

ATTACHMENT 4

Local Obligation Purchase Contract

**COMMITMENT AGREEMENT AND PURCHASE CONTRACT
FOR PURCHASE AND SALE OF LOCAL OBLIGATION BONDS**

**by and between the
Perris Joint Powers Authority**

and

**the City of Perris, on behalf of
Community Facilities District No. 2001-1
(May Farms) of the City of Perris, on behalf of Improvement Area
Nos. 1, 2, and 3**

and

**Community Facilities District No. 2002-1
(Willowbrook) of the City of Perris**

and

**Community Facilities District No. 2006-1
(Meritage Homes) of the City of Perris**

Relating to

**\$ _____
Improvement Area No. 1 of
Community Facilities District No. 2001-1
(May Farms) of the City of Perris
Special Tax Bonds, 2024 Series**

**\$ _____
Improvement Area No. 2 of
Community Facilities District No. 2001-1
(May Farms) of the City of Perris
Special Tax Bonds, 2024 Series**

**\$ _____
Improvement Area No. 3 of
Community Facilities District No. 2001-1
(May Farms) of the City of Perris
Special Tax Bonds, 2024 Series**

**\$ _____
Community Facilities District No. 2002-1
(Willowbrook) of the City of Perris
Special Tax Bonds, 2024 Series**

**\$ _____
Community Facilities District No. 2006-1
(Meritage Homes) of the City of Perris
Special Tax Bonds, 2024 Series**

THIS COMMITMENT AGREEMENT AND PURCHASE CONTRACT (this “Purchase Contract”), dated May 1, 2024, is by and between the PERRIS JOINT POWERS AUTHORITY, a joint exercise of powers authority organized and existing under and by virtue of the laws of the State of California (the “Authority”), and the CITY OF PERRIS (the “City”), on behalf of COMMUNITY FACILITIES DISTRICT NO. 2001-1 (MAY FARMS) OF THE CITY OF PERRIS, a community facilities district duly organized and existing under the laws of the State of California, on behalf of its Improvement Area Nos. 1, 2, and 3 (the “2001-1 District”), COMMUNITY FACILITIES DISTRICT NO. 2002-1 (WILLOWBROOK) OF THE CITY OF PERRIS, a community facilities district duly organized and existing under the laws of the State of California (the “2002-1 District”), and COMMUNITY FACILITIES DISTRICT NO. 2006-1 (MERITAGE HOMES) OF THE CITY OF PERRIS, a community facilities district duly organized and existing under the laws of the State of California (the “2006-1 District” and together with the 2001-1 District and the 2002-1 District, the “Districts” and, each a “District”).

WITNESSETH:

WHEREAS, pursuant to Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State of California (the “Act”), the Housing Authority of the City of Perris (the “Agency”) and the City of Perris (the “City”) have by Joint Exercise of Powers Agreement, dated March 26, 2013 (the “Agreement”), created the Authority for the purposes, among other things, of assisting the City, the Agency and any associate member in the financing and refinancing of public capital improvements pursuant to the Marks-Roos Local Bond Pooling Act of 1985, being Article 4 of the Act (commencing with Section 6584) (the “Bond Law”); and

WHEREAS, the City Council (the “City Council”) of the City of Perris (the “City”), acting (a) as the legislative body of the 2001-1 District has, on behalf of Improvement Area No. 1, Improvement Area No. 2, and Improvement Area No. 3, pursuant to its Resolution No. ____ adopted on April 9, 2024 (the “Resolution”), authorized the issuance of Improvement Area No. 1 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds, 2024 Series (“2001-1 IA1 Bonds”), Improvement Area No. 2 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds, 2024 Series (“2001-1 IA2 Bonds”), and Improvement Area No. 3 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds, 2024 Series (“2001-1 IA3 Bonds” and , together with the 2001-1 IA1 Bonds and 2001-1 IA2 Bonds, the “2001-1 Bonds”); (b) Community Facilities District No. 2002-1 (Willowbrook) of the City of Perris Special Tax Bonds, 2024 Series (“2002-1 Bonds”); and (c) Community Facilities District No. 2006-1 (Meritage Homes) of the City of Perris Special Tax Bonds, 2024 Series (“2006-1 Bonds” and, together with the 2001-1 Bonds and 2002-1 Bonds, the “Local Obligation Bonds”); and

WHEREAS, the Districts have determined that it is in their respective best interests, in order to refinance public infrastructure, to issue the Local Obligation Bonds, pursuant to the terms of five Fiscal Agent Agreements, each dated as of May 1, 2024 (each, a “Fiscal Agent Agreement” and together, the “Fiscal Agent Agreements”), by and between the respective District and U.S. Bank National Association, as Fiscal Agent (the “Fiscal Agent”); and

WHEREAS, the Authority, pursuant to Resolution No. PJPA-____, adopted on April 9, 2024, has authorized the issuance of \$ _____ Perris Joint Powers Authority Local Agency

Revenue Bonds (CFD 2001-1 IA1, IA2 & IA3; CFD 2002-1; CFD 2006-1 Refunding), 2024 Series (the “Authority Bonds”), for the purpose of acquiring the Local Obligation Bonds; and

WHEREAS, the proceeds of the Local Obligation Bonds and the Authority Bonds, together with certain other funds, will be used to prepay, refund, or cancel all of the outstanding (a) Improvement Area No. 1 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Revenue Bonds, 2014 Series A; (b) Improvement Area No. 2 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Revenue Bonds, 2014 Series B; (c) Improvement Area No. 3 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Revenue Bonds, 2014 Series C; (d) Community Facilities District No. 2002-1 (Willowbrook) of the City of Perris Special Tax Revenue Bonds, 2013 Series B, and (e) Community Facilities District No. 2006-1 (Meritage Homes) of the City of Perris Special Tax Revenue Bonds, 2014 Series, which in total are currently outstanding in the aggregate principal amount of \$12,712,655 (collectively, the "Prior District Bonds"); and (f) the bonds issued concurrently with the Prior District Bonds by the Authority (the “Prior Authority Bonds”, and together with the Prior District Bonds, the “Prior Bonds”); and

WHEREAS, in order to generate funds to pay off the Prior Bonds, the Authority will issue the Authority Bonds pursuant to an Indenture of Trust, dated as of May 1, 2024 (“Indenture”), by and between the Authority and U.S. Bank National Association, as Trustee (the “Trustee”); and

WHEREAS, a portion of the proceeds of the Authority Bonds will be used to purchase the Local Obligation Bonds, which comprise an aggregate principal amount of \$ _____; and

WHEREAS, in accordance with Government Code Section 53360.4, the legislative body of the District may sell the Local Obligation Bonds to the Authority; and

WHEREAS, the Authority and the Districts desire to enter into this Purchase Contract providing for the purchase and sale of the Local Obligation Bonds and containing the other agreements herein set forth.

NOW, THEREFORE, in consideration of the mutual agreements herein contained, and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the Authority and the Districts agree as follows:

1. Upon the terms and conditions and upon the basis of the representations, warranties and agreements hereinafter set forth, the Districts hereby sell to the Authority, and the Authority hereby purchases from the Districts all of the aggregate principal amount of the Local Obligation Bonds, such Local Obligation Bonds to bear the annual interest rates and to be sold to the Authority at the purchase price set forth in Exhibit A attached hereto and hereby made a part hereof, plus accrued interest, if any, from the date of the Local Obligation Bonds to the date of delivery of the Local Obligation Bonds to the Authority (the “Closing Date”).

2. The Districts hereby specify May 7, 2024 (or as soon thereafter as shall be feasible), as the Closing Date and the Districts hereby confirm that they reasonably expect to deliver the Local Obligation Bonds to the Authority on such date.

3. The Authority agrees that U.S. Bank National Association will act as Fiscal Agent for the Local Obligation Bonds under and as further provided in the Fiscal Agent Agreement.

4. The Local Obligation Bonds shall be issued and secured under the provisions of the Resolution and related proceedings authorizing the issuance of the Local Obligation Bonds, including, without limitation, the Fiscal Agent Agreement (collectively, the "Proceedings"). The Local Obligation Bonds of the District, and interest thereon, will be payable from special taxes to be levied within the respective District. Proceeds of the sale of the Local Obligation Bonds will be used by the Districts in accordance with the Proceedings.

5. Any action under this Purchase Contract taken by the Authority, including payment for and acceptance of the Local Obligation Bonds, and delivery and execution of any receipt for the Local Obligation Bonds and any other instruments in connection with the closing on the Closing Date, shall be valid and sufficient for all purposes and binding upon the Authority, provided that any such action shall not impose any obligation or liability upon the Authority other than as may arise as expressly set forth in this Purchase Contract.

6. It is a condition to the District's sale of the Local Obligation Bonds and the obligation of the District to deliver the Local Obligation Bonds to the Authority, and to the Authority's purchase of the Local Obligation Bonds and the obligations of the Authority to accept delivery of and to pay for the Local Obligation Bonds, that the entire initial principal amount of the Local Obligation Bonds of \$_____ of the 2001-1 IA1 Bonds, \$_____ of the 2001-1 IA2 Bonds, \$_____ of the 2001-1 IA3 Bonds, \$_____ of the 2002-1 Bonds, and \$_____ of the 2006-1 Bonds, shall be delivered by the District, and accepted and paid for by the Authority, on the Closing Date. The Authority will pay for the Local Obligation Bonds with the proceeds of the Authority Bonds.

7. Each District represents and warrants to the Authority that:

(a) The District is an entity duly organized and validly existing under the laws of the State of California, and has, and on the Closing Date will have, full legal right, power and authority (i) to enter into this Purchase Contract, (ii) to adopt or enter into the Proceedings relating to the Local Obligation Bonds, (iii) to issue, sell and deliver the Local Obligation Bonds to the Authority as provided herein and in the Fiscal Agent Agreement, and (iv) to carry out and consummate the transactions on its part contemplated by this Purchase Contract, the Proceedings and the Fiscal Agent Agreement;

(b) The District has complied, and will on the Closing Date be in compliance in all respects, with the Proceedings;

(c) By official action of the District prior to or concurrently with the acceptance hereof, the District has duly adopted the Resolution, has duly authorized and approved the execution and delivery of, and the performance by the District of the District's obligations contained in, the Fiscal Agent Agreement, the Local Obligation Bonds, this Purchase Contract and the other Proceedings, and the consummation by the District of all other transactions on its part contemplated by the Proceedings, including, without limitation, the application of special taxes within the District to the payment of the Local Obligation Bonds;

(d) The execution and delivery of this Purchase Contract and the Local Obligation Bonds, the adoption of the Resolution and the adoption or entering into of the other Proceedings, including, without limitation, the Fiscal Agent Agreement, and compliance with the provisions of each thereof will not conflict with or constitute a breach of or a default under any applicable law or administrative regulation of the State of California or the United States of America, or any applicable judgment, decree, agreement or other instrument to which the District is a party or is otherwise subject;

(e) There is no action, suit, proceeding or investigation before or by any court, public board or body pending or, to the knowledge of the District, threatened, wherein an unfavorable decision, ruling or finding would: (i) affect the creation, organization, existence or powers of the District or the titles of its members and officers to their respective offices, (ii) enjoin or restrain the issuance, sale and delivery of the Local Obligation Bonds, the levy and receipt of the special taxes, or the pledge thereof under the Fiscal Agent Agreement, (iii) in any way question or affect any of the rights, powers, duties or obligations of the District with respect to the moneys pledged or to be pledged to pay the principal of, premium, if any, or interest on the Local Obligation Bonds, (iv) in any way question or affect any authority for the issuance of the Local Obligation Bonds, or the validity or enforceability of the Local Obligation Bonds, the Fiscal Agent Agreement or the other Proceedings, or (v) in any way question or affect this Purchase Contract or the transactions contemplated by this Purchase Contract, the Fiscal Agent Agreement, or any other agreement or instrument to which the District is a party relating to the Local Obligation Bonds;

(f) The issuance and sale of the Local Obligation Bonds is not subject to any transfer or other documentary stamp taxes of the State of California or any political subdivision thereof;

(g) The District has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the District is a bond issuer whose arbitrage certifications may not be relied upon;

(h) Any certificate signed by any official of the District authorized to do so and delivered to the Authority shall be deemed a representation and warranty by the District to the Authority as to the statements made therein; and

(i) The District will apply the proceeds of the Local Obligation Bonds, including the investment thereof, in accordance with the Fiscal Agent Agreement and the other Proceedings.

8. At 8:30 a.m., Los Angeles Time, on the Closing Date, or at such other time or on such other date as is mutually agreed by the Districts and the Authority, the Districts will deliver the Local Obligation Bonds to the Authority in definitive form, duly executed, together with the other documents hereinafter mentioned, and, subject to the terms and conditions hereof, the Authority will accept such delivery and pay or cause to be paid the purchase price of the Local Obligation Bonds as referenced in paragraph 1 hereof by certified or bank cashier's check or wire transfer or other funds which are good funds on the Closing Date. Delivery and payment, as

aforesaid, shall be made at such place as shall have been mutually agreed upon by the District and the Authority.

9. The Authority has entered into this Purchase Contract in reliance upon the representations, warranties and agreements of the Districts contained herein and to be contained in the documents and instruments to be delivered on the Closing Date, and upon the performance by the District of its obligations hereunder, both as of the date hereof and as of the Closing Date. Accordingly, the Authority's obligations under this Purchase Contract to purchase, to accept delivery of and to pay for the Local Obligation Bonds shall be subject to the performance by the Districts of their obligations to be performed hereunder and under such documents and instruments at or prior to the Closing Date, and shall also be subject to the following conditions:

(a) The representations and warranties of the Districts contained herein shall be true and correct on the date hereof and on and as of the Closing Date, as if made on the Closing Date;

(b) On the Closing Date, the Proceedings shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to by both the Authority and the Districts;

(c) As of the Closing Date, all official action of the Districts relating to the Proceedings shall be in full force and effect, and there shall have been taken all such actions as, in the opinion of Aleshire & Wynder, LLP ("Bond Counsel"), shall be necessary or appropriate in connection therewith, with the issuance of the Local Obligation Bonds and with the transactions contemplated hereby;

(d) The Authority shall have the right to terminate the Authority's obligations under this Purchase Contract to purchase, to accept delivery of and to pay for the Local Obligation Bonds by notifying the Districts of their election to do so if, after the execution hereof and prior to the Closing: (i) the marketability of the Local Obligation Bonds or the market price thereof, in the opinion of the Authority, has been materially and adversely affected by any decision issued by a court of the United States (including the United States Tax Court) or of the State of California, by any ruling or regulation (final, temporary or proposed) issued by or on behalf of the Department of the Treasury of the United States, the Internal Revenue Service, or other governmental agency of the United States, or any governmental agency of the State of California, or by a tentative decision with respect to legislation reached by a committee of the House of Representatives or the Senate of the Congress of the United States, or by legislation enacted by, pending in, or favorably reported to either the House of Representatives or the Senate of the Congress of the United States or either house of the Legislature of the State of California, or formally proposed to the Congress of the United States by the President of the United States or to the Legislature of the State of California by the Governor of the State of California in an executive communication, affecting the tax status of the Districts, its property or income, its bonds (including the Local Obligation Bonds) or the interest thereon, or any tax exemption granted or authorized by the Bond Law; (ii) the United States shall have become engaged in hostilities which have resulted in a declaration of war or national emergency, or there shall have occurred any other outbreak of hostilities, or a local, national or international calamity or crisis, financial or otherwise, the effect of such outbreak, calamity or crisis being such as, in the reasonable opinion of the Authority, would affect materially

and adversely the marketability of the Local Obligation Bonds (it being agreed by the Authority that there is no outbreak, calamity or crisis of such a character as of the date hereof); (iii) there shall have occurred a general suspension of trading on the New York Stock Exchange or the declaration of a general banking moratorium by the United States, New York State or California State authorities; (iv) there shall have occurred a withdrawal or downgrading of any rating assigned to any securities of the City by a national municipal bond rating agency; (v) any proposed development described in the Proceedings shall have been repudiated by the applicable developer, or any litigation or proceedings shall be pending or threatened questioning the proposed development or seeking to enjoin the development thereof, or the District shall have received notice from the applicable developer that it will be unable to proceed with the development as described in the Proceedings; (vi) any federal or State of California court, authority or regulatory body shall take action materially and adversely affecting the ability of a developer to proceed with the development as contemplated by the Proceedings; or (vii) if the Underwriter terminates its purchase contract with the Authority;

(e) On or prior to the Closing Date, the Authority shall have received each of the following documents:

(1) All documents and opinions required to be received by the trustee for the Authority Bonds prior to the application of proceeds of the Authority Bonds to the purchase of the Local Obligation Bonds;

(2) An opinion, in form and substance satisfactory to the Districts and the Authority, dated as of the Closing Date, of Bond Counsel approving the validity of the Local Obligation Bonds;

(3) An opinion that this Purchase Contract has been duly authorized, executed and delivered by, and, assuming due authorization, execution and delivery by the Authority, constitutes a legal, valid and binding agreement of the Districts;

(4) A certificate dated the Closing Date, addressed to the Authority, signed by the City Manager or Finance Director of the City, on behalf of the Districts, to the effect that:

(i) The representations and warranties of the Districts contained herein are true and correct in all material respects on and as of the Closing Date as if made on the Closing Date;

(ii) There is no action, suit, proceeding or investigation before or by any court, public board or body pending or threatened, wherein an unfavorable decision, ruling or finding would: (A) affect the creation, organization, existence or powers of the Districts, or the titles of its members and officers to their respective offices, (B) enjoin or restrain the issuance, sale and delivery of the Local Obligation Bonds, the levy or collection of the special taxes or any other moneys or property pledged or to be pledged under the Fiscal Agent Agreement, or the pledge thereof, (C) in any way question or affect any of the rights, powers, duties or obligations of the Districts with respect to the special taxes or moneys and assets pledged or to be pledged to pay the principal of, premium, if any, or interest on the Local Obligation Bonds, (D) in

any way question or affect any authority for the issuance of the Local Obligation Bonds, or the validity or enforceability of the Local Obligation Bonds or the Proceedings, or (E) in any way question or affect this Purchase Contract or the transactions contemplated by this Purchase Contract, the Fiscal Agent Agreement or the other Proceedings;

(iii) The Districts have complied with all agreements, covenants and arrangements, and satisfied all conditions, on its part to be complied with or satisfied on or prior to the Closing Date; and

(iv) The information regarding the City and the Districts in the Preliminary Official Statement and the Official Statement (collectively, the "Official Statement"), in connection with the delivery of the Authority Bonds, is true and correct and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they are made, not misleading and no event affecting the City or the Districts has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(5) An opinion, dated the date of Closing and addressed to the Authority, of the City Attorney of the City, as Special Counsel to the Districts, that there is no action, suit, proceeding or investigation before or by any court, public board or body pending or threatened and served on the City, wherein an unfavorable decision, ruling or finding would: (i) affect the creation, organization, existence or powers of the Districts, or the titles of its members and officers to their respective offices; (ii) enjoin or restrain the issuance, sale and delivery of the Local Obligation Bonds, the receipt of any other moneys or property pledged or to be pledged under the Fiscal Agent Agreement or the pledge thereof; (iii) in any way question or affect any of the rights, powers, duties or obligations of the Districts with respect to special taxes within the District or the moneys and assets pledged or to be pledged to pay the principal of, premium, if any, or interest on the Local Obligation Bonds; (iv) in any way question or affect any authority for the issuance of the Local Obligation Bonds, or the validity or enforceability of the Local Obligation Bonds; or (v) in any way question or affect this Purchase Contract or the transactions contemplated by this Purchase Contract, the Fiscal Agent Agreement or the other Proceedings; and

(6) Such additional legal opinions, certificates, instruments and documents as the Authority may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the Districts' representations and warranties contained herein.

In addition to the foregoing, the Districts shall on the Closing Date provide the Proceedings, certified by authorized officers of the Districts, on behalf of the Districts, with only such amendments, modifications or supplements as may have been agreed to by the Authority.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Purchase Contract shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Authority, but the approval of the Authority shall not be unreasonably withheld. Receipt of, and payment for, the Local

Obligation Bonds shall constitute evidence of the satisfactory nature of such as to the Authority. The performance of any and all obligations of the Districts hereunder and the performance of any and all conditions contained herein for the benefit of the Authority may be waived by the Authority in its sole discretion.

