Local Authority Bonds, New Communities Debentures - U.S. government guaranteed debentures, U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds.

“Delivery Date” means, with respect to the Bonds, the date on which the bonds of such issue were issued and delivered to the initial purchasers thereof.

“Depository” shall mean The Depository Trust Company, New York, New York, and its successors and assigns as securities depository for the Certificates, or any other securities depository acting as Depository under Article II hereof.

“Designated Corporate Trust Office” means the corporate trust office of the Fiscal Agent at Los Angeles, California, or such other office designated from time to time by the Fiscal Agent in writing to the CFD.

“Developed Property” means Developed Property as defined in the RMA.

“Developer” means Lennar Homes of California, LLC, a California limited liability company, as developer and owner of land within the CFD.

“Fiscal Agent” means U.S. Bank Trust Company, National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, at its Designated Corporate Trust Office in San Francisco, California, and its successors or assigns, or any other bank or trust company which may at any time be substituted in its place as provided in Sections 7.2 or 7.3 and any successor thereto.

“Fiscal Agent Agreement” means this Fiscal Agent Agreement, together with any Supplemental Fiscal Agent Agreement approved pursuant to Article 6 hereof.

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next following June 30.

“Funding Agreement” means Amended and Restated Funding, Construction and Acquisition Agreement dated September 13, 2022, by and between the City, acting on behalf of itself and the CFD, and the Developer, as amended from time to time.

“Independent Financial Consultant” means a municipal advisor or firm of such consultants generally recognized to be well qualified in the municipal advisory business, appointed and paid by the CFD, who, or each of whom:

- (1) is, in fact, independent and not under the domination of the CFD;
- (2) does not have any substantial interest, direct or indirect, in the CFD; and
- (3) is not connected with the CFD as a member, officer or employee of the CFD, but who may be regularly retained to make annual or other reports to the CFD.

“Interest Account” means the account by such name created and established in the Special Tax Fund pursuant to Section 3.1 hereof.

“Interest Payment Date” means each March 1 and September 1, commencing March 1, 2024, provided, however, that, if any such day is not a Business Day, interest up to the Interest Payment Date will be paid on the Business Day next succeeding such date.

“Investment Agreement” means one or more agreements for the investment of funds of the CFD complying with the criteria therefor as set forth in Subsection (7) of the definition of Authorized Investments herein.

“Joint Community Facilities Agreement” means that certain Joint Community Facilities Agreement (West Valley Water District) with the Water District, dated July 14, 2020.

“Maximum Annual Debt Service” means the maximum sum obtained for any Bond Year prior to the final maturity of the Bonds by adding the following for each Bond Year:

- (1) the principal amount of all Outstanding Bonds payable in such Bond Year either at maturity or pursuant to a Sinking Fund Payment; and

(2) the interest payable on the aggregate principal amount of all Bonds Outstanding in such Bond Year if the Bonds are retired as scheduled.

“Moody’s” means Moody’s Investors Service and its successors or assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a municipal securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized municipal securities rating agency selected by the CFD.

“Nominee” shall mean the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.16 hereof.

“Outstanding” or “Outstanding Bonds” means all Bonds theretofore issued by the CFD, except:

(1) Bonds theretofore cancelled or surrendered for cancellation in accordance with Section 10.1 hereof;

(2) Bonds for payment or redemption of which monies shall have been theretofore deposited (whether upon or prior to the maturity or the redemption date of such Bonds), provided that, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in this Fiscal Agent Agreement;

(3) Bonds which have been surrendered to the Fiscal Agent for transfer or exchange pursuant to Section 2.9 hereof or for which a replacement has been issued pursuant to Section 2.10 hereof;

(4) Bonds paid pursuant to the last sentence of Section 2.10 hereof; and

(5) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the CFD pursuant to this Fiscal Agent Agreement or any Supplemental Fiscal Agent Agreement.

“Participants” shall mean those broker-dealers, banks and other financial institutions from time to time for which the Depository holds Bonds as securities depository.

“Person” means natural persons, firms, corporations, partnerships, associations, trusts, public bodies and other entities.

“Principal Account” means the account by such name in the Special Tax Fund created and established pursuant to Section 3.1 hereof.

“Project” means those facilities described in the Resolution of Formation which are to be acquired or constructed and financed by the CFD pursuant to the Funding Agreement, including capital facilities of the City and the Water District and all engineering, planning and design services and other incidental expenses related to such facilities, capital fees of the City and the Water District, and other facilities, if any, authorized by the qualified electors within the CFD from time to time, and in accordance with the Funding Agreement and the Joint Community Facilities Agreement.

“Project Costs” means the amounts necessary to finance the Project, and to pay any other “incidental expenses” of the CFD, as such term is defined in the Act.

“Rating Agency” means Moody’s and S&P, or both, as the context requires.

“Record Date” means the fifteenth day of the month preceding an Interest Payment Date, regardless of whether such day is a Business Day.

“Redemption Account” means the account by such name created and established in the Special Tax Fund pursuant to Section 3.1 hereof.

“Refunding Bonds” means a Series of Bonds or a portion of a Series of Bonds issued pursuant to the provisions set forth in Section 3.10.

“Regulations” means the regulations adopted or proposed by the Department of Treasury from time to time with respect to obligations issued pursuant to section 103 of the Code.

“Related Parity Bonds” means any series of Bonds for which (y) proceeds or funds are deposited into the 2023 Reserve Account so that the balance therein is equal to the 2023 Reserve Requirement following issuance of such series of Bonds, and (ii) the related Supplemental Fiscal Agent Agreement specifies that the 2023 Reserve Account shall act as a reserve for the payment of the principal of, and interest and any premium on, such series of Bonds.

“Representation Letter” shall mean the Blanket Letter of Representations from the CFD to the Depository as described in Section 2.13 hereof.

“Reserve Account” means the 2023 Reserve Account securing the 2023 Bonds and any Related Parity Bonds, and any accounts by such name in the Special Tax Fund created and established pursuant to a Supplemental Fiscal Agent Agreement securing a series of Bonds excluding the 2023 Bonds and Related Parity Bonds.

“Resolution of Formation” means, collectively, Resolution No. 7644 adopted by the Council on July 14, 2020 pursuant to which the Council formed the CFD, and Resolution No. 7975 adopted by the Council on September 13, 2022 pursuant to which the Council modified the CFD.

“Responsible Officer of the Fiscal Agent” means any officer within the corporate trust division (or any successor group or department of the Fiscal Agent) customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, with responsibility for the administration of this Fiscal Agent Agreement.

“RMA” means Rate and Method of Apportionment approved by the qualified electors of the CFD at the July 14, 2020 election, as amended and approved by qualified electors at the September 13, 2022 modification election, as amended from time to time.

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

“Series,” whenever used herein with respect to Bonds, means all of the Bonds designated as being of the same series, authenticated and delivered in a simultaneous transaction regardless of variations in maturity, interest rate, redemption and other provisions, and any Bonds thereafter authenticated and delivered upon transfer or exchange or in lieu of or in substitution for (but not to refund) such Bonds as herein provided.

“Sinking Fund Payment” means the annual payment to be deposited in the Redemption Account to redeem a portion of the Term Bonds in accordance with the schedule set forth in this Fiscal Agent Agreement or as set forth in any Supplemental Fiscal Agent Agreement.

“Special Taxes” means the Special Tax A (as defined in the RMA) authorized to be levied by the CFD on parcels within the CFD in accordance with the Resolution of Formation, the Act, change proceedings, if any, and the voter approval obtained at the July 14, 2020 election in the CFD, together with the proceeds collected from the sale of property pursuant to the foreclosure provisions of this Fiscal Agent Agreement for the delinquency of such Special Taxes remaining after the payment of all the costs related to such foreclosure actions, including, but not limited to, all legal fees and expenses, court costs, consultant and title insurance fees and expenses.

“Special Tax Fund” means the fund by such name created and established pursuant to Section 3.1 hereof.

“Supplemental Fiscal Agent Agreement” means any supplemental fiscal agent agreement amending or supplementing this Fiscal Agent Agreement, but only if and to the extent that such supplemental fiscal agent agreement is specifically authorized hereunder.

“Surplus Fund” means the fund by such name created and established pursuant to Section 3.1 hereof.

“Surplus Special Tax Account” means the account by such name in the Acquisition and Construction Fund created and established pursuant to Section 3.1 hereof to hold surplus Special Taxes to finance Project Costs.

“Tax Certificate” means the certificate by that name to be executed by the CFD on a Delivery Date to establish certain facts and expectations and which contains certain covenants relevant to compliance with the Code.

“Taxable Property” means Taxable Property as defined by the RMA.

“Term Bonds” means Bonds payable at or before their specified maturity date or dates from mandatory Sinking Fund Payments established for that purpose and calculated to retire such Bonds on or before their specified maturity date or dates, including Term 2023 Bonds.

“Term 2023 Bonds” mean 2023 Bonds maturing on September 1, 2038, September 1, 2043, September 1, 2053 and September 1, 2058.

“Underwriter” means the institution or institutions, if any, with whom the CFD enters into a purchase contract for the sale of the Bonds.

“Water District” means the West Valley Water District.

“Written Request of the CFD” means a request in writing executed by the Mayor, City Manager, Finance Director, or written designee, on behalf of the CFD.

“2023 Bond Proceeds Fund” means the Fund by such name created and established by Section 3.1 hereof.

“2023 Bonds” means the \$16,840,000 aggregate principal amount of City of Rialto Community Facilities District No. 2020-1 (El Rancho Verde) Special Tax Bonds, Series 2023.

“2023 Capitalized Interest Subaccount” means the subaccount by such name in the Interest Account of the Special Tax Fund created and established pursuant to Section 3.1 hereof to hold funded interest on the 2023 Bonds.

“2023 Delivery Date” means October 11, 2023.

“2023 Project” means the portion of the Project funded with the proceeds of the 2023 Bonds and more fully described in Schedule I hereto.

“2023 Project Costs Account” means the account by such name in the Acquisition and Construction Fund created and established pursuant to Section 3.1 hereof to hold the proceeds of the 2023 Bonds to finance Project Costs.

“2023 Reserve Account” means the account by such name created and established in the Special Tax Fund pursuant to Section 3.1 hereof.

“2023 Reserve Requirement” means, as of any date of calculation, an amount equal to the least of (i) 10% of the issue price (as defined pursuant to section 148 of the Code) of the 2023 Bonds and Related Parity Bonds, or (ii) Maximum Annual Debt Service on the Outstanding 2023 Bonds and Related Parity Bonds, or (iii) 125% of the average Annual Debt Service of the Outstanding 2023 Bonds and Related Parity Bonds, as determined by the CFD, provided, however that in no event shall the amount calculated exceed the amount on deposit in the 2023 Reserve Account on the date of issuance of the 2023 Bonds (if they are the only Bonds covered by the 2023 Reserve Account) or the most recently issued series of Related Parity Bonds (if any Related Parity Bonds are covered by the 2023 Reserve Account) except in connection with any increase associated with the issuance of Related Parity Bonds.

“2023 Underwriter” means Piper Sandler & Co., the underwriter for the 2023 Bonds.

ARTICLE II

GENERAL AUTHORIZATION AND BOND TERMS

Section 2.1. Amount, Issuance and Purpose of the Bonds and the 2023 Bonds.

(1) Under and pursuant to the Act, the Bonds shall be issued in one or more Series for the purpose of financing the Project, provided that the aggregate principal amount of the Bonds shall not exceed the total indebtedness presently authorized or subsequently authorized by the qualified electors of the CFD in accordance with the Act. The Bonds are designated generally as “City of Rialto Community Facilities District No. 2020-1 (El Rancho Verde) Special Tax Bonds,” each Series thereof to bear such additional designation as may be necessary or appropriate to distinguish such Series from every other Series. The Bonds may be issued in such Series as from time to time shall be established and authorized by the CFD, subject to the covenants, provisions and conditions herein contained. The Bonds shall be and are limited obligations of the CFD and shall be payable as to the principal thereof and interest thereon and any premiums upon the redemption thereof solely from the Special Taxes and the other amounts in the Special Tax Fund (other than amounts in the Administrative Expense Account).

(2) The CFD hereby authorizes the creation and issuance of the 2023 Bonds, to be known as the “City of Rialto Community Facilities District No. 2020-1 (El Rancho Verde) Special Tax Bonds, Series

2023,” in the aggregate principal amount of \$16,840,000 in accordance with the Act for the purpose of financing the costs of a portion of the Project.

Section 2.2. **Type and Nature of Bonds.** Neither the faith and credit nor the taxing power of the City, the State of California or any political subdivision thereof other than the CFD is pledged to the payment of the Bonds. Except for the Special Taxes, no other taxes are pledged to the payment of the Bonds. The Bonds are not general or special obligations of the City nor general obligations of the CFD, but are limited obligations of the CFD payable solely from certain amounts deposited by the CFD in the Special Tax Fund (exclusive of amounts transferred to the Administrative Expense Account), as more fully described herein. The CFD’s limited obligation to pay the principal of, premium, if any, and interest on the Bonds from amounts in the Special Tax Fund (exclusive of amounts transferred to the Administrative Expense Account) is absolute and unconditional, free of deductions and without any abatement, offset, recoupment, diminution or set-off whatsoever. No Owner of the Bonds may compel the exercise of the taxing power by the CFD (except as pertains to the Special Taxes) or the City or the forfeiture of any of their property. The principal of and interest on the Bonds and premiums upon the redemption thereof, if any, are not a debt of the City, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory limitation or restriction. The Bonds are not a legal or equitable pledge, charge, lien, or encumbrance upon any of the CFD’s property, or upon any of its income, receipts or revenues, except the Special Taxes and other amounts in the Special Tax Fund (exclusive of amounts transferred to the Administrative Expense Account) which are, under the terms of this Fiscal Agent Agreement and the Act, set aside for the payment of the Bonds and interest thereon, and neither the members of the Council nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

Notwithstanding anything to the contrary contained in this Fiscal Agent Agreement, the CFD shall not be required to advance any money derived from any source of income other than the Special Taxes for the payment of the interest on or the principal of the Bonds, or for the performance of any covenants contained herein. The CFD may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose.

Section 2.3. **Equality of Bonds and Pledge of Special Taxes.** Pursuant to the Act and this Fiscal Agent Agreement, the Bonds shall be equally payable from the Special Taxes and other amounts in the Special Tax Fund (exclusive of amounts transferred to the Administrative Expense Account which do not secure the Bonds, and amounts in the Reserve Accounts which secure specific Series of Bonds) without priority for Series, number, date of the Bonds, date of sale, date of execution, or date of delivery, and the payment of the interest on and principal of the Bonds and any premiums upon the redemption thereof, shall be exclusively paid from the Special Taxes and other amounts in the Special Tax Fund (exclusive of amounts transferred to the Administrative Expense Account, and amounts in the Reserve Accounts which relate only to specific Series of Bonds), which are hereby set aside for the payment of the Bonds. Amounts in the Special Tax Fund (exclusive of amounts transferred to the Administrative Expense Account, and amounts in the Reserve Accounts which relate to specific Series of Bonds) shall constitute a trust fund held for the benefit of the Owners to be applied to the payment of the interest on and principal of the Bonds and so long as any of the Bonds or interest thereon remain Outstanding shall not be used for any other purpose, except as permitted by this Fiscal Agent Agreement or any Supplemental Fiscal Agent Agreement. Notwithstanding any provision contained in this Fiscal Agent Agreement to the contrary, Special Taxes transferred to the Administrative Expense Account of the Special Tax Fund and the Surplus Fund shall no longer be considered to be pledged to the Bonds, and none of the Surplus Fund or the Administrative Expense Account of the Special Tax Fund shall be construed as a trust fund held for the benefit of the Owners. The 2023 Reserve Account of the Special Tax Fund shall only secure the 2023 Bonds and any Related Parity Bonds.

Nothing in this Fiscal Agent Agreement or any Supplemental Fiscal Agent Agreement shall prevent additional security being provided for the benefit of a particular Series of Bonds under any Supplemental Fiscal Agent Agreement. Nothing in this Fiscal Agent Agreement or any Supplemental Fiscal Agent Agreement shall preclude, subject to the limitations contained hereunder, the redemption prior to maturity of any Bond subject to call and redemption and payment of said Bond from proceeds of Refunding Bonds issued under the Act as the same now exists or as hereafter amended, or under any other law of the State of California.

Section 2.4. Description of the 2023 Bonds; Interest Rates. The 2023 Bonds shall be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof. The 2023 Bonds of each issue shall be numbered consecutively from one upward.

