
FISCAL AGENT AGREEMENT

by and between

COMMUNITY FACILITIES DISTRICT NO. 2014-1
(AVELINA) OF THE CITY OF PERRIS

and

U.S. BANK NATIONAL ASSOCIATION,
as Fiscal Agent

Dated as of November 1, 2018

Relating to:

\$_____

Improvement Area No. 3
Community Facilities District No. 2014-1 (Avelina) of the City of Perris
Special Tax Bonds, 2018 Series

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FISCAL AGENT AGREEMENT

THIS FISCAL AGENT AGREEMENT (the “Agreement”) is dated as of November 1, 2018, by and between the Community Facilities District No. 2014-1 (Avelina) of the City of Perris (the “District”), a community facilities district organized and existing under and by virtue of the laws of the State of California, and U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, as fiscal agent (the “Fiscal Agent”).

WITNESSETH:

WHEREAS, the City Council (the “City Council”) of the City of Perris (the “City”) has formed the District and created the District and various improvement areas within the District, including Improvement Area No. 3 (“Improvement Area No. 3” or “IA 3”) under the provisions of the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 et seq. of the California Government Code) (the “Act”) and Resolution No. 4798 of the City Council adopted on January 13, 2015; and

WHEREAS, the City Council is authorized under the Act and pursuant to Resolution Nos. 4798 and 4799, adopted on January 13, 2015, and Ordinance No. 1310, adopted on January 27, 2015, to levy special taxes to pay for the costs of facilities provided by the District, pursuant to the rate and method of apportionment approved by the qualified electors within the District; and

WHEREAS, on January 13, 2015, pursuant to Resolution Nos. 4799 and 4800, the District authorized the issuance of one or more series of bonds to be secured by the special taxes within Improvement Area No. 3 of the District, in an amount not to exceed \$5,000,000 (“Resolution to Incur Bond Indebtedness”); and

WHEREAS, October 30, 2018, the City Council adopted Resolution No. [____] (the “Resolution”) authorizing the issuance and sale of bonds for the District pursuant to this Agreement, designated “Improvement Area No. 3 of Community Facilities District No. 2014-1 (Avelina) of the City of Perris Special Tax Bonds, 2018 Series” (the “Bonds”), for the purpose of financing the acquisition, rehabilitation and construction of certain public improvements and fees within the District (the “Facilities”); and

WHEREAS, the Bonds shall be secured by special taxes levied within the District pursuant to its Rate and Method of Apportionment; and

WHEREAS, the Perris Joint Powers Authority (the “Authority”) intends to issue its Local Agency Revenue Bonds (IA 3-CFD No. 2014-1 (Avelina)), 2018 Series A (the “Authority Bonds”), for the purpose of purchasing the Bonds and to fund a reserve account in the amount equal to the Reserve Requirement as that term is set forth in that certain Indenture of Trust, dated as of November 1, 2018 (the “Authority Indenture”), by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”), and to pay the expenses of the Authority in connection with the issuance of the Authority Bonds; and

WHEREAS, it is in the public interest and for the benefit of the City, the District, the persons responsible for the payment of special taxes and the owners of the Bonds that the District

enters into this Agreement to provide for the issuance of the Bonds, the disbursement of proceeds of the Bonds, the disposition of the special taxes securing the Bonds, and the administration and payment of the Bonds; and

WHEREAS, all things necessary to cause the Bonds, when authenticated by the Fiscal Agent and issued as provided in the Act, the Resolution and this Agreement, to be legal, valid and binding and limited obligations in accordance with their terms, and all things necessary to cause the creation, authorization, execution and delivery of this Agreement and the creation, authorization, execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, that in order to secure the payment of the principal of, premium, if any, and the interest on all Bonds and Additional Bonds at any time issued and outstanding under this Agreement, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds and Additional Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds and Additional Bonds by the holders thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, the District does hereby covenant and agree with the Fiscal Agent, for the benefit of the respective holders from time to time of the Bonds and Additional Bonds, as follows:

ARTICLE I
STATUTORY AUTHORITY AND DEFINITIONS

1.1. Authority for this Agreement. This Agreement is entered into pursuant to the provisions of the Act and the Resolution.

1.2. Agreement for Benefit of Bond Owners. The provisions, covenants and agreements herein set forth to be performed by or on behalf of the City and the District shall be for the equal benefit, protection and security of the Owners from time to time. In consideration of the acceptance of the Bonds and Additional Bonds by the Owners thereof, this Agreement shall be deemed to be and shall constitute a contract between the District and the Owners; and the covenants and agreements herein set forth to be performed by the District shall be, for the equal and proportionate benefit, security and protection of all Owners of the Bonds and Additional Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds and Additional Bonds over any of the others by reason of the number, or date thereof or the time of sale, execution or delivery thereof, or otherwise for any cause whatsoever, except as expressly provided, therein or herein. All of the Bonds and Additional Bonds, without regard to the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds and Additional Bonds over any other thereof, except as expressly provided in or permitted by this Agreement.

The Fiscal Agent may become the owner of any of the Bonds and Additional Bonds in its own or any other capacity with the same rights it would have if it were not Fiscal Agent.

1.3. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.3 shall, for all purposes of this Agreement, of any Supplemental Agreement, and of any certificate, opinion or other document herein mentioned, have the meanings herein specified. All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Agreement, and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or subdivision hereof.

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

“Additional Authority Bonds” means bonds issued by the Authority pursuant to an Additional Authority Indenture for the purchase of Additional Bonds.

“Additional Authority Indenture” means the indenture, trust agreement, fiscal agent agreement or other document governing the terms of Additional Authority Bonds.

“Additional Bond(s)” means additional bonds issued pursuant to Section 2.13 hereof, if permitted.

“Administrative Expense Fund” means the fund by that name established by Section 3.6(a) hereof.

“Administrative Expenses” means any or all of the following: the fees and expenses of the Fiscal Agent (including any fees or expenses of its counsel), the expenses of the City or the District (including fees and expenses of counsel) in carrying out their duties hereunder (including, but not limited to, the levying and collection of the Special Taxes, including costs associated with foreclosure proceedings or work-outs with property owners), complying with the disclosure provisions of the Act, the Continuing Disclosure Agreement and this Agreement, including those related to public inquiries regarding the Special Tax and disclosures to Bond Owners and the Original Purchaser; the costs of the City and the District or their designees related to an appeal of the Special Tax; any costs of the City and the District (including fees and expenses of counsel) to defend the first lien on and pledge of the Special Taxes to the payment of the Bonds and Additional Bonds or otherwise in respect of litigation relating to the District or the Bonds and Additional Bonds or with respect to any other obligations of the District; any amounts required to be rebated to the federal government in order for the District to comply with Section 5.10(h), including the fees and expenses of its counsel; the costs of any dissemination agent under the continuing disclosure agreements entered into by the City and the District; an allocable share of the salaries of City staff directly related thereto and a proportionate amount of City general administrative overhead related thereto, and all other costs and expenses of the City, the District, or the Fiscal Agent incurred in connection with the discharge of their respective duties hereunder, and in the case of the City, in any way related to the administration of the District and all actual costs and expenses incurred in connection with the administration of the Bonds and Additional Bonds and the Authority Bonds.

“Agreement” means this Fiscal Agent Agreement, as it may be amended or supplemented from time to time by any Supplemental Agreement adopted pursuant to the

provisions hereof.

“Annual Debt Service” means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds and Additional Bonds in such Bond Year, assuming that the Outstanding Bonds and Additional Bonds are retired as scheduled, and (ii) the principal amount of the Outstanding Bonds and Additional Bonds due in such Bond Year (including mandatory sinking payments, if any).

“Auditor” means the auditor/tax collector of the County of Riverside.

“Authority” means the Perris Joint Powers Authority, a joint powers authority existing under Government Code Section 6500 *et seq.*

“Authority Bonds” means the [\$_____] initial principal amount of Perris Joint Powers Authority Local Agency Revenue Bonds (IA3-CFD No. 2014-1 (Avelina)), 2018 Series A, or such other series of local agency revenue bonds issued by the Authority, the proceeds of which are used to acquire one or more series of Additional Bonds.

“Authority Indenture” means the Indenture of Trust, dated as of November 1, 2018, between the Authority and U.S. Bank National Association, as trustee, relating to the Authority Bonds, or such other indenture of trust, fiscal agent agreement, trust agreement or other documents, as the case may be, relating to the Authority Bonds.

“Authorized Officer” means the City Manager, Assistant City Manager, Finance Director or City Clerk of the City, or any other officer or employee authorized by the City Council of the City or by an Authorized Officer to undertake the action referenced in this Agreement as required to be undertaken by an Authorized Officer.

“Bond Counsel” means (i) Aleshire & Wynder, LLP, or (ii) any attorney or firm of attorneys acceptable to the District and nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

“Bond Fund” means the fund by that name established by Section 4.2(a) hereof.

“Bonds” means Improvement Area No. 3 of Community Facilities District No. 2014-1 (Avelina) of the City of Perris Special Tax Bonds, 2018 Series, authorized by, and at any time Outstanding pursuant hereto.

“Bond Year” means each one-year period beginning on September 2 of each year and ending on September 1 of the following year, except that the first Bond Year shall begin on the Closing Date and end on September 1, 2019; provided, however, that with respect to the Authority Bonds, for Federal tax purposes, the term “Bond Year” shall be defined as set forth in the Authority Indenture.

“Business Day” means any day other than (i) a Saturday or a Sunday, (ii) a day on which the offices of the City are not open for business, or (iii) a day on which banking institutions in the state in which the Fiscal Agent has its principal corporate trust office is authorized or obligated by law or executive order to be closed.

“Cash Flow Management Fund” means the fund by that name established by Section 4.03(a) of the Authority Indenture.

“CDIAC” means the California Debt and Investment Advisory Commission of the office of the State Treasurer of the State of California or any successor agency or bureau thereof.

“City” means the City of Perris, California.

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

“City Manager” means the City Manager of the City.

“Closing Date” means the date upon which there is a physical delivery of the Bonds and/or Additional Bonds in exchange for the amount representing the purchase price of the Bonds and/or Additional Bonds by the Original Purchaser.

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

“Continuing Disclosure Agreement” shall mean any Continuing Disclosure Agreement, by and between the District and a Dissemination Agent, relating to the Authority Bonds, executed on the Closing Date, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

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

“County” means the County of Riverside, California.

“Debt Service” means the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, excluding amounts scheduled during such period, which relate to principal which has been retired before the beginning of such period.

“Delinquency Management Fund” means the fund by that name established by Section 3.9(a) hereof.

“Delinquency Management Fund Requirement” means, as of any calculation date, an amount equal to 15% of the Maximum Annual Debt Service.

“Dissemination Agent” means Willdan Financial Services or such other Dissemination Agent as may be appointed by the City pursuant to the Continuing Disclosure Agreement.

“District” means the Community Facilities District No. 2014-1 (Avelina) of the City of Perris, formed pursuant to the Resolution of Formation.

“Facilities” means the facilities more particularly described in the original resolution of intention, or any portion of the Facilities financed by the Bonds.

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

“Federal Securities” means any of the following which are non-callable and which at the time of investment are legal investments under the laws of the State of California for funds held by the Fiscal Agent, as shall be certified by the District to the Fiscal Agent:

(1) direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the United States Department of the Treasury) and obligations, the payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America, including, without limitation, such of the foregoing which are commonly referred to as “stripped” obligations and coupons;

(2) any of the following obligations of the following agencies of the United States of America: (a) direct obligations of the Export-Import Bank, (b) certificates of beneficial ownership issued by the Farmers Home Administration, (c) participation certificates issued by the General Services Administration, (d) mortgage-backed bonds or pass-through obligations issued and guaranteed by the Government National Mortgage Association, (e) project notes issued by the United States Department of Housing and Urban Development, and (f) public housing notes and bonds guaranteed by the United States of America; or refunded municipal obligations, the timely payment of principal of and interest on are fully guaranteed by the United States of America.

“Fiscal Agent” means the Fiscal Agent appointed by the District and acting as an independent fiscal agent with the duties and powers herein provided, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in Section 8.1.

“Fiscal Year” means the twelve-month period extending from July 1 in a calendar

year to June 30 of the succeeding year, both dates inclusive.

“Improvement Area No. 3” or “IA 3” means Improvement Area No. 3 of the District, created pursuant to the Resolution of Formation.

“Improvement Fund” means the fund by that name established by Section 3.7 hereof.

“Interest Account” means the account by that name established in the Bond Fund pursuant to Section 4.2 hereof.