If the Districts shall be unable to satisfy the conditions to the obligations of the Authority to purchase, accept delivery of and pay for the Local Obligation Bonds contained in this Purchase Contract, or if the obligations of the Authority to purchase, accept delivery of and pay for the Local Obligation Bonds shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate, and neither the Authority nor the District shall be under further obligation hereunder.

The Authority shall be under no obligation to pay, and the Districts shall pay the following expenses incident to the performance of the Districts' obligations hereunder: (i) the cost of the preparation of the Local Obligation Bonds; (ii) the fees and disbursements of Bond Counsel and of Special Counsel to the Districts; and (iii) the fees and disbursements of accountants, advisers and of any other experts or consultants retained by the Districts.

This Purchase Contract is made solely for the benefit of the Districts and the Authority (including their successors and assigns), and no other person shall acquire or have any right hereunder or by virtue hereof. All of the Districts' representations, warranties and agreements contained in this Purchase Contract shall remain operative and in full force and effect regardless of: (i) any investigations made by or on behalf of the Authority or (ii) delivery of and payment for the Authority Bonds pursuant to this Purchase Contract. The agreements contained in this paragraph and in the paragraph above shall survive any termination of this Purchase Contract.

This Purchase Contract shall become effective upon the execution of the acceptance hereof by the signatures of the Mayor, City Manager or Finance Director of the City and the Chairman or Executive Director of the Authority, and shall be valid and enforceable as of the time of such execution.

This Purchase Contract may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

The validity, interpretation and performance of this Purchase Contract shall be governed by the laws of the State of California applicable to contracts made and performed in such State.

[signatures on following page]

IN WITNESS WHEREOF, the Authority and the District have each caused this Purchase Contract to be executed by their duly authorized officers all as of the date first above written.

PERRIS JOINT POWERS AUTHORITY

By: _____
Treasurer

COMMUNITY FACILITIES DISTRICT NO. 2001-1 (MAY FARMS) OF THE CITY OF PERRIS, on behalf of its IMPROVEMENT AREA NOS. 1, 2, AND 3

By: _____
Finance Director

COMMUNITY FACILITIES DISTRICT NO. 2002-1 (WILLOWBROOK) OF THE CITY OF PERRIS

By: _____
Finance Director

COMMUNITY FACILITIES DISTRICT NO. 2006-1 (MERITAGE HOMES) OF THE CITY OF PERRIS

By: _____
Finance Director

[Signature Page to Commitment Agreement and Purchase Contract]

EXHIBIT A

**Improvement Area No. 1
Community Facilities District No. 2001-1
(May Farms) of the City of Perris
Special Tax Refunding Bonds, 2024 Series**

PRINCIPAL AMOUNT: \$ _____
PREMIUM _____
BOND PURCHASE DISCOUNT _____
PURCHASE PRICE \$ _____
YIELD: _____%

Maturity Date Principal Interest Rate

EXHIBIT B

**Improvement Area No. 2
Community Facilities District No. 2001-1
(May Farms) of the City of Perris
Special Tax Refunding Bonds, 2024 Series**

PRINCIPAL AMOUNT: \$ _____
PREMIUM _____
BOND PURCHASE DISCOUNT _____
PURCHASE PRICE \$ _____
YIELD: _____ %

Maturity Date **Principal** **Interest Rate**

EXHIBIT C

**Improvement Area No. 3
Community Facilities District No. 2001-1
(May Farms) of the City of Perris
Special Tax Refunding Bonds, 2024 Series**

PRINCIPAL AMOUNT: \$ _____
PREMIUM _____
BOND PURCHASE DISCOUNT _____
PURCHASE PRICE \$ _____
YIELD: _____%

Maturity Date Principal Interest Rate

EXHIBIT D

**Community Facilities District No. 2002-1
(Willowbrook) of the City of Perris
Special Tax Refunding Bonds, 2024 Series**

PRINCIPAL AMOUNT: \$ _____
PREMIUM _____
BOND PURCHASE DISCOUNT _____
PURCHASE PRICE \$ _____
YIELD: ____%

Maturity Date Principal Interest Rate

EXHIBIT E

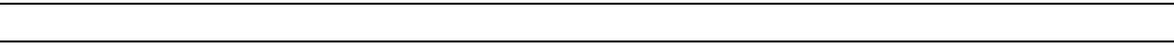
**Community Facilities District No. 2006-1
(Meritage Homes) of the City of Perris
Special Tax Refunding Bonds, 2024 Series**

PRINCIPAL AMOUNT: \$ _____
PREMIUM _____
BOND PURCHASE DISCOUNT _____
PURCHASE PRICE \$ _____
YIELD: _____%

Maturity Date Principal Interest Rate

ATTACHMENT 5

Fiscal Agent Agreements



FISCAL AGENT AGREEMENT

by and between

COMMUNITY FACILITIES DISTRICT NO. 2001-1
(MAY FARMS) OF THE CITY OF PERRIS

and

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

Dated as of May 1, 2024

Relating to:

\$ _____
Improvement Area No. 1 of
Community Facilities District No. 2001-1
(May Farms) of the City of Perris
Special Tax Refunding Bonds, 2024 Series



FISCAL AGENT AGREEMENT

THIS FISCAL AGENT AGREEMENT (the "Agreement") is dated as of May 1, 2024, by and between the Community Facilities District No. 2001-1 (May Farms) 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 Trust Company, 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 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. 2950 of the City Council adopted on May 28, 2002, and subsequently created various improvement areas within the District, including Improvement Area No. 1 ("IA1"); and

WHEREAS, the City Council is authorized under the Act and pursuant to Ordinance No. 1101 adopted on June 11, 2002 (the "Ordinance"), to levy special taxes to pay for the costs of facilities provided by the District on behalf of IA1; and

WHEREAS, on February 6, 2014, the District issued its \$1,505,000 initial principal amount of Improvement Area No. 1 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds, 2014 Series A (the "Prior Bonds"), pursuant to a Fiscal Agent Agreement dated as of September 1, 2014, by and between the District and U.S. Bank Trust Company, National Association, as successor fiscal agent to U.S. Bank National Association (the "Fiscal Agent"), for the purpose refinancing certain outstanding bonds which financed the acquisition, rehabilitation and construction of certain public improvements and fees with respect to IA1 of the District (the "Facilities"); and

WHEREAS, on April 9, 2024, the City Council adopted Resolution No. _____ (the "Resolution") authorizing, among other items, the issuance and sale of bonds for IA1 of the District pursuant to this Agreement, designated "Improvement Area No. 1 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Refunding Bonds, 2024 Series" (the "Bonds"), for the purpose of providing funds to pay off and discharge, together with other funds and bonds of the District, the Prior Bonds, to fund a reserve account for certain bonds to be issued by the Perris Joint Powers Authority (the "Authority") issued concurrently herewith the Bonds, and to pay certain the expenses of the District in connection with the issuance of the Bonds; and

WHEREAS, the Bonds shall be secured by special taxes levied within IA1 of the District pursuant to its Rate and Method of Apportionment of Special Taxes within IA1 of the District (as provided in the Ordinance); and

WHEREAS, the Authority intends to issue its Local Agency Revenue Refunding Bonds (CFD 2001-1 IA1, IA2 & IA3; CFD 2002-1; CFD 2006-1 Refunding), 2024 Series

(the "Authority Bonds"), for the purpose of purchasing the Bonds in addition to other certain bonds issued by the District on behalf of Improvement Area No. 2 and Improvement Area No. 3, certain bonds issued by Community Facilities District No. 2002-1 (Willowbrook) of the City of Perris, and certain bonds issued by Community Facilities District No. 2006-1 (Meritage Homes) of the City of Perris, to fund a reserve fund, and to pay costs of issuance in connection with the Authority Bonds and the Bonds; and

WHEREAS, the Authority Bonds will be issued pursuant to an Indenture of Trust, dated as of May 1, 2024, by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee"); 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 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 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 by the holders thereof, and for other valuable considerations, 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, 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 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 without preference, priority or distinction as to security or otherwise of any of the 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, 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 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 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 Sections 2.13 and 2.14 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, the District or the Authority in carrying out their duties hereunder and under the Authority Indenture (including, but not limited to, the levying and collection of the Special Taxes, 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 7.2, including the fees and expenses of its counsel; the costs of any dissemination agent under the continuing disclosure agreements entered into by the City, the District and the Authority; 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.

“Administrative Expense Fund” means the fund by that name established by Section 3.5(a) hereof.

“Administrative Expense Requirement” means the 102% of the amount of Administrative Expenses expended for the most recent complete Fiscal year, not to exceed \$30,000.

“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.

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

“Authority Bonds” means \$_____ Perris Joint Powers Authority Local Agency Revenue Refunding Bonds (CFD 2001-1 IA1, IA2 & IA3; CFD 2002-1; CFD 2006-1 Refunding), 2024 Series, or Additional Authority Bonds, as applicable.

“Authority Indenture” means the Indenture of Trust, dated as of May 1, 2024, between the Perris Joint Powers Authority and U.S. Bank Trust Company, National Association, as trustee, relating to the Authority Bonds, or Additional Authority Bonds, as applicable.

“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.

“Bond Year” means the one-year period beginning on the September 2 in each year and ending on September 1 in the following year except that the first Bond Year shall begin on the Closing Date and end on September 1, 2024.

“Bonds” means the Improvement Area No. 1 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Refunding Bonds, 2024 Series, authorized by, and at any time Outstanding pursuant hereto.

“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.

“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 thereto.

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

“Continuing Disclosure Agreement” shall mean that certain Continuing Disclosure Agreement, by and between the District and the 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 at Los Angeles, California, provided, however, for transfers, registration, exchange, payment, and surrender of the Bonds, “Corporate Trust Office” means the corporate trust office of the Fiscal Agent in Minneapolis, Minnesota, the “Corporate Trust Office” 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.

“Depository” means The Depository Trust Company, 140 58th Street, Brooklyn, New York 11220, Attention: Call Notification Department, Fax-(212) 855-7232 and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the District may designate in an Officer's Certificate delivered to the Fiscal Agent.

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

“District” means the Community Facilities District No. 2001-1 (May Farms) of the City of Perris, formed pursuant to the Resolution of Formation, on behalf of Improvement Area No. 1.

“Facilities” means the facilities more particularly described in the Resolution of Intention, or any portion of the Facilities or any authorized fees.

“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. 1” or “IA1” means that area of the District designated by that name.

“Interest Payment Date” means March 1 and September 1 of each year, commencing September 1, 2024

“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 the Administrative Expense Requirement.

“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. 1101, adopted by the Legislative Body on June 11, 2002.

“Original Purchaser” means the Perris Joint Powers Authority.

“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.

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

“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 and 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 for the moneys proposed to be invested therein (the Trustee entitled to rely on written investment direction of the Authority 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; (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 Authority 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) mortgaged-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 systemwide bonds and notes of the Farm Credit System;

(d) money market funds (including funds of the Trustee 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”, and, if rated by Moody’s, rated Aaa, Aa1 or Aa2;

(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 Trustee 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 Trustee 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 fund 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) 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 Trustee and the transfer of cash from the Trustee 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 Trustee in exchange for the securities at a specified date, which satisfy the following criteria:

(i) repurchase agreements must be between the Trustee 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 Trustee or a third party acting as agent for the Trustee simultaneous with payment (perfection by possession of certificated securities); (D) the Trustee 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 Trustee 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 Trustee 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 Trustee 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 Trustee, then additional cash and/or acceptable securities must be transferred; and

(iii) a legal opinion must be delivered to the Trustee 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 Trustee 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.

“Prior Bonds” means Improvement Area No. 1 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds, 2014 Series A.

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

“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 2.9 for the registration and transfer of ownership of the Bonds.

“Reserve Fund” means the fund of that name established pursuant to the Authority Indenture.

“Reserve Requirement” means, as of any date of calculation, the least of (a) Maximum Annual Debt Service for the Bonds, (b) ten percent (10%) of the original principal amount of the Bonds, or (c) one hundred twenty-five percent (125%) of average Annual Debt Service, provided however, at no time shall the Reserve Requirement be higher than the Reserve Requirement at the Closing Date.

“Resolution” means Resolution No. ____ adopted by the Legislative Body on April 9, 2024, 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. 2950 adopted by the Legislative Body on May 28, 2002, as now in effect or as it may hereafter be amended from time to time.

“Resolution of Intention” means Resolution No. 2894 adopted by the Legislative Body on December 11, 2001, 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. 1.

“S&P” means S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC, 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 the proceeds of the Special Taxes received by the District from Improvement Area No. 1, including any scheduled payments and any prepayments thereof, interest thereon and 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 the Improvement Area No. 1 of the District pursuant to the Act, the Ordinance and this Agreement.

“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.

“Surplus Fund” means the fund created pursuant to Section 3.8(a) 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.

“Trustee” means U.S. Bank Trust Company, National Association, the Trustee under the Authority Indenture.

ARTICLE II THE BONDS

2.1 **Principal Amounts; Designations.** Bonds in the aggregate principal amount of _____ Dollars and 00/100 Dollars (\$_____) are hereby authorized to be issued by the City for the District 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 generally designated “Improvement Area No. 1 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special

Tax Refunding Bonds, 2024 Series”. The Bonds may be issued as from time to time shall be established and authorized by the District, subject to the covenants, provisions and conditions herein contained. 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 are hereby created and additionally designated as “Improvement Area No. 1 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Refunding Bonds, 2024 Series.” 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) Reserved.

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

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Coupon</u>
<u>September 1</u>		

*Term Bond

(e) 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 August 15, 2024, 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.

(f) 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 maturing on and after September 1, ___ are subject to optional redemption prior to maturity at the option of the District from any source of funds, as whole or in part, on any Interest Payment Date on or after September 1, ___, 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.* The Bonds shall also be subject to special mandatory redemption on any Interest Payment Date on or after September 1, ___, in whole or in part as selected by the District, from amounts constituting prepayments of Special Taxes, and from amounts transferred from the Surplus Fund hereunder 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 Date</u>	<u>Redemption Price</u>
Closing Date through March 1, 20__	%
September 1, 20__ through August 31, 20__	%
September 1, 20__ and any Interest Payment Date thereafter	

(iii) *[Mandatory Sinking Payment Redemption.* The Bonds are subject to mandatory redemption, in part by lot, on September 1 in each year commencing September 1, ___ with respect to the Bonds maturing September 1, __, and commencing September 1, ___ with respect to the Bonds maturing September 1, ___, from mandatory sinking payments pursuant to this Agreement 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 if some but not all of the Bonds have been redeemed pursuant to optional redemption, special mandatory redemption from prepayment of Special Taxes or special mandatory

redemption provisions as described herein, the total amount of all future sinking payments will be reduced by the aggregate principal amount of the Bonds so redeemed, to be allocated among such sinking payments on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000 as determined by the District.

**SCHEDULE OF MANDATORY SINKING PAYMENT REDEMPTIONS
TERM BONDS MATURING SEPTEMBER 1, 2023**

September 1 Year	Principal Amount
---------------------	------------------

*maturity

(iv) *Special Mandatory Redemption.* The Bonds are subject to special mandatory redemption on any date to which timely notice of redemption may be given, in integral multiples of \$5,000 from the deposit of fees with the District by a public agency which has accepted facilities serving an area of the District, and from insurance or condemnation proceeds or other mandatory redemption, sale or acceleration relating to the Bonds, without premium, plus accrued interest to the redemption date, all as determined by the District.]

(b) 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 notice shall be waived by the Fiscal Agent. Notwithstanding any provisions in this Agreement to the contrary, upon any Optional Redemption or Special Mandatory Redemption from Special Taxes 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 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 Revenue 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 District Bonds so called for redemption shall have been deposited in the Bond Fund, such District 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 District 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 District 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 Bonds 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 District 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 District 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 District Bonds, the District Bonds shall then be delivered to the Fiscal Agent for authentication. If any officer whose signature appears on any District Bond ceases to be such officer before delivery of the District Bonds to the owner, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the District Bonds to the owner. Any District Bond may be signed and attested on behalf of the District by such persons as at the actual date of the execution of such District Bond shall be the proper officers of the District although at the nominal date of such District Bond any such person shall not have been such officer of the District.

Only such District 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 District 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 District 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 District 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 District Bonds shall be required to be made (i) fifteen (15) days prior to the date established by the Fiscal Agent for selection of District Bonds for redemption, (ii) with respect to a District Bond after such District 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. District Bonds may be exchanged at the Corporate Trust Office of the Fiscal Agent for a like aggregate principal amount of District 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 District Bonds shall be required to be made (i) fifteen (15) days prior to the date established by the Fiscal Agent for selection of District Bonds for redemption, (ii) with respect to a District Bond after such District 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 District Bonds which books shall show the series number, date, amount, rate of interest and last known owner of each District 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 District Bonds as hereinbefore provided.

The District and the Fiscal Agent will treat the Owner of any District Bond whose name appears on the District Bond register as the absolute Owner of such District 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 District Bonds may be initially issued in temporary form exchangeable for definitive District Bonds when ready for delivery. The temporary District 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 District Bond shall be executed by the District upon the same conditions and in substantially the same manner as the definitive District Bonds. If the District issues temporary District Bonds it will execute and furnish definitive District Bonds without delay and thereupon the temporary District Bonds shall be surrendered, for cancellation, in exchange for the definitive District 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 District Bonds an equal aggregate principal amount of definitive District Bonds of authorized denominations. Until so exchanged, the temporary bonds shall be entitled to the same benefits under this Agreement as definitive District Bonds authenticated and delivered hereunder.

2.10 Bonds Mutilated, Lost, Destroyed or Stolen. If any District Bond shall become mutilated, the District, at the expense of the Owner of said District Bond, shall execute, and the Fiscal Agent shall authenticate and deliver, a new District Bond of like tenor and principal amount in exchange and substitution for the District Bond so mutilated, but only upon surrender to the Fiscal Agent of the District Bond so mutilated. Every mutilated District 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 District 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 District Bond of like tenor and principal amount in lieu of and in substitution for the District Bond so lost, destroyed or stolen. The District may require payment of a sum not exceeding the actual cost of preparing each new District 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 District Bond delivered under the provisions of this Section in lieu of any District 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 District 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 District Bonds issued pursuant to this Agreement.

2.11 Limited Obligation. All obligations of the District under this Agreement and the District 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 District Bonds.

2.12 No Acceleration. The principal of the District Bonds shall not be subject to acceleration hereunder. Nothing in this Section shall in any way prohibit the prepayment or redemption of District Bonds under Section 2.3 hereof, or the defeasance of the District Bonds and discharge of this Agreement under Section 10.3 hereof.

2.13 **Additional Bonds.** Other than for refunding purposes and as permitted by Section 2.14, no Additional Bonds entitled to a lien on the Special Tax Revenues shall be issued hereunder.