The Bonds shall be dated their 2023 Delivery Date and shall mature and be payable on September 1 in the years and in the aggregate principal amounts and shall be subject to and shall bear interest at the rates set forth in the table below payable on each Interest Payment Date.

| <u>Maturity Date</u> <u>(September 1)</u> | <u>Principal Amount</u> | <u>Interest Rate</u> |
|--|-------------------------|----------------------|
| 2026 | \$ 20,000 | 5.000% |
| 2027 | 40,000 | 5.000 |
| 2028 | 60,000 | 5.000 |
| 2029 | 80,000 | 5.000 |
| 2030 | 105,000 | 5.000 |
| 2031 | 130,000 | 5.000 |
| 2032 | 160,000 | 5.000 |
| 2033 | 190,000 | 5.000 |
| 2038 | 1,445,000 | 5.000 |
| 2043 | 2,340,000 | 5.000 |
| 2053 | 7,035,000 | 5.500 |
| 2058 | 5,235,000 | 5.750 |

Interest shall be payable on each 2023 Bond from the date established in accordance with Section 2.5 below on each Interest Payment Date thereafter until the principal sum of that 2023 Bond has been paid; provided, however, that if at the maturity date of any 2023 Bond (or if the same is redeemable and shall be duly called for redemption, then at the date fixed for redemption) funds are available for the payment or redemption thereof in full, in accordance with the terms of this Fiscal Agent Agreement, such 2023 Bonds shall then cease to bear interest. Interest due on the 2023 Bonds shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

Section 2.5. Place and Form of Payment. The Bonds shall be payable both as to principal and interest, and as to any premiums upon the redemption thereof, in lawful money of the United States of America. The principal of the Bonds and any premiums due upon the redemption thereof shall be payable upon presentation and surrender thereof at the Designated Corporate Trust Office, or at the designated office of any successor Fiscal Agent. Interest on any Bond shall be payable from the Interest Payment Date next preceding the date of authentication of that Bond, unless (i) such date of authentication is an Interest Payment Date in which event interest shall be payable from such date of authentication, (ii) the date of authentication is after a Record Date but prior to the immediately succeeding Interest Payment Date, in

which event interest shall be payable from the Interest Payment Date immediately succeeding the date of authentication, or (iii) the date of authentication is prior to the close of business on the first Record Date occurring after the issuance of such Bond, in which event interest shall be payable from the dated date of such Bond, as applicable; provided, however, that if at the time of authentication of such Bond, interest is in default, interest on that Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment or, if no interest has been paid or made available for payment on that Bond, interest on that Bond shall be payable from its dated date. Interest on any Bond shall be paid to the person whose name shall appear in the Bond Register as the Owner of such Bond as of the close of business on the Record Date. Such interest shall be paid by check of the Fiscal Agent mailed on the Interest Payment Date by first class mail, postage prepaid, to such Bondowner at his or her address as it appears on the Bond Register. In addition, upon a request in writing received by the Fiscal Agent on or before the applicable Record Date from an Owner of \$1,000,000 or more in principal amount of the Bonds, payment shall be made on the Interest Payment Date by wire transfer in immediately available funds to an account within the United States designated by such Owner.

Section 2.6. Form of the 2023 Bonds and Temporary Bonds. The 2023 Bonds and the certificate of authentication shall be substantially in the form attached hereto as Exhibit A, which forms are hereby approved and adopted as the forms of such 2023 Bonds and of the certificate of authentication.

Notwithstanding any provision in this Fiscal Agent Agreement to the contrary, the CFD may, in its sole discretion, elect to issue the 2023 Bonds in book-entry form.

Until definitive Bonds shall be prepared, the CFD may cause to be executed and delivered in lieu of such definitive Bonds temporary bonds in typed, printed, lithographed or engraved form and in fully registered form, subject to the same provisions, limitations and conditions as are applicable in the case of definitive Bonds, except that they may be in any denominations authorized by the CFD. Until exchanged for definitive Bonds, any temporary bond shall be entitled and subject to the same benefits and provisions of this Fiscal Agent Agreement as definitive Bonds. If the CFD issues temporary Bonds, it shall execute and furnish definitive Bonds, without unnecessary delay and thereupon any temporary Bond may be surrendered to the Fiscal Agent at the Designated Corporate Trust Office, without expense to the Owner, in exchange for a definitive Bond of the same Series, issue, maturity, interest rate and principal amount in any authorized denomination. All temporary Bonds so surrendered shall be cancelled by the Fiscal Agent and shall not be reissued.

Section 2.7. Execution and Authentication. The Bonds shall be signed on behalf of the CFD by the manual or facsimile signature of the Mayor of the City, and attested by the signature of the City Clerk. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer before the Bonds so signed and sealed have been authenticated and delivered by the Fiscal Agent (including new Bonds delivered pursuant to the provisions hereof with reference to the transfer and exchange of Bonds or to lost, stolen, destroyed or mutilated Bonds), such Bonds shall nevertheless be valid and may be authenticated and delivered as herein provided, and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office.

Only the Bonds as shall bear thereon such certificate of authentication in the form set forth in Exhibit A hereto or in any Supplemental Fiscal Agent Agreement shall be entitled to any right or benefit under this Fiscal Agent Agreement, and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Fiscal Agent.

Section 2.8. Bond Register. The Fiscal Agent will keep or cause to be kept, at its Designated Corporate Trust Office, sufficient books for the registration and transfer of the Bonds which shall upon reasonable prior notice be open to inspection by the CFD during all regular business hours, and, subject to

the limitations set forth in Section 2.9 below, upon presentation for such purpose, the Fiscal Agent shall, under such reasonable regulations as shall then be standard and customary, register or transfer or cause to be transferred on said Bond Register, Bonds as herein provided.

The CFD and the Fiscal Agent may treat the Owner of any Bond whose name appears on the Bond Register as the absolute Owner of that Bond for any and all purposes, and the CFD and the Fiscal Agent shall not be affected by any notice to the contrary. The CFD and the Fiscal Agent may conclusively rely on the address of the Bondowner as it appears in the Bond Register for any and all purposes. It shall be the duty of the Bondowner to give written notice to the Fiscal Agent of any change in the Bondowner's address so that the Bond Register may be revised accordingly.

Section 2.9. **Registration of Exchange or Transfer.** Subject to the limitations set forth in the following paragraph, the registration of any Bond may, in accordance with its terms, be transferred upon the Bond Register by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond for cancellation at the Designated Corporate Trust Office of the Fiscal Agent, accompanied by delivery of written instrument of transfer duly executed by the Bondowner or his or her duly authorized attorney.

Bonds may be exchanged at the Designated Corporate Trust Office of the Fiscal Agent for a like aggregate principal amount of Bonds for other authorized denominations of the same maturity and issue. The Fiscal Agent shall not collect from the Owner any charge for any new Bond issued upon any exchange or transfer, but shall require the Bondowner requesting such exchange or transfer to pay any tax or other governmental charge required to be paid with respect to such exchange or transfer. Whenever any Bonds shall be surrendered for registration of transfer or exchange, the CFD shall execute and the Fiscal Agent shall authenticate and deliver a new Bond or Bonds of the same Series, issue and maturity, for a like aggregate principal amount; provided that, unless otherwise provided in any Supplemental Fiscal Agent Agreement, that the Fiscal Agent shall not be required to register transfers or make exchanges of (i) Bonds for a period of 15 days next preceding any selection of the Bonds to be redeemed, or (ii) any Bonds chosen for redemption.

Section 2.10. **Mutilated, Lost, Destroyed or Stolen Bonds.** If any Bond shall become mutilated, the CFD shall execute, and the Fiscal Agent shall authenticate and deliver, a new Bond of like Series, tenor, date, issue and maturity in exchange and substitution for the Bond so mutilated, but only upon surrender to the Fiscal Agent of the Bond so mutilated. Every mutilated Bond so surrendered to the Fiscal Agent shall be cancelled by the Fiscal Agent pursuant to Section 10.1 hereof. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Fiscal Agent and, if such evidence is satisfactory to the Fiscal Agent and, if indemnity satisfactory to the CFD and the Fiscal Agent shall be given, the CFD shall execute and the Fiscal Agent shall authenticate and deliver, a new Bond, as applicable, of like Series, tenor, maturity and issue, numbered and dated as the Fiscal Agent shall determine in lieu of and in substitution for the Bond so lost, destroyed or stolen. Any Bond issued in lieu of any Bond alleged to be mutilated, lost, destroyed or stolen, shall be equally and proportionately entitled to the benefits hereof with all other Bonds issued hereunder. The Fiscal Agent shall not treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be executed, authenticated and delivered hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and replacement Bond shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a new Bond which has been mutilated, lost, destroyed or stolen, and which has matured, the Fiscal Agent may, at the written direction of the CFD, make payment with respect to such Bonds.

Section 2.11. Validity of Bonds. The validity of the authorization and issuance of the Bonds shall not be affected in any way by any defect in any proceedings taken by the CFD, or by the invalidity, in whole or in part, of any contracts made by the CFD in connection therewith, and the recital contained in the Bonds that the same are issued pursuant to the Act and other applicable laws of the State shall be conclusive evidence of their validity and of the regularity of their issuance.

Section 2.12. Book-Entry System. Unless otherwise provided in any Supplemental Fiscal Agent Agreement delivered in connection with a Series, the Bonds shall be initially delivered in the form of a separate single fully registered Bond (which may be typewritten) for each of the maturities of the Bonds. Upon initial delivery, the ownership of each such Bond shall be registered in the registration books kept by the Fiscal Agent in the name of the Nominee as nominee of the Depository. Unless the CFD elects to discontinue the use of the book-entry system, all of the Outstanding Bonds shall be registered in the registration books kept by the Fiscal Agent in the name of the Nominee.

With respect to Bonds registered in the registration books kept by the Fiscal Agent in the name of the Nominee, the CFD and the Fiscal Agent shall have no responsibility or obligation to any such Participant or to any Person on behalf of which such a Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the CFD and the Fiscal Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other Person, other than an Owner as shown in the registration books kept by the Fiscal Agent, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in the Bonds to be redeemed in the event the Bonds are redeemed in part, or (iv) the payment to any Participant or any other Person, other than an Owner as shown in the registration books kept by the Fiscal Agent, of any amount with respect to principal of, premium, if any, or interest due with respect to the Bonds. The CFD and the Fiscal Agent may treat and consider the Person in whose name each Bond of a Series is registered in the registration books kept by the Fiscal Agent as the holder and absolute owner of such Bond of that Series for the purpose of payment of the principal of, premium, if any, and interest on such Bond of that Series, for the purpose of giving notices of redemption and other matters with respect to such Bond of that Series, for the purpose of registering transfers with respect to such Bond of that Series, and for all other purposes whatsoever. The Fiscal Agent shall pay all principal of, premium, if any, and interest due on the Bonds only to or upon the order of the respective Owner, as shown in the registration books kept by the Fiscal Agent, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to satisfy and discharge fully the CFD's obligations with respect to payment of the principal, premium, if any, and interest due on the Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the registration books kept by the Fiscal Agent, shall receive a Bond evidencing the obligation of the CFD to make payments of principal, premium, if any, and interest pursuant to this Fiscal Agent Agreement. Upon delivery by the Depository to the Fiscal Agent and the CFD of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Fiscal Agent Agreement shall refer to such new nominee of the Depository.

Section 2.13. Representation Letter. In order to qualify the Bonds which the CFD elects to register in the name of the Nominee for the Depository's book-entry system, an authorized representative of the CFD is hereby authorized to execute from time to time and deliver to such Depository the Representation Letter. The execution and delivery of the Representation Letter shall not in any way limit the provisions of Section 10.2 or in any other way impose upon the CFD or the Fiscal Agent any obligation whatsoever with respect to persons having interests in the Bonds other than the Owners, as shown on the registration books kept by the Fiscal Agent. In addition to the execution and delivery of the Representation Letter, the Mayor and any Authorized Representative of the CFD are hereby authorized to take any other

actions, not inconsistent with this Fiscal Agent Agreement, to qualify the Bonds for the Depository's book-entry program.

Section 2.14. Transfers Outside Book-Entry System. In the event (i) the Depository determines not to continue to act as securities depository for the Bonds, or (ii) the CFD determines that the Depository shall no longer so act, then the CFD will discontinue the book-entry system with the Depository. If the CFD fails to identify another qualified securities depository to replace the Depository then the Bonds so designated shall no longer be restricted to being registered in the registration books kept by the Fiscal Agent in the name of the Nominee, but shall be registered in whatever name or names Persons transferring or exchanging Bonds shall designate in writing, in accordance with the provisions of Section 2.9 hereof.

Section 2.15. Payments to the Nominee. Notwithstanding any other provisions of this Fiscal Agent Agreement to the contrary, so long as any Bond of a Series is registered in the name of the Nominee, all payments with respect to principal, premium, if any, and interest due with respect to such Bond of that Series and all notices with respect to such Bond of that Series shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Depository.

Section 2.16. Initial Depository and Nominee. The initial Depository under this Article shall be The Depository Trust Company, New York, New York. The initial Nominee shall be Cede & Co., as Nominee of The Depository Trust Company, New York, New York.

Section 2.17. CUSIP Numbers. The Fiscal Agent shall not be liable for any defect or inaccuracy in the CUSIP number that appears on any Bond or in any redemption notice. The Fiscal Agent may, in its reasonable judgment, include in any redemption notice a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Bondholders and that the Fiscal Agent shall not be liable for any inaccuracies in such numbers. The CFD will promptly notify the Fiscal Agent in writing of any change in the CUSIP numbers.

Section 2.18. No Acceleration. The principal of the Bonds shall not be subject to acceleration hereunder. Nothing in this Section shall in any way prohibit the prepayment or redemption of Bonds under Section 4.1 hereof or the provisions of any Supplemental Fiscal Agent Agreement, or the defeasance of the Bonds and discharge of this Fiscal Agent Agreement under Article IX hereof.

ARTICLE III

CREATION OF FUNDS AND APPLICATION OF SPECIAL TAXES

Section 3.1. Creation of Funds; Application of 2023 Bond Proceeds. There is hereby created and established and shall be maintained by the Fiscal Agent the following funds and accounts:

(1) The Special Tax Fund (in which there shall be established and created an Interest Account (and the 2023 Capitalized Interest Subaccount therein), a Principal Account, a Redemption Account, a 2023 Reserve Account and an Administrative Expense Account); and following the issuance of a Series of Bonds, the Fiscal Agent shall create separate subaccounts, as needed, for such Series for all accounts other than the Administrative Expense Account, and one or more Reserve Accounts, which shall be held and maintained by the Fiscal Agent;

(2) The Surplus Fund;

(3) The Acquisition and Construction Fund (in which there shall be established a 2023 Project Costs Account, a Surplus Special Tax Account, and a 2023 Costs of Issuance Account); and following the issuance of a Series of Bonds, the Fiscal Agent shall create separate Project Costs, and Costs of Issuance accounts for such Series, which shall be held and maintained by the Fiscal Agent; and

(4) The 2023 Bond Proceeds Fund.

The amounts on deposit in the foregoing funds, accounts and subaccounts shall be held by the Fiscal Agent and the Fiscal Agent shall invest and disburse the amounts in such funds, accounts and subaccounts in accordance with the provisions of this Article III and shall disburse investment earnings thereon in accordance with the provisions of Section 3.9 hereof. Except as required to be segregated into funds and accounts as described herein, money held by the Fiscal Agent hereunder need not be segregated from other funds except to the extent required by law.

At the Written Request of the CFD, the Fiscal Agent may create new funds, accounts or subaccounts, or may create additional accounts and subaccounts within any of the foregoing funds and accounts for the purpose of separately accounting for the proceeds of any Series of Bonds.

All proceeds of the sale of the 2023 Bonds, a total of \$16,631,639.35, shall be received by the Fiscal Agent on behalf of the CFD, deposited in the 2023 Bond Proceeds Fund, which the Fiscal Agent shall establish hereunder and further deposited and transferred as follows:

(1) \$50,913.19 shall be deposited to the 2023 Capitalized Interest Subaccount within the Interest Account of the Special Tax Fund established hereunder for disbursement in accordance with Section 3.4 below;

(2) \$320,000.00 shall be deposited to the 2023 Costs of Issuance Account of the Acquisition and Construction Fund established hereunder for disbursement in accordance with Section 3.8 below;

(3) \$1,236,337.50 (which is equal to the initial 2023 Reserve Requirement) shall be deposited in the 2023 Reserve Account to be disbursed in accordance with Section 3.6 below; and

(4) \$15,024,388.66 shall be deposited to the 2023 Project Costs Account of the Acquisition and Construction Fund for disbursement in accordance with Section 3.8 below.