“Interest Payment Date” means March 1 and September 1 of each year, commencing March 1, 2019, with respect to the Bonds.

“Investment Earnings” means all interest earned and any gains and losses on the investment of moneys in any fund or account created by this Agreement.

“Legislative Body” means the City Council of the City.

“Maximum Annual Debt Service” means the largest Annual Debt Service for any Bond Year after the calculation is made through the final maturity date of any Outstanding Bonds and Additional Bonds.

“Net Taxes” means Special Taxes less Administrative Expenses.

“Officer’s Certificate” means a written certificate of the District or the City signed by an Authorized Officer of the City.

“Ordinance” means any ordinance of the City levying the Special Taxes, including Ordinance No. 1310, adopted January 27, 2015.

“Original Purchaser” means, with respect to the Bonds, the Authority, and with respect to an issue of Additional Bonds, the initial purchaser of such Additional Bonds.

“Outstanding” when used as of any particular time with reference to Bonds and Additional Bonds, means (subject to the provisions of Section 9.4) all Bonds and Additional Bonds except: (i) Bonds and Additional Bonds theretofore canceled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation; (ii) Bonds and Additional Bonds paid or deemed to have been paid within the meaning of Section 10.3; and (iii) Bonds and Additional Bonds in lieu of or in substitution for which other Bonds and Additional Bonds shall have been authorized, executed, issued and delivered by the District pursuant to this Agreement or any Supplemental Agreement.

“Owner” or “Bond Owner” means any person who shall be the registered owner of any Outstanding Bond and/or Additional Bonds, as the case may be.

“Participating Underwriter” means any of the original underwriter(s) of the Authority Bonds required to comply with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended

from time to time, in connection with the offering of the Authority Bonds.

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State and the City’s or District’s investment policies for the moneys proposed to be invested therein (the Fiscal Agent is entitled to rely on written investment direction of the District as a determination that such investment is a legal investment), but only to the extent that the same are acquired at Fair Market Value:

(a) Federal Securities;

(b) 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): (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) obligations of the Federal Financing Bank; (iv) debentures of the Federal Housing Administration; (v) participation certificates of the General Services Administration; (vi) guaranteed mortgage-backed bonds or guaranteed pass-through obligations of the Government National Mortgage Association; (vii) guaranteed Title XI financings of the U.S. Maritime Administration; and (viii) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development;

(c) 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): (i) senior debt obligations of the Federal Home Loan Bank System; (ii) participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; (iii) mortgage-backed securities and senior debt obligations of the Federal National Mortgage Association (excluding stripped mortgage securities which are valued greater than par on the portion of unpaid principal); (iv) senior debt obligations of the Student Loan Marketing Association; (v) obligations (but only the interest component of stripped obligations) of the Resolution Funding Corporation; and (vi) consolidated system-wide bonds and notes of the Farm Credit System;

(d) money-market funds (including funds of the Fiscal Agent or its affiliates) registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of “AAAm-G,” “AAAm,” or “AAm,” or, if rated by Moody’s, rated “Aaa-mf,” “Aa-mf” or “A-mf;”

(e) certificates of deposit secured at all times by collateral described in (a) or (b) above, which have a maturity of one year or less, which are issued by commercial banks, savings and loan associations or mutual savings banks, and such collateral must be held by a third party, and the Fiscal Agent must have a perfected first security interest in such collateral;

(f) certificates of deposit, savings accounts, deposit accounts or money market deposits (including those of the Fiscal Agent and its affiliates) which are fully insured by the Federal Deposit Insurance Corporation;

(g) investment agreements, including guaranteed investment contracts, forward purchase agreements and Reserve Account put agreements, which are general obligations of an entity whose long term debt obligations, or claims paying ability, respectively, is rated in one of the two highest rating categories by Moody's or S&P;

(h) commercial paper rated, at the time of purchase, "Prime-1" by Moody's and "A 1" or better by S&P;

(i) 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;

(j) deposit accounts, money market deposits, federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P;

(k) repurchase agreements which provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the Fiscal Agent and the transfer of cash from the Fiscal Agent to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the Fiscal Agent in exchange for the securities at a specified date, which satisfy the following criteria:

(i) repurchase agreements must be between the Fiscal Agent and (A) a primary dealer on the Federal Reserve reporting dealer list which falls under the jurisdiction of the Securities Investors Protection Corporation which are rated "A" or better by Moody's and S&P, or (B) a bank rated "A" or better by Moody's and S&P;

(ii) the written repurchase agreement contract must include the following: (A) securities acceptable for transfer, which may be direct U.S. government obligations, or federal agency obligations backed by the full faith and credit of the U.S. government; (B) the term of the repurchase agreement may be up to 30 days; (C) the collateral must be delivered to the Fiscal Agent or a third party acting as agent for the Fiscal Agent simultaneous with payment (perfection by possession of certificated securities); (D) the Fiscal Agent must have a perfected first priority security interest in the collateral; (E) the collateral must be free and clear of third-party liens and, in the case of a broker which falls under the jurisdiction of the Securities Investors Protection Corporation, are not subject to a repurchase agreement or a reverse repurchase agreement; (F) failure to maintain the requisite collateral percentage, after a two-day restoration period, will require the Fiscal Agent to liquidate the collateral; (G) the securities must be valued weekly, marked-to-market at current market price plus accrued interest and the value of collateral must be equal to 104% of the amount of cash transferred by the Fiscal Agent to the dealer bank or securities firm under the repurchase agreement plus accrued interest (unless the securities used as collateral are obligations of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, in which case the collateral must be equal to 105% of the amount of cash transferred by the Fiscal Agent to the dealer bank or securities firm under the repurchase agreement plus accrued interest). If the value of securities held as collateral falls below 104% of the value of the cash transferred by the Fiscal Agent, then additional cash and/or acceptable securities must be transferred; and

(iii) a legal opinion must be delivered to the Fiscal Agent to the effect that the repurchase agreement meets guidelines under state law for legal investment of public funds; and

(l) the Local Agency Investment Fund of the State of California, created pursuant to Section 16429.1 of the California Government Code, to the extent the Fiscal Agent is authorized to register such investment in its name.

“Person” means an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“Principal Account” means the account by that name established in the Bond Fund pursuant to Section 4.2 hereof.

“Record Date” means the fifteenth day of the month next preceding the month of the applicable Interest Payment Date.

“Redemption Fund” means the fund by that name established by Section 3.11 hereof.

“Redemption Revenues” means (a) any amounts transferred pursuant to the Authority Indenture for the redemption of Bonds or pursuant to an Additional Authority Indenture for the redemption of Additional Bonds, (b) amounts transferred from the Delinquency Management Fund for the redemption of Bonds or Additional Bonds, and (c) any amounts deposited for the Special Mandatory Redemption from Prepayment of Special Taxes pursuant to 2.3(a)(ii), or Optional Redemption of Bonds or Additional Bonds pursuant to Section 2.3(a)(i).

“Registration Books” means the records maintained by the Fiscal Agent pursuant to Section 2.8 hereof for the registration and transfer of ownership of the Bonds and Additional Bonds.

“Reserve Account” means the account by that name established pursuant to the Authority Indenture.

“Resolution” means Resolution No. [____] adopted by the Legislative Body on October 30, 2018 as now in effect or as it may hereafter be amended from time to time, and any resolution adopted by the Legislative Body with respect to a series of Additional Bonds, as such resolution is in effect or may be amended from time to time.

“Resolution of Formation” means Resolution No. 4798 adopted by the Legislative Body on January 13, 2015, as now in effect or as it may hereafter be amended from time to time.

“RMA” means the Rate and Method of Apportionment of the Special Tax for Improvement Area No. 3 of the District.

“S&P” means S&P Global, Inc., and its successors.

“Special Tax Fund” means the fund by that name established by Section 3.4(a)

hereof.

“Special Taxes Receipt Fund” means the fund by that name established by Section 3.4(a) hereof.

“Special Tax Revenues” means (a) the proceeds of the Special Taxes received pursuant to the RMA by the District with respect to Improvement Area No. 3, including any scheduled payments thereof and interest thereon, (b) income and gains with respect to the investment of amounts on deposit in the funds and accounts established hereunder for the Bonds and Additional Bonds and (c) proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes. Notwithstanding the foregoing, “Special Tax Revenues” does not include any penalties or interest in excess of the interest payable on the Bonds or Additional Bonds collected in connection with delinquent Special Taxes.

“Special Taxes” means the special taxes levied within Improvement Area No. 3 of the District pursuant to the Act, the Ordinance, this Agreement and the RMA.

“State” means the State of California.

“Supplemental Agreement” means an agreement the execution of which is authorized by a resolution which has been duly adopted by the Legislative Body of the District under the Act and which agreement is amendatory of or supplemental to this Agreement, but only if and to the extent that such agreement is specifically authorized hereunder.

“Tax Certificate” means, with respect to the Authority Bonds, the Tax Certificate, dated the date of issuance of the Authority Bonds, as originally executed and as it may from time to time be amended or supplemented pursuant to its terms.

“Treasurer” means the person who is acting in the capacity as treasurer or finance director to the City.

ARTICLE II THE BONDS

2.1. Principal Amounts; Designations. Bonds in the aggregate principal amount of _____ (\$_____) are hereby authorized to be issued under and subject to the terms of the Resolution and this Agreement, the Act and other applicable laws of the State of California. The Bonds shall be designated “Improvement Area No. 3 of Community Facilities District No. 2014-1 (Avelina) of the City of Perris Special Tax Bonds, 2018 Series.” This Agreement constitutes a continuing agreement of the District with the Owners from time to time of the Bonds to secure the full payment of the principal of, premium, if any, and interest on all such Bonds subject to the covenants, provisions and conditions herein contained.

2.2. Terms of Bonds.

(a) Form; Denominations. The Bonds shall be issued as fully registered bonds without coupons in the denomination of \$5,000 or any integral multiple thereof. The Bonds shall be lettered and numbered in a customary manner as determined by the Fiscal Agent.

(b) Date of the Bonds. The Bonds shall be dated the Closing Date.

(c) Maturities, Interest Rates. The Bonds shall mature on the dates and shall bear interest at the rates as follows:

<u>Maturity</u> <u>September 1</u>	<u>Principal</u>	<u>Interest Rate</u>
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
2038		
2043*		
2048*		

*Term Bonds.

(d) Interest. The Bonds shall bear interest at the rates set forth above payable on the Interest Payment Dates in each year. Interest shall be calculated on the basis of a 360-day year composed of twelve 30-day months. Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is authenticated after a Record Date and on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it shall bear interest from such Interest Payment Date, or (ii) it is

authenticated on or before ___ 15, 2019, in which event it shall bear interest from the Closing Date, or (iii) interest with respect to any Outstanding Bond is in default, in which event interest with respect thereto will be payable from the date to which interest has previously been paid or made available for payment thereon.

(e) Method of Payment. Interest on the Bonds (including the final interest payment upon maturity or earlier redemption) is payable by check of the Fiscal Agent mailed on the Interest Payment Dates by first class mail to the registered Owner thereof at such registered Owner's address as it appears on the registration books maintained by the Fiscal Agent at the close of business on the Record Date preceding the Interest Payment Date, or by wire transfer made on such Interest Payment Date upon instructions of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds.

The principal of the Bonds and any premium on the Bonds are payable in lawful money of the United States of America upon surrender of the Bonds at the Corporate Trust Office of the Fiscal Agent.

All Bonds paid by the Fiscal Agent pursuant to this Section shall be canceled by the Fiscal Agent. The Fiscal Agent shall destroy the canceled Bonds.

2.3. Redemption.

(a) Redemption Dates.

(i) *Optional Redemption.* The Bonds are subject to redemption prior to maturity at the option of the District from any source of funds, as a whole or in part, on any Interest Payment Date on or after ____, as selected by the District, upon direction of the Authority, at the redemption prices and schedules applicable to the Authority Bonds. Notwithstanding anything to the contrary, with respect to optional redemptions related to the Authority Bonds, the District shall abide by the priority of redemption relating to the Authority Bonds permitted by the Authority Indenture.