2.14 **Additional Bonds** The District covenants that any Additional Bonds which shall be issued or incurred which are payable out of the Special Taxes Revenues in whole or in part shall be issued on a parity with the Bonds in accordance with the following:

(a) the amount of such Additional Bonds shall not, together with all other Outstanding Bonds and Additional Bonds, exceed the total amount of bonded indebtedness authorized to be issued by the District;

(b) the District shall be in compliance with all covenants set forth in the Fiscal Agent Agreement and a certificate of the District to that effect shall have been filed with the City Clerk on behalf of the District; provided, however, that Additional Bonds may be issued notwithstanding that the District is not in compliance with all such covenants so long as immediately following the issuance of such Additional Bonds, the District will be in compliance with all such covenants; and

(c) District shall have received the following documents, dated or certified, as the case may be, as of the date of delivery of such Additional Bonds by the Fiscal Agent (unless the Fiscal Agent shall accept any of such documents bearing a prior date):

(i) An opinion of Bond Counsel and/or general counsel to the District to the effect that (i) the District has the right and power under the Act to adopt the Supplemental Agreement relating to such Additional Bonds, and the Supplemental Agreement has been duly and lawfully adopted by the District, is in full force and effect and is valid and binding upon the District and enforceable in accordance with its terms (subject to the usual and customary exceptions); (ii) the Agreement creates the valid pledge which it purports to create of the Special Taxes and other amounts as provided in the Agreement, subject to the application thereof to the purposes and on the conditions permitted by the Agreement; and (iii) such Additional Bonds are valid and binding limited obligations of the District, enforceable in accordance with their terms (subject to the usual and customary exceptions) and the terms of the Agreement and all Supplemental Agreements thereto and are entitled to the benefits of the Agreement and all such Supplemental Agreements, and such Additional Bonds have been duly and validly authorized and issued in accordance with the Act (or other applicable laws) and the Agreement and all such Supplemental Agreements and a further opinion of Bond Counsel to the effect that, assuming compliance by the District with certain tax covenants, the issuance of the Additional Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Additional Bonds theretofore issued on a tax exempt basis, or the exemption from State of California personal income taxation of interest on any Outstanding Bonds and Additional Bonds theretofore issued;

(ii) A certificate of an Independent Financial Consultant certifying as of the closing date that (a) the appraised or assessed (or some combination thereof) value of the property included within the District that would be subject to the Special Tax to pay the Annual Debt Service on the Bonds is not less than three times the sum of: (i) the aggregate principal amount of all Bonds then Outstanding, plus (ii) the aggregate principal amount of the Additional Bonds proposed to be issued, plus (iii) the aggregate principal amount of any fixed assessment liens on property included within the District subject to the levy of Special Taxes, and (b) the total Net Taxes for each Fiscal Year which could be generated by the District by the levy of the Special Tax at the Maximum Special Tax rates for such Fiscal Year (pursuant to the Act and the RMA) on all then taxable property, is at least 1.10 times the Annual Debt Service on all Outstanding Bonds and Additional Bonds (including Additional Bonds previously issued and the Additional Bonds proposed to be issued) for the Bond Year commencing in such Fiscal Year.

(iii) A certificate signed by an Authorized Officer of the District, to the effect that, all conditions precedent to the issuance of Additional Bonds pursuant to Section 2.14 of this Agreement have been complied with or satisfied.

(iv) To the extent Special Taxes levied on Undeveloped Property (as defined in the RMA) within the District is taken into consideration in determining the principal amount of Additional Bonds to be issued, the portion of total Special Taxes expected to be generated within the District from Developed Property (as defined in the RMA) shall be not less than 70% of the total Special Taxes expected to be generated within the District.

ARTICLE III ISSUANCE OF BONDS

3.1 Issuance and Delivery of the District Bonds. At any time after the execution of this Agreement, the District may issue the District Bonds in the aggregate principal amount set forth in Section 2.2 and deliver the District 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 District 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 District Bonds to the Original Purchaser, upon payment of the purchase price for the District Bonds.

3.2 Application of Proceeds of Sale of the District Bonds. On the Closing Date, the total amount of \$_____, which shall constitute proceeds of the sale of the District Bonds in the amount of \$_____ (being the principal amount of the District Bonds of \$_____ plus/less the purchase premium/discount of \$_____), shall be paid to the Fiscal Agent and deposited or transferred by the Fiscal Agent as follows (the Fiscal Agent may establish temporary funds or accounts to record or facilitate any such deposit or transfer):

(a) The Fiscal Agent shall transfer \$ _____ to the Escrow Agent for deposit in the Escrow Fund for prepayment and discharge of the Prior Bonds.

(b) The Fiscal Agent shall deposit \$ _____ in the Costs of Issuance Fund.

(c) The Fiscal Agent shall deposit \$ _____ into the Administrative Expense Fund. The Administrative Expense Fund shall be allocated to funds that are not District Bond proceeds.

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

3.4 Special Tax Fund.

(a) Establishment of Special Tax Fund. The City shall establish a fund known as the “Special Taxes Receipt Fund” (in which it shall create an account for each Community Facilities District within the City and Improvement Area thereof). The City shall deposit Special Taxes when received in the account established for IA1 of the District and immediately thereafter transfer such amounts to the Fiscal Agent for deposit in the Special Tax Fund. 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 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 District 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 District 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 District 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 District 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 District Bonds and Additional Bonds in respect of past due payments on the District 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, 2024, 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 Surplus Fund.

3.5 **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.

(c) 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.

(d) 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.

3.6 **Reserved.**

3.7 **[Costs of Issuance Fund]**. The Fiscal Agent shall establish and maintain a separate fund to be held by the Fiscal Agent known as the “Costs of Issuance Fund” into which shall be deposited the amounts set forth in Section 3.2(d) above or as required by a Supplemental Agreement. The moneys in the Costs of Issuance Fund shall be used to pay Costs of Issuance from time to time upon receipt of an Officer’s Certificate of the District. On the date which is one hundred eighty (180) days following the Closing Date, or upon the earlier receipt by the Fiscal Agent of a written request of the District stating

that all Costs of Issuance have been paid, the Fiscal Agent shall transfer all remaining amounts in the Costs of Issuance Fund to be deposited in the Bond Fund.]

3.8 **Surplus Fund.**

(a) Establishment of Surplus Fund. There is hereby established as a separate fund to be held by the Fiscal Agent, the “Surplus Fund,” to the credit of which a deposit shall be made as required by Section 3.4 hereof. Moneys in the Surplus Fund shall be held in trust by the Fiscal Agent for the benefit of the Owners of the District Bonds and Additional Bonds, and shall be disbursed as provided below.

(i) The Fiscal Agent shall transfer to the appropriate accounts within the Bond Fund to pay debt service on the Bonds to the extent Special Taxes are insufficient for such purpose.

(ii) The Fiscal Agent shall transfer from any amounts in the Surplus Fund to the Trustee to assist in replenishment of the Reserve Account under the Authority Indenture.

(iii) The Fiscal Agent shall transfer amounts 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 therefore.

(iv) Upon the written direction of the District, the Fiscal Agent shall transfer all remaining amounts in the Surplus Fund to the Special Mandatory Redemption Account of the Redemption Fund for redemption of the District 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 Surplus 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 Surplus 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 Surplus Fund to be used for the purposes of such fund.

3.9 **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 a Mandatory Redemption Account, an Optional Redemption Account, and a Special Mandatory Redemption Account), to the credit of which the District or the City, on behalf of Improvement Area No. 1 of the District, shall deposit, immediately upon receipt, all Redemption Revenues received by the District or the City on behalf of Improvement Area No. 1 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 District 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 District Bonds and Additional Bonds.

(b) Disbursement.

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

(iii) Insurance or condemnation proceeds, if any, shall be deposited into the Mandatory Redemption Account to be used to redeem District Bonds and Additional Bonds 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 District 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 Surplus 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 District Bonds and Additional Bonds as provided herein and in the Act until all of the District Bonds and Additional Bonds have been paid and retired, cancelled 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 are not pledged to the repayment of the District Bonds and/or Additional Bonds. The Facilities financed or refinanced with the proceeds of the District Bonds and Additional Bonds are not in any way pledged to pay the Debt Service on the District Bonds and Additional Bonds. Any proceeds of

condemnation or destruction of any Facilities financed or refinanced with the proceeds of the District Bonds and Additional Bonds are not pledged to pay the Debt Service on the District 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), 3.8, 3.9 and 4.1 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 District Bonds and Additional Bonds, shall be disbursed for the payment of the principal of (including mandatory sinking payments, if any) and interest on the District Bonds and Additional Bonds as provided below, and, pending such disbursement, shall be subject to a lien in favor of the Owners of the District 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 District Bonds and Additional Bonds the principal of (including mandatory sinking payments) and interest due on the District 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 District 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 District Bonds and Additional Bonds in respect of past due payments on the District Bonds and Additional Bonds.

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

(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 District 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 District Bonds and Additional Bonds.

5.2 **Limited Obligation.** The District 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 Surplus 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 District 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 District 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 District Bonds and Additional Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the District 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 District Bonds and Additional Bonds superior to or on a parity with the pledge and lien herein created for the benefit of the District 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 District 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 relating to the expenditure of amounts disbursed from the Bond Fund and the Costs of Issuance 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 District 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 District 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 District Bonds and Additional Bonds by the District, the District 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. 1 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. 1 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. 1, 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 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 Improvement Area No. 1 required (i) for the payment of principal of and interest on any Outstanding District Bonds and Additional Bonds of Improvement Area No. 1 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, on behalf of Improvement Area No. 1, 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 District 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 District Bonds are invested and that is not acquired to carry out the governmental purposes of that series of District 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 District 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 District 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 District 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 District 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 District 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 District 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 District Bond is discharged. However, to the extent permitted by law, the District may commingle (and may allow the City to commingle) Gross Proceeds of District 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 to the United States the amount that when added to the future value of previous rebate payments made for the District 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.

(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 District 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 District Bonds not been relevant to either party.

(j) District Bonds Not Hedge Bonds.

(i) The District represents that none of the District 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 District Bonds the District reasonably expected that at least 85% of the spendable proceeds of the District 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 District 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 District 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 and Nonarbitrage 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 July 31 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 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. 1 of the District, or if there has been a draw on the funds on deposit in the Reserve Account established under the Authority Indenture (and connected to the applicable Improvement Area), 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, or the Fiscal Agent, 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 District 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 District Bonds and Additional Bonds under Section 3.4(b) hereof.

5.12 Annual Reports to CDIAC. 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 5.12, including seeking mandate or specific performance by court order.

5.13 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 Ordinance and RMA. At any time the Fiscal Agent may transfer funds from the Surplus Fund or Special Tax Fund (not needed for transfer to the Bond Fund to pay principal and interest with respect to the then current Bond Year) 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 District 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 District 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.

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 District Bonds and Additional Bonds or this Agreement other than in connection with the duties or obligations explicitly herein or in the District 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 District 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 District Bond or Additional Bond unless and until such District 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 seem 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 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 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 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 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 or other provision of the United States Code or any substitute or successor statute.

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 District 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 District 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 District Bonds and Additional Bonds (upon presentation of the District 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 District 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 District 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 District 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. Nothing in Section 7.7 or in any other provision of this Agreement or in the District 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 District Bonds and Additional Bonds to the respective Owners of the District 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 District 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 District 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 District 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 District 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 District 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 Trust Company, National Association, is hereby appointed Fiscal Agent and paying agent for the District 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 District Bonds and Additional Bonds.

8.2 Liability of Fiscal Agent. The recitals of facts, covenants and agreements herein and in the District 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 District Bonds and Additional Bonds,

nor shall incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the District 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 District 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 District 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, 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 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.

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 District 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, District 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 District Bond unless and until such District 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 seem 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 District 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 District 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 District Bonds and Additional Bonds then Outstanding, exclusive of District Bonds and Additional Bonds disqualified as provided in Section 9.4. No such modification or amendment shall (i) extend the maturity of any District 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 District Bond, without the express consent of the Owner of such District 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 District 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 District 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 District 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 District 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 District Bonds or Additional 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 District 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 District 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 District Bonds and Additional Bonds then Outstanding (exclusive of District 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 District 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 District 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 District 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 District 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 District 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 District Bonds and Additional Bonds. District 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 District 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 District 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 District Bonds and Additional Bonds Issued After Amendments. The District may determine that District 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 District Bond or Additional Bond Outstanding at such effective date and presentation of his District 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 District Bond or Additional Bond. The District may determine that new District 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 District Bonds and Additional Bonds then Outstanding, such new District Bonds and Additional Bonds shall be exchanged at the Corporate Trust Office of the Fiscal Agent without cost to any Owner, for District Bonds and Additional Bonds then Outstanding, upon surrender of such District Bonds and Additional Bonds.

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

9.8 Opinion of Bond Counsel. In connection with any Supplemental Agreement, the Fiscal Agent shall be entitled to receive 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 District 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 District 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 District 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 District 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 District 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 District 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 District 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 District 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 District 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 District 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 District 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 District 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 District Bond shall bind all future Owners of such District 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 District 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) as follows:

Improvement Area No. 1 of
Community Facilities District No. 2001-1 (May Farms)
of the City of Perris
c/o City of Perris
101 North "D" Street
Perris, California 92570
Attn: City Manager
Tel: (951) 943-6100

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 Trust Company, 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 District 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 District 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 District 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.** District 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 District Bonds and Additional Bonds or the date fixed for redemption of any District 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 May 1, 2024.

COMMUNITY FACILITIES DISTRICT
No. 2001-1 (MAY FARMS) OF THE CITY
OF PERRIS

By: _____
City Manager

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

By: _____
Authorized Officer

EXHIBIT A

FORM OF BOND

No. _____

\$ _____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF RIVERSIDE
IMPROVEMENT AREA NO. 1 OF
COMMUNITY FACILITIES DISTRICT NO. 2001-1
(MAY FARMS) OF THE CITY OF PERRIS
SPECIAL TAX REFUNDING BOND
2024 SERIES

INTEREST RATE **MATURITY DATE** **DATED DATE** **CUSIP NO.**
 September 1, _____

REGISTERED OWNER: U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, AS AGENT FOR THE PERRIS JOINT POWERS AUTHORITY

PRINCIPAL AMOUNT: _____ **DOLLARS**

Improvement Area No. 1 of Community Facilities District No. 2001-1 (May Farms) 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. 1 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 August 15, 2024 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 September 1, 2024 (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 legislative body of the District on May __, 2024, 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 refinancing the acquisition of certain facilities (the “Project”), and is one of the Bonds designated “Improvement Area No. 1 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds, 2024 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 May 1, 2024 (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. 1 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, as may be permitted by law. The Bonds do not constitute obligations of the City of Perris for which said 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 September 1, ____, as selected by the District, at the redemption prices and schedules applicable to the Perris Joint Powers Authority Local Agency Revenue Bonds (CFD 2001-1 IA1, IA2 & IA3; CFD 2002-1; CFD 2006-1 Refunding), 2024 Series (“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 May 1, 2024, relating to the Authority Bonds.

The Bonds shall also be subject to mandatory redemption on any date on or after September 1, 2024, in whole or in part as selected by the District, from amounts constituting prepayments of Special Taxes, from amounts transferred from the Surplus Fund under the Fiscal Agent Agreement and from amounts transferred by the Authority to the District under the Authority Indenture at the following redemption prices

(expressed as a percentage of the principal amount of District Bonds to be redeemed) together with accrued interest thereon to the redemption date:

<u>Redemption Periods</u>	<u>Redemption Price</u>
September 1, 2024 through August 31, ____	%

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 for transfer, 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.

IN WITNESS WHEREOF, the City of Perris on behalf of Community Facilities District No. 2001-1 (May Farms) of the City of Perris, Improvement Area No. 1, has caused this Bond to be dated _____ 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 _____, _____.

U.S. BANK TRUST COMPANY, 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: _____

NOTICE: 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:

NOTICE: 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

FISCAL AGENT AGREEMENT

by and between

COMMUNITY FACILITIES DISTRICT NO. 2001-1
(MAY FARMS) OF THE CITY OF PERRIS

and

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

Dated as of May 1, 2024

Relating to:

\$ _____
Improvement Area No. 2 of
Community Facilities District No. 2001-1
(May Farms) of the City of Perris
Special Tax Refunding Bonds, 2024 Series

FISCAL AGENT AGREEMENT

THIS FISCAL AGENT AGREEMENT (the "Agreement") is dated as of May 1, 2024, by and between the Community Facilities District No. 2001-1 (May Farms) 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 Trust Company, 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 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. 2950 of the City Council adopted on May 28, 2002, and subsequently created various improvement areas within the District, including Improvement Area No. 2 ("IA2"); and

WHEREAS, the City Council is authorized under the Act and pursuant to Ordinance No. 1101 adopted on June 11, 2002 (the "Ordinance"), to levy special taxes to pay for the costs of facilities provided by the District on behalf of IA2; and

WHEREAS, on February 6, 2014, the District issued its \$4,270,000 initial principal amount of Improvement Area No. 2 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds, 2014 Series A (the "Prior Bonds"), pursuant to a Fiscal Agent Agreement dated as of September 1, 2014, by and between the District and U.S. Bank Trust Company, National Association, as successor fiscal agent to U.S. Bank National Association (the "Fiscal Agent"), for the purpose refinancing certain outstanding bonds which financed the acquisition, rehabilitation and construction of certain public improvements and fees with respect to IA2 of the District (the "Facilities"); and

WHEREAS, on April 9, 2024, the City Council adopted Resolution No. _____ (the "Resolution") authorizing, among other items, the issuance and sale of bonds for IA2 of the District pursuant to this Agreement, designated "Improvement Area No. 2 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Refunding Bonds, 2024 Series" (the "Bonds"), for the purpose of providing funds to pay off and discharge, together with other funds and bonds of the District, the Prior Bonds, to fund a reserve account for certain bonds to be issued by the Perris Joint Powers Authority (the "Authority") issued concurrently herewith the Bonds, and to pay certain the expenses of the District in connection with the issuance of the Bonds; and

WHEREAS, the Bonds shall be secured by special taxes levied within IA2 of the District pursuant to its Rate and Method of Apportionment of Special Taxes within IA2 of the District (as provided in the Ordinance); and

WHEREAS, the Authority intends to issue its Local Agency Revenue Refunding Bonds (CFD 2001-1 IA1, IA2 & IA3; CFD 2002-1; CFD 2006-1 Refunding), 2024 Series

(the "Authority Bonds"), for the purpose of purchasing the Bonds in addition to other certain bonds issued by the District on behalf of Improvement Area No. 1 and Improvement Area No. 3, certain bonds issued by Community Facilities District No. 2002-1 (Willowbrook) of the City of Perris, and certain bonds issued by Community Facilities District No. 2006-1 (Meritage Homes) of the City of Perris, to fund a reserve fund, and to pay costs of issuance in connection with the Authority Bonds and the Bonds; and

WHEREAS, the Authority Bonds will be issued pursuant to an Indenture of Trust, dated as of May 1, 2024, by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee"); 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 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 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 by the holders thereof, and for other valuable considerations, 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, 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 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 without preference, priority or distinction as to security or otherwise of any of the 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, 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 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 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 Sections 2.13 and 2.14 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, the District or the Authority in carrying out their duties hereunder and under the Authority Indenture (including, but not limited to, the levying and collection of the Special Taxes, 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 7.2, including the fees and expenses of its counsel; the costs of any dissemination agent under the continuing disclosure agreements entered into by the City, the District and the Authority; 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.

“Administrative Expense Fund” means the fund by that name established by Section 3.5(a) hereof.

“Administrative Expense Requirement” means the 102% of the amount of Administrative Expenses expended for the most recent complete Fiscal year, not to exceed \$30,000.

“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.

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

“Authority Bonds” means \$12,380,000 Perris Joint Powers Authority Local Agency Revenue Refunding Bonds (CFD 2001-1 IA1, IA2 & IA3; CFD 2002-1; CFD 2006-1 Refunding), 2024 Series, or Additional Authority Bonds, as applicable.

“Authority Indenture” means the Indenture of Trust, dated as of May 1, 2024, between the Perris Joint Powers Authority and U.S. Bank Trust Company, National Association, as trustee, relating to the Authority Bonds, or Additional Authority Bonds, as applicable.

“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.

“Bond Year” means the one-year period beginning on the September 2 in each year and ending on September 1 in the following year except that the first Bond Year shall begin on the Closing Date and end on September 1, 2024.

“Bonds” means the Improvement Area No. 2 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Refunding Bonds, 2024 Series, authorized by, and at any time Outstanding pursuant hereto.

“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.

“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 thereto.

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

“Continuing Disclosure Agreement” shall mean that certain Continuing Disclosure Agreement, by and between the District and the 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 at Los Angeles, California, provided, however, for transfers, registration, exchange, payment, and surrender of the Bonds, “Corporate Trust Office” means the corporate trust office of the Fiscal Agent in Minneapolis, Minnesota, the “Corporate Trust Office” 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.

“Depository” means The Depository Trust Company, 140 58th Street, Brooklyn, New York 11220, Attention: Call Notification Department, Fax-(212) 855-7232 and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the District may designate in an Officer's Certificate delivered to the Fiscal Agent.