After making the foregoing deposits and transfers the Fiscal Agent shall close the 2023 Bond Proceeds Fund.

Section 3.2. **Deposits to and Disbursements from Special Tax Fund.** The CFD shall, on each date on which it receives Special Taxes, transfer the Special Taxes to the Fiscal Agent for deposit in the Special Tax Fund to be held in accordance with the terms of this Fiscal Agent Agreement. The Fiscal Agent shall transfer the amounts on deposit in the Special Tax Fund on the dates and in the amounts set forth in the following Sections in the following order of priority:

- (a) The Administrative Expense Account of the Special Tax Fund;
- (b) The Interest Account of the Special Tax Fund;
- (c) The Principal Account of the Special Tax Fund;
- (d) The Redemption Account of the Special Tax Fund;

(e) The Reserve Accounts of the Special Tax Fund, including the 2023 Reserve Account;

(f) The Surplus Special Tax Account of the Acquisition and Construction Fund subject to Section 3.3; and

(g) The Surplus Fund.

At the maturity of all of the Bonds and, after all principal and interest then due on the Bonds then Outstanding has been paid or provided for and any amounts owed to the Fiscal Agent have been paid in full, moneys in the Special Tax Fund and any accounts therein shall be transferred to the CFD and may be used by the CFD for any lawful purpose.

Section 3.3. Administrative Expense Account of the Special Tax Fund. Upon receipt of Special Taxes from the CFD for deposit in the Special Tax Fund, the Fiscal Agent shall transfer from the Special Tax Fund and deposit in the Administrative Expense Account of the Special Tax Fund an amount equal to the Administrative Expense Requirement for the Bond Year. Annually, to the extent that the amounts on deposit in the Administrative Expense Account of the Special Tax Fund are insufficient to pay Administrative Expenses above the Administrative Expense Requirement, there shall be transferred by the Fiscal Agent at the written direction of the CFD to pay Administrative Expenses above the Administrative Expense Requirement, (i) from Special Taxes prior to the transfer of Special Taxes to the Surplus Special Tax Account pursuant to Section 3.2(f) hereof but only after transfers are made pursuant to Section 3.2 (a) through (e), or (ii) from moneys deposited in the Surplus Fund. Moneys in the Administrative Expense Account shall be disbursed by the Fiscal Agent to pay Administrative Expenses, all as instructed by the CFD pursuant to a Written Request of the CFD. Moneys in the Administrative Expense Account of the Special Tax Fund may be invested in any Authorized Investments as directed by an Authorized Representative of the CFD.

Section 3.4. Interest Account and Principal Account of the Special Tax Fund. The principal of and interest due on the Bonds until maturity, other than principal due upon redemption, shall be paid by the Fiscal Agent from the Principal Account and the Interest Account of the Special Tax Fund, respectively. For the purpose of assuring that the payment of principal of and interest on the Bonds will be made when due, at least five Business Days prior to each March 1 and September 1, the Fiscal Agent shall make the following transfers from the Special Tax Fund first to the Interest Account and then to the Principal Account; provided, however, that to the extent that deposits have been made in the Interest Account or the Principal Account from the proceeds of the sale of a Series of Bonds, or otherwise, the transfer from the Special Tax Fund need not be made; and provided, further, that, if amounts in the Special Tax Fund are inadequate to make the foregoing transfers, then any deficiency shall be made up by an immediate transfer from the Reserve Account applicable to such Series of Bonds:

(1) To the Interest Account, an amount such that the balance in the Interest Account five Business Days prior to each Interest Payment Date shall be equal to the installment of interest due on the Bonds on said Interest Payment Date and any installment of interest due on a previous Interest Payment Date which remains unpaid. Moneys in the Interest Account shall be used for the payment of interest on the Bonds as the same become due. Moneys in the 2023 Capitalized Interest Subaccount within the Interest Account shall be transferred to the Interest Account for payment of a portion of interest due on the 2023 Bonds through September 1, 2024.

(2) To the Principal Account, an amount such that the balance in the Principal Account five Business Days prior to September 1 of each year, commencing September 1, 2026, shall at least equal the principal payment due on the Bonds maturing on such September 1 and any principal payment due on a

previous September 1 which remains unpaid. Moneys in the Principal Account shall be used for the payment of the principal of such Bonds as the same become due at maturity.

Section 3.5. Redemption Account of the Special Tax Fund.

(1) On each September 1 on which a Sinking Fund Payment is due, after the deposits have been made to the Interest Account and the Principal Account of the Special Tax Fund as required by Section 3.4 hereof, the Fiscal Agent shall next transfer into the Redemption Account of the Special Tax Fund from the Special Tax Fund the amount needed to make the balance in the Redemption Account five Business Days prior to each September 1 equal to the Sinking Fund Payment due on any Outstanding Bonds on such September 1; provided, however, that, if amounts in the Special Tax Fund are inadequate to make the foregoing transfers, then any deficiency shall be made up by an immediate transfer from the applicable Reserve Account, if funded, pursuant to Section 3.6 below. Moneys so deposited in the Redemption Account shall be used and applied by the Fiscal Agent to call and redeem Term Bonds in accordance with the Sinking Fund Payment schedule set forth in Section 4.1 hereof or any Supplemental Fiscal Agent Agreement.

(2) After making the deposits to the Interest Account and the Principal Account of the Special Tax Fund pursuant to Section 3.4 above and to the Redemption Account for Sinking Fund Payments then due pursuant to subparagraph (1) of this Section, and in accordance with the CFD's election to call Bonds of a Series for optional redemption as set forth in Section 4.1(1) hereof or any Supplemental Fiscal Agent Agreement, and in connection with special mandatory redemption from special tax prepayments as set forth in Section 4.1(2) hereof, the Fiscal Agent shall transfer from the Special Tax Fund and deposit in the Redemption Account moneys available for the purpose and sufficient to pay the interest, the principal and the premiums, if any, payable on the Bonds of such Series called for optional or special mandatory redemption; provided, however, that amounts in the Special Tax Fund (exclusive of amounts transferred to the Administrative Expense Account) may be applied to optionally redeem Bonds only if immediately following such redemption the amount in each Reserve Account will equal the respective Reserve Requirement.

(3) All prepayments of Special Taxes shall be deposited in the Redemption Account to be used to redeem Bonds on the next date for which notice of redemption can timely be given.

(4) Moneys set aside in the Redemption Account shall be used solely for the purpose of redeeming Bonds and shall be applied on or after the redemption date to the payment of the principal of and premium, if any, on the Bonds to be redeemed upon presentation and surrender of such Bonds and in the case of an optional redemption to pay the interest thereon; provided, however, that in lieu or partially in lieu of such call and redemption, moneys deposited in the Redemption Account as set forth above may be used to purchase Outstanding Bonds in the manner hereinafter provided. Purchases of Outstanding Bonds may be made by the CFD at public or private sale as and when and at such prices as the CFD may in its discretion determine but only at prices (including brokerage or other expenses) not more than par plus accrued interest, plus, in the case of moneys set aside for an optional redemption, the premium applicable at the next following call date according to the premium schedule established pursuant to Section 4.1(1) hereof. The CFD shall provide written direction to the Fiscal Agent to purchase such Outstanding Bonds at the purchase price specified by the CFD from moneys in the Redemption Account. Any accrued interest payable upon the purchase of Bonds may be paid from the amount reserved in the Interest Account of the Special Tax Fund for the payment of interest on the next following Interest Payment Date.

Section 3.6. 2023 Reserve Account of the Special Tax Fund. There shall be maintained in the 2023 Reserve Account of the Special Tax Fund an amount equal to the 2023 Reserve Requirement. The amounts in the 2023 Reserve Account shall be applied as follows:

(1) Moneys in the 2023 Reserve Account shall be used solely for the purpose of paying the principal of, including Sinking Fund Payments, and interest on any 2023 Bonds and Related Parity Bonds when due in the event that the moneys in the Interest Account and the Principal Account of the Special Tax Fund are insufficient therefor or moneys in the Redemption Account of the Special Tax Fund are insufficient to make a Sinking Fund Payment when due. If the amounts in the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund are insufficient to pay the principal of, including Sinking Fund Payments, or interest on any 2023 Bonds and any Related Parity Bonds when due, the Fiscal Agent shall withdraw from the 2023 Reserve Account for deposit in the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund, as applicable, moneys necessary for such purposes.

(2) Whenever moneys are withdrawn from the 2023 Reserve Account, after making the required transfers referred to in Sections 3.4 and 3.5 above, the Fiscal Agent shall transfer to the 2023 Reserve Account from available moneys in the Special Tax Fund, or from any other legally available funds which the CFD elects to apply to such purpose, the amount needed to restore the amount of such 2023 Reserve Account to the 2023 Reserve Requirement. Moneys in the Special Tax Fund shall be deemed available for transfer to the 2023 Reserve Account only if the Fiscal Agent determines that such amounts will not be needed to make the deposits required to be made to the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund. If amounts in the Special Tax Fund or otherwise transferred to replenish the 2023 Reserve Account are inadequate to restore the 2023 Reserve Account to the 2023 Reserve Requirement, then the CFD shall include the amount necessary fully to restore the 2023 Reserve Account to the 2023 Reserve Requirement in the next annual Special Tax levy to the extent of the maximum permitted Special Tax rates.

(3) In connection with any redemption of the 2023 Bonds or Related Parity Bonds, or a partial defeasance of the 2023 Bonds or Related Parity Bonds in accordance with Section 9.1 hereof, amounts in the 2023 Reserve Account may, upon written direction of the CFD to the Fiscal Agent, be applied to such redemption or partial defeasance so long as the amount on deposit in the 2023 Reserve Account following such redemption or partial defeasance equals the 2023 Reserve Requirement. To the extent that the 2023 Reserve Account is at the 2023 Reserve Requirement as of the first day of the final Bond Year for the 2023 Bonds or the Related Parity Bonds, amounts in the 2023 Reserve Account may, upon written direction of the CFD to the Fiscal Agent, be applied to pay the principal of and interest due on the 2023 Bonds or Related Parity Bonds in the final Bond Year for such issue. Moneys in the 2023 Reserve Account in excess of the 2023 Reserve Requirement not transferred in accordance with the preceding provisions of this paragraph shall be withdrawn from the 2023 Reserve Account on the fifth Business Day before each September 1 and transferred to the 2023 Project Costs Account of the Acquisition and Construction Fund until the Fiscal Agent receives a Certificate of Authorized Representative of the CFD that all Project Costs have been funded in the manner set forth in Section 3.8 and, thereafter, to the Interest Account of the Special Tax Fund.

Section 3.7. Surplus Fund. After making the transfers required by Sections 3.3, 3.4, 3.5, and 3.6 hereof, as soon as practicable after each September 1, the Fiscal Agent shall transfer all remaining amounts in the Special Tax Fund to the Surplus Fund, other than amounts in the Special Tax Fund which the CFD directs the Fiscal Agent by Written Request of the CFD to retain because the CFD has included such funds as being available in the Special Tax Fund in calculating the amount of the levy of Special Taxes for such Fiscal Year pursuant to Section 5.2(2) hereof. Moneys deposited in the Surplus Fund shall be transferred by the Fiscal Agent at the written direction of the CFD to the Administrative Expense Account of the Special Tax Fund to pay Administrative Expenses to the extent that the amounts on deposit in the Administrative Expense Account of the Special Tax Fund are insufficient to pay Administrative Expenses or, upon the Written Request of the CFD, may be disbursed to the CFD to be expended for any other lawful purpose of the CFD.

The amounts in the Surplus Fund are not pledged to the repayment of the Bonds. In the event that the CFD reasonably expects to use any portion of the moneys in the Surplus Fund to pay debt service on any Outstanding Bonds, upon the written direction of the CFD, the Fiscal Agent will segregate such amount into a separate subaccount and the moneys on deposit in such subaccount of the Surplus Fund shall be invested at the written direction of the CFD in Authorized Investments the interest on which is excludable from gross income under Section 103 of the Code (other than bonds the interest on which is a tax preference item for purposes of computing the alternative minimum tax of individuals and corporations under the Code) or in Authorized Investments at a yield not in excess of the yield on the issue of Bonds to which such amounts are to be applied, unless, in the opinion of Bond Counsel, investment at a higher yield will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds which were issued on a tax-exempt basis for federal income tax purposes.

Section 3.8. Acquisition and Construction Fund.

(1) The amounts in all accounts of the Acquisition and Construction Fund are not pledged to the repayment of the Bonds. The moneys in the Project Costs Account of the Acquisition and Construction Fund shall be applied exclusively to pay the Project Costs. The moneys in the Costs of Issuance Account of the Acquisition and Construction Fund shall be applied exclusively to pay Costs of Issuance. Amounts for Project Costs and Costs of Issuance shall be disbursed by the Fiscal Agent from the applicable account in the Acquisition and Construction Fund designated therefor in a requisition signed by an Authorized Representative of the CFD, substantially in the form of Exhibit B hereto, which must be submitted in connection with each requested disbursement.

(2) Until September 1, 2053 and so long as there are Project Costs that have not yet been paid, the Surplus Special Tax Account shall be funded with the Special Taxes, subject to any deposits higher in priority as set forth in Section 3.2, and excluding Special Taxes transferred by the Fiscal Agent at the written direction of the CFD to the Administrative Expense Account of the Special Tax Fund to pay Administrative Expenses to the extent that the amounts on deposit in the Administrative Expense Account of the Special Tax Fund are insufficient to pay Administrative Expenses above the Administrative Expense Requirement pursuant to Section 3.3. All funds deposited in the Surplus Special Tax Account shall be held therein until needed to finance Project Costs. In clarification of the foregoing, all amounts deposited in the Surplus Special Tax Account shall accumulate in the Surplus Special Tax Account and be used to finance, from time to time, Project Costs until the earlier of (i) the date all Project Costs have been paid, or (ii) September 1, 2053. Subject to the Funding Agreement, funds on deposit in the Surplus Special Tax Account shall be applied exclusively to pay the Project Costs.

(3) If an Authorized Representative of the CFD believes that all or a specified portion of the amount remaining in the Project Costs Account and Surplus Special Tax Account of the Acquisition and Construction Fund is no longer needed to pay Project Costs, the Authorized Representative shall provide the Developer with written notice (the "Initial Notice") of the Authorized Representative's determination and that unless the Developer objects (a "Developer Objection") in writing within thirty (30) days of receipt of the Initial Notice and provides evidence that there are Project Costs remaining to be financed, the Authorized Representative will direct the Fiscal Agent to take the steps set forth herein. At any time following the thirty (30) day period after the Developer receives the Initial Notice, if the Developer has not provided a Developer Objection during such time period, then the Authorized Representative is authorized to provide a Certificate to the Fiscal Agent to take the steps described herein. Upon of a Certificate of Authorized Representative of the CFD that all or a specified portion of the amount remaining in the Project Costs Account and Surplus Special Tax Account of the Acquisition and Construction Fund is no longer needed to pay Project Costs, the Fiscal Agent shall redeem Bonds, if so requested in such Certificate, or transfer all or such specified portion of the moneys remaining on deposit in such accounts of the Acquisition and Construction Fund to the Special Tax Fund, or to the Surplus Fund if requested in the Certificate and

if there shall have been delivered to the Fiscal Agent with such Certificate an opinion of Bond Counsel to the effect that such transfer to the Surplus Fund will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds which were issued on a tax-exempt basis for federal income tax purposes. Upon transfer of the final amounts on deposit in such accounts of the Acquisition and Construction Fund, as directed, such accounts and fund shall be closed. Notwithstanding the foregoing, any amount remaining in the 2023 Costs of Issuance Account of the Acquisition and Construction Fund on the date 180 days from the 2023 Delivery Date shall be transferred to the 2023 Project Costs Account of the Acquisition and Construction Fund and such account shall be closed.