(ii) *Special Mandatory Redemption from Prepayment of Special Taxes and from Surplus Funds.* The Bonds shall also be subject to special mandatory redemption on any Interest Payment Date on or after ____, in whole or in part as selected by the District, from amounts constituting prepayments of Special Taxes, and from amounts transferred from the Delinquency Management Fund hereunder and from amounts transferred by the Authority to the District from the Cash Flow Management Fund under the Authority Indenture at the following redemption prices (expressed as a percentage of the principal amount of Bonds to be redeemed) together with accrued interest thereon to the redemption date:

<u>Redemption Periods</u>	<u>Redemption Price</u>
[March/September 1, __ through March 1, ____	10___.0%
September 1, __ and March 1, __	102.0%
September 1, ____ and March 1, __	101.0%
September 1, ____ and any Interest Payment Date thereafter	100.0%]

(iii) **Mandatory Sinking Payment Redemption.** The Bonds maturing September 1, __ and September 1, __, are subject to mandatory redemption in part by lot, on September 1 in each year, commencing September 1, __ and September 1, __, respectively, from mandatory sinking payments made by the District at a redemption price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest thereon to the date of redemption in the aggregate principal amounts and on September 1 in the respective years as set forth in the following schedule; provided, however, that (i) in lieu of redemption thereof, such Bonds may be purchased by the District and tendered to the Fiscal Agent and the Fiscal Agent shall cancel such tendered Bonds, and (ii) if some but not all of such Bonds have been redeemed pursuant to the redemption provisions described in subsections (a) above or (c) below, the total amount of all future mandatory sinking payments will be reduced by the aggregate principal amount of such Bonds so redeemed, to be allocated among such mandatory sinking payments as determined by the Authority in connection with the Authority Bonds relating to the Bonds or on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, as determined by the District.

BONDS MATURING SEPTEMBER 1, 20__

September 1 (Year)	Principal Amount
-------------------------------	-----------------------------

\$
\$

*
*Maturity

BONDS MATURING SEPTEMBER 1, __

September 1 (Year)	Principal Amount
-------------------------------	-----------------------------

*Maturity

Notice to Fiscal Agent. The District shall give the Fiscal Agent written notice of its intention to redeem Bonds pursuant to subsection (a)(i) not less than sixty (60) days prior to the applicable redemption date, unless such lesser number of days'

notice shall be acceptable to the Fiscal Agent, such notice being for the convenience of the Fiscal Agent. Notwithstanding any provisions in this Agreement to the contrary, upon any optional redemption or special mandatory redemption in part, the District shall deliver an Officer's Certificate to the Fiscal Agent at least sixty (60) days prior to the proposed redemption date or such later date as shall be acceptable to the Fiscal Agent so stating that the remaining payments of principal and interest on the Bonds, together with Special Taxes to be available, will be sufficient on a timely basis to pay debt service on the Authority Bonds, as demonstrated in a cash flow certificate delivered to the Fiscal Agent with such Officer's Certificate.

The District shall in such Officer's Certificate certify to the Fiscal Agent that sufficient moneys for purposes of such redemption are or will be on deposit in the Redemption Fund and is required to deliver such moneys to the Fiscal Agent together with other Special Tax Revenues, if any, then to be delivered to the Fiscal Agent pursuant to this Agreement, which moneys are required to be identified to the Fiscal Agent in the Officer's Certificate delivered with the Special Tax Revenues.

(c) Redemption Procedure by Fiscal Agent. The Fiscal Agent shall cause notice of any redemption to be mailed by first class mail, postage prepaid, at least thirty (30) days but not more than sixty (60) days prior to the date fixed for redemption, to the respective registered Owners of any Bonds designated for redemption, at their addresses appearing on the Bond registration books in the Corporate Trust Office of the Fiscal Agent; but such mailing shall not be a condition precedent to such redemption and failure to mail or to receive any such notice, or any defect therein, shall not affect the validity of the proceedings for the redemption of such Bonds.

Such notice shall state the redemption date and the redemption price and, if less than all of the then Outstanding Bonds are to be called for redemption, shall designate the Bond numbers of the Bonds to be redeemed or shall state that all Bonds between two stated Bond numbers, both inclusive, are to be redeemed or that all of the Bonds of one or more maturities have been called for redemption, shall state as to any Bond called in part the principal amount thereof to be redeemed, and shall require that such Bonds be then surrendered at the Corporate Trust Office of the Fiscal Agent for redemption at the said redemption price, and shall state that further interest on such Bonds will not accrue from and after the redemption date. The cost of mailing any such redemption notice and any expenses incurred by the Fiscal Agent in connection therewith shall be paid by the District.

The District 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 District and the Fiscal Agent shall have no liability to the Owners or any other party related 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.

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

Whenever provision is made in this Agreement for the redemption of less than all of the Bonds or any given portion thereof, the Fiscal Agent shall select the Bonds to be redeemed, from all Bonds or such given portion thereof not previously called for redemption, among maturities as specified by the District in a written certificate delivered to the Fiscal Agent, and by lot within a maturity in any manner which the District in its sole discretion shall deem appropriate and fair. In providing such certificate, the District shall provide for the redemption of Bonds such that the remaining Debt Service payable on the Bonds shall remain as level as possible.

Upon surrender of Bonds redeemed in part only, the District shall execute and the Fiscal Agent shall authenticate and deliver to the registered Owner, at the expense of the District, a new Bond or Bonds, of the same series and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

(d) Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the Bonds so called for redemption shall have been deposited in the Bond Fund, such Bonds so called shall cease to be entitled to any benefit under this Agreement other than the right to receive payment of the redemption price, and no interest shall accrue thereon on or after the redemption date specified in such notice.

All Bonds redeemed and purchased by the Fiscal Agent pursuant to this Section 2.3 shall be canceled by the Fiscal Agent. The Fiscal Agent shall destroy the canceled Bonds.

(e) Partial Redemption. If in the event only a portion of any Bond is called for redemption, then upon surrender of such Bond the City will execute, on behalf of the District, and the Fiscal Agent will authenticate and deliver to the Bond Owner thereof, at the expense of the District, a new Bond or Bonds of the same series and maturity date, of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

2.4. Form of Bonds. The Bonds, the form of Fiscal Agent's certificate of authentication and the form of assignment to appear thereon, shall be substantially in the forms, respectively, set forth in Exhibit A attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Agreement, the Resolution and the Act.

2.5. Execution of Bonds. The Bonds shall be executed on behalf of the District by the manual or facsimile signatures of the Mayor, and City Clerk, who are in office on the date of adoption of this Agreement or at any time thereafter. Unless otherwise provided in any Supplemental Agreement with respect to the Bonds, the Bonds shall then be delivered to the Fiscal Agent for authentication. If any officer whose signature appears on any Bond ceases to be such officer before delivery of the Bonds to the owner, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Bonds to the owner.

Any Bond may be signed and attested on behalf of the District by such persons as at the actual date of the execution of such Bond shall be the proper officers of the District although at the nominal date of such Bond any such person shall not have been such officer of the District.

Only such Bonds as shall bear thereon a certificate of authentication in substantially the form set forth in Exhibit A, executed and dated by the Fiscal Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Agreement, and such certificate of authentication of the Fiscal Agent shall be conclusive evidence that the Bonds registered hereunder have been duly authenticated, registered and delivered hereunder and are entitled to the benefits of this Agreement.

2.6. Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 2.8 by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in form approved by the Fiscal Agent. The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such transfer shall be paid by the District. The Fiscal Agent shall collect from the Owner requesting such transfer any tax or other governmental charge required to be paid with respect to such transfer.

No transfers of Bonds shall be required to be made (i) fifteen (15) days prior to the date established by the Fiscal Agent for selection of Bonds for redemption, (ii) with respect to a Bond after such Bond has been selected for redemption, or (iii) between the 15th day of the month next preceding any Interest Payment Date and such Interest Payment Date.

2.7. Exchange of Bonds. Bonds may be exchanged at the Corporate Trust Office of the Fiscal Agent for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such exchange shall be paid by the District. The Fiscal Agent shall collect from the Owner requesting such exchange any tax or other governmental charge required to be paid with respect to such exchange.

No exchanges of Bonds shall be required to be made (i) fifteen (15) days prior to the date established by the Fiscal Agent for selection of Bonds for redemption, (ii) with respect to a Bond after such Bond has been selected for redemption or (iii) between the 15th day of the month next preceding any Interest Payment Date and such Interest Payment Date.

2.8. Bond Register. The Fiscal Agent will keep or cause to be kept, at its Corporate Trust Office sufficient books for the registration and transfer of the Bonds which books shall show the series number, date, amount, rate of interest and last known owner of each Bond and shall at all times be open to inspection by the District or the City during regular business hours upon reasonable notice; and, upon presentation for such purpose, the Fiscal Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, the ownership of the Bonds as hereinbefore provided.

The District and the Fiscal Agent will treat the Owner of any Bond whose name appears on the Bond register as the absolute Owner of such Bond for any and all purposes, and the

District and the Fiscal Agent shall not be affected by any notice to the contrary. The District and the Fiscal Agent may rely on the address of the Bond Owner as it appears in the Bond register for any and all purposes.

2.9. Temporary Bonds. The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such authorized denominations as may be determined by the District, and may contain such reference to any of the provisions of this Agreement as may be appropriate. Every temporary Bond shall be executed by the District upon the same conditions and in substantially the same manner as the definitive Bonds. If the District issues temporary Bonds it will execute and furnish definitive Bonds without delay and thereupon the temporary Bonds shall be surrendered, for cancellation, in exchange for the definitive Bonds at the Corporate Trust Office of the Fiscal Agent or at such other location as the Fiscal Agent shall designate, and the Fiscal Agent shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary bonds shall be entitled to the same benefits under this Agreement as definitive Bonds authenticated and delivered hereunder.

2.10. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the District, at the expense of the Owner of said Bond, shall execute, and the Fiscal Agent shall authenticate and deliver, a new Bond of like tenor and principal amount 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 canceled by it and destroyed by the Fiscal Agent who shall deliver a certificate of destruction thereof to the District. 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 be satisfactory to it and indemnity for the District and the Fiscal Agent satisfactory to the Fiscal Agent shall be given, the District, at the expense of the Owner, shall execute, and the Fiscal Agent shall authenticate and deliver a new Bond of like tenor and principal amount in lieu of and in substitution for the Bond so lost, destroyed or stolen. The District may require payment of a sum not exceeding the actual cost of preparing each new Bond delivered under this Section and of the expenses which may be incurred by the District and the Fiscal Agent for the preparation, execution, authentication and delivery. Any Bond delivered under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the District whether or not the Bond so alleged to be lost, destroyed or stolen is at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Agreement with all other Bonds issued pursuant to this Agreement.

2.11. Limited Obligation. All obligations of the District under this Agreement and the Bonds shall be special obligations of the District, payable solely from the Special Tax Revenues and the funds pledged therefor hereunder. Neither the faith and credit nor the taxing power of the District (except to the limited extent set forth herein) or the State of California or any political subdivision thereof is pledged to the payment of the Bonds.

2.12. 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 2.3 hereof, or the defeasance of the Bonds and discharge of this Agreement under Section 10.3 hereof.

2.13. Additional Bonds Prohibited. Other than for refunding purposes, no Additional Bonds entitled to a lien on the Special Tax Revenues shall be issued hereunder.

ARTICLE III ISSUANCE OF BONDS

3.1. Issuance and Delivery of the Bonds. At any time after the execution of this Agreement, the District may issue the Bonds in the aggregate principal amount set forth in Section 2.1 and deliver the Bonds to the Original Purchaser. The Authorized Officers of the District are hereby authorized and directed to deliver any and all documents and instruments necessary to cause the issuance of the Bonds in accordance with the provisions of the Act, the Resolution and this Agreement and to do and cause to be done any and all acts and things necessary or convenient for delivery of the Bonds to the Original Purchaser, upon payment of the purchase price for the Bonds.

3.2. Application of Proceeds of Sale of the Bonds and Other Funds. On the Closing Date, the total amount of \$____, which shall constitute the proceeds of the sale of the Bonds (being the Principal Amount of \$_____, less a Bond Purchase Discount of \$____) shall be transferred to the Fiscal Agent and deposited as follows:

- (a) The Fiscal Agent shall deposit \$____ into the Improvement Fund.
- (b) No funds shall be deposited into the Delinquency Management Fund or the Administrative Expense Fund on the Closing Date.

3.3. Validity of Bonds. The validity of the authorization and issuance of the Bonds shall not be dependent upon the completion of the acquisition of the Facilities or upon the performance by any person of his obligation with respect to the Facilities.