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

“District” means the Community Facilities District No. 2001-1 (May Farms) of the City of Perris, formed pursuant to the Resolution of Formation, on behalf of Improvement Area No. 2.

“Facilities” means the facilities more particularly described in the Resolution of Intention, or any portion of the Facilities or any authorized fees.

“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. 2” or “IA2” means that area of the District designated by that name.

“Interest Payment Date” means March 1 and September 1 of each year, commencing September 1, 2024

“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 the Administrative Expense Requirement.

“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. 1101, adopted by the Legislative Body on June 11, 2002.

“Original Purchaser” means the Perris Joint Powers Authority.

“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.

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

“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 and 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 for the moneys proposed to be invested therein (the Trustee entitled to rely on written investment direction of the Authority 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; (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 Authority 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) mortgaged-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 systemwide bonds and notes of the Farm Credit System;

(d) money market funds (including funds of the Trustee 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”, and, if rated by Moody’s, rated Aaa, Aa1 or Aa2;

(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 Trustee 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 Trustee 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 fund 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) 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 Trustee and the transfer of cash from the Trustee 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 Trustee in exchange for the securities at a specified date, which satisfy the following criteria:

(i) repurchase agreements must be between the Trustee 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 Trustee or a third party acting as agent for the Trustee simultaneous with payment (perfection by possession of certificated securities); (D) the Trustee 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 Trustee 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 Trustee 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 Trustee 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 Trustee, then additional cash and/or acceptable securities must be transferred; and

(iii) a legal opinion must be delivered to the Trustee 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 Trustee 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.

“Prior Bonds” means Improvement Area No. 2 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds, 2014 Series A.

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

“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 2.9 for the registration and transfer of ownership of the Bonds.

“Reserve Fund” means the fund of that name established pursuant to the Authority Indenture.

“Reserve Requirement” means, as of any date of calculation, the least of (a) Maximum Annual Debt Service for the Bonds, (b) ten percent (10%) of the original principal amount of the Bonds, or (c) one hundred twenty-five percent (125%) of average Annual Debt Service, provided however, at no time shall the Reserve Requirement be higher than the Reserve Requirement at the Closing Date.

“Resolution” means Resolution No. ____ adopted by the Legislative Body on April 9, 2024, 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. 2950 adopted by the Legislative Body on May 28, 2002, as now in effect or as it may hereafter be amended from time to time.

“Resolution of Intention” means Resolution No. 2894 adopted by the Legislative Body on December 11, 2001, 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. 2.

“S&P” means S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC, 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 the proceeds of the Special Taxes received by the District from Improvement Area No. 2, including any scheduled payments and any prepayments thereof, interest thereon and 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 the Improvement Area No. 2 of the District pursuant to the Act, the Ordinance and this Agreement.

“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.

“Surplus Fund” means the fund created pursuant to Section 3.8(a) 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.

“Trustee” means U.S. Bank Trust Company, National Association, the Trustee under the Authority Indenture.

ARTICLE II THE BONDS

2.1 **Principal Amounts; Designations.** Bonds in the aggregate principal amount of _____ Dollars and 00/100 Dollars (\$_____) are hereby authorized to be issued by the City for the District 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 generally designated “Improvement Area No. 2 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special

Tax Refunding Bonds, 2024 Series”. The Bonds may be issued as from time to time shall be established and authorized by the District, subject to the covenants, provisions and conditions herein contained. 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 are hereby created and additionally designated as “Improvement Area No. 2 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Refunding Bonds, 2024 Series.” 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) Reserved.

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

<u>Maturity Date</u>	<u>Principal</u>	<u>Coupon</u>
<u>September 1</u>	<u>Amount</u>	

*Term Bond

(e) 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 August 15, 2024, 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.

(f) 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 maturing on and after September 1, ___ are subject to optional redemption prior to maturity at the option of the District from any source of funds, as whole or in part, on any Interest Payment Date on or after September 1, ___, 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.* The Bonds shall also be subject to special mandatory redemption on any Interest Payment Date on or after September 1, ___, in whole or in part as selected by the District, from amounts constituting prepayments of Special Taxes, and from amounts transferred from the Surplus Fund hereunder 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 Date</u>	<u>Redemption Price</u>
Closing Date through March 1, 20__	%
September 1, 20__ through August 31, 20__	%
September 1, 20__ and any Interest Payment Date thereafter	

(iii) [*Mandatory Sinking Payment Redemption.* The Bonds are subject to mandatory redemption, in part by lot, on September 1 in each year commencing September 1, ___ with respect to the Bonds maturing September 1, __, and commencing September 1, ___ with respect to the Bonds maturing September 1, ___, from mandatory sinking payments pursuant to this Agreement 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 if some but not all of the Bonds have been redeemed pursuant to optional redemption, special mandatory redemption from prepayment of Special Taxes or special mandatory

redemption provisions as described herein, the total amount of all future sinking payments will be reduced by the aggregate principal amount of the Bonds so redeemed, to be allocated among such sinking payments on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000 as determined by the District.

**SCHEDULE OF MANDATORY SINKING PAYMENT REDEMPTIONS
TERM BONDS MATURING SEPTEMBER 1, 2023**

September 1 Year	Principal Amount
---------------------	------------------

*maturity

(iv) *Special Mandatory Redemption.* The Bonds are subject to special mandatory redemption on any date to which timely notice of redemption may be given, in integral multiples of \$5,000 from the deposit of fees with the District by a public agency which has accepted facilities serving an area of the District, and from insurance or condemnation proceeds or other mandatory redemption, sale or acceleration relating to the Bonds, without premium, plus accrued interest to the redemption date, all as determined by the District.]

(b) 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 notice shall be waived by the Fiscal Agent. Notwithstanding any provisions in this Agreement to the contrary, upon any Optional Redemption or Special Mandatory Redemption from Special Taxes 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 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 Revenue 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 District Bonds so called for redemption shall have been deposited in the Bond Fund, such District 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 District 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 District 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 Bonds 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 District 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 District 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 District Bonds, the District Bonds shall then be delivered to the Fiscal Agent for authentication. If any officer whose signature appears on any District Bond ceases to be such officer before delivery of the District Bonds to the owner, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the District Bonds to the owner. Any District Bond may be signed and attested on behalf of the District by such persons as at the actual date of the execution of such District Bond shall be the proper officers of the District although at the nominal date of such District Bond any such person shall not have been such officer of the District.

Only such District 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 District 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 District 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 District 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 District Bonds shall be required to be made (i) fifteen (15) days prior to the date established by the Fiscal Agent for selection of District Bonds for redemption, (ii) with respect to a District Bond after such District 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. District Bonds may be exchanged at the Corporate Trust Office of the Fiscal Agent for a like aggregate principal amount of District 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 District Bonds shall be required to be made (i) fifteen (15) days prior to the date established by the Fiscal Agent for selection of District Bonds for redemption, (ii) with respect to a District Bond after such District 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 District Bonds which books shall show the series number, date, amount, rate of interest and last known owner of each District 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 District Bonds as hereinbefore provided.

The District and the Fiscal Agent will treat the Owner of any District Bond whose name appears on the District Bond register as the absolute Owner of such District 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 District Bonds may be initially issued in temporary form exchangeable for definitive District Bonds when ready for delivery. The temporary District 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 District Bond shall be executed by the District upon the same conditions and in substantially the same manner as the definitive District Bonds. If the District issues temporary District Bonds it will execute and furnish definitive District Bonds without delay and thereupon the temporary District Bonds shall be surrendered, for cancellation, in exchange for the definitive District 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 District Bonds an equal aggregate principal amount of definitive District Bonds of authorized denominations. Until so exchanged, the temporary bonds shall be entitled to the same benefits under this Agreement as definitive District Bonds authenticated and delivered hereunder.

2.10 Bonds Mutilated, Lost, Destroyed or Stolen. If any District Bond shall become mutilated, the District, at the expense of the Owner of said District Bond, shall execute, and the Fiscal Agent shall authenticate and deliver, a new District Bond of like tenor and principal amount in exchange and substitution for the District Bond so mutilated, but only upon surrender to the Fiscal Agent of the District Bond so mutilated. Every mutilated District 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 District 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 District Bond of like tenor and principal amount in lieu of and in substitution for the District Bond so lost, destroyed or stolen. The District may require payment of a sum not exceeding the actual cost of preparing each new District 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 District Bond delivered under the provisions of this Section in lieu of any District 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 District 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 District Bonds issued pursuant to this Agreement.

2.11 Limited Obligation. All obligations of the District under this Agreement and the District 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 District Bonds.

2.12 No Acceleration. The principal of the District Bonds shall not be subject to acceleration hereunder. Nothing in this Section shall in any way prohibit the prepayment or redemption of District Bonds under Section 2.3 hereof, or the defeasance of the District Bonds and discharge of this Agreement under Section 10.3 hereof.

2.13 **Additional Bonds.** Other than for refunding purposes and as permitted by Section 2.14, no Additional Bonds entitled to a lien on the Special Tax Revenues shall be issued hereunder.

2.14 **Additional Bonds** The District covenants that any Additional Bonds which shall be issued or incurred which are payable out of the Special Taxes Revenues in whole or in part shall be issued on a parity with the Bonds in accordance with the following:

(a) the amount of such Additional Bonds shall not, together with all other Outstanding Bonds and Additional Bonds, exceed the total amount of bonded indebtedness authorized to be issued by the District;

(b) the District shall be in compliance with all covenants set forth in the Fiscal Agent Agreement and a certificate of the District to that effect shall have been filed with the City Clerk on behalf of the District; provided, however, that Additional Bonds may be issued notwithstanding that the District is not in compliance with all such covenants so long as immediately following the issuance of such Additional Bonds, the District will be in compliance with all such covenants; and

(c) District shall have received the following documents, dated or certified, as the case may be, as of the date of delivery of such Additional Bonds by the Fiscal Agent (unless the Fiscal Agent shall accept any of such documents bearing a prior date):

(i) An opinion of Bond Counsel and/or general counsel to the District to the effect that (i) the District has the right and power under the Act to adopt the Supplemental Agreement relating to such Additional Bonds, and the Supplemental Agreement has been duly and lawfully adopted by the District, is in full force and effect and is valid and binding upon the District and enforceable in accordance with its terms (subject to the usual and customary exceptions); (ii) the Agreement creates the valid pledge which it purports to create of the Special Taxes and other amounts as provided in the Agreement, subject to the application thereof to the purposes and on the conditions permitted by the Agreement; and (iii) such Additional Bonds are valid and binding limited obligations of the District, enforceable in accordance with their terms (subject to the usual and customary exceptions) and the terms of the Agreement and all Supplemental Agreements thereto and are entitled to the benefits of the Agreement and all such Supplemental Agreements, and such Additional Bonds have been duly and validly authorized and issued in accordance with the Act (or other applicable laws) and the Agreement and all such Supplemental Agreements and a further opinion of Bond Counsel to the effect that, assuming compliance by the District with certain tax covenants, the issuance of the Additional Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Additional Bonds theretofore issued on a tax exempt basis, or the exemption from State of California personal income taxation of interest on any Outstanding Bonds and Additional Bonds theretofore issued;

(ii) A certificate of an Independent Financial Consultant certifying as of the closing date that (a) the appraised or assessed (or some combination thereof) value of the property included within the District that would be subject to the Special Tax to pay the Annual Debt Service on the Bonds is not less than three times the sum of: (i) the aggregate principal amount of all Bonds then Outstanding, plus (ii) the aggregate principal amount of the Additional Bonds proposed to be issued, plus (iii) the aggregate principal amount of any fixed assessment liens on property included within the District subject to the levy of Special Taxes, and (b) the total Net Taxes for each Fiscal Year which could be generated by the District by the levy of the Special Tax at the Maximum Special Tax rates for such Fiscal Year (pursuant to the Act and the RMA) on all then taxable property, is at least 1.10 times the Annual Debt Service on all Outstanding Bonds and Additional Bonds (including Additional Bonds previously issued and the Additional Bonds proposed to be issued) for the Bond Year commencing in such Fiscal Year.

(iii) A certificate signed by an Authorized Officer of the District, to the effect that, all conditions precedent to the issuance of Additional Bonds pursuant to Section 2.14 of this Agreement have been complied with or satisfied.

(iv) To the extent Special Taxes levied on Undeveloped Property (as defined in the RMA) within the District is taken into consideration in determining the principal amount of Additional Bonds to be issued, the portion of total Special Taxes expected to be generated within the District from Developed Property (as defined in the RMA) shall be not less than 70% of the total Special Taxes expected to be generated within the District.

ARTICLE III ISSUANCE OF BONDS

3.1 Issuance and Delivery of the District Bonds. At any time after the execution of this Agreement, the District may issue the District Bonds in the aggregate principal amount set forth in Section 2.2 and deliver the District 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 District 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 District Bonds to the Original Purchaser, upon payment of the purchase price for the District Bonds.

3.2 Application of Proceeds of Sale of the District Bonds. On the Closing Date, the total amount of \$_____, which shall constitute proceeds of the sale of the District Bonds in the amount of \$_____ (being the principal amount of the District Bonds of \$_____ plus/less the purchase premium/discount of \$_____), shall be paid to the Fiscal Agent and deposited or transferred by the Fiscal Agent as follows (the Fiscal Agent may establish temporary funds or accounts to record or facilitate any such deposit or transfer):

(a) The Fiscal Agent shall transfer \$ _____ to the Escrow Agent for deposit in the Escrow Fund for prepayment and discharge of the Prior Bonds.

(b) The Fiscal Agent shall deposit \$ _____ in the Costs of Issuance Fund.

(c) The Fiscal Agent shall deposit \$ _____ into the Administrative Expense Fund. The Administrative Expense Fund shall be allocated to funds that are not District Bond proceeds.

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

3.4 Special Tax Fund.

(a) Establishment of Special Tax Fund. The City shall establish a fund known as the “Special Taxes Receipt Fund” (in which it shall create an account for each Community Facilities District within the City and Improvement Area thereof). The City shall deposit Special Taxes when received in the account established for IA2 of the District and immediately thereafter transfer such amounts to the Fiscal Agent for deposit in the Special Tax Fund. 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 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 District 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 District 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 District 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 District 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 District Bonds and Additional Bonds in respect of past due payments on the District 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, 2024, 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 Surplus Fund.

3.5 **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.

(c) 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.

(d) 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.

3.6 **Reserved.**

3.7 **[Costs of Issuance Fund]**. The Fiscal Agent shall establish and maintain a separate fund to be held by the Fiscal Agent known as the “Costs of Issuance Fund” into which shall be deposited the amounts set forth in Section 3.2(d) above or as required by a Supplemental Agreement. The moneys in the Costs of Issuance Fund shall be used to pay Costs of Issuance from time to time upon receipt of an Officer’s Certificate of the District. On the date which is one hundred eighty (180) days following the Closing Date, or upon the earlier receipt by the Fiscal Agent of a written request of the District stating

that all Costs of Issuance have been paid, the Fiscal Agent shall transfer all remaining amounts in the Costs of Issuance Fund to be deposited in the Bond Fund.]

3.8 **Surplus Fund.**

(a) Establishment of Surplus Fund. There is hereby established as a separate fund to be held by the Fiscal Agent, the “Surplus Fund,” to the credit of which a deposit shall be made as required by Section 3.4 hereof. Moneys in the Surplus Fund shall be held in trust by the Fiscal Agent for the benefit of the Owners of the District Bonds and Additional Bonds, and shall be disbursed as provided below.

(i) The Fiscal Agent shall transfer to the appropriate accounts within the Bond Fund to pay debt service on the Bonds to the extent Special Taxes are insufficient for such purpose.

(ii) The Fiscal Agent shall transfer from any amounts in the Surplus Fund to the Trustee to assist in replenishment of the Reserve Account under the Authority Indenture.

(iii) The Fiscal Agent shall transfer amounts 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 therefore.

(iv) Upon the written direction of the District, the Fiscal Agent shall transfer all remaining amounts in the Surplus Fund to the Special Mandatory Redemption Account of the Redemption Fund for redemption of the District 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 Surplus 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 Surplus 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 Surplus Fund to be used for the purposes of such fund.

3.9 **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 a Mandatory Redemption Account, an Optional Redemption Account, and a Special Mandatory Redemption Account), to the credit of which the District or the City, on behalf of Improvement Area No. 2 of the District, shall deposit, immediately upon receipt, all Redemption Revenues received by the District or the City on behalf of Improvement Area No. 2 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 District 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 District Bonds and Additional Bonds.

(b) Disbursement.

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

(iii) Insurance or condemnation proceeds, if any, shall be deposited into the Mandatory Redemption Account to be used to redeem District Bonds and Additional Bonds 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 District 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 Surplus 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 District Bonds and Additional Bonds as provided herein and in the Act until all of the District Bonds and Additional Bonds have been paid and retired, cancelled 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 are not pledged to the repayment of the District Bonds and/or Additional Bonds. The Facilities financed or refinanced with the proceeds of the District Bonds and Additional Bonds are not in any way pledged to pay the Debt Service on the District Bonds and Additional Bonds. Any proceeds of

condemnation or destruction of any Facilities financed or refinanced with the proceeds of the District Bonds and Additional Bonds are not pledged to pay the Debt Service on the District 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), 3.8, 3.9 and 4.1 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 District Bonds and Additional Bonds, shall be disbursed for the payment of the principal of (including mandatory sinking payments, if any) and interest on the District Bonds and Additional Bonds as provided below, and, pending such disbursement, shall be subject to a lien in favor of the Owners of the District 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 District Bonds and Additional Bonds the principal of (including mandatory sinking payments) and interest due on the District 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 District 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 District Bonds and Additional Bonds in respect of past due payments on the District Bonds and Additional Bonds.

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

(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 District 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 District Bonds and Additional Bonds.

5.2 **Limited Obligation.** The District 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 Surplus 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 District 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 District 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 District Bonds and Additional Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the District 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 District Bonds and Additional Bonds superior to or on a parity with the pledge and lien herein created for the benefit of the District 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 District 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 relating to the expenditure of amounts disbursed from the Bond Fund and the Costs of Issuance 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 District 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 District 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 District Bonds and Additional Bonds by the District, the District 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. 2 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. 2 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. 2, 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 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 Improvement Area No. 2 required (i) for the payment of principal of and interest on any Outstanding District Bonds and Additional Bonds of Improvement Area No. 2 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, on behalf of Improvement Area No. 2, 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 District 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 District Bonds are invested and that is not acquired to carry out the governmental purposes of that series of District 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 District 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 District 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 District 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 District 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 District 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 District 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 District Bond is discharged. However, to the extent permitted by law, the District may commingle (and may allow the City to commingle) Gross Proceeds of District 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 to the United States the amount that when added to the future value of previous rebate payments made for the District 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.

(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 District 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 District Bonds not been relevant to either party.

(j) District Bonds Not Hedge Bonds.

(i) The District represents that none of the District 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 District Bonds the District reasonably expected that at least 85% of the spendable proceeds of the District 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 District 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 District 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 and Nonarbitrage 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 July 31 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 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. 2 of the District, or if there has been a draw on the funds on deposit in the Reserve Account established under the Authority Indenture (and connected to the applicable Improvement Area), 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, or the Fiscal Agent, 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 District 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 District Bonds and Additional Bonds under Section 3.4(b) hereof.

5.12 Annual Reports to CDIAC. 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 5.12, including seeking mandate or specific performance by court order.

5.13 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 Ordinance and RMA. At any time the Fiscal Agent may transfer funds from the Surplus Fund or Special Tax Fund (not needed for transfer to the Bond Fund to pay principal and interest with respect to the then current Bond Year) 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 District 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 District 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.

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 District Bonds and Additional Bonds or this Agreement other than in connection with the duties or obligations explicitly herein or in the District 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 District 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 District Bond or Additional Bond unless and until such District 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 seem 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 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 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 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 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 or other provision of the United States Code or any substitute or successor statute.

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 District 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 District 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 District Bonds and Additional Bonds (upon presentation of the District 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 District 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 District 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 District 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. Nothing in Section 7.7 or in any other provision of this Agreement or in the District 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 District Bonds and Additional Bonds to the respective Owners of the District 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 District 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 District 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 District 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 District 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 District 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 Trust Company, National Association, is hereby appointed Fiscal Agent and paying agent for the District 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 District Bonds and Additional Bonds.