Section 3.9. **Investments.** Moneys held in any of the funds and accounts under this Fiscal Agent Agreement shall be invested at the Written Request of the CFD, such Written Request to specify which Authorized Investment is to be invested in, in accordance with the limitations set forth below only in Authorized Investments which shall be deemed at all times to be a part of such funds and accounts. Any loss resulting from such Authorized Investments shall be credited or charged to the fund or account from which such investment was made, and, unless otherwise provided in a Supplemental Fiscal Agent Agreement establishing the terms and provisions of a Series of Bonds, any investment earnings on a fund or account shall be applied as follows: (i) investment earnings on all amounts deposited in the Special Tax Fund (exclusive of amounts transferred to each Reserve Account), Surplus Fund, Acquisition and Construction Fund and each Account therein shall be deposited in those respective funds and accounts, and (ii) all other investment earnings shall be deposited in the Interest Account of the Special Tax Fund; provided, however, to the extent moneys in each Reserve Account exceed the Reserve Requirement, such excess amounts shall be deposited and transferred pursuant to Section 3.6(3) hereof. Moneys in the funds and accounts held under this Fiscal Agent Agreement shall be invested by the Fiscal Agent at the Written Request of the CFD received at least 2 Business Days prior to the investment date, from time to time, in Authorized Investments subject to the following restrictions:

(1) Moneys in the Interest Account, the Principal Account and the Redemption Account of the Special Tax Fund shall be invested only in Authorized Investments which will by their terms mature, or in the case of an Investment Agreement are available for withdrawal without penalty, on such dates so as to ensure the payment of principal of, premium, if any, and interest on the Bonds as the same become due.

(2) Moneys in the Acquisition and Construction Fund shall be invested in Authorized Investments which will by their terms mature, or in the case of an Investment Agreement are available without penalty, as close as practicable to the date the CFD estimates the moneys represented by the particular investment will be needed for withdrawal from the Acquisition and Construction Fund. Notwithstanding anything herein to the contrary, amounts in the Acquisition and Construction Fund on the Delivery Date for the Bonds shall not be invested at yields greater than those set forth in the Tax Certificate.

(3) One-half of the amount in each Reserve Account of the Special Tax Fund may be invested only in Authorized Investments which mature not later than two years from their date of purchase by the Fiscal Agent, and one-half of the amount in each Reserve Account may be invested only in Authorized Investments which mature not more than three years from the date of purchase by the Fiscal Agent; provided that such amounts may be invested in an Investment Agreement to the final maturity of the Bonds so long as such amounts may be withdrawn at any time, without penalty, for application in accordance with Section 3.6 hereof; and provided that no such Authorized Investment of amounts in each Reserve Account allocable to the Bonds shall mature later than the final maturity date of the Bonds.

(4) In the absence of Written Request of the CFD providing investment directions, the Fiscal Agent shall invest solely in Authorized Investments specified in clause (4) of the definition thereof.

The Fiscal Agent shall sell at the best price obtainable by it, or present for redemption, any Authorized Investment whenever it may be necessary to do so in order to provide moneys to meet any payment or transfer to such Funds and Accounts or from such Funds and Accounts. For the purpose of determining at any given time the balance in any such Funds and Accounts, any such investments constituting a part of such Funds and Accounts shall be valued at their cost, except that amounts in the Reserve Account shall be valued at the fair market value thereof and marked to market at least annually. Notwithstanding anything herein to the contrary, the Fiscal Agent shall not be responsible for any losses, fees, taxes or other charges from investments, reinvestments, liquidation of investments, sales or transfers undertaken in accordance with the provisions of this Fiscal Agent Agreement. The Fiscal Agent or an affiliate may act as principal or agent in connection with the acquisition or disposition of any Authorized Investments and shall be entitled to its customary fees therefor. Any Authorized Investments that are registrable securities shall be registered in the name of the Fiscal Agent. The Fiscal Agent is hereby authorized, in making or disposing of any investment permitted by this Section, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Fiscal Agent or for any third person or dealing as principal for its own account.

The CFD acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the CFD the right to receive brokerage confirmations of security transactions as they occur, the CFD specifically waives receipt of such confirmations for securities transactions effected by the Fiscal Agent as they occur to the extent permitted by law. The CFD further understands that trade confirmations for securities transactions effected by the Fiscal Agent will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker. The Fiscal Agent will furnish the CFD periodic cash transaction statements which include detail for all investment transactions effected by the Fiscal Agent hereunder or brokers selected by the CFD. Upon the CFD's election, such statements will be delivered via the Fiscal Agent's online service and upon electing such service, paper statements will be provided only upon request. The Fiscal Agent or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Fiscal Agent hereunder.

Section 3.10. Additional Series of Bonds. In addition to the 2023 Bonds, the CFD may issue additional Series of Bonds in such principal amount as shall be determined by the CFD, under a Supplemental Fiscal Agent Agreement entered into by the CFD and the Fiscal Agent. Any such Series shall constitute Bonds under this Fiscal Agent Agreement and shall be secured by a lien on the Special Taxes (other than the Special Taxes to be deposited into the Administrative Expense Account of the Special Tax Fund pursuant to Section 3.3) and funds pledged for the payment of the Bonds hereunder on a parity with all other Bonds Outstanding under this Fiscal Agent Agreement. The 2023 Reserve Account secures the 2023 Bonds and any Related Parity Bonds. The CFD may issue such additional Series subject to the following specific conditions precedent:

(1) **Compliance.** The CFD shall be in compliance with all covenants set forth hereunder and all Supplemental Fiscal Agent Agreements or shall be in compliance immediately following the issuance of such Series, and issuance of a Series shall not cause the CFD to exceed the CFD's limitation on debt (as defined in the Act).

(2) **Purpose.** The purposes for which such Series of Bonds are to be issued; provided, that the proceeds of the sale of such Series of Bonds shall be applied only for the purpose of providing funds to (A) pay the costs of the Project, (B) refund any Bonds issued hereunder, (C) pay capitalized interest on such Series of Bonds, (D) pay Costs of Issuance incurred in connection with the issuance of such Series of Bonds, and (E) make any deposit to the 2023 Reserve Account or establish and fund a separate Reserve Account required pursuant to paragraph (4) below;

(3) Same Payment Dates. The Supplemental Fiscal Agent Agreement providing for the issuance of such Series shall provide that interest thereon shall be payable on Interest Payment Dates, and principal thereof shall be payable on September 1 in any year in which principal is payable on such Series (provided that there shall be no requirement that any Series pay interest on a current basis).

(4) Separate Funds; Reserve Account Deposit. The Supplemental Fiscal Agent Agreement providing for the issuance of such Series may provide for the establishment of separate funds and accounts.

Subject to the provisions of Section 3.6, the Supplemental Fiscal Agent Agreement may provide for a separate Reserve Account securing such Series at a reserve requirement to be specified in the Supplemental Fiscal Agent Agreement, or, if the Supplemental Fiscal Agent Agreement specifies that the 2023 Reserve Account shall act as a reserve for the payment of the principal of, and interest and any premium on, such Series of Bonds (constituting Related Parity Bonds), the Supplemental Fiscal Agent Agreement shall provide for an amount to be deposited into the 2023 Reserve Account of the Special Tax Fund so that the balance on deposit in the 2023 Reserve Account is increased to an amount at least equal to the 2023 Reserve Requirement following the issuance of such Series of Bonds; and an amount at least equal to the 2023 Reserve Requirement shall thereafter be maintained in the 2023 Reserve Account. Such deposit shall be made as provided in the Supplemental Fiscal Agent Agreement providing for the issuance of such additional Series and may be made from the proceeds of the sale of such additional Series or from other funds.

(5) Aggregate Value-to-Lien. The aggregate CFD Value of all Taxable Property shall be at least three (3) times the sum of: (i) the aggregate principal amount of all Bonds then Outstanding, plus (ii) the aggregate principal amount of the additional Series proposed to be issued, plus (iii) the aggregate principal amount of any fixed assessment liens on the parcels in the CFD subject to the levy of Special Taxes, plus (iv) a portion of the aggregate principal amount of any and all other community facilities district bonds then outstanding and payable at least partially from special taxes to be levied on parcels of land within the CFD (the "Other District Bonds") equal to the aggregate outstanding principal amount of the Other District Bonds multiplied by a fraction, the numerator of which is the amount of special taxes levied for the Other District Bonds on parcels of land within the CFD subject to the Special Taxes, and the denominator of which is the total amount of special taxes levied for the Other District Bonds on all parcels of land against which such special taxes are levied to pay the Other District Bonds based upon information from the most recent available Fiscal Year.

(6) Aggregate Coverage. For each Fiscal Year after issuance of the proposed Series, the maximum amount of the Special Taxes that may be levied for such Fiscal Year on all parcels then classified as Taxable Parcels or to be classified as Taxable Property in the subsequent Fiscal Year not then delinquent in the payment of any prior or current years' Special Taxes, less the Administrative Expense Requirement for each respective Fiscal Year, shall be at least 110% of the total Annual Debt Service of the then Outstanding Bonds and the proposed Series of Bonds for each Bond Year that commences in each such Fiscal Year.

(7) Certificates. The CFD shall deliver to the Fiscal Agent a Certificate of Authorized Representative of the CFD certifying that the conditions precedent to the issuance of such Series set forth in paragraphs (1) through (6) above have been satisfied.

(8) Opinion. An Opinion of Bond Counsel to the effect that execution of the Supplemental Fiscal Agent Agreement has been duly authorized by the CFD in accordance with this Fiscal Agent Agreement and that such Series, when duly executed by the CFD and authenticated and delivered by the Fiscal Agent, will be valid and binding obligations of the CFD.

Notwithstanding the foregoing, the CFD may issue Refunding Bonds to refund all or a portion of one or more Series without the need to satisfy the requirements of paragraphs (5) through (6) above, and, in connection therewith, the Certificate of Authorized Representative of the CFD in paragraph (7) above need not make reference to paragraphs (5) through (6); provided a certification is made that Maximum Annual Debt Service on all Outstanding Bonds following the issuance of such Refunding Bonds is less than or equal to Maximum Annual Debt Service on all Outstanding Bonds prior to the issuance of such Refunding Bonds.

Nothing in this Fiscal Agent Agreement prohibits the CFD from issuing any other bonds or otherwise incurring debt secured by a pledge of the Special Taxes (other than the Special Taxes to be deposited into the Administrative Expense Account pursuant to Section 3.3.) subordinate to the pledge thereof under this Fiscal Agent Agreement.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.1. Redemption of 2023 Bonds.

(1) Optional Redemption. The 2023 Bonds maturing on or after September 1, 2031 are subject to redemption prior to maturity at the option of the CFD on any date, on or after September 1, 2030, as a whole or in part, by lot, from any available source of funds at the following redemption prices (expressed as a percentage of the principal amount of 2023 Bonds to be redeemed), together with accrued interest thereon to the date fixed for redemption:

| <u>Redemption Dates</u> | <u>Redemption Prices</u> |
|---|--------------------------|
| September 1, 2030 through August 31, 2031 | 103% |
| September 1, 2031 through August 31, 2032 | 102% |
| September 1, 2032 through August 31, 2033 | 101% |
| September 1, 2033 and any date thereafter | 100% |

(2) Special Mandatory Redemption from Special Tax Prepayments. The 2023 Bonds are subject to mandatory redemption prior to maturity on any Interest Payment Date, on or after March 1, 2024, as a whole or in part, in a manner determined by the CFD from prepayments of Special Taxes at the following redemption prices (expressed as a percentage of the principal amount of 2023 Bonds to be redeemed), together with accrued interest thereon to the date fixed for redemption:

| <u>Redemption Dates</u> | <u>Redemption Prices</u> |
|--|--------------------------|
| March 1, 2024 and each March 1 and September 1 through and including March 1, 2031 | 103% |
| September 1, 2031 and March 1, 2032 | 102% |
| September 1, 2032 and March 1, 2033 | 101% |
| September 1, 2033 and each March 1 and September 1 thereafter | 100% |

In connection with such redemption, the CFD may also apply amounts in the Reserve Account which will be in excess of the Reserve Requirement as a result of such Special Tax prepayment to redeem 2023 Bonds as set forth above.

In the event the CFD elects to redeem 2023 Bonds as provided above in (1) or (2), the CFD shall give written notice to the Fiscal Agent of its election to so redeem, the redemption date and the principal amount of the 2023 Bonds of each maturity to be redeemed. The notice to the Fiscal Agent shall be given at least 45 but no more than 90 days prior to the redemption date, or by such later date as is acceptable to the Fiscal Agent.

(3) Mandatory Sinking Fund Redemption. The Term 2023 Bonds maturing on September 1, 2038, on September 1, 2043, on September 1, 2053 and on September 1, 2058 are subject to mandatory redemption, in part by lot, on September 1 in each year commencing September 1, 2034 with respect to the Term 2023 Bonds maturing on September 1, 2038, on September 1 in each year commencing September 1, 2039 with respect to the Term 2023 Bonds maturing on September 1, 2043, on September 1 in each year commencing September 1, 2044 with respect to the Term 2023 Bonds maturing on September 1, 2053, and commencing September 1, 2054 with respect to the Term 2023 Bonds maturing on September 1, 2058, from the Sinking Fund Payments that have been deposited into the Redemption Account at a redemption price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest thereon to the date of redemption as set forth in the following schedule; provided, however, that (i) in lieu of redemption thereof, the Term 2023 Bonds may be purchased by the CFD and tendered to the Fiscal Agent, and (ii) if some but not all of the Term 2023 Bonds have been redeemed pursuant to Sections 4.1(1) and (2) above, the total amount of all future sinking payments will be reduced by the aggregate principal amount of the Term 2023 Bonds so redeemed, to be allocated among such sinking payments on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000 as determined by the CFD in a written notice to the Fiscal Agent.

Term 2023 Bonds Maturing on September 1, 2038

| <u>Redemption Date</u> <u>(September 1)</u> | <u>Principal Amount</u> | <u>Redemption Date</u> <u>(September 1)</u> | <u>Principal Amount</u> |
|--|-------------------------|--|-------------------------|
| 2034 | \$220,000 | 2037 | \$325,000 |
| 2035 | 250,000 | 2038* | 365,000 |
| 2036 | 285,000 | | |

* (maturity)

Term 2023 Bonds Maturing on September 1, 2043

| <u>Redemption Date</u> <u>(September 1)</u> | <u>Principal Amount</u> | <u>Redemption Date</u> <u>(September 1)</u> | <u>Principal Amount</u> |
|--|-------------------------|--|-------------------------|
| 2039 | \$405,000 | 2042 | \$495,000 |
| 2040 | 450,000 | 2043* | 520,000 |
| 2041 | 470,000 | | |

* (maturity)

Term 2023 Bonds Maturing on September 1, 2053

| <u>Redemption Date</u> <u>(September 1)</u> | <u>Principal Amount</u> | <u>Redemption Date</u> <u>(September 1)</u> | <u>Principal Amount</u> |
|--|-------------------------|--|-------------------------|
| 2044 | \$545,000 | 2049 | \$715,000 |
| 2045 | 575,000 | 2050 | 755,000 |
| 2046 | 610,000 | 2051 | 795,000 |
| 2047 | 640,000 | 2052 | 840,000 |
| 2048 | 675,000 | 2053* | 885,000 |

* (maturity)

Term 2023 Bonds Maturing on September 1, 2058

| <u>Redemption Date</u> <u>(September 1)</u> | <u>Principal Amount</u> | <u>Redemption Date</u> <u>(September 1)</u> | <u>Principal Amount</u> |
|--|-------------------------|--|-------------------------|
| 2054 | \$ 935,000 | 2057 | \$1,105,000 |
| 2055 | 985,000 | 2058* | 1,165,000 |
| 2056 | 1,045,000 | | |
| * (maturity) | | | |

Section 4.2. Selection of Bonds for Redemption. If less than all of the Bonds Outstanding are to be redeemed, the Bonds to be redeemed shall be selected by lot and the portion of any Bond of a denomination of more than \$5,000 to be redeemed shall be in the principal amount of \$5,000 or an integral multiple thereof. In selecting portions of such Bonds for redemption, the Fiscal Agent shall treat such Bonds as representing that number of Bonds of \$5,000 denominations which is obtained by dividing the principal amount of such Bonds to be redeemed in part by \$5,000. The Fiscal Agent shall promptly notify the CFD in writing of the Bonds, or portions thereof, selected for redemption.