3.4. Special Taxes Receipt Fund and Special Tax Fund.

(a) Establishment of Special Taxes Receipt Fund and Special Tax Fund. The City has established a fund known as the “Special Taxes Receipt Fund” (in which it shall create an account for each Community Facilities District within the City, including the District). The City shall deposit Special Taxes when received in the account established for the District (and in subaccounts with respect to each Improvement Area) and immediately thereafter transfer such amounts with respect to Improvement Area No. 3 to the Fiscal Agent for deposit in the Special Tax Fund. Notwithstanding the previous sentence, any Special Taxes received by the City and prior to the Closing Date shall be deposited into the Special Tax Receipt Fund and shall be transferred to the Fiscal Agent for deposit in the Special Tax Fund after the Closing Date, but no later than [____15, 2019]. There is hereby established as a separate fund to be held by the Fiscal Agent, the “Special Tax Fund,” to the credit of which the Fiscal Agent, on behalf of the District, shall deposit, immediately upon receipt, all Special Tax Revenues received by the District or the City on behalf of Improvement Area No. 3 of the District. Moneys in the Special Tax Fund shall be held in trust by the Fiscal Agent for the benefit of the District and the Owners of the Bonds and

Additional Bonds, shall be disbursed as provided below and, pending any disbursement, shall be subject to a lien in favor of the Owners of the Bonds and Additional Bonds.

(b) Disbursements. After depositing an amount of Special Tax Revenues budgeted for Administrative Expenses to the Administrative Expense Fund pursuant to a written direction of the District, no later than ten (10) Business Days prior to each Interest Payment Date, the Fiscal Agent shall withdraw from the Special Tax Fund and transfer to the Bond Fund as follows:

(i) To the Interest Account of the Bond Fund, an amount such that the balance in the Interest Account shall be equal to the installment of interest due on the Bonds and Additional Bonds on said Interest Payment Date.

(ii) To the Principal Account of the Bond Fund, an amount such that the balance in the Principal Account shall at least equal the principal payment (including mandatory sinking payments) due on the Bonds on said Interest Payment Date.

Notwithstanding the foregoing, amounts shall be transferred to the Principal Account or the Interest Account from the Special Tax Fund and immediately be paid to the Owners of the Bonds and Additional Bonds in respect of past due payments on the Bonds and Additional Bonds.

(c) Investment. Moneys in the Special Tax Fund shall be invested and deposited in accordance with Section 6.1. Interest earnings and profits resulting from such investment and deposit shall be retained in the Special Tax Fund to be used for the purposes thereof.

(d) Disposition of Surplus. On September 2 of each year, commencing September 2, 2018, the Fiscal Agent shall transfer any amounts remaining in the Special Tax Fund following payment of each disbursement required pursuant to subsection (b) above, to the Delinquency Management Fund.

3.5. Reserved.

3.6. Administrative Expense Fund.

(a) Establishment of Administrative Expense Fund. There is hereby established as a separate fund to be held by the Fiscal Agent, the "Administrative Expense Fund," to the credit of which the amount budgeted and levied for Administrative Expenses shall be made. Moneys in the Administrative Expense Fund shall be held in trust by the Fiscal Agent for the benefit of the District, and shall be disbursed as provided below.

(b) Disbursement. Amounts in the Administrative Expense Fund shall be withdrawn by the Fiscal Agent and paid to the District or the City or its order upon receipt by the Fiscal Agent of an Officer's Certificate stating the amount to be withdrawn, that such amount is to be used to pay an Administrative Expense, and the nature of such Administrative Expense.

Annually, at least five (5) days prior to the last day of each Bond Year, the Fiscal Agent shall withdraw any amounts then remaining in the Administrative Expense Fund that have not been allocated to pay Administrative Expenses incurred but not yet paid, and which are not otherwise encumbered or expected to be needed for the purposes of such fund, and transfer such amounts to the Special Tax Fund.

(c) Investment. Moneys in the Administrative Expense Fund shall be invested and deposited in accordance with Section 6.1 hereof. Interest earnings and profits resulting from said investment shall be retained in the Administrative Expense Fund to be used for the purposes of such fund.

3.7. Improvement Fund

(a) Establishing of Improvement Fund. There is hereby established as a separate fund to be held by the Fiscal Agent, the Improvement Fund, to the credit of which a deposit shall be made as required by Section 3.2(a) hereof. Moneys in the Improvement Fund shall be held in trust by the Fiscal Agent for the benefit of the City and the District and shall be disbursed, except as otherwise provided in subsection (b) of this Section 3.7, for the payment or reimbursement of costs of Facilities.

(b) Disbursement. Disbursements from the Improvement Fund shall be made by the Fiscal Agent upon receipt of an Officer's Certificate substantially in the form of Exhibit B hereto stating that (1) the conditions to the release of such funds have been satisfied, (2) the name of the person to whom payment is due, (3) the amount to be paid, (4) the purpose for which the obligation to be paid was incurred, and (5) there has not been filed with or served upon the District notice of any lien, right to lien or attachment, stop notice or claim affecting the right to receive payment of any of the moneys payable to any of the persons named in such certificate or written requisition which has not been released or will not be released simultaneously with the payment of, such obligation, other than materialmen's or mechanic's liens accruing by mere operation of law.

(c) Investment. Moneys in the Improvement Fund shall be invested and deposited by the Fiscal Agent in accordance with Section 6.1 hereof. Interest earnings and profits from such investment and deposit shall be retained until all Facilities have been fully funded and shall upon closing the Improvement Fund shall be transferred for deposit in the Bond Fund to be used for the purposes of such fund.

(d) Closing of Fund. Upon the filing of an Officer's Certificate executed by the Treasurer stating that all costs of the Facilities have been paid or are not required to be paid from the Improvement Fund, the Fiscal Agent shall transfer the amount, if any, remaining in the Improvement Fund to the Bond Fund for application to the payment of Bonds, and the Improvement Fund shall be closed.

3.8. Reserved.

3.9. Delinquency Management Fund.

(a) Establishment of Delinquency Management Fund. There is hereby established as a separate fund to be held by the Fiscal Agent, the “Delinquency Management Fund,” to the credit of which a deposit shall be made as required by Sections 3.2, 3.4 and this Section 3.9. Moneys in the Delinquency Management Fund shall be held in trust by the Fiscal Agent for the benefit of the Owners of the Bonds and Additional Bonds, and shall be disbursed as provided below. In no event shall any Bond proceeds be deposited in the Delinquency Management Fund.

(i) The Fiscal Agent shall transfer from any amount in the Delinquency Management Fund to the appropriate accounts within the Bond Fund to pay debt service on the Bonds and Additional Bonds to the extent Special Tax Revenues are insufficient for such purpose.

(ii) The Fiscal Agent shall transfer from any amounts in the Delinquency Management Fund in excess of the Delinquency Management Fund Requirement to the Administrative Expense Fund in an amount determined by the District to pay Administrative Expenses to the extent amounts in the Administrative Expense Fund are insufficient therefor.

(iii) Upon the written direction of the District, the Fiscal Agent shall transfer all remaining amounts in the Delinquency Management Fund in excess of the Delinquency Management Fund Requirement to the Special Mandatory Redemption Account of the Redemption Fund for redemption of the Bonds on the next redemption date for which notice of redemption can be timely given, unless the Fiscal Agent has received written direction from the District to expend such remaining funds held in the Delinquency Management Fund for any lawful purposes of the District including, but not limited to, paying costs of public capital improvements or reducing the Special Taxes which are to be levied in the current or the succeeding Fiscal Year upon the properties which are subject to the Special Tax.

(b) Investment. Moneys in the Delinquency Management Fund shall be invested and deposited in accordance with Section 6.1. Interest earnings and profits resulting from said investment shall be retained in the Delinquency Management Fund to be used for the purposes of such fund.

3.10. Reserved.

3.11. Redemption Fund.

(a) Establishment of the Redemption Fund. There is hereby established as a separate fund to be held by the Fiscal Agent, the “Redemption Fund” (in which there shall be established and created an Optional Redemption Account and a Special Mandatory Redemption Account), to the credit of which the District or the City on behalf of the District, shall deposit, immediately upon receipt, all Redemption Revenues received by the District or the City on behalf of the District. Moneys in the Redemption Fund shall be held in trust by the Fiscal Agent for the benefit of the District and the Owners of the Bonds and Additional Bonds, shall be disbursed as provided below and, pending any disbursement, shall be subject to a lien in favor of the Owners of the Bonds and Additional Bonds.

(b) Disbursement.

(i) All prepayments of Special Taxes and amounts transferred from the Delinquency Management Fund for the redemption of Bonds and Additional Bonds or transferred from the Authority under the Authority Indenture or an Additional Authority Indenture for the redemption of Bonds and Additional Bonds shall be deposited in the Special Mandatory Redemption Account to be used to redeem Bonds and Additional Bonds on the next date for which notice of redemption can timely be given.

(ii) Any amounts deposited for the optional redemption of Bonds and Additional Bonds shall be deposited into the Optional Redemption Account to be used to redeem Bonds and Additional Bonds (as applicable) on the next date for which notice of redemption can timely be given.

(c) Investment. Moneys in the Redemption Fund shall be invested and deposited in accordance with Section 6.1. Interest earnings and profits resulting from said investment shall be retained in the Redemption Fund to be used for the purposes of such fund.

ARTICLE IV SPECIAL TAX REVENUES; BOND FUND

4.1. Pledge of Special Tax Revenues. The Bonds and Additional Bonds shall be secured by a first pledge (which pledge shall be effected in the manner and to the extent herein provided) of all of the Special Tax Revenues and Redemption Revenues and all moneys deposited in the Bond Fund and, until disbursed, as provided herein, in the Special Tax Fund, the Redemption Fund and the Delinquency Management Fund. The Special Tax Revenues and all moneys deposited into said funds (except as otherwise provided herein) are hereby dedicated to the payment of the principal of, and interest and any premium on the Bonds and Additional Bonds as provided herein and in the Act until all of the Bonds and Additional Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose in accordance with Section 10.3.

Amounts in the Administrative Expense Fund and the Improvement Fund are not pledged to the repayment of the Bonds and/or Additional Bonds. The Facilities financed or refinanced with the proceeds of the Bonds and Additional Bonds are not in any way pledged to pay the Debt Service on the Bonds and Additional Bonds. Any proceeds of condemnation or destruction of any Facilities financed or refinanced with the proceeds of the Bonds and Additional Bonds are not pledged to pay the Debt Service on the Bonds and Additional Bonds and are free and clear of any lien or obligation imposed hereunder.

4.2. Bond Fund.

(a) Establishment of Bond Fund. There is hereby established as a separate fund to be held by the Fiscal Agent known as the “Bond Fund” (in which there shall be established and created an Interest Account and a Principal Account) to the credit of which deposits shall be made as required by Sections 3.4(b), and 3.9 hereof, and any other amounts required to be deposited therein by this Agreement, a Supplemental Agreement or the Act. Moneys in the Bond Fund shall be held in trust by the Fiscal Agent for the benefit of the Owners of the Bonds and Additional Bonds, shall be disbursed for the payment of the principal of (including mandatory sinking

payments, if any) and interest on the Bonds and Additional Bonds as provided below, and, pending such disbursement, shall be subject to a lien in favor of the Owners of the Bonds and Additional Bonds.

(b) Disbursements. On each Interest Payment Date, the Fiscal Agent shall withdraw from the Principal Account and the Interest Account and pay to the Owners of the Bonds and Additional Bonds the principal of (including mandatory sinking payments) and interest due on the Bonds and Additional Bonds, respectively; provided that available amounts in the Principal Account and the Interest Account shall first be used to pay any past due installments of principal of (including mandatory sinking payments, if any) and interest on the Bonds and Additional Bonds, respectively. Notwithstanding the foregoing, amounts transferred to the Principal Account or the Interest Account from the Special Tax Fund constituting delinquent payments of Special Taxes pursuant to Section 3.4(b) hereof shall immediately be paid to the Owners of the Bonds and Additional Bonds in respect of past due payments on the Bonds and Additional Bonds.

Any installment of principal (including mandatory sinking payments, if any) or interest on the Bonds and Additional Bonds which is not paid when due shall accrue interest at the rate of interest on the Bonds and Additional Bonds until paid, and shall be paid whenever funds in the Bond Fund are sufficient therefor.

If at any time the Fiscal Agent fails to pay principal and interest due on any scheduled payment date for the Bonds and Additional Bonds, the Fiscal Agent shall notify the District and the Treasurer in writing of such failure, and the Treasurer shall notify CDIAC of such failure within 10 days of the failure to make such payment, as required by Section 53359(c)(1) of the Act.

(c) Investment. Moneys in the Bond Fund shall be invested and deposited in accordance with Section 6.1 hereof. Interest earnings and profits resulting from the investment and deposit of amounts in the Bond Fund shall be retained in the Bond Fund.