8.2 Liability of Fiscal Agent. The recitals of facts, covenants and agreements herein and in the District 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 District Bonds and Additional Bonds,

nor shall incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the District 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 District 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 District 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, 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 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.

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 District 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, District 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 District Bond unless and until such District 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 seem 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 District 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 District 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 District Bonds and Additional Bonds then Outstanding, exclusive of District Bonds and Additional Bonds disqualified as provided in Section 9.4. No such modification or amendment shall (i) extend the maturity of any District 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 District Bond, without the express consent of the Owner of such District 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 District 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 District 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 District 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 District 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 District Bonds or Additional 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 District 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 District 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 District Bonds and Additional Bonds then Outstanding (exclusive of District 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 District 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 District 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 District 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 District 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 District 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 District Bonds and Additional Bonds. District 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 District 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 District 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 District Bonds and Additional Bonds Issued After Amendments. The District may determine that District 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 District Bond or Additional Bond Outstanding at such effective date and presentation of his District 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 District Bond or Additional Bond. The District may determine that new District 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 District Bonds and Additional Bonds then Outstanding, such new District Bonds and Additional Bonds shall be exchanged at the Corporate Trust Office of the Fiscal Agent without cost to any Owner, for District Bonds and Additional Bonds then Outstanding, upon surrender of such District Bonds and Additional Bonds.

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

9.8 Opinion of Bond Counsel. In connection with any Supplemental Agreement, the Fiscal Agent shall be entitled to receive 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 District 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 District 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 District 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 District 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 District 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 District 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 District 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 District 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 District 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 District 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 District 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 District 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 District Bond shall bind all future Owners of such District 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 District 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) as follows:

Improvement Area No. 2 of
Community Facilities District No. 2001-1 (May Farms)
of the City of Perris
c/o City of Perris
101 North "D" Street
Perris, California 92570
Attn: City Manager
Tel: (951) 943-6100

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 Trust Company, 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 District 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 District 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 District 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.** District 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 District Bonds and Additional Bonds or the date fixed for redemption of any District 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 May 1, 2024.

COMMUNITY FACILITIES DISTRICT
No. 2001-1 (MAY FARMS) OF THE CITY
OF PERRIS

By: _____
City Manager

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

By: _____
Authorized Officer

EXHIBIT A

FORM OF BOND

No. _____

\$ _____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF RIVERSIDE
IMPROVEMENT AREA NO. 2 OF
COMMUNITY FACILITIES DISTRICT NO. 2001-1
(MAY FARMS) OF THE CITY OF PERRIS
SPECIAL TAX REFUNDING BOND
2024 SERIES

INTEREST RATE **MATURITY DATE** **DATED DATE** **CUSIP NO.**
 September 1, _____

REGISTERED OWNER: U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, AS AGENT FOR THE PERRIS JOINT POWERS AUTHORITY

PRINCIPAL AMOUNT: _____ **DOLLARS**

Improvement Area No. 2 of Community Facilities District No. 2001-1 (May Farms) 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. 2 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 August 15, 2024 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 September 1, 2024 (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 legislative body of the District on May ____, 2024, 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 refinancing the acquisition of certain facilities (the “Project”), and is one of the Bonds designated “Improvement Area No. 2 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds, 2024 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 May 1, 2024 (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. 2 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, as may be permitted by law. The Bonds do not constitute obligations of the City of Perris for which said 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 September 1, _____, as selected by the District, at the redemption prices and schedules applicable to the Perris Joint Powers Authority Local Agency Revenue Bonds (CFD 2001-1 IA1, IA2 & IA3; CFD 2002-1; CFD 2006-1 Refunding), 2024 Series (“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 May 1, 2024, relating to the Authority Bonds.

The Bonds shall also be subject to mandatory redemption on any date on or after September 1, 2024, in whole or in part as selected by the District, from amounts constituting prepayments of Special Taxes, from amounts transferred from the Surplus Fund under the Fiscal Agent Agreement and from amounts transferred by the Authority to the District under the Authority Indenture at the following redemption prices

(expressed as a percentage of the principal amount of District Bonds to be redeemed) together with accrued interest thereon to the redemption date:

<u>Redemption Periods</u>	<u>Redemption Price</u>
September 1, 2024 through August 31, ____	%

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 for transfer, 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.

IN WITNESS WHEREOF, the City of Perris on behalf of Community Facilities District No. 2001-1 (May Farms) of the City of Perris, Improvement Area No. 2, has caused this Bond to be dated _____ 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 _____, _____.

U.S. BANK TRUST COMPANY, 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: _____

NOTICE: 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:

NOTICE: 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

FISCAL AGENT AGREEMENT

by and between

COMMUNITY FACILITIES DISTRICT NO. 2001-1
(MAY FARMS) OF THE CITY OF PERRIS

and

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

Dated as of May 1, 2024

Relating to:

\$ _____
Improvement Area No. 3 of
Community Facilities District No. 2001-1
(May Farms) of the City of Perris
Special Tax Refunding Bonds, 2024 Series

FISCAL AGENT AGREEMENT

THIS FISCAL AGENT AGREEMENT (the "Agreement") is dated as of May 1, 2024, by and between the Community Facilities District No. 2001-1 (May Farms) 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 Trust Company, 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 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. 2950 of the City Council adopted on May 28, 2002, and subsequently created various improvement areas within the District, including Improvement Area No. 3 ("IA3"); and

WHEREAS, the City Council is authorized under the Act and pursuant to Ordinance No. 1101 adopted on June 11, 2002 (the "Ordinance"), to levy special taxes to pay for the costs of facilities provided by the District on behalf of IA3; and

WHEREAS, on February 6, 2014, the District issued its \$6,390,000 initial principal amount of Improvement Area No. 3 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds, 2014 Series A (the "Prior Bonds"), pursuant to a Fiscal Agent Agreement dated as of September 1, 2014, by and between the District and U.S. Bank Trust Company, National Association, as successor fiscal agent to U.S. Bank National Association (the "Fiscal Agent"), for the purpose refinancing certain outstanding bonds which financed the acquisition, rehabilitation and construction of certain public improvements and fees with respect to IA3 of the District (the "Facilities"); and

WHEREAS, on April 9, 2024, the City Council adopted Resolution No. _____ (the "Resolution") authorizing, among other items, the issuance and sale of bonds for IA3 of the District pursuant to this Agreement, designated "Improvement Area No. 3 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Refunding Bonds, 2024 Series" (the "Bonds"), for the purpose of providing funds to pay off and discharge, together with other funds and bonds of the District, the Prior Bonds, to fund a reserve account for certain bonds to be issued by the Perris Joint Powers Authority (the "Authority") issued concurrently herewith the Bonds, and to pay certain the expenses of the District in connection with the issuance of the Bonds; and

WHEREAS, the Bonds shall be secured by special taxes levied within IA3 of the District pursuant to its Rate and Method of Apportionment of Special Taxes within IA3 of the District (as provided in the Ordinance); and

WHEREAS, the Authority intends to issue its Local Agency Revenue Refunding Bonds (CFD 2001-1 IA1, IA2 & IA3; CFD 2002-1; CFD 2006-1 Refunding), 2024 Series

(the "Authority Bonds"), for the purpose of purchasing the Bonds in addition to other certain bonds issued by the District on behalf of Improvement Area No. 1 and Improvement Area No. 2, certain bonds issued by Community Facilities District No. 2002-1 (Willowbrook) of the City of Perris, and certain bonds issued by Community Facilities District No. 2006-1 (Meritage Homes) of the City of Perris, to fund a reserve fund, and to pay costs of issuance in connection with the Authority Bonds and the Bonds; and

WHEREAS, the Authority Bonds will be issued pursuant to an Indenture of Trust, dated as of May 1, 2024, by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee"); 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 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 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 by the holders thereof, and for other valuable considerations, 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, 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 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 without preference, priority or distinction as to security or otherwise of any of the 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, 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 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 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 Sections 2.13 and 2.14 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, the District or the Authority in carrying out their duties hereunder and under the Authority Indenture (including, but not limited to, the levying and collection of the Special Taxes, 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 7.2, including the fees and expenses of its counsel; the costs of any dissemination agent under the continuing disclosure agreements entered into by the City, the District and the Authority; 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.

“Administrative Expense Fund” means the fund by that name established by Section 3.5(a) hereof.

“Administrative Expense Requirement” means the 102% of the amount of Administrative Expenses expended for the most recent complete Fiscal year, not to exceed \$30,000.

“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.

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

“Authority Bonds” means \$_____ Perris Joint Powers Authority Local Agency Revenue Refunding Bonds (CFD 2001-1 IA1, IA2 & IA3; CFD 2002-1; CFD 2006-1 Refunding), 2024 Series, or Additional Authority Bonds, as applicable.

“Authority Indenture” means the Indenture of Trust, dated as of May 1, 2024, between the Perris Joint Powers Authority and U.S. Bank Trust Company, National Association, as trustee, relating to the Authority Bonds, or Additional Authority Bonds, as applicable.

“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.

“Bond Year” means the one-year period beginning on the September 2 in each year and ending on September 1 in the following year except that the first Bond Year shall begin on the Closing Date and end on September 1, 2024.

“Bonds” means the Improvement Area No. 3 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Refunding Bonds, 2024 Series, authorized by, and at any time Outstanding pursuant hereto.

“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.

“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 thereto.

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

“Continuing Disclosure Agreement” shall mean that certain Continuing Disclosure Agreement, by and between the District and the 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 at Los Angeles, California, provided, however, for transfers, registration, exchange, payment, and surrender of the Bonds, “Corporate Trust Office” means the corporate trust office of the Fiscal Agent in Minneapolis, Minnesota, the “Corporate Trust Office” 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.

“Depository” means The Depository Trust Company, 140 58th Street, Brooklyn, New York 11220, Attention: Call Notification Department, Fax-(212) 855-7232 and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the District may designate in an Officer's Certificate delivered to the Fiscal Agent.

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

“District” means the Community Facilities District No. 2001-1 (May Farms) of the City of Perris, formed pursuant to the Resolution of Formation, on behalf of Improvement Area No. 3.

“Facilities” means the facilities more particularly described in the Resolution of Intention, or any portion of the Facilities or any authorized fees.

“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 “IA3” means that area of the District designated by that name.

“Interest Payment Date” means March 1 and September 1 of each year, commencing September 1, 2024

“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 the Administrative Expense Requirement.

“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. 1101, adopted by the Legislative Body on June 11, 2002.

“Original Purchaser” means the Perris Joint Powers Authority.

“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.

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

“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 and 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 for the moneys proposed to be invested therein (the Trustee entitled to rely on written investment direction of the Authority 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; (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 Authority 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) mortgaged-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 systemwide bonds and notes of the Farm Credit System;

(d) money market funds (including funds of the Trustee 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”, and, if rated by Moody’s, rated Aaa, Aa1 or Aa2;

(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 Trustee 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 Trustee 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 fund 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) 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 Trustee and the transfer of cash from the Trustee 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 Trustee in exchange for the securities at a specified date, which satisfy the following criteria:

(i) repurchase agreements must be between the Trustee 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 Trustee or a third party acting as agent for the Trustee simultaneous with payment (perfection by possession of certificated securities); (D) the Trustee 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 Trustee 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 Trustee 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 Trustee 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 Trustee, then additional cash and/or acceptable securities must be transferred; and

(iii) a legal opinion must be delivered to the Trustee 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 Trustee 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.

“Prior Bonds” means Improvement Area No. 3 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds, 2014 Series A.

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

“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 2.9 for the registration and transfer of ownership of the Bonds.

“Reserve Fund” means the fund of that name established pursuant to the Authority Indenture.

“Reserve Requirement” means, as of any date of calculation, the least of (a) Maximum Annual Debt Service for the Bonds, (b) ten percent (10%) of the original principal amount of the Bonds, or (c) one hundred twenty-five percent (125%) of average Annual Debt Service, provided however, at no time shall the Reserve Requirement be higher than the Reserve Requirement at the Closing Date.

“Resolution” means Resolution No. ____ adopted by the Legislative Body on April 9, 2024, 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. 2950 adopted by the Legislative Body on May 28, 2002, as now in effect or as it may hereafter be amended from time to time.

“Resolution of Intention” means Resolution No. 2894 adopted by the Legislative Body on December 11, 2001, 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.

“S&P” means S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC, 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 the proceeds of the Special Taxes received by the District from Improvement Area No. 3, including any scheduled payments and any prepayments thereof, interest thereon and 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 the Improvement Area No. 3 of the District pursuant to the Act, the Ordinance and this Agreement.

“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.

“Surplus Fund” means the fund created pursuant to Section 3.8(a) 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.

“Trustee” means U.S. Bank Trust Company, National Association, the Trustee under the Authority Indenture.

ARTICLE II THE BONDS

2.1 **Principal Amounts; Designations.** Bonds in the aggregate principal amount of _____ Dollars and 00/100 Dollars (\$_____) are hereby authorized to be issued by the City for the District 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 generally designated “Improvement Area No. 3 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special

Tax Refunding Bonds, 2024 Series”. The Bonds may be issued as from time to time shall be established and authorized by the District, subject to the covenants, provisions and conditions herein contained. 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 are hereby created and additionally designated as “Improvement Area No. 3 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Refunding Bonds, 2024 Series.” 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) Reserved.

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

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Coupon</u>
<u>September 1</u>		

*Term Bond

(e) 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 August 15, 2024, 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.

(f) 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 maturing on and after September 1, ___ are subject to optional redemption prior to maturity at the option of the District from any source of funds, as whole or in part, on any Interest Payment Date on or after September 1, ___, 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.* The Bonds shall also be subject to special mandatory redemption on any Interest Payment Date on or after September 1, ___, in whole or in part as selected by the District, from amounts constituting prepayments of Special Taxes, and from amounts transferred from the Surplus Fund hereunder 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 Date</u>	<u>Redemption Price</u>
Closing Date through March 1, 20__	%
September 1, 20__ through August 31, 20__	%
September 1, 20__ and any Interest Payment Date thereafter	

(iii) [*Mandatory Sinking Payment Redemption.* The Bonds are subject to mandatory redemption, in part by lot, on September 1 in each year commencing September 1, ___ with respect to the Bonds maturing September 1, __, and commencing September 1, ___ with respect to the Bonds maturing September 1, ___, from mandatory sinking payments pursuant to this Agreement 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 if some but not all of the Bonds have been redeemed pursuant to optional redemption, special mandatory redemption from prepayment of Special Taxes or special mandatory

redemption provisions as described herein, the total amount of all future sinking payments will be reduced by the aggregate principal amount of the Bonds so redeemed, to be allocated among such sinking payments on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000 as determined by the District.

**SCHEDULE OF MANDATORY SINKING PAYMENT REDEMPTIONS
TERM BONDS MATURING SEPTEMBER 1, 2023**

September 1 Year	Principal Amount
---------------------	------------------

*maturity

(iv) *Special Mandatory Redemption.* The Bonds are subject to special mandatory redemption on any date to which timely notice of redemption may be given, in integral multiples of \$5,000 from the deposit of fees with the District by a public agency which has accepted facilities serving an area of the District, and from insurance or condemnation proceeds or other mandatory redemption, sale or acceleration relating to the Bonds, without premium, plus accrued interest to the redemption date, all as determined by the District.]

(b) 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 notice shall be waived by the Fiscal Agent. Notwithstanding any provisions in this Agreement to the contrary, upon any Optional Redemption or Special Mandatory Redemption from Special Taxes 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 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 Revenue 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 District Bonds so called for redemption shall have been deposited in the Bond Fund, such District 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 District 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 District 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 Bonds 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 District 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 District 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 District Bonds, the District Bonds shall then be delivered to the Fiscal Agent for authentication. If any officer whose signature appears on any District Bond ceases to be such officer before delivery of the District Bonds to the owner, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the District Bonds to the owner. Any District Bond may be signed and attested on behalf of the District by such persons as at the actual date of the execution of such District Bond shall be the proper officers of the District although at the nominal date of such District Bond any such person shall not have been such officer of the District.

Only such District 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 District 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 District 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 District 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 District Bonds shall be required to be made (i) fifteen (15) days prior to the date established by the Fiscal Agent for selection of District Bonds for redemption, (ii) with respect to a District Bond after such District 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. District Bonds may be exchanged at the Corporate Trust Office of the Fiscal Agent for a like aggregate principal amount of District 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 District Bonds shall be required to be made (i) fifteen (15) days prior to the date established by the Fiscal Agent for selection of District Bonds for redemption, (ii) with respect to a District Bond after such District 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 District Bonds which books shall show the series number, date, amount, rate of interest and last known owner of each District 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 District Bonds as hereinbefore provided.

The District and the Fiscal Agent will treat the Owner of any District Bond whose name appears on the District Bond register as the absolute Owner of such District 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 District Bonds may be initially issued in temporary form exchangeable for definitive District Bonds when ready for delivery. The temporary District 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 District Bond shall be executed by the District upon the same conditions and in substantially the same manner as the definitive District Bonds. If the District issues temporary District Bonds it will execute and furnish definitive District Bonds without delay and thereupon the temporary District Bonds shall be surrendered, for cancellation, in exchange for the definitive District 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 District Bonds an equal aggregate principal amount of definitive District Bonds of authorized denominations. Until so exchanged, the temporary bonds shall be entitled to the same benefits under this Agreement as definitive District Bonds authenticated and delivered hereunder.

2.10 Bonds Mutilated, Lost, Destroyed or Stolen. If any District Bond shall become mutilated, the District, at the expense of the Owner of said District Bond, shall execute, and the Fiscal Agent shall authenticate and deliver, a new District Bond of like tenor and principal amount in exchange and substitution for the District Bond so mutilated, but only upon surrender to the Fiscal Agent of the District Bond so mutilated. Every mutilated District 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 District 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 District Bond of like tenor and principal amount in lieu of and in substitution for the District Bond so lost, destroyed or stolen. The District may require payment of a sum not exceeding the actual cost of preparing each new District 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 District Bond delivered under the provisions of this Section in lieu of any District 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 District 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 District Bonds issued pursuant to this Agreement.

2.11 Limited Obligation. All obligations of the District under this Agreement and the District 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 District Bonds.

2.12 No Acceleration. The principal of the District Bonds shall not be subject to acceleration hereunder. Nothing in this Section shall in any way prohibit the prepayment or redemption of District Bonds under Section 2.3 hereof, or the defeasance of the District Bonds and discharge of this Agreement under Section 10.3 hereof.

2.13 **Additional Bonds.** Other than for refunding purposes and as permitted by Section 2.14, no Additional Bonds entitled to a lien on the Special Tax Revenues shall be issued hereunder.