Section 4.3. Notice of Redemption. When Bonds are due for redemption under Section 4.1 above, the Fiscal Agent shall give notice, in the name of the CFD, of the redemption of such Bonds provided, however, that a notice of a redemption to be made from other than from Sinking Fund Payments shall be conditioned on there being on deposit on the redemption date sufficient money to pay the redemption price of the Bonds to be redeemed. Such notice of redemption shall (a) specify the CUSIP numbers (if any), the bond numbers, the Series and the maturity date or dates of the Bonds selected for redemption, except that where all of the Bonds of a Series of a maturity are subject to redemption, or all the Bonds of a Series of one maturity, are to be redeemed, the bond numbers of such issue need not be specified; (b) state the date fixed for redemption and surrender of the Bonds to be redeemed; (c) state the redemption price; (d) state the place or places where the Bonds are to be redeemed; (e) in the case of Bonds to be redeemed only in part, state the portion of such Bond which is to be redeemed; (f) state the date of issue of the Series of Bonds as originally issued; (g) state the rate of interest borne by each Bond being redeemed; and (h) state any other descriptive information needed to identify accurately the Bonds being redeemed as shall be specified by the Fiscal Agent. Such notice shall further state that on the date fixed for redemption, there shall become due and payable on each Bond, or portion thereof called for redemption, the principal thereof, together with any premium, and interest accrued to the redemption date, and that from and after such date, interest thereon shall cease to accrue and be payable. At least 30 days but no more than 60 days prior to the redemption date, the Fiscal Agent shall mail a copy of such notice, by first class mail, postage prepaid, to the respective Owners of such Series thereof at their addresses appearing on the Bond Register. The actual receipt by the Owner of any Bond or the original purchaser of any Bond of notice of such redemption shall not be a condition precedent to redemption, and neither the failure to receive nor any defect in such notice shall affect the validity of the proceedings for the redemption of such Bonds, or the cessation of interest on the redemption date. A certificate by the Fiscal Agent that notice of such redemption has been given as herein provided shall be conclusive as against all parties and the Owner shall not be entitled to show that he or she failed to receive notice of such redemption.

If at the time of mailing of any notice of optional redemption there shall not have been deposited with the Fiscal Agent moneys sufficient to redeem all the Bonds called for redemption, such notice shall state that it is conditional and subject to the deposit of the redemption moneys with the Fiscal Agent not later than the opening of business on the redemption date and will be of no effect unless such moneys are so deposited.

The CFD shall have the right to rescind any notice of optional redemption by written notice to the Fiscal Agent at least one Business Day prior to the date fixed for redemption. Any notice of such redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default hereunder. The CFD and the Fiscal Agent shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Fiscal Agent shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

In addition to the foregoing notice, further notice shall be given by the Fiscal Agent as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

Each further notice of redemption shall be sent on or before the date notice of redemption is mailed to the Bondowners pursuant to the first paragraph of this Section to the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board, maintained on the Internet at <http://emma.msrb.org>, or to such other organizations providing notice of redemption of obligations such as the Bonds.

Upon the payment of the redemption price of any Bonds being redeemed, each check or other transfer of funds issued for such purpose shall to the extent practicable bear the CUSIP number identifying, by Series, issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Section 4.4. Partial Redemption of Bonds. Upon surrender of any Bond to be redeemed in part only, the CFD shall execute and the Fiscal Agent shall authenticate and deliver to the Bondowner, at the expense of the CFD, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bonds surrendered, with the same interest rate and the same Series and maturity.

Section 4.5. Effect of Notice and Availability of Redemption Money. Notice of redemption having been duly given, as provided in Section 4.3 hereof, and the amount necessary for the redemption having been made available for that purpose and being available therefor on the date fixed for such redemption:

(1) The Bonds, or portions thereof, designated for redemption shall, on the date fixed for redemption, become irrevocably due and payable at the redemption price thereof as provided in this Fiscal Agent Agreement, anything in this Fiscal Agent Agreement or in the Bonds to the contrary notwithstanding;

(2) Upon presentation and surrender thereof at the Designated Corporate Trust Office of the Fiscal Agent, the redemption price of such Bonds shall be paid to the Owners thereof;

(3) As of the redemption date the Bonds, or portions thereof so designated for redemption shall be deemed to be no longer Outstanding and such Bonds, or portions thereof, shall cease to bear further interest; and

(4) As of the date fixed for redemption no Owner of any of the Bonds, or portions thereof so designated for redemption, shall be entitled to any of the benefits of this Fiscal Agent Agreement or any Supplemental Fiscal Agent Agreement, or to any other rights, except with respect to payment of the redemption price and interest accrued to the redemption date from the amounts so made available.

ARTICLE V

COVENANTS AND WARRANTY

Section 5.1. **Warranty.** The CFD shall preserve and protect the security pledged hereunder to the Bonds against all claims and demands of all persons.

Section 5.2. **Covenants.** So long as any of the Bonds issued hereunder are Outstanding and unpaid, the CFD makes the following covenants with the Bondowners under the provisions of the Act and this Fiscal Agent Agreement (to be performed by the CFD or its proper officers, agents or employees), which covenants are necessary and desirable to secure the Bonds and tend to make them more marketable; provided, however, that said covenants do not require the CFD to expend any funds or moneys other than the Special Taxes and other amounts deposited to the Special Tax Fund:

(1) **Punctual Payment; Against Encumbrances.** The CFD hereby covenants that it will receive all Special Taxes in trust and will immediately deposit such amounts with the Fiscal Agent, and the CFD shall have no beneficial right or interest in the amounts so deposited except as provided by this Fiscal Agent Agreement. All such Special Taxes shall be disbursed, allocated and applied solely to the uses and purposes set forth herein, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the CFD.

The CFD covenants that it will duly and punctually pay or cause to be paid the principal of and interest on every Bond issued hereunder, together with the premium, if any, thereon on the date, at the place and in the manner set forth in the Bonds and in accordance with this Fiscal Agent Agreement to the extent that Special Taxes are available therefor, and that the payments into the Funds and Accounts created hereunder will be made, all in strict conformity with the terms of the Bonds and this Fiscal Agent Agreement, and that it will faithfully observe and perform all of the conditions, covenants and requirements of this Fiscal Agent Agreement and all Supplemental Fiscal Agent Agreements and of the Bonds issued hereunder.

The CFD will not mortgage or otherwise encumber, pledge or place any charge upon any of the Special Taxes except as provided in this Fiscal Agent Agreement, and will not issue any obligation or security having a lien or charge upon the Special Taxes superior to the Bonds. Nothing herein shall prevent the CFD from issuing or incurring indebtedness which is payable from a pledge of Special Taxes which is subordinate in all respects to the pledge of Special Taxes to repay the Bonds.

(2) **Levy of Special Tax.** So long as any Bonds issued under this Fiscal Agent Agreement are Outstanding, the CFD hereby covenants to levy the Special Tax in an amount sufficient, together with other amounts on deposit in the Special Tax Fund and available for such purpose, to pay (1) the principal of and interest on the Bonds when due, (2) the Administrative Expenses, and (3) any amounts required to replenish the Reserve Account of the Special Tax Fund to the Reserve Requirement. In addition, the CFD shall levy the Special Tax in accordance with the Funding Agreement, subject to the terms and provisions of the RMA.

(3) **Commence Foreclosure Proceedings.** The CFD hereby covenants for the benefit of the Owners of the Bonds that it will determine or cause to be determined, no later than March 1 and August 1 of each year, whether or not any owner of the property within the CFD are delinquent in the payment of Special Taxes and, if such delinquencies exist, the CFD will order and cause to be commenced no later than April 15 (with respect to the March 1 determination date) or September 1 (with respect to the August 1 determination date), foreclosure proceedings and thereafter diligently prosecute, an action in the superior court to foreclose the lien of any Special Taxes or installment thereof not paid when due, provided, however,

that the CFD shall not be required to order the commencement of foreclosure proceedings if (i) the total Special Tax delinquency in the CFD for such Fiscal Year is less than five percent (5%) of the total Special Tax levied in such Fiscal Year, or (ii) the amount in the 2023 Reserve Account is equal to the 2023 Reserve Requirement and the amount in any reserve account established for Bonds that are not Related Parity Bonds is equal to its applicable reserve requirement. Notwithstanding the foregoing, if the CFD determines that any single property owner in the CFD is delinquent in the payment of four (4) or more installments of the Special Tax, then it will diligently institute, prosecute and pursue foreclosure proceedings against such property owner. Commencement of any judicial foreclosure proceedings includes the CFD's efforts to collect the delinquent Special Taxes by sending subsequent notice of delinquency and a demand for immediate payment thereof.

The City Attorney is hereby authorized to employ counsel to conduct any such foreclosure proceedings. The fees and expenses of any such counsel and costs and expenses of the City Attorney (including a charge for City or CFD staff time) in conducting foreclosure proceedings will be an Administrative Expense. The CFD may treat any delinquent Special Taxes sold to an independent third-party or to any funds of the City for at least 100% of the delinquent amount as having been paid. Proceeds of any such sale up to 100% of the delinquent amount shall be deposited in the Special Tax Fund. The CFD covenants that it will deposit the net proceeds of any foreclosure in the Special Tax Fund and will apply such proceeds remaining after the payment of Administrative Expenses to make current payments of principal and interest on the Bonds, to bring the amount on deposit in the Reserve Account up to the Reserve Requirement and to pay any delinquent installments of principal or interest due on the Bonds.

Notwithstanding any provision of the Act or other law of the State to the contrary, in connection with any foreclosure related to delinquent Special Taxes:

(a) The CFD is hereby expressly authorized to credit bid at any foreclosure sale, without any requirement that funds be set aside in the amount so credit bid, in the amount specified in Section 53356.5 of the Act, or such lesser amount as determined under clause (b) below or otherwise under Section 53356.6 of the Act.

(b) The CFD is hereby expressly authorized to use amounts in the Surplus Fund to pay costs of foreclosure of delinquent Special Taxes.

(4) Payment of Claims. The CFD will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the Special Taxes or; other funds in the Special Tax Fund (exclusive of amounts transferred to the Administrative Expense Account), or which might impair the security of the Bonds then Outstanding; provided that nothing herein contained shall require the CFD to make any such payments so long as the CFD in good faith shall contest the validity of any such claims.

(5) Books and Accounts. The CFD will keep proper books of records and accounts, separate from all other records and accounts of the CFD, in which complete and correct entries shall be made of all transactions relating to the levy of the Special Tax and the deposits to the Special Tax Fund. Such books of records and accounts shall at all times during business hours be subject to the inspection of the Fiscal Agent or of the Owners of the Bonds then Outstanding or their representatives authorized in writing.

(6) Tax Covenants.

(a) Special Definitions. When used in this subsection, the following terms have the following meanings:

“Code” means the Internal Revenue Code of 1986.

“Computation Date” has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

“Gross Proceeds” means any proceeds as defined in section 1.148-1(b) of the Tax Regulations (referring to sales, investment and transferred proceeds), and any replacement proceeds as defined in section 1.148-1(c) of the Tax Regulations, of a Series of Bonds.

“Investment” has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

“Nonpurpose Investment” means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of a Series of Bonds are invested and that is not acquired to carry out the governmental purposes of that series of Bonds.

“Rebate Amount,” has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

“Tax Regulations” means the United States Treasury Regulations promulgated pursuant to sections 103 and 141 through 150 of the Code, or section 103 of the 1954 Code, as applicable.

“Yield” of any Investment has the meaning set forth in section 1.148-5 of the Tax Regulations; and of any issue of governmental obligations has the meaning set forth in section 1.148-4 of the Tax Regulations.

(b) Not to Cause Interest to Become Taxable. The CFD covenants that it shall take all actions necessary in order that interest on the Bonds be and remain excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes, and that it shall not use or invest, and shall not permit the use or investment of, and shall not omit to use or invest Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner that if made or omitted, respectively, could cause the interest on any Bond to fail to be excluded pursuant to section 103(a) of the Code from the gross income of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the CFD receives a written opinion of Bond Counsel to the effect that compliance with such covenant is not necessary to, or that failure to comply with such covenant will not adversely affect, the exclusion of the interest on the Bonds from the gross income of the owner thereof for federal income tax purposes, the CFD shall comply with each of the specific covenants in this subsection. Provided, however, that, prior to the issuance of any Series of Bonds, the CFD may exclude the application of the covenants in this Section 5.2(6) to such Series of Bonds.

(c) Private Use and Private Payments. Except as would not cause any Bond to become a “private activity bond” within the meaning of section 141 of the Code and the Tax Regulations, the CFD shall take all actions necessary to assure that the CFD at all times prior to the final cancellation of the last of the Bonds to be retired:

(i) exclusively owns, operates and possesses all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds and not use or permit the use of such Gross Proceeds (including through any contractual arrangement with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or

any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(ii) does not directly or indirectly impose or accept any charge or other payment by any person or entity (other than a state or local government) who is treated as using any Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds.

(d) No Private Loan. Except as would not cause any Bond to become a “private activity bond” within the meaning of section 141 of the Code and the Tax Regulations and rulings thereunder, the CFD shall not use or permit the use of Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (i) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction that creates a debt for federal income tax purposes; (ii) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (iii) indirect benefits of such Gross Proceeds, or burdens and benefits of ownership of any property acquired, constructed or improved with such Gross Proceeds, are otherwise transferred in a transaction that is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. Except as would not cause a Series of Bonds to become “arbitrage bonds” within the meaning of section 148 of the Code and the Tax Regulations and rulings thereunder, the CFD shall not (and shall not permit any person to), at any time prior to the final cancellation of the last such Series to be retired, directly or indirectly invest Gross Proceeds in any Investment, if as a result of such investment the Yield of any Investment acquired with Gross Proceeds, whether then held or previously disposed of, would materially exceed the Yield of such Series of Bonds within the meaning of said section 148.

(f) Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the Tax Regulations and rulings thereunder, the CFD shall take or omit to take (and shall not permit any person to take or omit to take) any action that would cause any Bond of a Series to be “federally guaranteed” within the meaning of section 149(b) of the Code and the Tax Regulations and rulings thereunder.

(g) Information Report. The CFD shall timely file any information required by section 149(e) of the Code with respect to a Series of Bonds with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(h) Rebate of Arbitrage Profits. Except to the extent otherwise provided in section 148(f) of the Code and the Tax Regulations, with respect to each Series of Bonds:

(i) The CFD shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last Bond of such Series is discharged. However, to the extent permitted by law, the CFD may commingle (and may allow the CFD to commingle) Gross Proceeds of Bonds with its other monies, provided that it separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(ii) Not less frequently than each Computation Date, the CFD shall calculate the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Tax Regulations and rulings thereunder. The CFD shall maintain a copy of the calculation with its official transcript of proceedings relating to the issuance of such Series of Bonds until six years after the final Computation Date.

(iii) In order to assure the excludability pursuant to 3(a) of the Code of the interest on each Series of Bonds from the gross income of the owners thereof for federal income tax purposes, the CFD shall pay to the United States the amount that when added to the future value of previous rebate payments made for such Series of Bonds equals (i) in the case of the Final Computation Date as defined in section 1.148-3(e)(2) of the Tax Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, such rebate payments shall be made by the CFD at the times and in the amounts as are or may be required by section 148(f) of the Code and the Tax Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by section 148(f) of the Code and the Tax Regulations and rulings thereunder for execution and filing by the CFD. Notwithstanding the foregoing, and provided that the CFD takes all steps available to it to cause the provision of such amounts, the monetary obligation of the CFD under this paragraph (3) shall be limited to amounts provided to it for such purpose by the CFD.

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Tax Regulations and rulings thereunder, the CFD shall not and shall not permit any person to, at any time prior to the final cancellation of the last of the Bonds to be retired, enter into any transaction that reduces the amount required to be paid to the United States pursuant to paragraph (h) of this subsection because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yields on the Bonds not been relevant to either party.

(j) Bonds Not Hedge Bonds.

(i) The CFD represents that none of the Bonds is or will become a "hedge bond" within the meaning of section 149(g) of the Code.

(ii) Without limitation of paragraph (i) above: (A) the CFD reasonably expects that at least 85% of the spendable proceeds of the Bonds will be expended within the three-year period commencing on the date of issuance of the Bonds; and (B) no more than 50% of the proceeds of the Bonds will be invested in Nonpurpose Investments having a substantially guaranteed yield for a period of four years or more.

(k) Elections. The CFD hereby directs and authorizes any CFD Authorized Representative to make elections permitted or required pursuant to the provisions of the Code or the Tax Regulations, as such representative (after consultation with Bond Counsel) deems necessary or appropriate in connection with the Bonds, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

(l) Closing Certificate. The CFD agrees to execute and deliver in connection with the issuance of the Bonds a Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986, or similar document containing additional representations and covenants pertaining to the exclusion of interest on the Bonds from the gross

income of the owners thereof for federal income tax purposes, which representations and covenants are incorporated herein by reference as though expressly set forth herein.