ARTICLE V OTHER COVENANTS OF THE DISTRICT

5.1. Punctual Payment. The District shall punctually pay or cause to be paid the principal of, and interest and any premium on, the Bonds and Additional Bonds when and as due in strict conformity with the terms of this Agreement and any Supplemental Agreement, and it will faithfully observe and perform all of the conditions, covenants and requirements of this Agreement and all Supplemental Agreements and of the Bonds and Additional Bonds.

5.2. Limited Obligation. The Bonds and Additional Bonds are limited obligations of the District and are payable solely from and secured solely by the Special Tax Revenues and the amounts on deposit in the Bond Fund, the Special Tax Fund, the Redemption Fund, and the Delinquency Management Fund, created hereunder, and do not constitute a debt or liability of the City, the State, or of any political subdivision thereof.

5.3. Extension of Time for Payment. In order to prevent any accumulation of claims for interest after maturity, the District shall not, directly or indirectly, extend or consent

to the extension of the time for the payment of any claim for interest on any of the Bonds and Additional Bonds and shall not, directly or indirectly, be a party to the approval of any such arrangement by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the District, such claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Agreement, except subject to the prior payment in full of the principal of all of the Bonds and Additional Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded. Nothing in this section shall be deemed to limit the right of the District to issue bonds for the purpose of refunding any Outstanding Bonds and Additional Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds and Additional Bonds.

5.4. Against Encumbrances. The District will not encumber, pledge or place any charge or lien upon any of the Special Tax Revenues, or other amounts pledged to the Bonds and Additional Bonds superior to or on a parity with the pledge and lien herein created for the benefit of the Bonds and Additional Bonds, except as permitted by this Agreement.

5.5. Books and Records. The District will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the District, in which complete and correct entries shall be made of all transactions relating to the expenditure of amounts disbursed from the Administrative Expense Fund and the Special Tax Fund and relating to the Special Tax Revenues. Such books of record and accounts shall at all times during business hours and upon reasonable prior notice be subject to the inspection of the Fiscal Agent (who shall have no duties to inspect) and the Owners of not less than ten percent (10%) of the principal amount of the Bonds and Additional Bonds then Outstanding, or their representatives duly authorized in writing.

The Fiscal Agent will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Fiscal Agent, in which accurate entries shall be made of all transactions made by the Fiscal Agent relating to the expenditure of amounts disbursed from the Bond Fund. Such books of record and accounts shall at all times during business hours and upon reasonable prior notice be subject to the inspection of the City, the District and the Owners of not less than ten percent (10%) of the principal amount of the Bonds and Additional Bonds then Outstanding, or their representatives duly authorized in writing.

5.6. Protection of Security and Rights of Owners. The District will preserve and protect the security of the Bonds and Additional Bonds and the rights of the Owners, and will warrant and defend their rights against all claims and demands of all persons. From and after the delivery of any of the Bonds and Additional Bonds by the District, the Bonds and Additional Bonds shall be incontestable by the District. In furtherance of the foregoing, the District shall not approve any reduction of the Assigned Special Taxes, as provided in the RMA which would prohibit the District from levying the Special Taxes in any Fiscal Year at a level that would generate Net Taxes at least equal to 110% of the annual debt service in that Fiscal Year for the Bonds and any Additional Bonds expected to be issued.

5.7. Compliance with Law, Completion of Facilities. The District and the City have complied with all applicable provisions of the Act and law in completing the acquisition and construction of the Facilities.

5.8. Collection of Special Tax Revenues. The District shall comply with all requirements of the Act so as to assure the timely collection of Special Tax Revenues, including without limitation, the enforcement of delinquent Special Taxes.

The Treasurer shall effect the levy of the Special Taxes each Fiscal Year on the parcels within Improvement Area No. 3 of the District in accordance with the RMA, such that the computation of the levy is complete before the final date on which the Auditor will accept the transmission of the Special Tax amounts for the parcels within Improvement Area No. 3 of the District for inclusion on the next secured tax roll. Upon the completion of the computation of the amounts of the levy, the Treasurer shall prepare or cause to be prepared, and shall transmit to the Auditor, such data as the Auditor requires to include the levy of the Special Taxes on the next secured tax roll. The Special Taxes so levied shall be payable and be collected in the same manner and at the same time and in the same installments as the general taxes on real property are payable, and have the same priority, become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the general taxes on real property, unless otherwise provided by the District.

In the event that the Treasurer determines to levy all or a portion of the Special Taxes by means of direct billing of the property owners of the parcels within Improvement Area No. 3 of the District, the Treasurer shall, not less than forty-five (45) days prior to each Interest Payment Date, send bills to the owners of such real property located within Improvement Area No. 3 of the District subject to the levy of the Special Taxes for Special Taxes in an aggregate amount necessary to meet the financial obligations of the District due on the next Interest Payment Date, said bills to specify that the amounts so levied shall be due and payable not less than thirty (30) days prior to such Interest Payment Date and shall be delinquent if not paid when due.

In any event, the Treasurer shall fix and levy the amount of Special Taxes within the District required (i) for the payment of principal of and interest on any Outstanding Bonds and Additional Bonds of the District becoming due and payable during the ensuing year (taking into consideration anticipated delinquencies), and (ii) to pay the Administrative Expenses during such year, all in accordance with the RMA and the Ordinance. The Special Taxes so levied shall not exceed the authorized amounts as provided in the proceedings pursuant to the Resolution of Formation.

The Treasurer is hereby authorized to employ consultants to assist in computing the levy of the Special Taxes hereunder and any reconciliation of amounts levied to amounts received. The fees and expenses of such consultants and the costs and expenses of the Treasurer (including a charge for City or District staff time) in conducting its duties hereunder shall be an Administrative Expense hereunder.

5.9. Further Assurances. The District shall 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 Agreement, and for the

better assuring and confirming unto the Owners of the rights and benefits provided in this Agreement.

5.10. Tax Covenants.

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

“*Code*” means the Internal Revenue Code of 1986, as amended.

“*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 the Authority 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 the 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 District covenants that it shall not use, and shall not permit the use of, and shall not omit to use 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 Authority 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 Fiscal Agent receives a written opinion of Bond Counsel to the effect that failure to comply with such covenant will not adversely affect such exclusion of the interest on any Authority Bond from the gross income of the owner thereof for federal income tax purposes, the City shall comply with each of the specific covenants in this Section.

(c) Private Use and Private Payments. Except as would not cause any Authority Bond to become a “private activity bond” within the meaning of section 141 of the Code and the Tax Regulations, the District shall take all actions necessary to assure that the District or another public agency 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 or Authority 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 Authority 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 Authority Bond to become a “private activity bond” within the meaning of section 141 of the Code and the Tax Regulations and rulings thereunder, the District shall not use or permit the use of Gross Proceeds of the Authority 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 the Authority Bonds to become “arbitrage bonds” within the meaning of section 148 of the Code and the Tax Regulations and rulings thereunder, the District shall not (and shall not permit any person to), at any time prior to the final cancellation of the last Authority Bond 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 the 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 District shall not take or omit to take (and shall not permit any person to take or omit to take) any action that would cause any Authority Bond 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 District shall assist the Authority to timely file any information required by section 149(e) of the Code with respect to Authority 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:

(i) The District 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 Authority Bond is discharged. However, to the extent permitted by law, the District may commingle (and may allow the City to commingle) Gross Proceeds of Bonds with its other moneys, 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 District 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 District shall maintain a copy of the calculation with its official transcript of proceedings relating to the issuance of the Authority Bonds until six years after the final Computation Date.

(iii) In order to assure the excludability pursuant to section 103(a) of the Code of the interest on the Authority Bonds from the gross income of the owners thereof for federal income tax purposes, the District shall pay or cause the Authority to pay to the United States the amount that when added to the future value of previous rebate payments made for the 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 District 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 District and/or the Authority, as applicable.

(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 District shall not and shall not permit any person to, at any time prior to the final cancellation of the last of the Authority 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 Section 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 Authority Bonds not been relevant to either party.

(j) Bonds Not Hedge Bonds.

(i) The District represents that none of the Authority Bonds is or will cause the Authority Bonds to become a “hedge bond” within the meaning of section 149(g) of the Code.

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

(k) Elections. The District hereby directs and authorizes any Authorized Officer 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 and the Authority Bonds, in the Tax and Non-Arbitrage Certificate or similar or other appropriate certificate, form or document.

(l) Closing Certificate. The District agrees to assist the Authority to execute and deliver in connection with the issuance of the Authority Bonds, a Tax Certificate, or similar document containing additional representations and covenants pertaining to the exclusion of interest on the Authority Bonds from the gross income of the owners thereof for federal income tax purposes, which representations and covenants are incorporated as though expressly set forth herein.

5.11. Covenant to Foreclose. The District will review the public records of the County of Riverside, California, in connection with the collection of the Special Tax not later than October 30 of each year to determine the amount of Special Tax collected in the prior Fiscal Year; and with respect to individual delinquencies, the District will send or cause to be sent a notice of delinquency and a demand for immediate payment thereof to the property owner within 45 days of such determination, and if the District determines that any single property owner subject to the Special Tax is delinquent in the payment of Special Taxes in the aggregate of \$5,000 or more or delinquent in the payment of three consecutive installments of Special Tax or that the delinquent Special Taxes represent more than 5% of the aggregate Special Taxes levied within Improvement Area No. 3 or if there has been a draw on the funds on deposit in the Reserve Account established under the Authority Indenture, and if the delinquency remains uncured, the District will cause judicial foreclosure proceedings to be filed in the superior court within ninety (90) days of the notice to the property owner against all properties for which the Special Taxes remain delinquent. Prior to commencement of any judicial foreclosure proceedings, the District shall continue with its 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 District staff time) in conducting foreclosure proceedings shall be an Administrative Expense hereunder.

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 City, on behalf of the District, is hereby expressly authorized to credit bid at any foreclosure sale, without any requirement that funds be placed in the Bond Fund or otherwise be set aside in the amount so credit bid, in the amount specified in Section 53356.5 of the Act, or such less amount as determined under clause (b) below or otherwise under Section 53356.6 of the Act.

(b) The District may permit, in its sole and absolute discretion, property with delinquent Special Tax payments to be sold for less than the amount specified in Section 53356.5 of the Act, if it determines that such sale is in the interest of the Bond Owners. The Bond Owners, by their acceptance of the Bonds and Additional Bonds, hereby consent to such sale for such lesser amounts (as such consent is described in Section 53356.6 of the Act), and hereby release the District and the City, and their respective officers and agents, from any liability in connection therewith.

(c) The District is hereby expressly authorized to use amounts in the Special Tax Fund to pay costs of foreclosure of delinquent Special Taxes.

(d) The District may forgive all or any portion of the Special Taxes levied or to be levied on any parcel in the District, so long as the District determines that such forgiveness is not expected to adversely affect its obligation to pay principal of and interest on the Bonds and Additional Bonds under Section 3.4(b) hereof.

5.12. Annual Reports to CDIAC. Not later than October 30 of each year, commencing October 30, 2019 and until the October 30 following the final maturity of the Bonds and Additional Bonds, the Treasurer shall supply the information required by Section 53359.5(b) or (c) of the Act to CDIAC (on such forms as CDIAC may specify) and the District. The District will on or prior to January 31, 2020, and each January 31 thereafter, submit an annual debt transparency report to CDIAC as required by Government Section 8555(k) in the form provided by CDIAC. There are no outstanding Bonds in Fiscal Year 17-18.

5.13. Continuing Disclosure to Owners. In addition to its obligations under Section 5.12, the District hereby covenants and agrees that it will carry out all of its obligations under the Continuing Disclosure Agreement relating to the Authority Bonds and any continuing disclosure agreement entered into with respect to any Additional Authority Bonds, if any. Notwithstanding any other provision of this Agreement, failure of the District to comply with the Continuing Disclosure Agreement(s) shall not be considered a default under the Indenture; however, any Participating Underwriter or any holder or beneficial owner of the Authority Bonds and Additional Authority Bonds may take such actions as may be necessary and appropriate to compel performance by the District of its obligations under this Section 5.13, including seeking mandate or specific performance by court order.

5.14. Reserve Account Replenishment. The District hereby covenants that to the extent there is a draw upon the Reserve Account pursuant to the Authority Indenture or the Additional Authority Indenture as a result of a delinquency in the collection of Special Taxes

or that the Reserve Account is underfunded, the District shall cause the Treasurer to effect the next annual levy of Special Taxes in an amount sufficient to replenish such delinquency in addition to those required by Section 5.8 hereof, and in addition to amounts that would be levied if there were no such delinquency; provided, however, the amount of Special Taxes levied shall not exceed the maximum permitted by the Act, the Ordinance and RMA. At any time the Fiscal Agent may transfer funds from the Delinquency Management Fund to the trustee under the Authority Indenture to fund a delinquency in the Reserve Account thereunder.