2.14 **Additional Bonds** The District covenants that any Additional Bonds which shall be issued or incurred which are payable out of the Special Taxes Revenues in whole or in part shall be issued on a parity with the Bonds in accordance with the following:

(a) the amount of such Additional Bonds shall not, together with all other Outstanding Bonds and Additional Bonds, exceed the total amount of bonded indebtedness authorized to be issued by the District;

(b) the District shall be in compliance with all covenants set forth in the Fiscal Agent Agreement and a certificate of the District to that effect shall have been filed with the City Clerk on behalf of the District; provided, however, that Additional Bonds may be issued notwithstanding that the District is not in compliance with all such covenants so long as immediately following the issuance of such Additional Bonds, the District will be in compliance with all such covenants; and

(c) District shall have received the following documents, dated or certified, as the case may be, as of the date of delivery of such Additional Bonds by the Fiscal Agent (unless the Fiscal Agent shall accept any of such documents bearing a prior date):

(i) An opinion of Bond Counsel and/or general counsel to the District to the effect that (i) the District has the right and power under the Act to adopt the Supplemental Agreement relating to such Additional Bonds, and the Supplemental Agreement has been duly and lawfully adopted by the District, is in full force and effect and is valid and binding upon the District and enforceable in accordance with its terms (subject to the usual and customary exceptions); (ii) the Agreement creates the valid pledge which it purports to create of the Special Taxes and other amounts as provided in the Agreement, subject to the application thereof to the purposes and on the conditions permitted by the Agreement; and (iii) such Additional Bonds are valid and binding limited obligations of the District, enforceable in accordance with their terms (subject to the usual and customary exceptions) and the terms of the Agreement and all Supplemental Agreements thereto and are entitled to the benefits of the Agreement and all such Supplemental Agreements, and such Additional Bonds have been duly and validly authorized and issued in accordance with the Act (or other applicable laws) and the Agreement and all such Supplemental Agreements and a further opinion of Bond Counsel to the effect that, assuming compliance by the District with certain tax covenants, the issuance of the Additional Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Additional Bonds theretofore issued on a tax exempt basis, or the exemption from State of California personal income taxation of interest on any Outstanding Bonds and Additional Bonds theretofore issued;

(ii) A certificate of an Independent Financial Consultant certifying as of the closing date that (a) the appraised or assessed (or some combination thereof) value of the property included within the District that would be subject to the Special Tax to pay the Annual Debt Service on the Bonds is not less than three times the sum of: (i) the aggregate principal amount of all Bonds then Outstanding, plus (ii) the aggregate principal amount of the Additional Bonds proposed to be issued, plus (iii) the aggregate principal amount of any fixed assessment liens on property included within the District subject to the levy of Special Taxes, and (b) the total Net Taxes for each Fiscal Year which could be generated by the District by the levy of the Special Tax at the Maximum Special Tax rates for such Fiscal Year (pursuant to the Act and the RMA) on all then taxable property, is at least 1.10 times the Annual Debt Service on all Outstanding Bonds and Additional Bonds (including Additional Bonds previously issued and the Additional Bonds proposed to be issued) for the Bond Year commencing in such Fiscal Year.

(iii) A certificate signed by an Authorized Officer of the District, to the effect that, all conditions precedent to the issuance of Additional Bonds pursuant to Section 2.14 of this Agreement have been complied with or satisfied.

(iv) To the extent Special Taxes levied on Undeveloped Property (as defined in the RMA) within the District is taken into consideration in determining the principal amount of Additional Bonds to be issued, the portion of total Special Taxes expected to be generated within the District from Developed Property (as defined in the RMA) shall be not less than 70% of the total Special Taxes expected to be generated within the District.

ARTICLE III ISSUANCE OF BONDS

3.1 Issuance and Delivery of the District Bonds. At any time after the execution of this Agreement, the District may issue the District Bonds in the aggregate principal amount set forth in Section 2.2 and deliver the District 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 District 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 District Bonds to the Original Purchaser, upon payment of the purchase price for the District Bonds.

3.2 Application of Proceeds of Sale of the District Bonds. On the Closing Date, the total amount of \$_____, which shall constitute proceeds of the sale of the District Bonds in the amount of \$_____ (being the principal amount of the District Bonds of \$_____ plus/less the purchase premium/discount of \$_____), shall be paid to the Fiscal Agent and deposited or transferred by the Fiscal Agent as follows (the Fiscal Agent may establish temporary funds or accounts to record or facilitate any such deposit or transfer):

(a) The Fiscal Agent shall transfer \$ _____ to the Escrow Agent for deposit in the Escrow Fund for prepayment and discharge of the Prior Bonds.

(b) The Fiscal Agent shall deposit \$ _____ in the Costs of Issuance Fund.

(c) The Fiscal Agent shall deposit \$ _____ into the Administrative Expense Fund. The Administrative Expense Fund shall be allocated to funds that are not District Bond proceeds.

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

3.4 Special Tax Fund.

(a) Establishment of Special Tax Fund. The City shall establish a fund known as the “Special Taxes Receipt Fund” (in which it shall create an account for each Community Facilities District within the City and Improvement Area thereof). The City shall deposit Special Taxes when received in the account established for IA3 of the District and immediately thereafter transfer such amounts to the Fiscal Agent for deposit in the Special Tax Fund. 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 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 District 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 District 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 District 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 District 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 District Bonds and Additional Bonds in respect of past due payments on the District 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, 2024, 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 Surplus Fund.

3.5 **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.

(c) 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.

(d) 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.

3.6 **Reserved.**

3.7 **[Costs of Issuance Fund]**. The Fiscal Agent shall establish and maintain a separate fund to be held by the Fiscal Agent known as the “Costs of Issuance Fund” into which shall be deposited the amounts set forth in Section 3.2(d) above or as required by a Supplemental Agreement. The moneys in the Costs of Issuance Fund shall be used to pay Costs of Issuance from time to time upon receipt of an Officer’s Certificate of the District. On the date which is one hundred eighty (180) days following the Closing Date, or upon the earlier receipt by the Fiscal Agent of a written request of the District stating

that all Costs of Issuance have been paid, the Fiscal Agent shall transfer all remaining amounts in the Costs of Issuance Fund to be deposited in the Bond Fund.]

3.8 **Surplus Fund.**

(a) Establishment of Surplus Fund. There is hereby established as a separate fund to be held by the Fiscal Agent, the “Surplus Fund,” to the credit of which a deposit shall be made as required by Section 3.4 hereof. Moneys in the Surplus Fund shall be held in trust by the Fiscal Agent for the benefit of the Owners of the District Bonds and Additional Bonds, and shall be disbursed as provided below.

(i) The Fiscal Agent shall transfer to the appropriate accounts within the Bond Fund to pay debt service on the Bonds to the extent Special Taxes are insufficient for such purpose.

(ii) The Fiscal Agent shall transfer from any amounts in the Surplus Fund to the Trustee to assist in replenishment of the Reserve Account under the Authority Indenture.

(iii) The Fiscal Agent shall transfer amounts 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 therefore.

(iv) Upon the written direction of the District, the Fiscal Agent shall transfer all remaining amounts in the Surplus Fund to the Special Mandatory Redemption Account of the Redemption Fund for redemption of the District 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 Surplus 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 Surplus 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 Surplus Fund to be used for the purposes of such fund.

3.9 **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 a Mandatory Redemption Account, an Optional Redemption Account, and a Special Mandatory Redemption Account), to the credit of which the District or the City, on behalf of Improvement Area No. 3 of the District, shall deposit, immediately upon receipt, all Redemption Revenues received by the District or the City on behalf of Improvement Area No. 3 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 District 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 District Bonds and Additional Bonds.

(b) Disbursement.

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

(iii) Insurance or condemnation proceeds, if any, shall be deposited into the Mandatory Redemption Account to be used to redeem District Bonds and Additional Bonds 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 District 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 Surplus 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 District Bonds and Additional Bonds as provided herein and in the Act until all of the District Bonds and Additional Bonds have been paid and retired, cancelled 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 are not pledged to the repayment of the District Bonds and/or Additional Bonds. The Facilities financed or refinanced with the proceeds of the District Bonds and Additional Bonds are not in any way pledged to pay the Debt Service on the District Bonds and Additional Bonds. Any proceeds of

condemnation or destruction of any Facilities financed or refinanced with the proceeds of the District Bonds and Additional Bonds are not pledged to pay the Debt Service on the District 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), 3.8, 3.9 and 4.1 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 District Bonds and Additional Bonds, shall be disbursed for the payment of the principal of (including mandatory sinking payments, if any) and interest on the District Bonds and Additional Bonds as provided below, and, pending such disbursement, shall be subject to a lien in favor of the Owners of the District 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 District Bonds and Additional Bonds the principal of (including mandatory sinking payments) and interest due on the District 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 District 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 District Bonds and Additional Bonds in respect of past due payments on the District Bonds and Additional Bonds.

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

(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 District 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 District Bonds and Additional Bonds.

5.2 **Limited Obligation.** The District 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 Surplus 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 District 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 District 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 District Bonds and Additional Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the District 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 District Bonds and Additional Bonds superior to or on a parity with the pledge and lien herein created for the benefit of the District 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 District 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 relating to the expenditure of amounts disbursed from the Bond Fund and the Costs of Issuance 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 District 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 District 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 District Bonds and Additional Bonds by the District, the District 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 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 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, 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 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 Improvement Area No. 3 required (i) for the payment of principal of and interest on any Outstanding District Bonds and Additional Bonds of Improvement Area No. 3 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, on behalf of Improvement Area No. 3, 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 District 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 District Bonds are invested and that is not acquired to carry out the governmental purposes of that series of District 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 District 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 District 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 District 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 District 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 District 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 District 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 District Bond is discharged. However, to the extent permitted by law, the District may commingle (and may allow the City to commingle) Gross Proceeds of District 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 to the United States the amount that when added to the future value of previous rebate payments made for the District 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.

(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 District 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 District Bonds not been relevant to either party.

(j) District Bonds Not Hedge Bonds.

(i) The District represents that none of the District 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 District Bonds the District reasonably expected that at least 85% of the spendable proceeds of the District 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 District 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 District 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 and Nonarbitrage 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 July 31 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 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 of the District, or if there has been a draw on the funds on deposit in the Reserve Account established under the Authority Indenture (and connected to the applicable Improvement Area), 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, or the Fiscal Agent, 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 District 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 District Bonds and Additional Bonds under Section 3.4(b) hereof.

5.12 Annual Reports to CDIAC. 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 5.12, including seeking mandate or specific performance by court order.

5.13 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 Ordinance and RMA. At any time the Fiscal Agent may transfer funds from the Surplus Fund or Special Tax Fund (not needed for transfer to the Bond Fund to pay principal and interest with respect to the then current Bond Year) 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 District 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 District 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.

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 District Bonds and Additional Bonds or this Agreement other than in connection with the duties or obligations explicitly herein or in the District 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 District 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 District Bond or Additional Bond unless and until such District 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 seem 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 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 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 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 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 or other provision of the United States Code or any substitute or successor statute.

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 District 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 District 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 District Bonds and Additional Bonds (upon presentation of the District 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 District 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 District 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 District 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. Nothing in Section 7.7 or in any other provision of this Agreement or in the District 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 District Bonds and Additional Bonds to the respective Owners of the District 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 District 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 District 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 District 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 District 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 District 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 Trust Company, National Association, is hereby appointed Fiscal Agent and paying agent for the District 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 District Bonds and Additional Bonds.

8.2 Liability of Fiscal Agent. The recitals of facts, covenants and agreements herein and in the District 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 District Bonds and Additional Bonds,

nor shall incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the District 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 District 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 District 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, 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 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.

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 District 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, District 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 District Bond unless and until such District 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 seem 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 District 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 District 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 District Bonds and Additional Bonds then Outstanding, exclusive of District Bonds and Additional Bonds disqualified as provided in Section 9.4. No such modification or amendment shall (i) extend the maturity of any District 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 District Bond, without the express consent of the Owner of such District 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 District 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 District 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 District 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 District 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 District Bonds or Additional 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 District 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 District 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 District Bonds and Additional Bonds then Outstanding (exclusive of District 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 District 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 District 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 District 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 District 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 District 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 District Bonds and Additional Bonds. District 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 District 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 District 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 District Bonds and Additional Bonds Issued After Amendments. The District may determine that District 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 District Bond or Additional Bond Outstanding at such effective date and presentation of his District 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 District Bond or Additional Bond. The District may determine that new District 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 District Bonds and Additional Bonds then Outstanding, such new District Bonds and Additional Bonds shall be exchanged at the Corporate Trust Office of the Fiscal Agent without cost to any Owner, for District Bonds and Additional Bonds then Outstanding, upon surrender of such District Bonds and Additional Bonds.

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

9.8 Opinion of Bond Counsel. In connection with any Supplemental Agreement, the Fiscal Agent shall be entitled to receive 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 District 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 District 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 District 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 District 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 District 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 District 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 District 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 District 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 District 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 District 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 District 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 District 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 District Bond shall bind all future Owners of such District 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 District 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) as follows:

Improvement Area No. 3 of
Community Facilities District No. 2001-1 (May Farms)
of the City of Perris
c/o City of Perris
101 North "D" Street
Perris, California 92570
Attn: City Manager
Tel: (951) 943-6100

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 Trust Company, 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 District 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 District 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 District 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.** District 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 District Bonds and Additional Bonds or the date fixed for redemption of any District 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 May 1, 2024.

COMMUNITY FACILITIES DISTRICT
No. 2001-1 (MAY FARMS) OF THE CITY
OF PERRIS

By: _____
City Manager

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

By: _____
Authorized Officer

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. 2001-1
(MAY FARMS) OF THE CITY OF PERRIS
SPECIAL TAX REFUNDING BOND
2024 SERIES

INTEREST RATE **MATURITY DATE** **DATED DATE** **CUSIP NO.**
 September 1, _____

REGISTERED OWNER: U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, AS AGENT FOR THE PERRIS JOINT POWERS AUTHORITY

PRINCIPAL AMOUNT: _____ **DOLLARS**

Improvement Area No. 3 of Community Facilities District No. 2001-1 (May Farms) 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 August 15, 2024 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 September 1, 2024 (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 legislative body of the District on May ____, 2024, 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 refinancing the acquisition of certain facilities (the “Project”), and is one of the Bonds designated “Improvement Area No. 3 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds, 2024 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 May 1, 2024 (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, as may be permitted by law. The Bonds do not constitute obligations of the City of Perris for which said 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 September 1, _____, as selected by the District, at the redemption prices and schedules applicable to the Perris Joint Powers Authority Local Agency Revenue Bonds (CFD 2001-1 IA1, IA2 & IA3; CFD 2002-1; CFD 2006-1 Refunding), 2024 Series (“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 May 1, 2024, relating to the Authority Bonds.

The Bonds shall also be subject to mandatory redemption on any date on or after September 1, 2024, in whole or in part as selected by the District, from amounts constituting prepayments of Special Taxes, from amounts transferred from the Surplus Fund under the Fiscal Agent Agreement and from amounts transferred by the Authority to the District under the Authority Indenture at the following redemption prices

(expressed as a percentage of the principal amount of District Bonds to be redeemed) together with accrued interest thereon to the redemption date:

<u>Redemption Periods</u>	<u>Redemption Price</u>
September 1, 2024 through August 31, ____	%

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 for transfer, 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.

IN WITNESS WHEREOF, the City of Perris on behalf of Community Facilities District No. 2001-1 (May Farms) of the City of Perris, Improvement Area No. 3, has caused this Bond to be dated _____ 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 _____, _____.

U.S. BANK TRUST COMPANY, 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: _____

NOTICE: 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:

NOTICE: 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

FISCAL AGENT AGREEMENT

by and between

COMMUNITY FACILITIES DISTRICT NO. 2002-1
(WILLOWBROOK) OF THE CITY OF PERRIS
34E

and

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

Dated as of May 1, 2024

Relating to:

\$ _____
Community Facilities District No. 2002-1
(Willowbrook) of the City of Perris
Special Tax Refunding Bonds, 2024 Series

FISCAL AGENT AGREEMENT

THIS FISCAL AGENT AGREEMENT (the "Agreement") is dated as of May 1, 2024, by and between the Community Facilities District No. 2002-1 (Willowbrook) 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 Trust Company, 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 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. 3052 of the City Council adopted on December 10, 2002; and

WHEREAS, the City Council is authorized under the Act and pursuant to Ordinance No. 1107 adopted on January 14, 2003 (the "Ordinance"), to levy special taxes to pay for the costs of facilities provided by the District; and

WHEREAS, on February 6, 2014, the District issued its \$5,750,000 initial principal amount of Community Facilities District No. 2002-1 (Willowbrook) of the City of Perris Special Tax Bonds, 2013 Series (the "Prior Bonds"), pursuant to a Fiscal Agent Agreement dated as of June 1, 2013, by and between the District and U.S. Bank Trust Company, National Association, as successor fiscal agent to U.S. Bank National Association (the "Fiscal Agent"), for the purpose refinancing certain outstanding bonds which financed the acquisition, rehabilitation and construction of certain public improvements and fees with respect to the District (the "Facilities"); and

WHEREAS, on April 9, 2024, the City Council adopted Resolution No. _____ (the "Resolution") authorizing, among other items, the issuance and sale of bonds for the District pursuant to this Agreement, designated "Community Facilities District No. 2002-1 (Willowbrook) of the City of Perris Special Tax Refunding Bonds, 2024 Series" (the "Bonds"), for the purpose of providing funds to pay off and discharge, together with other funds and bonds of the District, the Prior Bonds, to fund a reserve account for certain bonds to be issued by the Perris Joint Powers Authority (the "Authority") issued concurrently herewith the Bonds, and to pay certain the expenses of the District in connection with the issuance of the Bonds; and

WHEREAS, the Bonds shall be secured by special taxes levied within the District pursuant to its Rate and Method of Apportionment of Special Taxes within the District (as provided in the Ordinance); and

WHEREAS, the Authority intends to issue its Local Agency Revenue Refunding Bonds (CFD 2001-1 IA1, IA2 & IA3; CFD 2002-1; CFD 2006-1 Refunding), 2024 Series (the "Authority Bonds"), for the purpose of purchasing the Bonds in addition to other certain bonds issued by Community Facilities District No. 2001-1 (May Farms) of the

City of Perris, on behalf of Improvement Area No. 1, Improvement Area No. 2, and Improvement Area No. 3, and certain bonds issued by Community Facilities District No. 2006-1 (Meritage Homes) of the City of Perris, to fund a reserve fund, and to pay costs of issuance in connection with the Authority Bonds and the Bonds; and

WHEREAS, the Authority Bonds will be issued pursuant to an Indenture of Trust, dated as of May 1, 2024, by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee"); 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 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 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 by the holders thereof, and for other valuable considerations, 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, 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 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 without preference, priority or distinction as to security or otherwise of any of the 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, 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 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 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 Sections 2.13 and 2.14 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, the District or the Authority in carrying out their duties hereunder and under the Authority Indenture (including, but not limited to, the levying and collection of the Special Taxes, 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 7.2, including the fees and expenses of its counsel; the costs of any dissemination agent under the continuing disclosure agreements entered into by the City, the District and the Authority; 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.

“Administrative Expense Fund” means the fund by that name established by Section 3.5(a) hereof.

“Administrative Expense Requirement” means the 102% of the amount of Administrative Expenses expended for the most recent complete Fiscal year, not to exceed \$30,000.

“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.

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

“Authority Bonds” means \$ _____ Perris Joint Powers Authority Local Agency Revenue Refunding Bonds (CFD 2001-1 IA1, IA2 & IA3; CFD 2002-1; CFD 2006-1 Refunding), 2024 Series, or Additional Authority Bonds, as applicable.

“Authority Indenture” means the Indenture of Trust, dated as of May 1, 2024, between the Perris Joint Powers Authority and U.S. Bank Trust Company, National Association, as trustee, relating to the Authority Bonds, or Additional Authority Bonds, as applicable.

“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.

“Bond Year” means the one-year period beginning on the September 2 in each year and ending on September 1 in the following year except that the first Bond Year shall begin on the Closing Date and end on September 1, 2024.

“Bonds” means the Community Facilities District No. 2002-1 (Willowbrook) of the City of Perris Special Tax Refunding Bonds, 2024 Series, authorized by, and at any time Outstanding pursuant hereto.

“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.

“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 thereto.

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

“Continuing Disclosure Agreement” shall mean that certain Continuing Disclosure Agreement, by and between the District and the 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 at Los Angeles, California, provided, however, for transfers, registration, exchange, payment, and surrender of the Bonds, “Corporate Trust Office” means the corporate trust office of the Fiscal Agent in Minneapolis, Minnesota, the “Corporate Trust Office” 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.

“Depository” means The Depository Trust Company, 140 58th Street, Brooklyn, New York 11220, Attention: Call Notification Department, Fax-(212) 855-7232 and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the District may designate in an Officer's Certificate delivered to the Fiscal Agent.

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

“District” means the Community Facilities District No. 2002-1 (Willowbrook) of the City of Perris, formed pursuant to the Resolution of Formation.

“Facilities” means the facilities more particularly described in the Resolution of Intention, or any portion of the Facilities or any authorized fees.

“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.

“Interest Payment Date” means March 1 and September 1 of each year, commencing September 1, 2024

“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 the Administrative Expense Requirement.

“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. 1107, adopted by the Legislative Body on January 14, 2003.

“Original Purchaser” means the Perris Joint Powers Authority.

“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.