(7) Reduction of Maximum Special Taxes. The CFD hereby finds and determines that, historically, delinquencies in the payment of special taxes authorized pursuant to the Act in community facilities districts in Southern California have from time to time been at levels requiring the levy of special taxes at the maximum authorized rates in order to make timely payment of principal of and interest on the outstanding indebtedness of such community facilities districts. For this reason, the CFD hereby determines that a reduction in the maximum Special Tax rates authorized to be levied on parcels in the CFD below the levels provided in this Section 5.2(7) would interfere with the timely retirement of the Bonds. The CFD determines it to be necessary in order to preserve the security for the Bonds to covenant, and, to the maximum extent that the law permits it to do so, the CFD hereby does covenant, that it shall not initiate proceedings to reduce the maximum Special Tax rates for the CFD, unless, in connection therewith, (i) the CFD receives a certificate from one or more Independent Financial Consultants which, when taken together, certify that, on the basis of the parcels of land and improvements existing in the CFD as of the July 1 preceding the reduction, the maximum amount of the Special Tax which may be levied on then existing Developed Property (as defined in the RMA) in each Bond Year for any Bonds Outstanding will equal at least the sum of the estimated Administrative Expenses and 110% of gross debt service in that Bond Year on all Bonds to remain Outstanding after the reduction is approved, and (ii) the CFD hereby finds that any reduction made under such conditions will not adversely affect the interests of the Owners of the Bonds. For purposes of estimating Administrative Expenses for the foregoing calculation, the Independent Financial Consultant shall compute the Administrative Expenses for the current Fiscal Year and escalate that amount by two percent (2%) in each subsequent Fiscal Year.

(8) Covenants to Defend. The CFD hereby covenants that in the event that any initiative is adopted by the qualified electors in the CFD which purports to reduce the maximum Special Tax below the levels specified in Section 5.2(7) above or to limit the power of the CFD to levy the Special Taxes for the purposes set forth in Section 5.2(2) above, it will commence and pursue legal action in order to preserve its ability to comply with such covenants.

(9) Limitation on Right to Tender Bonds. The CFD hereby covenants that it will not adopt any policy pursuant to Section 53341.1 of the Act permitting the tender of Bonds in full payment or partial payment of any Special Taxes unless the CFD shall have first received a certificate from an Independent Financial Consultant that the acceptance of such a tender will not result in the CFD having insufficient Special Tax revenues to pay the principal of and interest on the Bonds when due.

(10) Annual Reports to CDIAC. Not later than October 30 of each year, commencing October 30, 2024 and until the October 30 following the final maturity of the Bonds, the CFD shall cause the City to supply the information required by Section 53359.5(b) or (c) of the Act to CDIAC (on such forms as CDIAC may specify).

(11) Accountability Measures. The CFD shall comply with the requirements of Section 53410 and 53411 of the California Government Code and will cause the appropriate officer of the City to file a report with the City Council no later than each January 1 with respect to the amount of funds collected and expended with respect to the CFD.

(12) Continuing Disclosure. The CFD hereby covenants to comply with the terms of the Continuing Disclosure Agreement executed by it with respect to the Bonds. Notwithstanding any other provision of this Fiscal Agent Agreement, failure of the CFD to comply with the Continuing Disclosure Agreement shall not be considered a default hereunder; however, any Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate to compel

performance by the CFD of its obligations under this Section 5.2(12), including seeking mandate or specific performance by court order.

ARTICLE VI

AMENDMENTS TO FISCAL AGENT AGREEMENT

Section 6.1. **Supplemental Fiscal Agent Agreements or Orders Not Requiring Bondowner Consent.** The CFD may from time to time, and at any time, without notice to or consent of any of the Bondowners, adopt Supplemental Fiscal Agent Agreements for any of the following purposes:

(1) to provide for the issuance of an additional Series of Bonds in accordance with Section 3.10;

(2) to cure any ambiguity, to correct or supplement any provisions herein which may be inconsistent with any other provision herein, or to make any other provision with respect to matters or questions arising under this Fiscal Agent Agreement or in any additional resolution or order, provided that such action is not materially adverse to the interests of the Bondowners;

(3) to add to the covenants and agreements of and the limitations and the restrictions upon the CFD contained in this Fiscal Agent Agreement, other covenants, agreements, limitations and restrictions to be observed by the CFD which are not contrary to or inconsistent with this Fiscal Agent Agreement as theretofore in effect or which further secures Bond payments;

(4) to modify, amend or supplement this Fiscal Agent Agreement in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, or to comply with the Code or regulations issued thereunder, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Owners of the Bonds then Outstanding; or

(5) to modify, alter or amend the rate and method of apportionment of the Special Taxes in any manner so long as such changes do not reduce the maximum Special Taxes that may be levied in each year on property within the CFD to an amount which is less than that permitted under Section 5.2(7) hereof; or

(6) to modify, alter, amend or supplement this Fiscal Agent Agreement in any other respect which is not materially adverse to the Bondowners.

Section 6.2. **Supplemental Fiscal Agent Agreements or Orders Requiring Bondowner Consent.** Exclusive of the Supplemental Fiscal Agent Agreements described in Section 6.1, the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding shall have the right to consent to and approve the adoption by the CFD of such Supplemental Fiscal Agent Agreements as shall be deemed necessary or desirable by the CFD for the purpose of waiving, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Fiscal Agent Agreement; provided, however, that nothing herein shall permit, or be construed as permitting, (a) an extension of the maturity date of the principal, or the payment date of interest on, any Bond, (b) a reduction in the principal amount of, or redemption premium on, any Bond or the rate of interest thereon, (c) a preference or priority of any Bond over any other Bond, or (d) a reduction in the aggregate principal amount of the Bonds the Owners of which are required to consent to such Supplemental Fiscal Agent Agreement, without the consent of the Owners of all Bonds then Outstanding.

If at any time the CFD shall desire to adopt a Supplemental Fiscal Agent Agreement, which pursuant to the terms of this Section shall require the consent of the Bondowners, the CFD shall so notify the Fiscal Agent in writing and shall deliver to the Fiscal Agent a copy of the proposed Supplemental Fiscal Agent Agreement. The Fiscal Agent shall, at the expense of the CFD, cause notice of the proposed Supplemental Fiscal Agent Agreement to be mailed, by first class mail, postage prepaid, to all Bondowners at their addresses as they appear in the Bond Register. Such notice shall be prepared by the CFD and shall briefly set forth the nature of the proposed Supplemental Fiscal Agent Agreement and shall state that a copy thereof is on file at the Designated Corporate Trust Office of the Fiscal Agent for inspection by all Bondowners. The failure of any Bondowners to receive such notice shall not affect the validity of such Supplemental Fiscal Agent Agreement when consented to and approved by the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding as required by this Section. Whenever at any time within one year after the date of the first mailing of such notice, the Fiscal Agent shall receive an instrument or instruments purporting to be executed by the Owners of a majority in aggregate principal amount of the Bonds Outstanding, which instrument or instruments shall refer to the proposed Supplemental Fiscal Agent Agreement described in such notice, and shall specifically consent to and approve the adoption thereof by the CFD substantially in the form of the copy referred to in such notice as on file with the Fiscal Agent, such proposed Supplemental Fiscal Agent Agreement, when duly adopted by the CFD, shall thereafter become a part of the proceedings for the issuance of the Bonds. In determining whether the Owners of a majority of the aggregate principal amount of the Bonds have consented to the adoption of any Supplemental Fiscal Agent Agreement, Bonds which are owned by the CFD or by any person directly or indirectly controlling or controlled by or under the direct or indirect common control with the CFD shall be disregarded and shall be treated as though they were not Outstanding for the purpose of any such determination.

Upon the adoption of any Supplemental Fiscal Agent Agreement and the receipt of consent to any such Supplemental Fiscal Agent Agreement from the Owners of not less than a majority in aggregate principal amount of the Outstanding Bonds in instances where such consent is required pursuant to the provisions of this Section, this Fiscal Agent Agreement shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Fiscal Agent Agreement of the CFD and all Owners of Outstanding Bonds shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

Section 6.3. **Notation of Bonds; Delivery of Amended Bonds.** After the effective date of any action taken as hereinabove provided, the CFD may determine that the Bonds may bear a notation, by endorsement in form approved by the CFD, as to such action, and in that case upon demand of the Owner of any Outstanding Bond at such effective date and presentation of his Bond for the purpose at the Designated Corporate Trust Office of the Fiscal Agent or at such additional offices as the Fiscal Agent may select and designate for that purpose, a suitable notation as to such action shall be made on such Bonds. If the CFD shall so determine, new Bonds so modified as, in the opinion of the CFD, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Owner of any Outstanding Bond at such effective date such new Bonds shall be exchanged at the Designated Corporate Trust Office of the Fiscal Agent or at such additional offices as the Fiscal Agent may select and designate for that purpose, without cost to each Owner of Outstanding Bonds, upon surrender of such Outstanding Bonds.

ARTICLE VII

FISCAL AGENT

Section 7.1. **Fiscal Agent.** U.S. Bank Trust Company, National Association, a national banking association shall be the Fiscal Agent for the Bonds unless and until another Fiscal Agent is appointed by the CFD hereunder. The CFD may, at any time, provided that no Event of Default has occurred and is continuing, appoint a successor Fiscal Agent satisfying the requirements of Section 7.2 below for the purpose of receiving all money which the CFD is required to deposit with the Fiscal Agent hereunder and to allocate, use and apply the same as provided in this Fiscal Agent Agreement.

The Fiscal Agent is hereby authorized to and shall mail by first class mail, postage prepaid, or wire transfer in accordance with Section 2.5 above, interest payments to the Bondowners, to select Bonds for redemption, and to maintain the Bond Register. The Fiscal Agent is hereby authorized to pay the principal of and premium, if any, on the Bonds when the same are duly presented to it for payment at maturity or on call and redemption, to provide for the registration of transfer and exchange of Bonds presented to it for such purposes, to provide for the cancellation of Bonds all as provided in this Fiscal Agent Agreement, and to provide for the authentication of Bonds, and shall perform all other duties assigned to or imposed on it as provided in this Fiscal Agent Agreement; provided, however, that the Fiscal Agent undertakes to perform such duties and only such duties as are set forth in this Fiscal Agent Agreement, and no duties of the Fiscal Agent shall be implied hereunder. Discretionary rights of the Fiscal Agent under this Fiscal Agent Agreement shall not be construed as duties. The Fiscal Agent may execute any of the powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys, and the Fiscal Agent shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed by it with due care hereunder. The Fiscal Agent shall keep accurate records of all funds administered by it and all Bonds paid, discharged and cancelled by it. The Fiscal Agent may establish such funds and accounts as shall be necessary to perform its obligations hereunder.

The Fiscal Agent is hereby authorized to redeem the Bonds when duly presented for payment at maturity, or on redemption prior to maturity. The Fiscal Agent shall cancel all Bonds upon payment thereof in accordance with the provisions of Section 10.1 hereof.

Section 7.2. **Removal of Fiscal Agent.** Provided that no Event of Default has occurred and is continuing, the CFD may at any time at its sole discretion remove the Fiscal Agent initially appointed, and any successor thereto, by delivering to the Fiscal Agent a written notice of its decision to remove the Fiscal Agent and may appoint a successor or successors thereto; provided that any such successor, other than the Fiscal Agent, shall be a bank or trust company having (or if such bank or trust company is a member of a bank holding company system its bank holding company has) a combined capital (exclusive of borrowed capital) and surplus of at least \$50,000,000, and subject to supervision or examination by federal or state Authority. Any removal shall become effective only upon acceptance of appointment by the successor Fiscal Agent. If any bank or trust company appointed as a successor publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. Any removal of the Fiscal Agent and appointment of a successor Fiscal Agent shall become effective only upon acceptance of appointment by the successor Fiscal Agent and notice being sent by the successor Fiscal Agent to the Bondowners of the successor Fiscal Agent's identity and address.

Section 7.3. **Resignation of Fiscal Agent.** The Fiscal Agent may at any time resign by giving written notice to the CFD and by giving to the Owners notice of such resignation, which notice shall be mailed to the Owners at their addresses appearing in the registration books in the Designated Corporate

Trust Office of the Fiscal Agent. Upon receiving such notice of resignation, the CFD shall promptly appoint a successor Fiscal Agent satisfying the criteria in Section 7.2 above by an instrument in writing. Any resignation or removal of the Fiscal Agent and appointment of a successor Fiscal Agent shall become effective only upon acceptance of appointment by the successor Fiscal Agent provided, however, that in the event the CFD does not appoint a successor Fiscal Agent within 30 days following receipt of such notice of resignation, the resigning Fiscal Agent may, at the expense of the CFD, petition the appropriate court having jurisdiction to appoint a successor Fiscal Agent.

Section 7.4. Compensation and Liability of Fiscal Agent. The CFD shall from time to time, subject to any agreement between the CFD and the Fiscal Agent then in force, pay to the Fiscal Agent compensation for its services, reimburse the Fiscal Agent for all of its advances and expenditures, including, but not limited to, advances to and reasonable fees and expenses of independent accountants and counsel and agents employed by it in the exercise and performance of its powers and duties hereunder. The CFD agrees to indemnify the Fiscal Agent, including its officers, directors, employees and agents for, and hold it harmless against, any loss, claim, liability or expense incurred which does not arise from its own negligence or willful misconduct, arising out of or in connection with the administration of this Fiscal Agent Agreement, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder. The Fiscal Agent shall not be liable for any error in judgment made in good faith by a reasonable officer, unless it shall be proved that the Fiscal Agent was negligent in ascertaining the pertinent facts. Whether or not therein expressly so provided, every provision of this Fiscal Agent Agreement relating to the conduct of or affecting the liability of or affording protection to the Fiscal Agent (acting in its capacity as Fiscal Agent), its officers, directors, employees and agents, shall be subject to the provisions of this Section 7.4.

The recitals of fact and all promises, covenants and agreements contained herein and in the Bonds and any offering documents pertaining to the Bonds shall be taken as statements, promises, covenants and agreements of the CFD, and the Fiscal Agent assumes no responsibility for the correctness of the same and makes no representations as to the validity or sufficiency of this Fiscal Agent Agreement or the Bonds, and shall incur no responsibility in respect thereof, other than in connection with its duties or obligations specifically set forth herein, in the Bonds, or in the certificate of authentication assigned to or imposed upon the Fiscal Agent. The Fiscal Agent shall be under no responsibility or duty with respect to the issuance of the Bonds for value.

The Fiscal Agent shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, Bond 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 Fiscal Agent may consult with counsel of its selection, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered hereunder in good faith and in accordance therewith.

The Fiscal Agent shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his or her title thereto satisfactorily established, if disputed. The Fiscal Agent may become the owner or pledgee of Bonds, and may otherwise deal with the CFD with the same rights it would have if it were not the Fiscal Agent.

Whenever in the administration of its duties under this Fiscal Agent Agreement the Fiscal Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of willful misconduct on the part of the Fiscal Agent, be deemed to be conclusively proved and established by a written certificate of the CFD, and such certificate shall be full warrant to the Fiscal Agent for any action taken or suffered under the provisions of this Fiscal Agent Agreement upon the faith thereof, and the Fiscal Agent shall not be bound to make an investigation into the facts or matters

stated therein, but the Fiscal Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as shall be reasonable.

The Fiscal Agent shall have no duty or obligation whatsoever to enforce the collection of Special Taxes or other funds to be deposited with it hereunder, or as to the correctness of any amounts received, but its liability shall be limited to the proper accounting for such funds as it shall actually receive. No provision in this Fiscal Agent Agreement shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of its rights or powers.

The Fiscal Agent makes no representations with respect to any information, statement, or recital in, and shall have no liability with respect to, any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

In no event shall the Fiscal Agent be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Fiscal Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

The rights, privileges, protections, immunities and benefits given to the Fiscal Agent, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Fiscal Agent in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder.

All rights and indemnities of the Fiscal Agent pursuant to this Section 7.4 shall survive the removal or resignation of the Fiscal Agent, the discharge of the Bonds, or the amendment or assignment of this Fiscal Agent Agreement.

Section 7.5. Merger or Consolidation. Any company into which the Fiscal Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Fiscal Agent may sell or transfer all or substantially all of its corporate trust business, shall be the successor to the Fiscal Agent without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

ARTICLE VIII

EVENTS OF DEFAULT; REMEDIES

Section 8.1. Events of Default. Any one or more of the following events shall constitute an “event of default” with respect to any Series of Bonds:

- (a) Default in the due and punctual payment of the principal of or redemption premium, if any, on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;
- (b) Default in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable; or
- (c) Except as described in (a) or (b), default shall be made by the CFD in the observance of any of the agreements, conditions or covenants on its part contained in this Fiscal Agent Agreement or the Bonds, and such default shall have continued for a period of 30 days after

the CFD shall have been given notice in writing of such default by the Fiscal Agent or the Owners of 25% in aggregate principal amount of the Outstanding Bonds.