ARTICLE VI
INVESTMENTS; DISPOSITION OF INVESTMENT PROCEEDS;
LIABILITY OF THE DISTRICT

6.1. Deposit and Investment of Moneys in Funds. Moneys in any fund or account created or established by this Agreement and held by the Fiscal Agent shall be invested by the Fiscal Agent in Permitted Investments, as directed pursuant to an Officer's Certificate filed with the Fiscal Agent at least two (2) Business Days in advance of the making of such investments. In the absence of any such Officer's Certificate, the Fiscal Agent shall invest any such moneys in Permitted Investments described in clause (d) of the definition thereof to the extent practicable which by their terms mature prior to the date on which such moneys are required to be paid out hereunder, or are held uninvested. The Treasurer shall make note of any investment of funds hereunder in excess of the yield on the Bonds or Additional Bonds, as applicable, so that appropriate actions can be taken to assure compliance with Section 5.10 hereof.

Moneys in any fund or account created or established by this Agreement and held by the Treasurer shall be invested by the Treasurer in Permitted Investments, which in any event by their terms mature prior to the date on which such moneys are required to be paid out hereunder. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account, subject, however, to the requirements of this Agreement for transfer of interest earnings and profits resulting from investment of amounts in funds and accounts. Whenever in this Agreement any moneys are required to be transferred by the District to the Fiscal Agent, such transfer may be accomplished by transferring a like amount of Permitted Investments.

The Fiscal Agent or an affiliate or the Treasurer may act as principal or agent in the acquisition or disposition of any investment and shall be entitled to its customary fee therefor. Neither the Fiscal Agent nor the Treasurer shall incur any liability for losses arising from any investments made pursuant to this Section. For purposes of determining the amount on deposit in any fund or account held hereunder, all Permitted Investments or investments credited to such fund or account shall be valued at the cost thereof (excluding accrued interest and brokerage commissions, if any).

Except as otherwise provided in the next sentence, all investments of amounts deposited in any fund, or account created by or pursuant to this Agreement, or otherwise containing gross proceeds of the Bonds (within the meaning of section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Agreement or the Code) at Fair Market Value. Notwithstanding the previous sentence, investments in funds or accounts (or portions thereof) that are subject to a yield restriction under the applicable provisions of the

Code shall be valued at their present value (within the meaning of section 148 of the Code). The Fiscal Agent shall not be liable for verification of the application of such sections of the Code.

Investments in any and all funds and accounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in or to the credit of particular funds or accounts of amounts received or held by the Fiscal Agent or the Treasurer hereunder, provided that the Fiscal Agent or the Treasurer, as applicable, shall at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in this Agreement.

The Fiscal Agent or the Treasurer, as applicable, shall sell at the highest price reasonably obtainable, or present for redemption, any investment security whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such investment security is credited and neither the Fiscal Agent nor the Treasurer shall be liable or responsible for any loss resulting from the acquisition or disposition of such investment security in accordance herewith.

The District acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law. The Fiscal Agent will furnish to the District periodic cash transaction statements which shall include detail for all investment transactions made by the Fiscal Agent hereunder.

6.2. Limited Obligation. The District's obligations hereunder are limited obligations of the District and are payable solely from and secured solely by the Special Tax Revenues and the amounts in the Special Tax Fund and the Bond Fund.

6.3. Liability of District. The District shall not incur any responsibility in respect of the Bonds and Additional Bonds or this Agreement other than in connection with the duties or obligations explicitly herein or in the Bonds and Additional Bonds assigned to or imposed upon it. The District shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful default. The District shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements of the Fiscal Agent herein or of any of the documents executed by the Fiscal Agent in connection with the Bonds and Additional Bonds, or as to the existence of a default or event of default thereunder.

In the absence of bad faith, the District, including the Treasurer, may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the District and conforming to the requirements of this Agreement. The District, including the Treasurer, shall not be liable for any error of judgment made in good faith unless it shall be proved that it was negligent in ascertaining the pertinent facts.

No provision of this Agreement shall require the City or District to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to the

Special Tax Revenues) in the performance of any of its obligations hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

The District may rely and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The District may consult with counsel, who may be the City Attorney, 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 by it hereunder in good faith and in accordance therewith.

The District shall not be bound to recognize any person as the Owner of a Bond or Additional Bond unless and until such Bond or Additional Bond is submitted for inspection, if required, and his title thereto satisfactorily established, if disputed.

Whenever in the administration of its duties under this Agreement the District 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 District, be deemed to be conclusively proved and established by a certificate of the Fiscal Agent, and such certificate shall be full warranty to the District for any action taken or suffered under the provisions of this Agreement or any Supplemental Agreement upon the faith thereof, but in its discretion the District may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable.

6.4. Employment of Agents by District or the City. In order to perform their respective duties and obligations hereunder, the City, the District and/or the Treasurer may employ such persons or entities as they deem necessary or advisable. The City, the District and/or the Treasurer shall not be liable for any of the acts or omissions of such persons or entities employed by them in good faith hereunder, and shall be entitled to rely, and shall be fully protected in doing so, upon the opinions, calculations, determinations and directions of such persons or entities.

ARTICLE VII EVENTS OF DEFAULT AND REMEDIES OF BOND OWNERS

7.1. Events of Default. The following events shall be Events of Default:

(a) Failure to pay any installment of principal of any Bonds and Additional Bonds when and as the same shall become due and payable whether at maturity as therein expressed, by proceedings for redemption or otherwise.

(b) Failure to pay any installment of interest on any Bonds and Additional Bonds when and as the same shall become due and payable.

(c) Failure by the District to observe and perform any of the other covenants, agreements or conditions on its part in this Agreement or in the Bonds and Additional Bonds

contained, if such failure shall have continued for a period of 60 days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the District by the Fiscal Agent or the Owners of not less than 25% in aggregate principal amount of the Bonds and Additional Bonds at the time Outstanding; provided, however, if in the reasonable opinion of the District the failure stated in the notice can be corrected, but not within such 60 day period, such failure shall not constitute an Event of Default if corrective action is instituted by the District within such 60 day period and the District shall thereafter diligently and in good faith cure such failure in a reasonable period of time.

(d) Commencement by the District of a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

(e) Default under a Supplemental Agreement securing the issuance of Additional Bonds, if any.

7.2. Remedies of Bond Owners. Subject to the provisions of Section 7.8, any Bond Owner shall have the right, for the equal benefit and protection of all Bond Owners similarly situated:

(a) by mandamus, suit, action or proceeding, to compel the District and its officers, agents, or employees to perform each and every term, provision and covenant contained in this Agreement and in the Bonds and Additional Bonds, and to require the carrying out of any or all such covenants and agreements of the District and the fulfillment of all duties imposed upon it by the Act;

(b) by suit, action or proceeding in equity, to enjoin any acts or things which are unlawful, or the violation of any of the Bond Owners' rights; or

(c) upon the happening of any Event of Default, by suit, action or proceeding in any court of competent jurisdiction, to require the District and its officers and employees to account as if it and they were the trustees of an express trust.

7.3. Application of Special Taxes and Other Funds After Default. If an Event of Default shall occur and be continuing, all Special Taxes, including any penalties, costs, fees and other charges accruing under, the Act, and any other funds then held or thereafter received by the Fiscal Agent under any of the provisions of this Agreement shall be applied by the Fiscal Agent as follows and in the following order:

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

(b) To the payment of the principal of and interest then due with respect to the Bonds and Additional Bonds (upon presentation of the Bonds and Additional Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of this Agreement, as follows:

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

Second: To the payment to the Persons entitled thereto of the unpaid principal of any Bonds and Additional Bonds which shall have become due, whether at maturity or by call for redemption, with interest on the overdue principal at the rate borne by the respective Bonds and Additional Bonds on the date of maturity or redemption, and, if the amount available shall not be sufficient to pay in full all the Bonds and Additional Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the Persons entitled thereto, without any discrimination or preference.

(c) Any remaining funds shall be transferred by the Fiscal Agent to the Bond Fund.

7.4. Absolute Obligation of the District. No provision of this Agreement or in the Bonds and Additional Bonds contained shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the principal of and interest on the Bonds and Additional Bonds to the respective Owners of the Bonds and Additional Bonds at their respective dates of maturity, or upon call for redemption, as herein provided, but only out of the Special Taxes and other moneys herein pledged therefor and received by the District or the Fiscal Agent, or affect or impair, the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds and Additional Bonds.

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

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

7.7. No Waiver of Default. No delay or omission of any Owner of the Bonds and Additional Bonds to exercise any right or power arising upon the occurrence of any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein; and every power and remedy given by this Agreement to the Owners of the Bonds and Additional Bonds may be exercised from time to time and as often as may be deemed expedient.

7.8. Actions by Fiscal Agent as Attorney-in-Fact. Any suit, action or proceeding which any Owner shall have the right to bring to enforce any right or remedy hereunder may be brought by the Fiscal Agent for the equal benefit and protection of all Owners, and the Fiscal Agent is hereby appointed (and the successive respective Owners of the Bonds and Additional Bonds, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the Owners for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the Owners as a class or classes, as may be necessary or advisable in the opinion of the Fiscal Agent as such attorney-in-fact.

ARTICLE VIII THE FISCAL AGENT

8.1. Appointment of Fiscal Agent. U.S. Bank National Association is hereby appointed Fiscal Agent and paying agent for the Bonds and Additional Bonds. The Fiscal Agent undertakes to perform such duties, and only such duties, as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Fiscal Agent.

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, provided such company shall be eligible under the following paragraph of this Section, shall be the successor to such Fiscal Agent without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

So long as there is no Event of Default hereunder, the District may remove the Fiscal Agent initially appointed, and any successor thereto, and may appoint a successor or successors thereto, but any such successor shall be a bank or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least Fifty Million Dollars (\$50,000,000), and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section 8.1, 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.

The Fiscal Agent may at any time resign by giving written notice to the District and by giving to the Owners notice by mail of such resignation. Upon receiving notice of such resignation, the District shall promptly appoint a successor Fiscal Agent by an instrument in writing. Any resignation or removal of the Fiscal Agent shall become effective upon acceptance of appointment by the successor Fiscal Agent.

If no appointment of a successor Fiscal Agent shall be made pursuant to the foregoing provisions of this Section 8.1 within forty-five (45) days after the Fiscal Agent shall have given to the District written notice or after a vacancy in the office of the Fiscal Agent shall have occurred by reason of its inability to act, the Fiscal Agent or any Bond Owner may apply to

any court of competent jurisdiction to appoint a successor Fiscal Agent. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Fiscal Agent.

If, by reason of the judgment of any court, the Fiscal Agent is rendered unable to perform its duties hereunder, all such duties and all of the rights and powers of the Fiscal Agent hereunder shall be assumed by and vest in the Treasurer of the City in trust for the benefit of the Owners. The District covenants for the direct benefit of the Owners that the Treasurer in such case shall be vested with all of the rights and powers of the Fiscal Agent hereunder, and shall assume all of the responsibilities and perform all of the duties of the Fiscal Agent hereunder, in trust for the benefit of the Owners of the Bonds and Additional Bonds.

8.2. Liability of Fiscal Agent. The recitals of facts, covenants and agreements herein and in the Bonds and Additional Bonds contained shall be taken as statements, covenants and agreements of the District, and the Fiscal Agent assumes no responsibility for the correctness of the same, nor makes any representations as to the validity or sufficiency of this Agreement or of the Bonds and Additional Bonds, nor shall it incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds and Additional Bonds assigned to or imposed upon it. The Fiscal Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful default. The Fiscal Agent assumes no responsibility or liability for any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds and Additional Bonds.

In the absence of bad faith, the Fiscal Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Fiscal Agent and conforming to the procedural requirements of this Agreement; but in the case of any such certificates or opinions by which any provision hereof are specifically required to be furnished to the Fiscal Agent, the Fiscal Agent shall be under a duty to examine the same to determine whether or not they conform to the procedural requirements of this Agreement. Except as provided above in this paragraph, the Fiscal Agent shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Agreement, upon any resolution, order, notice, request, consent or waiver, certificate, statement, affidavit, or other paper or document which it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper person or to have been prepared and furnished pursuant to any provision of this Agreement, and the Fiscal Agent shall not be under any duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument.