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

“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 and 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 for the moneys proposed to be invested therein (the Trustee entitled to rely on written investment direction of the Authority 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; (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 Authority 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) mortgaged-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 systemwide bonds and notes of the Farm Credit System;

(d) money market funds (including funds of the Trustee 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”, and, if rated by Moody’s, rated Aaa, Aa1 or Aa2;

(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 Trustee 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 Trustee 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 fund 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) 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 Trustee and the transfer of cash from the Trustee 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 Trustee in exchange for the securities at a specified date, which satisfy the following criteria:

(i) repurchase agreements must be between the Trustee 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 Trustee or a third party acting as agent for the Trustee simultaneous with payment (perfection by possession of certificated securities); (D) the Trustee 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 Trustee 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 Trustee 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 Trustee 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 Trustee, then additional cash and/or acceptable securities must be transferred; and

(iii) a legal opinion must be delivered to the Trustee 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 Trustee 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.

“Prior Bonds” means Community Facilities District No. 2002-1 (Willowbrook) of the City of Perris Special Tax Bonds, 2013 Series.

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

“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 2.9 for the registration and transfer of ownership of the Bonds.

“Reserve Fund” means the fund of that name established pursuant to the Authority Indenture.

“Reserve Requirement” means, as of any date of calculation, the least of (a) Maximum Annual Debt Service for the Bonds, (b) ten percent (10%) of the original principal amount of the Bonds, or (c) one hundred twenty-five percent (125%) of average Annual Debt Service, provided however, at no time shall the Reserve Requirement be higher than the Reserve Requirement at the Closing Date.

“Resolution” means Resolution No. ____ adopted by the Legislative Body on April 9, 2024, 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. 3052 adopted by the Legislative Body on December 10, 2002, as now in effect or as it may hereafter be amended from time to time.

“Resolution of Intention” means the resolution of intention adopted by the Legislative Body on October 29, 2002, 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 the District.

“S&P” means S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC, 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 the proceeds of the Special Taxes received by the District, including any scheduled payments and any prepayments thereof, interest thereon and 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 the District pursuant to the Act, the Ordinance and this Agreement.

“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.

“Surplus Fund” means the fund created pursuant to Section 3.8(a) 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.

“Trustee” means U.S. Bank Trust Company, National Association, the Trustee under the Authority Indenture.

ARTICLE II THE BONDS

2.1 **Principal Amounts; Designations.** Bonds in the aggregate principal amount of _____ Dollars and 00/100 Dollars (\$_____) are hereby authorized to be issued by the City for the District 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 generally designated “Community Facilities District No. 2002-1 (Willowbrook) of the City of Perris Special Tax Refunding Bonds, 2024 Series.” The Bonds may be issued as from time to time shall be established and authorized by the District, subject to the covenants, provisions and conditions herein contained. 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 are hereby created and additionally designated as “Community Facilities District No. 2002-1 (Willowbrook) of the City of Perris Special Tax Refunding Bonds, 2024 Series.” 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) Reserved.

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

Maturity Date	Principal	
<u>September 1</u>	<u>Amount</u>	<u>Coupon</u>

*Term Bond

(e) 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 August 15, 2024, 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.

(f) 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 maturing on and after September 1, ___ are subject to optional redemption prior to maturity at the option of the District from any source of funds, as whole or in part, on any Interest Payment Date on or after September 1, ___, 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.* The Bonds shall also be subject to special mandatory redemption on any Interest Payment Date on or after September 1, ___, in whole or in part as selected by the District, from amounts constituting prepayments of Special Taxes, and from amounts transferred from the Surplus Fund hereunder 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 Date</u>	<u>Redemption Price</u>
Closing Date through March 1, 20__	%
September 1, 20__ through August 31, 20__	%
September 1, 20__ and any Interest Payment Date thereafter	

(iii) *Mandatory Sinking Payment Redemption.* The Bonds are subject to mandatory redemption, in part by lot, on September 1 in each year commencing September 1, ___ with respect to the Bonds maturing September 1, __, and commencing September 1, ___ with respect to the Bonds maturing September 1, ___, from mandatory sinking payments pursuant to this Agreement 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 if some but not all of the Bonds have been redeemed pursuant to optional redemption, special mandatory redemption from prepayment of Special Taxes or special mandatory redemption provisions as described herein, the total amount of all future sinking payments will be reduced by the aggregate principal amount of the Bonds so redeemed, to be allocated among such sinking payments on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000 as determined by the District.

SCHEDULE OF MANDATORY SINKING PAYMENT REDEMPTIONS TERM BONDS MATURING SEPTEMBER 1, 2023

September 1
Year

Principal Amount

*maturity

(iv) *Special Mandatory Redemption.* The Bonds are subject to special mandatory redemption on any date to which timely notice of redemption may be given, in integral multiples of \$5,000 from the deposit of fees with the District by a public agency which has accepted facilities serving an area of the District, and from insurance or condemnation proceeds or other mandatory redemption, sale or acceleration relating to the Bonds, without premium, plus accrued interest to the redemption date, all as determined by the District.

(b) 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 notice shall be waived by the Fiscal Agent. Notwithstanding any provisions in this Agreement to the contrary, upon any Optional Redemption or Special Mandatory Redemption from Special Taxes 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 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 Revenue 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 District Bonds so called for redemption shall have been deposited in the Bond Fund, such District 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 District 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 District 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 Bonds 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 District 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 District 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 District Bonds, the District Bonds shall then be delivered to the Fiscal Agent for authentication. If any officer whose signature appears on any District Bond ceases to be such officer before delivery of the District Bonds to the owner, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the District Bonds to the owner. Any District Bond may be signed and attested on behalf of the District by such persons as at the actual date of the execution of such District Bond shall be the proper officers of the District although at the nominal date of such District Bond any such person shall not have been such officer of the District.

Only such District 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 District 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 District 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 District 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 District Bonds shall be required to be made (i) fifteen (15) days prior to the date established by the Fiscal Agent for selection of District Bonds for redemption, (ii) with respect to a District Bond after such District 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. District Bonds may be exchanged at the Corporate Trust Office of the Fiscal Agent for a like aggregate principal amount of District 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 District Bonds shall be required to be made (i) fifteen (15) days prior to the date established by the Fiscal Agent for selection of District Bonds for redemption, (ii) with respect to a District Bond after such District 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 District Bonds which books shall show the series number, date, amount, rate of interest and last known owner of each District 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 District Bonds as hereinbefore provided.

The District and the Fiscal Agent will treat the Owner of any District Bond whose name appears on the District Bond register as the absolute Owner of such District 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 District Bonds may be initially issued in temporary form exchangeable for definitive District Bonds when ready for delivery. The temporary District 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 District Bond shall be executed by the District upon the same conditions and in substantially the same manner as the definitive District Bonds. If the District issues temporary District Bonds it will execute and furnish definitive District Bonds without delay and thereupon the temporary District Bonds shall be surrendered, for cancellation, in exchange for the definitive District 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 District Bonds an equal

aggregate principal amount of definitive District Bonds of authorized denominations. Until so exchanged, the temporary bonds shall be entitled to the same benefits under this Agreement as definitive District Bonds authenticated and delivered hereunder.

2.10 Bonds Mutilated, Lost, Destroyed or Stolen. If any District Bond shall become mutilated, the District, at the expense of the Owner of said District Bond, shall execute, and the Fiscal Agent shall authenticate and deliver, a new District Bond of like tenor and principal amount in exchange and substitution for the District Bond so mutilated, but only upon surrender to the Fiscal Agent of the District Bond so mutilated. Every mutilated District 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 District 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 District Bond of like tenor and principal amount in lieu of and in substitution for the District Bond so lost, destroyed or stolen. The District may require payment of a sum not exceeding the actual cost of preparing each new District 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 District Bond delivered under the provisions of this Section in lieu of any District 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 District 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 District Bonds issued pursuant to this Agreement.

2.11 Limited Obligation. All obligations of the District under this Agreement and the District 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 District Bonds.

2.12 No Acceleration. The principal of the District Bonds shall not be subject to acceleration hereunder. Nothing in this Section shall in any way prohibit the prepayment or redemption of District Bonds under Section 2.3 hereof, or the defeasance of the District Bonds and discharge of this Agreement under Section 10.3 hereof.

2.13 Additional Bonds. Other than for refunding purposes and as permitted by Section 2.14, no Additional Bonds entitled to a lien on the Special Tax Revenues shall be issued hereunder.

2.14 Additional Bonds The District covenants that any Additional Bonds which shall be issued or incurred which are payable out of the Special Taxes Revenues in whole or in part shall be issued on a parity with the Bonds in accordance with the following:

(a) the amount of such Additional Bonds shall not, together with all other Outstanding Bonds and Additional Bonds, exceed the total amount of bonded indebtedness authorized to be issued by the District;

(b) the District shall be in compliance with all covenants set forth in the Fiscal Agent Agreement and a certificate of the District to that effect shall have been filed with the City Clerk on behalf of the District; provided, however, that Additional Bonds may be issued notwithstanding that the District is not in compliance with all such covenants so long as immediately following the issuance of such Additional Bonds, the District will be in compliance with all such covenants; and

(c) District shall have received the following documents, dated or certified, as the case may be, as of the date of delivery of such Additional Bonds by the Fiscal Agent (unless the Fiscal Agent shall accept any of such documents bearing a prior date):

(i) An opinion of Bond Counsel and/or general counsel to the District to the effect that (i) the District has the right and power under the Act to adopt the Supplemental Agreement relating to such Additional Bonds, and the Supplemental Agreement has been duly and lawfully adopted by the District, is in full force and effect and is valid and binding upon the District and enforceable in accordance with its terms (subject to the usual and customary exceptions); (ii) the Agreement creates the valid pledge which it purports to create of the Special Taxes and other amounts as provided in the Agreement, subject to the application thereof to the purposes and on the conditions permitted by the Agreement; and (iii) such Additional Bonds are valid and binding limited obligations of the District, enforceable in accordance with their terms (subject to the usual and customary exceptions) and the terms of the Agreement and all Supplemental Agreements thereto and are entitled to the benefits of the Agreement and all such Supplemental Agreements, and such Additional Bonds have been duly and validly authorized and issued in accordance with the Act (or other applicable laws) and the Agreement and all such Supplemental Agreements and a further opinion of Bond Counsel to the effect that, assuming compliance by the District with certain tax covenants, the issuance of the Additional Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Additional Bonds theretofore issued on a tax exempt basis, or the exemption from State of California personal income taxation of interest on any Outstanding Bonds and Additional Bonds theretofore issued;

(ii) A certificate of an Independent Financial Consultant certifying as of the closing date that (a) the appraised or assessed (or some combination thereof) value of the property included within the District that would be subject to the Special Tax to pay the Annual Debt Service on the Bonds is not less than three times the sum of: (i) the aggregate principal amount of all Bonds then Outstanding, plus (ii) the aggregate principal amount of the Additional Bonds proposed to be issued, plus (iii) the aggregate principal amount of any fixed assessment liens on property included within the District subject to the levy of Special Taxes, and (b) the total Net Taxes for each Fiscal Year which could be generated by the District by the levy of the Special Tax at the

Maximum Special Tax rates for such Fiscal Year (pursuant to the Act and the RMA) on all then taxable property, is at least 1.10 times the Annual Debt Service on all Outstanding Bonds and Additional Bonds (including Additional Bonds previously issued and the Additional Bonds proposed to be issued) for the Bond Year commencing in such Fiscal Year.

(iii) A certificate signed by an Authorized Officer of the District, to the effect that, all conditions precedent to the issuance of Additional Bonds pursuant to Section 2.14 of this Agreement have been complied with or satisfied.

(iv) To the extent Special Taxes levied on Undeveloped Property (as defined in the RMA) within the District is taken into consideration in determining the principal amount of Additional Bonds to be issued, the portion of total Special Taxes expected to be generated within the District from Developed Property (as defined in the RMA) shall be not less than 70% of the total Special Taxes expected to be generated within the District.

ARTICLE III ISSUANCE OF BONDS

3.1 Issuance and Delivery of the District Bonds. At any time after the execution of this Agreement, the District may issue the District Bonds in the aggregate principal amount set forth in Section 2.2 and deliver the District 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 District 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 District Bonds to the Original Purchaser, upon payment of the purchase price for the District Bonds.

3.2 Application of Proceeds of Sale of the District Bonds. On the Closing Date, the total amount of \$_____, which shall constitute proceeds of the sale of the District Bonds in the amount of \$_____ (being the principal amount of the District Bonds of \$_____ plus/less the purchase premium/discount of \$_____), shall be paid to the Fiscal Agent and deposited or transferred by the Fiscal Agent as follows (the Fiscal Agent may establish temporary funds or accounts to record or facilitate any such deposit or transfer):

(a) The Fiscal Agent shall transfer \$_____ to the Escrow Agent for deposit in the Escrow Fund for prepayment and discharge of the Prior Bonds.

(b) The Fiscal Agent shall deposit \$_____ in the Costs of Issuance Fund.

(c) The Fiscal Agent shall deposit \$_____ into the Administrative Expense Fund. The Administrative Expense Fund shall be allocated to funds that are not District Bond proceeds.

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

3.4 **Special Tax Fund.**

(a) Establishment of Special Tax Fund. The City shall establish a fund known as the “Special Taxes Receipt Fund” (in which it shall create an account for each Community Facilities District within the City). The City shall deposit Special Taxes when received in the account established for the District and immediately thereafter transfer such amounts to the Fiscal Agent for deposit in the Special Tax Fund. 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 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 District 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 District 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 District 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 District 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 District Bonds and Additional Bonds in respect of past due payments on the District 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, 2024, 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 Surplus Fund.

3.5 **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.

(c) 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.

(d) 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.

3.6 **Reserved.**

3.7 **[Costs of Issuance Fund.** The Fiscal Agent shall establish and maintain a separate fund to be held by the Fiscal Agent known as the “Costs of Issuance Fund” into which shall be deposited the amounts set forth in Section 3.2(d) above or as required by a Supplemental Agreement. The moneys in the Costs of Issuance Fund shall be used to pay Costs of Issuance from time to time upon receipt of an Officer’s Certificate of the District. On the date which is one hundred eighty (180) days following the Closing Date, or upon the earlier receipt by the Fiscal Agent of a written request of the District stating that all Costs of Issuance have been paid, the Fiscal Agent shall transfer all remaining amounts in the Costs of Issuance Fund to be deposited in the Bond Fund.]

3.8 **Surplus Fund.**

(a) Establishment of Surplus Fund. There is hereby established as a separate fund to be held by the Fiscal Agent, the “Surplus Fund,” to the credit of which a deposit shall be made as required by Section 3.4 hereof. Moneys in the Surplus Fund shall be held in trust by the Fiscal Agent for the benefit of the Owners of the District Bonds and Additional Bonds, and shall be disbursed as provided below.

(i) The Fiscal Agent shall transfer to the appropriate accounts within the Bond Fund to pay debt service on the Bonds to the extent Special Taxes are insufficient for such purpose.

(ii) The Fiscal Agent shall transfer from any amounts in the Surplus Fund to the Trustee to assist in replenishment of the Reserve Account under the Authority Indenture.

(iii) The Fiscal Agent shall transfer amounts 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 therefore.

(iv) Upon the written direction of the District, the Fiscal Agent shall transfer all remaining amounts in the Surplus Fund to the Special Mandatory Redemption Account of the Redemption Fund for redemption of the District 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 Surplus 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 Surplus 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 Surplus Fund to be used for the purposes of such fund.

3.9 **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 a Mandatory Redemption Account, 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 District 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 District Bonds and Additional Bonds.

(b) Disbursement.

(i) All prepayments of Special Taxes and amounts transferred from the Surplus Fund for the redemption of District Bonds and Additional Bonds or transferred from the Authority under the Authority Indenture or an Additional Authority Indenture for the redemption of District Bonds and Additional Bonds shall be deposited

in the Special Mandatory Redemption Account to be used to redeem District 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 District Bonds and Additional Bonds shall be deposited into the Optional Redemption Account to be used to redeem District Bonds and Additional Bonds (as applicable) on the next date for which notice of redemption can timely be given.

(iii) Insurance or condemnation proceeds, if any, shall be deposited into the Mandatory Redemption Account to be used to redeem District Bonds and Additional Bonds 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 District 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 Surplus 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 District Bonds and Additional Bonds as provided herein and in the Act until all of the District Bonds and Additional Bonds have been paid and retired, cancelled 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 are not pledged to the repayment of the District Bonds and/or Additional Bonds. The Facilities financed or refinanced with the proceeds of the District Bonds and Additional Bonds are not in any way pledged to pay the Debt Service on the District Bonds and Additional Bonds. Any proceeds of condemnation or destruction of any Facilities financed or refinanced with the proceeds of the District Bonds and Additional Bonds are not pledged to pay the Debt Service on the District 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), 3.8, 3.9 and 4.1 hereof,

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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 District Bonds and Additional Bonds, shall be disbursed for the payment of the principal of (including mandatory sinking payments, if any) and interest on the District Bonds and Additional Bonds as provided below, and, pending such disbursement, shall be subject to a lien in favor of the Owners of the District 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 District Bonds and Additional Bonds the principal of (including mandatory sinking payments) and interest due on the District 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 District 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 District Bonds and Additional Bonds in respect of past due payments on the District Bonds and Additional Bonds.

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

(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 District 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 District Bonds and Additional Bonds.

5.2 **Limited Obligation.** The District 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 Surplus 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 District 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 District 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 District Bonds and Additional Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the District 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 District Bonds and Additional Bonds superior to or on a parity with the pledge and lien herein created for the benefit of the District 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 District 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 relating to the expenditure of amounts disbursed from the Bond Fund and the Costs of Issuance 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 District 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 District 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 District Bonds and Additional Bonds by the District, the District 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 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 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 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 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 District 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 District 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 District Bonds are invested and that is not acquired to carry out the governmental purposes of that series of District 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 District 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 District 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 District 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 District 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 District 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 District 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 District Bond is discharged. However, to the extent permitted by law, the District may commingle (and may allow the City to commingle) Gross Proceeds of District 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 to the United States the amount that when added to the future value of previous rebate payments made for the District 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.

(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 District 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 District Bonds not been relevant to either party.

(j) District Bonds Not Hedge Bonds.

(i) The District represents that none of the District 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 District Bonds the District reasonably expected that at least 85% of the spendable proceeds of the District 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 District 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 District 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 and Nonarbitrage 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 July 31 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 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 the District, 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, or the Fiscal Agent, 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 District 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 District Bonds and Additional Bonds under Section 3.4(b) hereof.

5.12 Annual Reports to CDIAC. 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 5.12, including seeking mandate or specific performance by court order.

5.13 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 Ordinance and RMA. At any time the Fiscal Agent may transfer funds from the Surplus Fund or Special Tax Fund (not needed for transfer to the Bond Fund to pay principal and interest with respect to the then current Bond Year) 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 District 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 District 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.

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 District Bonds and Additional Bonds or this Agreement other than in connection with the duties or obligations explicitly herein or in the District 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 District 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 District Bond or Additional Bond unless and until such District 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 seem 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 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 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 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 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 or other provision of the United States Code or any substitute or successor statute.

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 District 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 District 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 District Bonds and Additional Bonds (upon presentation of the District 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 District 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 District 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 District 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. Nothing in Section 7.7 or in any other provision of this Agreement or in the District 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 District Bonds and Additional Bonds to the respective Owners of the District 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 District 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 District 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 District 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 District 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 District 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 Trust Company, National Association, is hereby appointed Fiscal Agent and paying agent for the District 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 District Bonds and Additional Bonds.

8.2 Liability of Fiscal Agent. The recitals of facts, covenants and agreements herein and in the District 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 District Bonds and Additional Bonds, nor shall incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the District 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 District 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 District 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, 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 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.