The CFD agrees to give written notice to the Fiscal Agent immediately upon the occurrence of an event of default under (a) or (b) above and within 30 days of the CFD's knowledge of an event of default under (c) above. The Fiscal Agent shall not be deemed to have knowledge of any event of default described in Section 8.1(c) unless a Responsible Officer of the Fiscal Agent shall have actual knowledge thereof or a Responsible Officer of the Fiscal Agent shall have received written notice at its Designated Corporate Trust Office.

Section 8.2. **Remedies of Owners.** Following the occurrence of an event of default, any Owner shall have the right for the equal benefit and protection of all Owners similarly situated:

(1) By mandamus or other suit or proceeding at law or in equity to enforce his or her rights against the CFD and any of the members, officers and employees of the CFD, and to compel the CFD or any such members, officers or employees to perform and carry out their duties under the Act and their agreements with the Owners as provided in this Fiscal Agent Agreement;

(2) By suit in equity to enjoin any actions or things which are unlawful or violate the rights of the Owners; or

(3) By a suit in equity to require the CFD and its members, officers and employees to account as the fiscal agent of an express trust.

Nothing in this Article or in any other provision of this Fiscal Agent Agreement or the Bonds shall affect or impair the obligation of the CFD, which is absolute and unconditional, to pay the interest on and principal of the Bonds to the respective Owners thereof at the respective dates of maturity, as herein provided, out of the Special Taxes and other amounts pledged for such payment, or affect or impair the right of action, which is also absolute and unconditional, of such Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds and in this Fiscal Agent Agreement.

A waiver of any default or breach of duty or contract by any Owner shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission by any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Owners by the Act or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners.

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

No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy. 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 or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

In case the moneys held by the Fiscal Agent after an event of default pursuant to Section 8.1(a) or (b) shall be insufficient to pay in full the whole amount so owing and unpaid upon the Outstanding Bonds, then all available amounts shall be applied to the payment of such principal and interest without preference

or priority of principal over interest, or interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

ARTICLE IX

DEFEASANCE

Section 9.1. Defeasance. If the CFD shall pay or cause to be paid, or there shall otherwise be paid, to the Owner of an Outstanding Bond the interest due thereon and the principal thereof, at the times and in the manner stipulated in this Fiscal Agent Agreement or any Supplemental Fiscal Agent Agreement, then the Owner of such Bond shall cease to be entitled to the pledge of Special Taxes, and, other than as set forth below, all covenants, agreements and other obligations of the CFD to the Owner of such Bond under this Fiscal Agent Agreement shall thereupon cease, terminate and become void and be discharged and satisfied. In the event of a defeasance of all Outstanding Bonds pursuant to this Section, the Fiscal Agent shall execute and deliver to the CFD all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiscal Agent shall pay over or deliver to the CFD's general fund all money or securities held by it pursuant to this Fiscal Agent Agreement which are not required for the payment of the principal of, premium, if any, and interest due on such Bonds.

Any Outstanding Bond shall be deemed to have been paid within the meaning expressed in the first paragraph of this Section if such Bond is paid in any one or more of the following ways:

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

(b) by depositing with the Fiscal Agent or another escrow bank appointed by the CFD at or before maturity, money which, together with the amounts then on deposit in the Special Tax Fund (exclusive of amounts transferred to the Administrative Expense Account) and available for such purpose, is fully sufficient to pay the principal of, premium, if any, and interest on such Bond, as and when the same shall become due and payable; or

(c) by depositing with the Fiscal Agent or another escrow bank appointed by the CFD noncallable Defeasance Securities, in which the CFD may lawfully invest its money, in such amount as will be sufficient, together with the interest to accrue thereon and moneys then on deposit in the Special Tax Fund (exclusive of amounts transferred to the Administrative Expense Account) and available for such purpose, together with the interest to accrue thereon, to pay and discharge the principal of, premium, if any, and interest on such Bond, as and when the same shall become due and payable;

then, at the election of the CFD, and notwithstanding that any Outstanding Bonds shall not have been surrendered for payment, all obligations of the CFD under this Fiscal Agent Agreement and any Supplemental Fiscal Agent Agreement with respect to such Bond shall cease and terminate, except for the obligation of the Fiscal Agent to pay or cause to be paid to the Owners of any such Bond not so surrendered and paid, all sums due thereon and except for the covenants of the CFD contained in Section 5.2(6) or any covenants in a Supplemental Fiscal Agent Agreement relating to compliance with the Code. Notice of such election shall be filed with the Fiscal Agent not less than ten days prior to the proposed defeasance date, or such shorter period of time as may be acceptable to the Fiscal Agent. In connection with a defeasance under (c) above, there shall be provided to the CFD a verification report from an independent nationally recognized certified public accountant stating its opinion as to the sufficiency of the moneys or securities deposited with the Fiscal Agent or the escrow bank to pay and discharge the principal of, premium, if any, and interest on all Outstanding Bonds to be defeased in accordance with this Section, as and when the same

shall become due and payable, and with respect to defeasance under (b) or (c) above an opinion of Bond Counsel (it being understood that the Fiscal Agent may conclusively rely upon the opinion of the certified public accountant) to the effect that the Bonds being defeased have been legally defeased in accordance with this Fiscal Agent Agreement and any applicable Supplemental Fiscal Agent Agreement. If a forward supply contract is employed in connection with an advance refunding to be effected under (c) above, (i) such verification report shall expressly state that the adequacy of the amounts deposited with the bank under (c) above to accomplish the refunding relies solely on the initial escrowed investments and the maturity principal thereof and interest income thereon and does not assume performance under or compliance with the forward supply contract, and (ii) the applicable escrow agreement executed to effect an advance refunding in accordance with (c) above shall provide that, in the event of any discrepancy or difference between the terms of the forward supply contract and the escrow agreement, the terms of the escrow agreement shall be controlling.

Upon a defeasance, the Fiscal Agent, upon the written request of the CFD, shall release the rights of the Owners of such Bonds which have been defeased under this Fiscal Agent Agreement and any Supplemental Fiscal Agent Agreement and execute and deliver to the CFD all such instruments as may be desirable to evidence such release, discharge and satisfaction. In the case of a defeasance hereunder of all Outstanding Bonds, the Fiscal Agent shall pay over or deliver to the CFD any funds held by the Fiscal Agent at the time of a defeasance, which are not required for the purpose of paying and discharging the principal of, premium, if any, or interest on the Bonds when due. The Fiscal Agent shall, at the written direction of the CFD, mail, first class, postage prepaid, a notice to the Bondowners whose Bonds have been defeased, in the form directed by the CFD, stating that the defeasance has occurred.

ARTICLE X

MISCELLANEOUS

Section 10.1. Cancellation of Bonds. All Bonds surrendered to the Fiscal Agent for payment upon maturity or for redemption shall be upon payment therefor, and any Bond purchased by the CFD as authorized herein and delivered to the Fiscal Agent for such purpose shall be, cancelled forthwith and shall not be reissued. The Fiscal Agent shall dispose of such Bonds in accordance with its then customary procedures, as provided by law, and furnish to the CFD a certificate of such disposal.

Section 10.2. Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Fiscal Agent Agreement to be signed or executed by Bondowners may be in any number of concurrent instruments of similar tenor may be signed or executed by such Owners in person or by their attorneys appointed by an instrument in writing for that purpose, or by the bank, trust company or other depository for such Bonds. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, and of the ownership of Bonds shall be sufficient for the purposes of this Fiscal Agent Agreement (except as otherwise herein provided), if made in the following manner:

(1) The fact and date of the execution by any Owner or his or her attorney of any such instrument and of any instrument appointing any such attorney, may be proved by a signature guarantee of any bank or trust company or other eligible guarantor located within the United States of America. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such signature guarantee shall also constitute sufficient proof of his Authority.

(2) As to any Bond, the person in whose name the same shall be registered in the Bond Register shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account

of the principal of any such Bond, and the interest thereon, shall be made only to or upon the order of the registered Owner thereof or his or her legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond and the interest thereon to the extent of the sum or sums to be paid. Neither the CFD nor the Fiscal Agent shall be affected by any notice to the contrary.

Nothing contained in this Fiscal Agent Agreement shall be construed as limiting the Fiscal Agent or the CFD to such proof, it being intended that the Fiscal Agent or the CFD may accept any other evidence of the matters herein stated which shall be sufficient. Any request or consent of the Owner of any Bond shall bind every future Owner of the same Bond in respect of anything done or suffered to be done by the Fiscal Agent or the CFD in pursuance of such request or consent.

Section 10.3. Unclaimed Moneys. To the extent permitted by law, anything in this Fiscal Agent Agreement to the contrary notwithstanding, any money held by the Fiscal Agent for the payment and discharge of any of the Outstanding Bonds which remain unclaimed for a period ending at the earlier of two Business Days prior to the date such funds would escheat to the State or two years after the date when such Outstanding Bonds have become due and payable, if such money was held by the Fiscal Agent at such date, or for a period ending at the earlier of two Business Days prior to the date such funds would escheat to the State or two years after the date of deposit of such money if deposited with the Fiscal Agent after the date when such Outstanding Bonds become due and payable, shall be repaid by the Fiscal Agent to the CFD, as its absolute property, and the Fiscal Agent shall thereupon be released and discharged with respect thereto and the Owners shall look only to the CFD for the payment of such Outstanding Bonds; provided, however, that, before being required to make any such payment to the CFD, the Fiscal Agent at the written request of the CFD and, at the expense of the CFD, cause to be mailed by first-class mail, postage prepaid, to the registered Owners of such Outstanding Bonds at their addresses as they appear on the registration books of the Fiscal Agent a notice that said money remains unclaimed and that, after a date named in said notice, which date shall not be less than 30 days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the CFD. The Fiscal Agent shall not be liable to the CFD or any Owner for interest on uninvested funds held by it for the payment and discharge of the principal, premium or interest on any of the Bonds to any Owner.

Section 10.4. Provisions Constitute Contract. The provisions of this Fiscal Agent Agreement shall constitute a contract between the CFD and the Bondowners and the provisions hereof shall be construed in accordance with the laws of the State of California.

In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and, should said suit, action or proceeding be abandoned, or be determined adversely to the Bondowners or the Fiscal Agent, then the CFD, the Fiscal Agent and the Bondowners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

After the issuance and delivery of the Bonds this Fiscal Agent Agreement shall be irrevocable, but shall be subject to modifications to the extent and in the manner provided in this Fiscal Agent Agreement, but to no greater extent and in no other manner.

Section 10.5. Future Contracts. Nothing herein contained shall be deemed to restrict or prohibit the CFD from making contracts or creating bonded or other indebtedness payable from a pledge of the Special Taxes which is subordinate to the pledge hereunder, or which is payable from the general fund of the CFD or from taxes or any source other than the Special Taxes and other amounts pledged hereunder.

Section 10.6. Further Assurances. The CFD will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Fiscal Agent Agreement, and for the better assuring and confirming unto the Owners of the Bonds the rights and benefits provided in this Fiscal Agent Agreement.

Section 10.7. Severability. If any covenant, agreement or provision, or any portion thereof, contained in this Fiscal Agent Agreement, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of this Fiscal Agent Agreement and the application of any such covenant, agreement or provision, or portion thereof, to other persons or circumstances, shall be deemed severable and shall not be affected thereby, and this Fiscal Agent Agreement, the Bonds issued pursuant hereto shall remain valid and the Bondowners shall retain all valid rights and benefits accorded to them under the laws of the State of California

Section 10.8. Notices. Any notice, request, complaint, demand or other communication under this Fiscal Agent Agreement shall be given by first-class mail or personal delivery to the party entitled thereto at its address set forth below, or by facsimile or other form of electronic communication, at its number or email address set forth below. Notice shall be effective either (a) upon transmission by telecopy or other form of telecommunication, (b) 48 hours after deposit in the United States mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The CFD or the Fiscal Agent may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

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| If to the CFD: | City of Rialto Community Facilities District No. 2020-1 (El Rancho Verde) c/o City of Rialto 150 South Palm Avenue Rialto, CA 92376 Attention: City Manager Telephone: (909) 820-2689 |
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|-------------------------|--|
| If to the Fiscal Agent: | U.S. Bank Trust Company, National Association 633 W 5th St, 24th Floor Los Angeles, CA 90071 Attention: Corporate Trust Department Telephone: 213-615-6032 E-mail: cynthia.cerda@usbank.com Disbursement of funds request to: online via the Message Center Function |
|-------------------------|--|

The Fiscal Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Fiscal Agent's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The party providing electronic instructions agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Fiscal Agent, including without limitation the risk of the Fiscal Agent acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 10.9. General Authorization. The Mayor, City Manager and the Finance Director are hereby respectively authorized to do and perform from time to time any and all acts and things consistent with this Fiscal Agent Agreement necessary or appropriate to carry the same into effect.


Section 10.10. Execution in Counterparts and Electronic Execution. This Fiscal Agent Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts shall together constitute but one and the same instrument. The exchange of copies of this Fiscal Agent Agreement and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Fiscal Agent Agreement as to the parties hereto and may be used in lieu of the original Fiscal Agent Agreement and signature pages for all purposes. Each party agrees that the electronic signatures, whether digital or encrypted, of the parties included in this Fiscal Agent Agreement are intended to authenticate this writing and to have the same force and effect as manual signatures. Electronic signature means any electronic sound, symbol, or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such record, including facsimile or email electronic signatures.

Section 10.11. Force Majeure. In no event shall the Fiscal Agent be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, pandemics, epidemics, recognized public emergencies, quarantine restrictions, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, or, as a result of the foregoing, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Fiscal Agent shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

Section 10.12. U.S.A. Patriot Act. The parties hereto acknowledge that in accordance with Section 326 of the U.S.A. Patriot Act, the Fiscal Agent, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Fiscal Agent. The parties to this Fiscal Agent Agreement agree that they will provide the Fiscal Agent with such information as it may request in order for the Fiscal Agent to satisfy the requirements of the U.S.A. Patriot Act.

IN WITNESS WHEREOF, the CITY COUNCIL OF THE CITY OF RIALTO, acting as the legislative body of CITY OF RIALTO COMMUNITY FACILITIES DISTRICT NO. 2020-1 (EL RANCHO VERDE), has caused this Fiscal Agent Agreement to be signed by its Mayor and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, in token of its acceptance of the agency created hereunder, has caused this Fiscal Agent Agreement to be signed in its corporate name by its officer identified below, all as of the day and year first above written.


CITY OF RIALTO COMMUNITY FACILITIES
DISTRICT NO. 2020-1 (EL RANCHO VERDE)

By: 
Mayor of the City of Rialto, acting in its
capacity as the legislative body of City of
Rialto Community Facilities District No.
2020-1 (El Rancho Verde)

ATTEST:

By: 
Barbara A. McGee, City Clerk

APPROVED AS TO FORM:

By: 
Eric Vail, City Attorney

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Fiscal Agent

By: _____
Its: Authorized Officer

IN WITNESS WHEREOF, the CITY COUNCIL OF THE CITY OF RIALTO, acting as the legislative body of CITY OF RIALTO COMMUNITY FACILITIES DISTRICT NO. 2020-1 (EL RANCHO VERDE), has caused this Fiscal Agent Agreement to be signed by its Mayor and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, in token of its acceptance of the agency created hereunder, has caused this Fiscal Agent Agreement to be signed in its corporate name by its officer identified below, all as of the day and year first above written.