The Fiscal Agent shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements of the City or the District herein or of any of the documents executed by the City or the District in connection with the Bonds and Additional Bonds, or as to the existence of a default or event of default thereunder.

The Fiscal Agent shall not be liable for any error of judgment made in good faith by a responsible officer unless it shall be proved that the Fiscal Agent was negligent in ascertaining the pertinent facts.

No provision of this 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 any of its rights or powers.

The Fiscal Agent shall be under no obligation to exercise any of the rights or powers vested in it by this Agreement at the request or direction of any of the Owners pursuant to this Agreement unless such Owners shall have offered to the Fiscal Agent reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

The Fiscal Agent may become the owner of the Bonds and Additional Bonds with the same rights it would have if it were not the Fiscal Agent.

All indemnifications and releases from liability granted to the Fiscal Agent hereunder shall extend to the directors, officers and employees of the Fiscal Agent.

8.3. Information. The Fiscal Agent shall provide to the District such information relating to the Bonds and Additional Bonds and the funds and accounts maintained by the Fiscal Agent hereunder as the District shall reasonably request, including but not limited to quarterly statements reporting funds held and transactions by the Fiscal Agent.

8.4. Notice to Fiscal Agent. The Fiscal Agent may rely and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, Bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The Fiscal Agent may consult with counsel, who may be counsel to the District, 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 by it 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 title thereto satisfactorily established, if disputed.

Whenever in the administration of its duties under this 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 certificate of the District, and such certificate shall be full warrant to the Fiscal Agent for any action taken or suffered under the provisions of this Agreement or any Supplemental Agreement upon the faith thereof, but in its discretion the Fiscal Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable.

8.5. Compensation, Indemnification. The District shall pay to the Fiscal Agent from time to time reasonable compensation for all services rendered as Fiscal Agent under this Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance

of their powers and duties under this Agreement, but the Fiscal Agent shall not have a lien therefor on any funds at any time held by it under this Agreement. The District further agrees, to the extent permitted by applicable law, to indemnify and save the Fiscal Agent, its officers, employees, directors and agents harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder which are not due to its negligence or willful misconduct. The obligation of the District under this Section shall survive resignation or removal of the Fiscal Agent under this Agreement and payment of the Bonds and Additional Bonds and discharge of this Agreement, but any monetary obligation of the District arising under this Section shall be limited solely to amounts on deposit in the Administrative Expense Fund.

ARTICLE IX MODIFICATION OR AMENDMENT OF THIS AGREEMENT

9.1. Amendments Permitted. This Agreement and the rights and obligations of the District and of the Owners of the Bonds and Additional Bonds may be modified or amended at any time by a Supplemental Agreement pursuant to the affirmative vote, at a meeting of Owners, or with the written consent without a meeting, of the Owners of at least sixty percent (60%) in aggregate principal amount of the Bonds and Additional Bonds then Outstanding, exclusive of Bonds and Additional Bonds disqualified as provided in Section 9.4. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the District to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, or (ii) permit the creation by the District of any pledge or lien upon the Special Taxes superior to or on a parity with the pledge and lien created for the benefit of the Bonds and Additional Bonds (except as otherwise permitted by the Act, the laws of the State of California or this Agreement), or (iii) reduce the percentage of Bonds and Additional Bonds required for the amendment hereof. Any such amendment may not modify any of the rights or obligations of the Fiscal Agent without its written consent.

This Agreement and the rights and obligations of the District and of the Owners may also be modified or amended at any time by a Supplemental Agreement, without the consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes:

(a) to add to the covenants and agreements of the District in this Agreement contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power herein reserved to or conferred upon the District;

(b) to make modifications not adversely affecting any Outstanding Bonds and Additional Bonds of the District in any material respect;

(c) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission of curing, correcting or supplementing any defective provision contained in this Agreement, or in regard to questions arising under this Agreement, as the District and the Fiscal Agent may deem necessary or desirable and not inconsistent with this Agreement,

and which shall not adversely affect the rights of the Owners of the Bonds and Additional Bonds in any material respect;

(d) to make such additions, deletions or modifications as may be necessary or desirable to assure the exclusion from gross income for federal income tax purposes of interest on the Authority Bonds, as applicable; or

(e) to provide for the issuance of Additional Bonds in accordance with the provisions of this Agreement.

9.2. Owners' Meetings. The District may at any time call a meeting of the Owners. In such event the District is authorized to fix the time and place of said meeting and to provide for the giving of notice thereof, and to fix and adopt rules and regulations for the conduct of said meeting.

9.3. Procedure for Amendment with Written Consent of Owners. The District and the Fiscal Agent may at any time adopt a Supplemental Agreement amending the provisions of the Bonds and Additional Bonds or of this Agreement or any Supplemental Agreement, to the extent that such amendment is permitted by Section 9.1, to take effect when and as provided in this Section. A copy of such Supplemental Agreement, together with a request to Owners for their consent thereto, shall be mailed by first class mail by the Fiscal Agent to each Owner of Bonds and Additional Bonds Outstanding, but failure to mail copies of such Supplemental Agreement and request shall not affect the validity of the Supplemental Agreement when assented to as in this Section provided.

Such Supplemental Agreement shall not become effective unless there shall be filed with the Fiscal Agent the written consents of the Owners of at least sixty percent (60%) in aggregate principal amount of the Bonds and Additional Bonds then Outstanding (exclusive of Bonds and Additional Bonds disqualified as provided in Section 9.4) and a notice shall have been mailed as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds and Additional Bonds for which such consent is given, which proof shall be such as is permitted by Section 10.4. Any such consent shall be binding upon the Owner of the Bonds and Additional Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Fiscal Agent prior to the date when the notice hereinafter in this Section provided for has been mailed.

After the Owners of the required percentage of Bonds and Additional Bonds shall have filed their consents to the Supplemental Agreement, the District shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Agreement, stating in substance that the Supplemental Agreement has been consented to by the Owners of the required percentage of Bonds and Additional Bonds and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Agreement or consents thereto). Proof of the mailing of such notice shall be filed with the Fiscal Agent. A record, consisting of the papers required by this Section 9.3 to be filed with the Fiscal Agent, shall be proof of the matters therein stated until the contrary is proved. The

Supplemental Agreement shall become effective upon the filing with the Fiscal Agent of the proof of mailing of such notice, and the Supplemental Agreement shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the District and the Owners of all Bonds and Additional Bonds at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period.

9.4. Disqualified Bonds and Additional Bonds. Bonds and Additional Bonds owned or held for the account of the City or the District, excepting any pension or retirement fund, shall not be deemed Outstanding for the purpose of any vote, consent or other action or any calculation of Outstanding Bonds and Additional Bonds provided for in this Article IX, and shall not be entitled to vote upon, consent to, or take any other action provided for in this Article IX.

9.5. Effect of Supplemental Agreement. From and after the time any Supplemental Agreement becomes effective pursuant to this Article IX, this Agreement shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations under this Agreement of the District and all Owners of Bonds and Additional Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Agreement shall be deemed to be part of the terms and conditions of this Agreement for any and all purposes.

9.6. Endorsement or Replacement of Bonds and Additional Bonds Issued After Amendments. The District may determine that Bonds and Additional Bonds issued and delivered after the effective date of any action taken as provided in this Article IX shall bear a notation, by endorsement or otherwise, in form approved by the District, as to such action. In that case, upon demand of the Owner of any Bond or Additional Bond Outstanding at such effective date and presentation of his Bond or Additional Bond for that purpose at the Corporate Trust Office of the Fiscal Agent or at such other office as the District may select and designate for that purpose, a suitable notation shall be made on such Bond or Additional Bond. The District may determine that new Bonds and Additional Bonds, so modified as in the opinion of the District is necessary to conform to such Owners' action, shall be prepared, executed and delivered. In that case, upon demand of the Owner of any Bonds and Additional Bonds then Outstanding, such new Bonds and Additional Bonds shall be exchanged at the Corporate Trust Office of the Fiscal Agent without cost to any Owner, for Bonds and Additional Bonds then Outstanding, upon surrender of such Bonds and Additional Bonds.

9.7. Amendatory Endorsement of Bonds and Additional Bonds. The provisions of this Article IX shall not prevent any Owner from accepting any amendment as to the particular Bonds and Additional Bonds held by him, provided that due notation thereof is made on such Bonds and Additional Bonds.

9.8. Opinion of Bond Counsel. In connection with any Supplemental Agreement, the Fiscal Agent shall be provided an opinion of Bond Counsel that any such Supplemental

Agreement is authorized or permitted by this Agreement and the Fiscal Agent may conclusively rely upon such opinion.

ARTICLE X MISCELLANEOUS

10.1. Benefits of Agreement Limited to Parties. Nothing in this Agreement, expressed or implied, is intended to give to any person other than the District, City, the Fiscal Agent and the Owners, any right, remedy, claim under or by reason of this Agreement. Any covenants, stipulations, promises or agreements in this Agreement contained by and on behalf of the District shall be for the sole and exclusive benefit of the Owners and the Fiscal Agent.

10.2. Successor is Deemed Included in All References to Predecessor. Whenever in this Agreement or any Supplemental Agreement either the District or the Fiscal Agent is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Agreement contained by or on behalf of the District or the Fiscal Agent shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

10.3. Discharge of Agreement. The District shall have the option to pay and discharge the entire indebtedness on all or any portion of the Bonds and Additional Bonds Outstanding in any one or more of the following ways:

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

(b) by depositing with the Fiscal Agent, in trust, at or before maturity, money which, together with the amounts then on deposit in the funds and accounts provided for in this Agreement is fully sufficient to pay such Bonds and Additional Bonds Outstanding, including all principal, interest and redemption premiums;

(c) by irrevocably depositing with the Fiscal Agent, in trust, cash and Federal Securities and/or investments described in clause (i) of the definition of Permitted Investments in such amount as the District shall determine as confirmed by Bond Counsel or an independent certified public accountant will, together with the interest to accrue thereon and moneys then on deposit in the funds and accounts established with the Fiscal Agent pursuant to this Agreement, be fully sufficient to pay and discharge the indebtedness on such Bonds and Additional Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates; or,

(d) by delivering to the Fiscal Agent for cancellation the Bonds outstanding; provided, however, the Authority Bonds have been discharged or the cancellation will not adversely affect any security for the Authority Bonds.

If the District shall have taken any of the actions specified in (a), (b), (c), or (d) above, and if such Bonds and Additional Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been given as in this Agreement provided or provision

satisfactory to the Fiscal Agent shall have been made for the giving of such notice, then, at the election of the District, and notwithstanding that any Bonds and Additional Bonds shall not have been surrendered for payment, the pledge of the Special Taxes and other funds provided for in this Agreement and all other obligations of the District under this Agreement with respect to such Bonds and Additional Bonds Outstanding shall cease and terminate. Notice of such election shall be filed with the Fiscal Agent. Notwithstanding the foregoing, the obligation of the District to pay or cause to be paid to the Owners of the Bonds and Additional Bonds not so surrendered and paid all sums due thereon and all amounts owing to the Fiscal Agent pursuant to Section 8.5, and otherwise to assure that no action is taken or failed to be taken if such action or failure adversely affects the exclusion of interest on the Bonds or Additional Bonds, as applicable, from gross income for federal income tax purposes, shall continue in any event.

Upon compliance by the District with the foregoing with respect to all Bonds and Additional Bonds Outstanding, any funds held by the Fiscal Agent after payment of all fees and expenses of the Fiscal Agent, which are not required for the purposes of the preceding paragraph, shall be paid over to the District and any Special Taxes thereafter received by the District shall not be remitted to the Fiscal Agent but shall be retained by the District to be used for any purpose permitted under the Act.

10.4. Execution of Documents and Proof of Ownership by Owners. Any request, declaration or other instrument which this Agreement may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and shall be executed by Owners in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Except as otherwise herein expressly provided, the ownership of registered Bonds or Additional Bonds and the amount, maturity, number and date of holding the same shall be proved by the registry books.

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond or Additional Bond in respect of anything done or suffered to be done by the District or the Fiscal Agent in good faith and in accordance therewith.

10.5. Waiver of Personal Liability. No member, officer, agent or employee of the District or the City shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds and Additional Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

10.6. Notices to and Demands on District and Fiscal Agent. Any notice or demand which by any provision of this Agreement is required or permitted to be given or served by the Fiscal Agent to or on the District may be given or served by being deposited postage prepaid in a post office letter box addressed (until another address is filed by the District with the Fiscal Agent), or by facsimile or other form of electronic communication as follows:

Community Facilities District No. 2014-1 (Avelina)
of the City of Perris
c/o City of Perris
101 North "D" Street
Perris, California 92570
Attn: City Manager
Tel: (951) 943-6100
Fax: (951) 943-4246

Any notice or demand which by any provision of this Agreement is required or permitted to be given or served by the District to or on the Fiscal Agent may be given or served by being deposited postage prepaid in a post office letter box addressed (until another address is filed by the Fiscal Agent with the District) as follows:

U.S. Bank National Association
Global Corporate Trust Services
633 West Fifth Street, 24th Floor
Los Angeles, California 90071
Attn: Ilse Vlach
Tel: 213/615-6062
Fax: 213/615-6199

10.7. Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this Agreement shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Agreement. The District hereby declares that it would have adopted this Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Bonds and Additional Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Agreement may be held illegal, invalid or unenforceable.

10.8. Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any moneys held by the Fiscal Agent in trust for the payment and discharge of the principal of, and the interest and any premium on, the Bonds and Additional Bonds which remains unclaimed for two (2) years after the date when the payments of such principal, interest and premium have become payable, if such money was held by the Fiscal Agent at such date, shall be repaid by the Fiscal Agent to the District as its absolute property free from any trust, and the Fiscal Agent shall thereupon be released and discharged with respect thereto and the Bond Owners shall look only to the District for the payment of the principal of, and interest and any premium on, such Bonds and Additional Bonds.

10.9. Applicable Law. This Agreement shall be governed by and enforced in accordance with the laws of the State of California applicable to contracts made and performed in the State of California.

10.10. Conflict with Act. In the event of a conflict between any provision of this Agreement with any provision of the Act as in effect on the Closing Date, the provision of the Act shall prevail over the conflicting provision of this Agreement.

10.11. Conclusive Evidence of Regularity. Bonds and Additional Bonds issued pursuant to this Agreement shall constitute conclusive evidence of the regularity of all proceedings under the Act relative to their issuance and the levy of the Special Taxes.

10.12. Payment on Business Day. In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds and Additional Bonds or the date fixed for redemption of any Bonds and Additional Bonds or the date any action is to be taken pursuant to this Agreement is other than a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date but may be made on the next succeeding day which is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period from and after such date.

10.13. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the District has caused this Agreement to be executed in its name and the Fiscal Agent has caused this Agreement to be executed in its name, all as of the date first above written.

COMMUNITY FACILITIES DISTRICT NO.
2014-1 (AVELINA) OF THE CITY OF PERRIS

By: _____
Mayor

ATTEST:

By: _____
City Clerk

U.S. BANK NATIONAL ASSOCIATION, as
Fiscal Agent

By: _____
Authorized Officer

[SIGNATURE PAGE TO FISCAL AGENT AGREEMENT]

EXHIBIT A
FORM OF BOND

No. _____

\$ _____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF RIVERSIDE
IMPROVEMENT AREA NO. 3 OF
COMMUNITY FACILITIES DISTRICT NO. 2014-1 (AVELINA)
OF THE CITY OF PERRIS
SPECIAL TAX BONDS, 2018 SERIES

INTEREST RATE MATURITY DATE DATED DATE

**REGISTERED OWNER: U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE FOR
THE PERRIS JOINT POWERS AUTHORITY**

PRINCIPAL AMOUNT:

The Community Facilities District No. 2014-1 (Avelina) of the City of Perris (the "District"), for value received, hereby promises to pay solely from the Special Tax (as hereinafter defined) to be collected within Improvement Area No. 3 of the District or amounts in the funds and accounts held under the 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 thereof, unless (a) it is authenticated after a Record Date (as hereinafter defined) and on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event interest with respect thereto will be payable from such Interest Payment Date; (b) it is authenticated on or before February 15, 2019 in which event interest with respect thereto will be payable from its Dated Date; or (c) interest with respect to any Outstanding Bond is in default, in which event interest with respect thereto will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date, payable semiannually on March 1 and September 1 in each year, commencing March 1, 2019 (each an "Interest Payment Date"), at the interest rate set forth above, until the principal amount hereof is paid or made available for payment. The principal of this Bond is payable to the registered owner hereof in lawful money of the United States of America upon presentation and surrender of this Bond at the Corporate Trust Office of U.S. Bank National Association (the "Fiscal Agent"). Interest on this Bond shall be paid by check of the Fiscal Agent mailed on each Interest Payment Date 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.

This Bond is one of a duly authorized issue of bonds in the aggregate principal amount of \$_____ approved by the legislative body of the District on October 30, 2018, pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, Sections 53311 et seq., of the California Government Code (the “Mello-Roos Act”) for the purpose of financing the acquisition of certain facilities (the “Project”), and is one of the Bonds designated “Improvement Area No. 3 of Community Facilities District No. 2014-1 (Avelina) of the City of Perris Special Tax Bonds, 2018 Series” (the “Bonds”). The creation of the Bonds and the terms and conditions thereof are provided for by the Fiscal Agent Agreement, dated as of November 1, 2018 (the “Agreement”), by and between the District and the Fiscal Agent and this reference incorporates the Agreement herein, and by acceptance hereof the owner of this Bond assents to said terms and conditions. The District may not issue additional bonds on a parity with the Bonds.

Pursuant to the Mello-Roos Act and the Agreement, the principal of and interest on this Bond are payable solely from the annual special tax authorized under the Mello-Roos Act to be collected within Improvement Area No. 3 of the District (the “Special Tax”) and certain funds held under the Agreement.

Any tax for the payment hereof shall be limited to the Special Tax, except to the extent that provision for payment has been made by the City of Perris (the “City”), as may be permitted by law. The Bonds do not constitute obligations of the City, which the City is obligated to levy or pledge, or has levied or pledged, general or special taxation other than described hereinabove. The District has covenanted for the benefit of the owners of the Bonds that it will order, and cause to be commenced as provided in the Agreement, and thereafter diligently prosecute to judgment, an action in the superior court to foreclose, under the circumstances set forth in the Agreement, the lien of any Special Tax or installment thereof not paid when due.

The Bonds are subject to redemption prior to maturity at the option of the District from any source of funds, as a whole or in part, on any date on or after ____, as selected by the District, at the redemption prices and schedules applicable to the Perris Joint Powers Authority Local Agency Revenue Bonds (IA 3-CFD No. 2014-1 (Avelina)), 2018 Series A (“Authority Bonds”). Notwithstanding anything to the contrary, with respect to optional redemptions related to the Authority Bonds, the District shall abide by the priority of redemption relating to the Authority Bonds permitted by the Indenture, dated as of November 1, 2018, relating to the Authority Bonds.

The Bonds shall also be subject to mandatory redemption on any date on or after ____, in whole or in part as selected by the District, from amounts constituting prepayments of Special Taxes, and from amounts transferred from the Delinquency Management Fund under the Fiscal Agent Agreement at the following redemption prices (expressed as a percentage of the principal amount of Bonds to be redeemed) together with accrued interest thereon to the redemption date:

Redemption Periods

Redemption Price

The Bonds maturing September 1, __ and September 1, __, are subject to mandatory redemption in part by lot, on September 1 in each year, commencing September 1, __ and September 1, __, respectively, from mandatory sinking payments made by the District at a redemption price equal to the principal amount thereof to be redeemed, without premium, plus

accrued interest thereon to the date of redemption in the aggregate principal amounts and on September 1 in the respective years as set forth in the following schedule; provided, however, that (i) in lieu of redemption thereof, such Bonds may be purchased by the District and tendered to the Fiscal Agent and the Fiscal Agent shall cancel such tendered Bonds, and (ii) if some but not all of such Bonds have been redeemed pursuant to the redemption provisions described in the Agreement, the total amount of all future mandatory sinking payments will be reduced by the aggregate principal amount of such Bonds so redeemed, to be allocated among such mandatory sinking payments as determined by the Authority in connection with the Authority Bonds relating to the Bonds or on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, as determined by the District.

BONDS MATURING SEPTEMBER 1, ____
September 1 Principal
(Year) Amount

*Maturity

BONDS MATURING SEPTEMBER 1, ____
September 1 Principal
(Year) Amount

*Maturity

Notice of redemption with respect to the Bonds to be redeemed shall be given to the registered owners thereof, in the manner, to the extent and subject to the provisions of the Agreement.

This Bond shall be registered in the name of the owner hereof, as to both principal and interest.

Each registration and transfer of registration of this Bond shall be entered by the Fiscal Agent in books kept by it for this purpose and authenticated by its manual signature upon the certificate of authentication endorsed hereon.

Except as provided in the Agreement, any Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of the Agreement by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form approved by the Fiscal Agent. The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such transfer shall be paid by the District. The Fiscal Agent shall collect from the Owner requesting such transfer any tax or other governmental charge required to be paid with respect to such transfer.

Whenever any Bond or Bonds shall be surrendered or transferred, the District shall execute and the Fiscal Agent shall authenticate and deliver a new Bond or Bonds, for like aggregate principal amount.

No transfers of Bonds shall be required to be made (i) fifteen (15) days prior to the date established by the Fiscal Agent for selection of Bonds for redemption, (ii) with respect to a Bond after such Bond has been selected for redemption, or (iii) between the 15th day of the month next preceding any Interest Payment Date and such Interest Payment Date.

Bonds may be exchanged at the Corporate Trust Office of the Fiscal Agent for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such exchange shall be paid by the District. The Fiscal Agent shall collect from the owner of such Bond or Bonds requesting such exchange any tax or other governmental charge required to be paid with respect to such exchange.

No exchanges of Bonds shall be required to be made (i) fifteen (15) days prior to the date established by the Fiscal Agent for selection of Bonds for redemption, (ii) with respect to a Bond after such Bond has been selected for redemption, or (iii) between the 15th day of the month next preceding any Interest Payment Date and such Interest Payment Date.

The Agreement and the rights and obligations of the District thereunder may be modified or amended as set forth therein.

This 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 Bond have existed, happened and been performed in due time, form and manner as required by law, and that the amount of this Bond does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the City of Perris on behalf of Community Facilities District No. 2014-1 (Avelina) of the City of Perris has caused this Bond to be dated as of the date first above written and to be signed by the manual signature of its Mayor and countersigned by the manual signature of the City Clerk.

CITY OF PERRIS

BY: _____
Mayor

BY: _____
City Clerk

FISCAL AGENT'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the Resolution and the Agreement which has been authenticated on _____, _____.

Dated: _____, 2018

U.S. BANK NATIONAL ASSOCIATION, as
Fiscal Agent

BY: _____
Authorized Officer

ASSIGNMENT

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

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

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

Dated: _____

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

Signature Guaranteed:

NOTE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

EXHIBIT B

FORM OF OFFICER'S CERTIFICATE

Improvement Area No. 3
Community Facilities District No. 2014-1
(Avelina) of the City of Perris

Officer's Certificate Directing Disbursements From the Improvement Fund

The undersigned hereby states and certifies:

(i) That he is the duly qualified City Manager of the City of Perris, a general law city and public body, corporate and politic, duly organized and existing under the laws of the State of California (the "City"), acting on behalf of Community Facilities District No. 2014-1 (Avelina) of the City of Perris (the "District"), and as such, is familiar with the facts herein certified and is authorized and qualified to execute and deliver this certificate;

(ii) That he is an "Authorized Officer" as defined in the Fiscal Agent Agreement, dated as of November 1, 2018 (the "Fiscal Agent Agreement"), by and between the District and U.S. Bank, National Association, as Fiscal Agent (the "Fiscal Agent") for the District's Improvement Area No. 3 Special Tax Bonds, 2018 Series;

(iii) That pursuant to Section 3.7 of the Fiscal Agent Agreement, the Fiscal Agent is hereby directed to disburse this date from the Improvement Fund established pursuant to the Fiscal Agent Agreement 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";

(iv) That each obligation shown on Exhibit A has been properly verified and approved by the City Engineer, is a proper charge against the specified Account of the Improvement Fund, and the conditions to the release of such funds have been satisfied;

(v) That no item to be paid pursuant to this Officer's Certificate has been previously paid or reimbursed from such Account of the Improvement Fund;

(vi) That there has not been filed with or served upon the District notice of any lien, right to lien or attachment, stop notice or claim affecting the right to received payment of any moneys payable to any of the persons named on Exhibit A or written requisition which has not been released or will not be released simultaneously with the payment of, such obligation, other than materialmen's or mechanic's liens accruing by mere operation of law; and

(vii) That capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Fiscal Agent Agreement.

DATED: _____, 2018

COMMUNITY FACILITIES DISTRICT
NO. 2014-1 (AVELINA) OF THE CITY OF
PERRIS

City Manager