CITY OF RIALTO COMMUNITY FACILITIES
DISTRICT NO. 2020-1 (EL RANCHO VERDE)

By: _____
Mayor of the City of Rialto, acting in its
capacity as the legislative body of City of
Rialto Community Facilities District No.
2020-1 (El Rancho Verde)

ATTEST:

By: _____
Barbara A. McGee, City Clerk

APPROVED AS TO FORM:

By: _____
Eric Vail, City Attorney

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Fiscal Agent


By:  _____
Its: Authorized Officer

EXHIBIT A

FORM OF 2023 BOND

UNLESS THIS 2023 BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE FISCAL AGENT AGREEMENT) TO THE FISCAL AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY 2023 BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

No. _____

\$ _____

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF SAN BERNARDINO**

**CITY OF RIALTO
COMMUNITY FACILITIES DISTRICT NO. 2020-1 (EL RANCHO VERDE)
SPECIAL TAX BOND, SERIES 2023**

| INTEREST RATE | MATURITY DATE | DATED DATE | CUSIP NO. |
|----------------------|----------------------|-------------------|------------------|
| _____ % | September 1, _____ | October 11, 2023 | 762485 _____ |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ AND NO/100 DOLLARS

CITY OF RIALTO COMMUNITY FACILITIES DISTRICT NO. 2020-1 (EL RANCHO VERDE) (the "CFD") situated in the County of San Bernardino, State of California, FOR VALUE RECEIVED, hereby promises to pay, solely from certain amounts held under the Fiscal Agent Agreement (as hereinafter defined), to the Registered Owner named above, or registered assigns, on the Maturity Date set forth above, unless redeemed prior thereto as hereinafter provided, the Principal Amount set forth above, and to pay interest on such Principal Amount from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication hereof, unless (i) the date of authentication is an Interest Payment Date in which event interest shall be payable from such date of authentication, (ii) the date of authentication is after a Record Date (as hereinafter defined) but prior to the immediately succeeding Interest Payment Date, in which event interest shall be payable from the Interest Payment Date immediately succeeding the date of authentication, or (iii) the date of authentication is prior to the close of business on the first Record Date in which event interest shall be payable from the Dated Date set forth above. Notwithstanding the foregoing, if at the time of authentication of this 2023 Bond interest is in default, interest on this 2023 Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for

payment or, if no interest has been paid or made available for payment, interest on this 2023 Bond shall be payable from the Dated Date set forth above. Interest will be paid semiannually on March 1 and September 1 of each year (each, an “Interest Payment Date”), commencing March 1, 2024, at the Interest Rate set forth above, until the Principal Amount hereof is paid or made available for payment.

The principal of and premium, if any, on this 2023 Bond are payable to the Registered Owner hereof in lawful money of the United States of America upon presentation and surrender of this 2023 Bond at the Designated Corporate Trust Office of U.S. Bank Trust Company, National Association, a national banking association (the “Fiscal Agent”). Interest on this 2023 Bond shall be paid by check of the Fiscal Agent mailed by first class mail, postage prepaid, or in certain circumstances described in the Fiscal Agent Agreement by wire transfer to an account within the United States, to the Registered Owner hereof as of the close of business on the fifteenth day of the month preceding the month in which the Interest Payment Date occurs (the “Record Date”) at such Registered Owner’s address as it appears on the registration books maintained by the Fiscal Agent. Interest due on the 2023 Bonds shall be calculated on a basis of a 360-day year comprised of twelve 30-day months.

This 2023 Bond is one of a duly authorized issue of “City of Rialto Community Facilities District No. 2020-1 (El Rancho Verde) Special Tax Bonds” (the “Bonds”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Sections 53311, et seq., of the California Government Code (the “Act”) and a Fiscal Agent Agreement dated as of October 1, 2023 (the “Fiscal Agent Agreement”), between the CFD and the Fiscal Agent. Such authorized issue of Bonds is not limited in aggregate principal amount, except as otherwise provided in the Fiscal Agent Agreement, and consists or may consist of one or more Series of varying denominations, dates, maturities, interest rates and other provisions, as in the Fiscal Agent Agreement provided, all issued or to be issued pursuant to the Fiscal Agent Agreement. This Bond of the Series and designation indicated above (each, a “2023 Bond”), is one the 2023 Bonds issued in the aggregate principal amount of \$16,840,000 pursuant to the Act and the Fiscal Agent Agreement for the purpose of financing the acquisition of certain capital facilities of the City and the West Valley Water District, as defined within the Amended and Restated Funding, Construction and Acquisition Agreement, dated September 13, 2022, financing certain capital impact fees of the City and the West Valley Water District, paying capitalized interest on a portion of the 2023 Bonds through and including September 1, 2024, funding a reserve account, and paying certain costs related to the issuance of the 2023 Bonds. The issuance of the 2023 Bonds and the terms and conditions thereof are provided for by a resolution adopted by the City Council of the City of Rialto, acting in its capacity as the legislative body of the CFD (the “Council”) on September 12, 2023 and the Fiscal Agent Agreement, and this reference incorporates the Fiscal Agent Agreement herein, and by acceptance hereof the Registered Owner of this 2023 Bond assents to said terms and conditions. The Fiscal Agent Agreement is executed under and this 2023 Bond is issued under, and both are to be construed in accordance with, the laws of the State of California.

Any amounts for the payment hereof shall be limited to the Special Taxes pledged and collected or foreclosure proceeds received following a default in payment of the Special Taxes and other amounts deposited to the Special Tax Fund (exclusive of amounts transferred to the Administrative Expense Account) established under the Fiscal Agent Agreement. The CFD has covenanted for the benefit of the owners of the Bonds that under certain circumstances described in the Fiscal Agent Agreement it will commence and diligently pursue to completion appropriate foreclosure proceedings in the event of delinquencies of Special Tax installments levied for payment of principal and interest on the Bonds.

The 2023 Bonds maturing on or after September 1, 2031 are subject to redemption prior to maturity at the option of the CFD on any date on or after September 1, 2030, as a whole or in part, by lot, from any available source of funds at the following redemption prices (expressed as a percentage of the principal amount of 2023 Bonds to be redeemed), together with accrued interest thereon to the date fixed for redemption:

| <u>Redemption Dates</u> | <u>Redemption Prices</u> |
|---|--------------------------|
| September 1, 2030 through August 31, 2031 | 103% |
| September 1, 2031 through August 31, 2032 | 102% |
| September 1, 2032 through August 31, 2033 | 101% |
| September 1, 2033 and any date thereafter | 100% |

The 2023 Bonds are subject to mandatory redemption prior to maturity on any Interest Payment Date, on or after March 1, 2024, as a whole or in part, in a manner determined by the CFD from prepayments of Special Taxes at the following redemption prices (expressed as a percentage of the principal amount of 2023 Bonds to be redeemed), together with accrued interest thereon to the date fixed for redemption:

| <u>Redemption Dates</u> | <u>Redemption Prices</u> |
|--|--------------------------|
| March 1, 2024 and each March 1 and September 1 through and including March 1, 2031 | 103% |
| September 1, 2031 and March 1, 2032 | 102% |
| September 1, 2032 and March 1, 2033 | 101% |
| September 1, 2033 and each March 1 and September 1 thereafter | 100% |

In connection with such redemption, the CFD may also apply amounts in the Reserve Account which will be in excess of the Reserve Requirement as a result of such Special Tax prepayment to redeem 2023 Bonds as set forth above.

The Term 2023 Bonds maturing on September 1, 2038, on September 1, 2043, on September 1, 2053 and on September 1, 2058 are subject to mandatory redemption, in part by lot, on September 1 in each year commencing September 1, 2034 with respect to the Term 2023 Bonds maturing on September 1, 2038, on September 1 in each year commencing September 1, 2039 with respect to the Term 2023 Bonds maturing on September 1, 2043, on September 1 in each year commencing September 1, 2044 with respect to the Term 2023 Bonds maturing on September 1, 2053, and commencing September 1, 2054 with respect to the Term 2023 Bonds maturing on September 1, 2058, from the Sinking Fund Payments that have been deposited into the Redemption Account at a redemption price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest thereon to the date of redemption as set forth in the following schedule; provided, however, that (i) in lieu of redemption thereof, the Term 2023 Bonds may be purchased by the CFD and tendered to the Fiscal Agent, and (ii) if some but not all of the Term 2023 Bonds have been optionally redeemed or redeemed due to prepayment of Special Taxes, the total amount of all future sinking payments will be reduced by the aggregate principal amount of the Term 2023 Bonds so redeemed, to be allocated among such sinking payments on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000 as determined by the CFD in a written notice to the Fiscal Agent.

Term 2023 Bonds Maturing on September 1, 2038

| <u>Redemption Date</u> <u>(September 1)</u> | <u>Principal Amount</u> | <u>Redemption Date</u> <u>(September 1)</u> | <u>Principal Amount</u> |
|--|-------------------------|--|-------------------------|
| 2034 | \$220,000 | 2037 | \$325,000 |
| 2035 | 250,000 | 2038* | 365,000 |
| 2036 | 285,000 | | |

* (maturity)

Term 2023 Bonds Maturing on September 1, 2043

| <u>Redemption Date</u> <u>(September 1)</u> | <u>Principal Amount</u> | <u>Redemption Date</u> <u>(September 1)</u> | <u>Principal Amount</u> |
|--|-------------------------|--|-------------------------|
| 2039 | \$405,000 | 2042 | \$495,000 |
| 2040 | 450,000 | 2043* | 520,000 |
| 2041 | 470,000 | | |
| * (maturity) | | | |

Term 2023 Bonds Maturing on September 1, 2053

| <u>Redemption Date</u> <u>(September 1)</u> | <u>Principal Amount</u> | <u>Redemption Date</u> <u>(September 1)</u> | <u>Principal Amount</u> |
|--|-------------------------|--|-------------------------|
| 2044 | \$545,000 | 2049 | \$715,000 |
| 2045 | 575,000 | 2050 | 755,000 |
| 2046 | 610,000 | 2051 | 795,000 |
| 2047 | 640,000 | 2052 | 840,000 |
| 2048 | 675,000 | 2053* | 885,000 |
| * (maturity) | | | |

Term 2023 Bonds Maturing on September 1, 2058

| <u>Redemption Date</u> <u>(September 1)</u> | <u>Principal Amount</u> | <u>Redemption Date</u> <u>(September 1)</u> | <u>Principal Amount</u> |
|--|-------------------------|--|-------------------------|
| 2054 | \$ 935,000 | 2057 | \$1,105,000 |
| 2055 | 985,000 | 2058* | 1,165,000 |
| 2056 | 1,045,000 | | |
| * (maturity) | | | |

Notice of redemption with respect to the 2023 Bonds to be redeemed shall be mailed to the registered owners thereof not less than 30 nor more than 60 days prior to the redemption date by first class mail, postage prepaid, to the addresses set forth in the registration books. Neither a failure of the Registered Owner hereof to receive such notice nor any defect therein will affect the validity of the proceedings for redemption. All 2023 Bonds or portions thereof so called for redemption will cease to accrue interest on the specified redemption date; provided that funds for the redemption are on deposit with the Fiscal Agent on the redemption date. Thereafter, the registered owners of such 2023 Bonds shall have no rights except to receive payment of the redemption price upon the surrender of the 2023 Bonds.

If at the time of mailing of any notice of optional redemption there shall not have been deposited with the Fiscal Agent moneys sufficient to redeem all the 2023 Bonds called for redemption, such notice shall state that it is conditional and subject to the deposit of the redemption moneys with the Fiscal Agent not later than the opening of business on the redemption date and will be of no effect unless such moneys are so deposited.

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

This 2023 Bond shall be registered in the name of the Registered Owner hereof, as to both principal and interest, and the CFD and the Fiscal Agent may treat the Registered Owner hereof as the absolute owner for all purposes and shall not be affected by any notice to the contrary.

The Bonds are issuable only in fully registered form in the denomination of \$5,000 or any integral multiple thereof and may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same issue and maturity, all as more fully set forth in the Fiscal Agent Agreement. This 2023 Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Designated Corporate Trust Office of the Fiscal Agent in Los Angeles, California, but only in the manner, subject to the limitations and upon payment of the charges provided in the Fiscal Agent Agreement, upon surrender and cancellation of this 2023 Bond. Upon such transfer, a new registered Bond of authorized denomination or denominations for the same aggregate principal amount of the same Series, issue and maturity will be issued to the transferee in exchange therefor.

The Fiscal Agent shall not be required to register transfers or make exchanges of (i) any 2023 Bonds for a period of 15 days next preceding any selection of the 2023 Bonds to be redeemed, or (ii) any 2023 Bonds chosen for redemption.

The rights and obligations of the CFD and of the registered owners of the Bonds may be amended at any time, and in certain cases without notice to or the consent of the registered owners, to the extent and upon the terms provided in the Fiscal Agent Agreement.

The Fiscal Agent Agreement contains provisions permitting the CFD to make provision for the payment of the interest on, and the principal and premium, if any, of the Bonds so that such Bonds shall no longer be deemed to be outstanding under the terms of the Fiscal Agent Agreement.

THE BONDS DO NOT CONSTITUTE OBLIGATIONS OF THE CITY OF RIALTO (THE "CITY") OR OF THE CFD FOR WHICH THE CITY OR THE CFD IS OBLIGATED TO LEVY OR PLEDGE, OR HAS LEVIED OR PLEDGED, GENERAL OR SPECIAL TAXES, OTHER THAN THE SPECIAL TAXES REFERENCED HEREIN. THE BONDS ARE LIMITED OBLIGATIONS OF THE CFD PAYABLE FROM THE PORTION OF THE SPECIAL TAXES AND OTHER AMOUNTS PLEDGED UNDER THE FISCAL AGENT AGREEMENT BUT ARE NOT A DEBT OF THE CITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR RESTRICTION.

This 2023 Bond shall not become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been dated and signed by the Fiscal Agent.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of this 2023 Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this 2023 Bond, together with all other indebtedness of the CFD, does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

IN WITNESS WHEREOF, City of Rialto Community Facilities District No. 2020-1 (El Rancho Verde) has caused this 2023 Bond to be dated as of the Dated Date, to be signed on behalf of the CFD by the Mayor of the City of Rialto, acting as the legislative body of the City of Rialto Community Facilities District No. 2020-1 (El Rancho Verde) by her manual signature and attested by the manual signature of the City Clerk of the City of Rialto and has caused the seal of the City to be reproduced hereon.

[SEAL]

By: _____
Mayor of the City of Rialto , acting as the
legislative body of City of Rialto Community
Facilities District No. 2020-1 (El Rancho
Verde)

ATTEST:

City Clerk of the City of Rialto, acting as the
legislative body of City of Rialto Community
Facilities District No. 2020-1 (El Rancho Verde)

[FORM OF FISCAL AGENT’S CERTIFICATE
OF AUTHENTICATION AND REGISTRATION]

This is one of the 2023 Bonds described in the within-defined Fiscal Agent Agreement.

Dated: October ___, 2023

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Fiscal Agent

By: _____
Its: Authorized Signatory

[FORM OF ASSIGNMENT]

For value received the undersigned hereby sells, assigns and transfers unto

(NAME, ADDRESS, AND TAX IDENTIFICATION OR SOCIAL SECURITY NUMBER OF ASSIGNEE)

the within-mentioned 2023 Bond and hereby irrevocably constitute(s) and appoint(s) _____
_____ attorney, to transfer the same on the registration
books of the Fiscal Agent with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Note: Signature(s) must be guaranteed by an eligible
guarantor institution.

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

EXHIBIT B

REQUISITION NO. []

**CITY OF RIALTO
COMMUNITY FACILITIES DISTRICT NO. 2020-1 (EL RANCHO VERDE)**

REQUISITION FOR DISBURSEMENT OF PROJECT COSTS/COSTS OF ISSUANCE

U.S. Bank Trust Company, National Association is hereby directed to disburse from the [2023 Costs of Issuance Account/Surplus Special Tax Account/2023 Project Costs Account] of the Acquisition and Construction Fund of the Community Facilities District No. 2020-1 (El Rancho Verde), established by the Fiscal Agent Agreement dated as of October 1, 2023, between the Fiscal Agent and City of Rialto Community Facilities District No. 2020-1 (El Rancho Verde), to the payee, designated on Exhibit A attached hereto and by this reference incorporated herein, at the address set forth below such payee name, the respective sums set forth opposite such payees, in payment for the obligation described on said Exhibit "A."

Each obligation shown on Exhibit A has been properly verified and approved by the CFD and is a proper charge against the [2023 Costs of Issuance Account/Surplus Special Tax Account/2023 Project Costs Account] of the Acquisition and Construction Fund.

The amount is due and payable under purchase order, contract or other authorization and has not formed the basis of any prior request for payment. The conditions to the release of this amount from the Community Facilities District No. 2020-1 (El Rancho Verde) Acquisition and Construction Fund are satisfied.

[There has not been filed with nor served upon the CFD notice of any lien, right to lien or attachment upon, or stop notice or claim affecting the right to receive payment of the amount specified above which has not been released or will not be released simultaneously with the payment of such amount, other than materialmen's or mechanic's liens accruing by mere operation of law.]

Payments shall be made by check or wire transfer in accordance with the payment instructions set forth in Exhibit "A" attached or in the attached invoices submitted in accordance therewith and the Fiscal Agent may rely on such payment instructions though given by the CFD with no duty to investigate or inquire as to the authenticity of the attached invoice or the payment instructions contained therein.

Dated: _____

CITY OF RIALTO COMMUNITY FACILITIES
DISTRICT NO. 2020-1 (EL RANCHO VERDE)

By: _____
Authorized Representative