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 District 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, District 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 District Bond unless and until such District 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 seem 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 District 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 District 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 District Bonds and Additional Bonds then Outstanding, exclusive of District Bonds and Additional Bonds disqualified as provided in Section 9.4. No such modification or amendment shall (i) extend the maturity of any District 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 District Bond, without the express consent of the Owner of such District 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 District 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 District 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 District 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 District 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 District Bonds or Additional 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 District 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 District 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 District Bonds and Additional Bonds then Outstanding (exclusive of District 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 District 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 District 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 District 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 District 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 District 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 District Bonds and Additional Bonds. District 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 District 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 District 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 District Bonds and Additional Bonds Issued After Amendments.** The District may determine that District 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 District Bond or Additional Bond Outstanding at such effective date and presentation of his District 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 District Bond or Additional Bond. The District may determine that new District 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 District Bonds and Additional Bonds then Outstanding, such new District Bonds and Additional Bonds shall be exchanged at the Corporate Trust Office of the Fiscal Agent without cost to any Owner, for District Bonds and Additional Bonds then Outstanding, upon surrender of such District Bonds and Additional Bonds.

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

9.8 **Opinion of Bond Counsel.** In connection with any Supplemental Agreement, the Fiscal Agent shall be entitled to receive 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 District 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 District 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 District 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 District 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 District 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 District 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 District 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 District 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 District 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 District 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 District 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 District 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 District Bond shall bind all future Owners of such District 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 District 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) as follows:

Community Facilities District No. 2002-1 (Willowbrook)
of the City of Perris
c/o City of Perris

101 North "D" Street
Perris, California 92570
Attn: City Manager
Tel: (951) 943-6100

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 Trust Company, 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 District 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 District 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 District 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. District 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 District Bonds and Additional Bonds or the date fixed for redemption of any District 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 May 1, 2024.

COMMUNITY FACILITIES DISTRICT
No. 2002-1 (Willowbrook) OF THE CITY
OF PERRIS

By: _____
City Manager

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

By: _____
Authorized Officer

EXHIBIT A

FORM OF BOND

No. _____

\$ _____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF RIVERSIDE
COMMUNITY FACILITIES DISTRICT NO. 2002-1
(WILLOWBROOK) OF THE CITY OF PERRIS
SPECIAL TAX REFUNDING BOND
2024 SERIES

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP NO.
	September 1, ____	_____	_____

REGISTERED OWNER: U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, AS AGENT FOR THE PERRIS JOINT POWERS AUTHORITY

PRINCIPAL AMOUNT: _____ **DOLLARS**

Community Facilities District No. 2002-1 (Willowbrook) 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 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 August 15, 2024 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 September 1, 2024 (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 legislative body of the District on May ____, 2024, 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 refinancing the acquisition of certain facilities (the “Project”), and is one of the Bonds designated “Community Facilities District No. 2002-1 (Willowbrook) of the City of Perris Special Tax Bonds, 2024 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 May 1, 2024 (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 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, as may be permitted by law. The Bonds do not constitute obligations of the City of Perris for which said 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 September 1, ____, as selected by the District, at the redemption prices and schedules applicable to the Perris Joint Powers Authority Local Agency Revenue Bonds (CFD 2001-1 IA1, IA2 & IA3; CFD 2002-1; CFD 2006-1 Refunding), 2024 Series (“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 May 1, 2024, relating to the Authority Bonds.

The Bonds shall also be subject to mandatory redemption on any date on or after September 1, 2024, in whole or in part as selected by the District, from amounts constituting prepayments of Special Taxes, from amounts transferred from the Surplus Fund under the Fiscal Agent Agreement and from amounts transferred by the Authority to the District under the Authority Indenture at the following redemption prices

(expressed as a percentage of the principal amount of District Bonds to be redeemed) together with accrued interest thereon to the redemption date:

<u>Redemption Periods</u>	<u>Redemption Price</u>
September 1, 2024 through August 31, ____	%

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 for transfer, 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.

IN WITNESS WHEREOF, the City of Perris, on behalf of Community Facilities District No. 2002-1 (Willowbrook) of the City of Perris, has caused this Bond to be dated _____ 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 _____, _____.

U.S. BANK TRUST COMPANY, 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: _____

NOTICE: 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:

NOTICE: 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

FISCAL AGENT AGREEMENT

by and between

COMMUNITY FACILITIES DISTRICT NO. 2006-1
(MERITAGE HOMES) OF THE CITY OF PERRIS

and

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

Dated as of May 1, 2024

Relating to:

\$ _____
Community Facilities District No. 2006-1
(Meritage Homes) of the City of Perris
Special Tax Refunding Bonds, 2024 Series

FISCAL AGENT AGREEMENT

THIS FISCAL AGENT AGREEMENT (the "Agreement") is dated as of May 1, 2024, by and between the Community Facilities District No. 2006-1 (Meritage Homes) 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 Trust Company, 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 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. 3761 of the City Council adopted on August 29, 2006; and

WHEREAS, the City Council is authorized under the Act and pursuant to Ordinance No. 1198 adopted on September 26, 2006 (the "Ordinance"), to levy special taxes to pay for the costs of facilities provided by the District; and

WHEREAS, on February 6, 2014, the District issued its \$2,825,000 initial principal amount of Community Facilities District No. 2006-1 (Meritage Homes) of the City of Perris Special Tax Bonds, 2014 Series (the "Prior Bonds"), pursuant to a Fiscal Agent Agreement dated as of June 1, 2014, by and between the District and U.S. Bank Trust Company, National Association, as successor fiscal agent to U.S. Bank National Association (the "Fiscal Agent"), for the purpose refinancing certain outstanding bonds which financed the acquisition, rehabilitation and construction of certain public improvements and fees with respect to the District (the "Facilities"); and

WHEREAS, on April 9, 2024, the City Council adopted Resolution No. _____ (the "Resolution") authorizing, among other items, the issuance and sale of bonds for the District pursuant to this Agreement, designated "Community Facilities District No. 2006-1 (Meritage Homes) of the City of Perris Special Tax Refunding Bonds, 2024 Series" (the "Bonds"), for the purpose of providing funds to pay off and discharge, together with other funds and bonds of the District, the Prior Bonds, to fund a reserve account for certain bonds to be issued by the Perris Joint Powers Authority (the "Authority") issued concurrently herewith the Bonds, and to pay certain the expenses of the District in connection with the issuance of the Bonds; and

WHEREAS, the Bonds shall be secured by special taxes levied within the District pursuant to its Rate and Method of Apportionment of Special Taxes within the District (as provided in the Ordinance); and

WHEREAS, the Authority intends to issue its Local Agency Revenue Refunding Bonds (CFD 2001-1 IA1, IA2 & IA3; CFD 2002-1; CFD 2006-1 Refunding), 2024 Series (the "Authority Bonds"), for the purpose of purchasing the Bonds in addition to other certain bonds issued by Community Facilities District No. 2001-1 (May Farms) of the

City of Perris, on behalf of Improvement Area No. 1, Improvement Area No. 2, and Improvement Area No. 3, and certain bonds issued by Community Facilities District No. 2002-1 (Willowbrook) of the City of Perris, to fund a reserve fund, and to pay costs of issuance in connection with the Authority Bonds and the Bonds; and

WHEREAS, the Authority Bonds will be issued pursuant to an Indenture of Trust, dated as of May 1, 2024, by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee"); 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 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 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 by the holders thereof, and for other valuable considerations, 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, 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 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 without preference, priority or distinction as to security or otherwise of any of the 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, 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 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 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 Sections 2.13 and 2.14 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, the District or the Authority in carrying out their duties hereunder and under the Authority Indenture (including, but not limited to, the levying and collection of the Special Taxes, 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 7.2, including the fees and expenses of its counsel; the costs of any dissemination agent under the continuing disclosure agreements entered into by the City, the District and the Authority; 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.

“Administrative Expense Fund” means the fund by that name established by Section 3.5(a) hereof.

“Administrative Expense Requirement” means the 102% of the amount of Administrative Expenses expended for the most recent complete Fiscal year, not to exceed \$30,000.

“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.

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

“Authority Bonds” means \$ _____ Perris Joint Powers Authority Local Agency Revenue Refunding Bonds (CFD 2001-1 IA1, IA2 & IA3; CFD 2002-1; CFD 2006-1 Refunding), 2024 Series, or Additional Authority Bonds, as applicable.

“Authority Indenture” means the Indenture of Trust, dated as of May 1, 2024, between the Perris Joint Powers Authority and U.S. Bank Trust Company, National Association, as trustee, relating to the Authority Bonds, or Additional Authority Bonds, as applicable.

“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.

“Bond Year” means the one-year period beginning on the September 2 in each year and ending on September 1 in the following year except that the first Bond Year shall begin on the Closing Date and end on September 1, 2024.

“Bonds” means the Community Facilities District No. 2006-1 (Meritage Homes) of the City of Perris Special Tax Refunding Bonds, 2024 Series, authorized by, and at any time Outstanding pursuant hereto.

“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.

“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 thereto.

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

“Continuing Disclosure Agreement” shall mean that certain Continuing Disclosure Agreement, by and between the District and the 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 at Los Angeles, California, provided, however, for transfers, registration, exchange, payment, and surrender of the Bonds, “Corporate Trust Office” means the corporate trust office of the Fiscal Agent in Minneapolis, Minnesota, the “Corporate Trust Office” 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.

“Depository” means The Depository Trust Company, 140 58th Street, Brooklyn, New York 11220, Attention: Call Notification Department, Fax-(212) 855-7232 and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the District may designate in an Officer's Certificate delivered to the Fiscal Agent.

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

“District” means the Community Facilities District No. 2006-1 (Meritage Homes) of the City of Perris, formed pursuant to the Resolution of Formation.

“Facilities” means the facilities more particularly described in the Resolution of Intention, or any portion of the Facilities or any authorized fees.

“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.

“Interest Payment Date” means March 1 and September 1 of each year, commencing September 1, 2024

“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 the Administrative Expense Requirement.

“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. 1198, adopted by the Legislative Body on September 26, 2006.

“Original Purchaser” means the Perris Joint Powers Authority.

“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.

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

“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 and 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 for the moneys proposed to be invested therein (the Trustee entitled to rely on written investment direction of the Authority 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; (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 Authority 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) mortgaged-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 systemwide bonds and notes of the Farm Credit System;

(d) money market funds (including funds of the Trustee 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”, and, if rated by Moody’s, rated Aaa, Aa1 or Aa2;

(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 Trustee 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 Trustee 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 fund 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) 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 Trustee and the transfer of cash from the Trustee 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 Trustee in exchange for the securities at a specified date, which satisfy the following criteria:

(i) repurchase agreements must be between the Trustee 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 Trustee or a third party acting as agent for the Trustee simultaneous with payment (perfection by possession of certificated securities); (D) the Trustee 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 Trustee 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 Trustee 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 Trustee 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 Trustee, then additional cash and/or acceptable securities must be transferred; and

(iii) a legal opinion must be delivered to the Trustee 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 Trustee 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.

“Prior Bonds” means Community Facilities District No. 2006-1 (Meritage Homes) of the City of Perris Special Tax Bonds, 2014 Series.

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

“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 2.9 for the registration and transfer of ownership of the Bonds.

“Reserve Fund” means the fund of that name established pursuant to the Authority Indenture.

“Reserve Requirement” means, as of any date of calculation, the least of (a) Maximum Annual Debt Service for the Bonds, (b) ten percent (10%) of the original principal amount of the Bonds, or (c) one hundred twenty-five percent (125%) of average Annual Debt Service, provided however, at no time shall the Reserve Requirement be higher than the Reserve Requirement at the Closing Date.

“Resolution” means Resolution No. ____ adopted by the Legislative Body on April 9, 2024, 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. 3761 adopted by the Legislative Body on August 29, 2006, as now in effect or as it may hereafter be amended from time to time.

“Resolution of Intention” means Resolution No. 3642 adopted by the Legislative Body on May 30, 2006, 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 the District.

“S&P” means S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC, 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 the proceeds of the Special Taxes received by the District, including any scheduled payments and any prepayments thereof, interest thereon and 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 the District pursuant to the Act, the Ordinance and this Agreement.

“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.

“Surplus Fund” means the fund created pursuant to Section 3.8(a) 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.

“Trustee” means U.S. Bank Trust Company, National Association, the Trustee under the Authority Indenture.

ARTICLE II THE BONDS

2.1 **Principal Amounts; Designations.** Bonds in the aggregate principal amount of _____ Dollars and 00/100 Dollars (\$_____) are hereby authorized to be issued by the City for the District 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 generally designated “Community Facilities District No. 2006-1 (Meritage Homes) of the City of Perris Special Tax Refunding Bonds, 2024 Series.” The Bonds may be issued as from time to time shall be established and authorized by the District, subject to the covenants, provisions and conditions herein contained. 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 are hereby created and additionally designated as “Community Facilities District No. 2006-1 (Meritage Homes) of the City of Perris Special Tax Refunding Bonds, 2024 Series.” 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) Reserved.

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

<u>Maturity Date</u>	<u>Principal</u>	<u>Coupon</u>
<u>September 1</u>	<u>Amount</u>	

*Term Bond

(e) 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 August 15, 2024, 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.

(f) 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 maturing on and after September 1, ___ are subject to optional redemption prior to maturity at the option of the District from any source of funds, as whole or in part, on any Interest Payment Date on or after September 1, ___, 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.* The Bonds shall also be subject to special mandatory redemption on any Interest Payment Date on or after September 1, ___, in whole or in part as selected by the District, from amounts constituting prepayments of Special Taxes, and from amounts transferred from the Surplus Fund hereunder 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 Date</u>	<u>Redemption Price</u>
Closing Date through March 1, 20__	%
September 1, 20__ through August 31, 20__	%
September 1, 20__ and any Interest Payment Date thereafter	

(iii) [*Mandatory Sinking Payment Redemption.* The Bonds are subject to mandatory redemption, in part by lot, on September 1 in each year commencing September 1, ___ with respect to the Bonds maturing September 1, ___, and commencing September 1, ___ with respect to the Bonds maturing September 1, ___, from mandatory sinking payments pursuant to this Agreement 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 if some but not all of the Bonds have been redeemed pursuant to optional redemption, special mandatory redemption from prepayment of Special Taxes or special mandatory redemption provisions as described herein, the total amount of all future sinking payments will be reduced by the aggregate principal amount of the Bonds so redeemed, to be allocated among such sinking payments on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000 as determined by the District.

SCHEDULE OF MANDATORY SINKING PAYMENT REDEMPTIONS TERM BONDS MATURING SEPTEMBER 1, 2023

September 1
Year

Principal Amount

*maturity

(iv) *Special Mandatory Redemption.* The Bonds are subject to special mandatory redemption on any date to which timely notice of redemption may be given, in integral multiples of \$5,000 from the deposit of fees with the District by a public agency which has accepted facilities serving an area of the District, and from insurance or condemnation proceeds or other mandatory redemption, sale or acceleration relating to the Bonds, without premium, plus accrued interest to the redemption date, all as determined by the District.]

(b) 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 notice shall be waived by the Fiscal Agent. Notwithstanding any provisions in this Agreement to the contrary, upon any Optional Redemption or Special Mandatory Redemption from Special Taxes 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 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 Revenue 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 District Bonds so called for redemption shall have been deposited in the Bond Fund, such District 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 District 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 District 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 Bonds 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 District 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 District 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 District Bonds, the District Bonds shall then be delivered to the Fiscal Agent for authentication. If any officer whose signature appears on any District Bond ceases to be such officer before delivery of the District Bonds to the owner, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the District Bonds to the owner. Any District Bond may be signed and attested on behalf of the District by such persons as at the actual date of the execution of such District Bond shall be the proper officers of the District although at the nominal date of such District Bond any such person shall not have been such officer of the District.

Only such District 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 District 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 District 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 District 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 District Bonds shall be required to be made (i) fifteen (15) days prior to the date established by the Fiscal Agent for selection of District Bonds for redemption, (ii) with respect to a District Bond after such District 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. District Bonds may be exchanged at the Corporate Trust Office of the Fiscal Agent for a like aggregate principal amount of District 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 District Bonds shall be required to be made (i) fifteen (15) days prior to the date established by the Fiscal Agent for selection of District Bonds for redemption, (ii) with respect to a District Bond after such District 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 District Bonds which books shall show the series number, date, amount, rate of interest and last known owner of each District 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 District Bonds as hereinbefore provided.

The District and the Fiscal Agent will treat the Owner of any District Bond whose name appears on the District Bond register as the absolute Owner of such District 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 District Bonds may be initially issued in temporary form exchangeable for definitive District Bonds when ready for delivery. The temporary District 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 District Bond shall be executed by the District upon the same conditions and in substantially the same manner as the definitive District Bonds. If the District issues temporary District Bonds it will execute and furnish definitive District Bonds without delay and thereupon the temporary District Bonds shall be surrendered, for cancellation, in exchange for the definitive District 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 District Bonds an equal

aggregate principal amount of definitive District Bonds of authorized denominations. Until so exchanged, the temporary bonds shall be entitled to the same benefits under this Agreement as definitive District Bonds authenticated and delivered hereunder.

2.10 Bonds Mutilated, Lost, Destroyed or Stolen. If any District Bond shall become mutilated, the District, at the expense of the Owner of said District Bond, shall execute, and the Fiscal Agent shall authenticate and deliver, a new District Bond of like tenor and principal amount in exchange and substitution for the District Bond so mutilated, but only upon surrender to the Fiscal Agent of the District Bond so mutilated. Every mutilated District 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 District 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 District Bond of like tenor and principal amount in lieu of and in substitution for the District Bond so lost, destroyed or stolen. The District may require payment of a sum not exceeding the actual cost of preparing each new District 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 District Bond delivered under the provisions of this Section in lieu of any District 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 District 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 District Bonds issued pursuant to this Agreement.

2.11 Limited Obligation. All obligations of the District under this Agreement and the District 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 District Bonds.

2.12 No Acceleration. The principal of the District Bonds shall not be subject to acceleration hereunder. Nothing in this Section shall in any way prohibit the prepayment or redemption of District Bonds under Section 2.3 hereof, or the defeasance of the District Bonds and discharge of this Agreement under Section 10.3 hereof.

2.13 Additional Bonds. Other than for refunding purposes and as permitted by Section 2.14, no Additional Bonds entitled to a lien on the Special Tax Revenues shall be issued hereunder.

2.14 Additional Bonds The District covenants that any Additional Bonds which shall be issued or incurred which are payable out of the Special Taxes Revenues in whole or in part shall be issued on a parity with the Bonds in accordance with the following:

(a) the amount of such Additional Bonds shall not, together with all other Outstanding Bonds and Additional Bonds, exceed the total amount of bonded indebtedness authorized to be issued by the District;

(b) the District shall be in compliance with all covenants set forth in the Fiscal Agent Agreement and a certificate of the District to that effect shall have been filed with the City Clerk on behalf of the District; provided, however, that Additional Bonds may be issued notwithstanding that the District is not in compliance with all such covenants so long as immediately following the issuance of such Additional Bonds, the District will be in compliance with all such covenants; and

(c) District shall have received the following documents, dated or certified, as the case may be, as of the date of delivery of such Additional Bonds by the Fiscal Agent (unless the Fiscal Agent shall accept any of such documents bearing a prior date):

(i) An opinion of Bond Counsel and/or general counsel to the District to the effect that (i) the District has the right and power under the Act to adopt the Supplemental Agreement relating to such Additional Bonds, and the Supplemental Agreement has been duly and lawfully adopted by the District, is in full force and effect and is valid and binding upon the District and enforceable in accordance with its terms (subject to the usual and customary exceptions); (ii) the Agreement creates the valid pledge which it purports to create of the Special Taxes and other amounts as provided in the Agreement, subject to the application thereof to the purposes and on the conditions permitted by the Agreement; and (iii) such Additional Bonds are valid and binding limited obligations of the District, enforceable in accordance with their terms (subject to the usual and customary exceptions) and the terms of the Agreement and all Supplemental Agreements thereto and are entitled to the benefits of the Agreement and all such Supplemental Agreements, and such Additional Bonds have been duly and validly authorized and issued in accordance with the Act (or other applicable laws) and the Agreement and all such Supplemental Agreements and a further opinion of Bond Counsel to the effect that, assuming compliance by the District with certain tax covenants, the issuance of the Additional Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Additional Bonds theretofore issued on a tax exempt basis, or the exemption from State of California personal income taxation of interest on any Outstanding Bonds and Additional Bonds theretofore issued;

(ii) A certificate of an Independent Financial Consultant certifying as of the closing date that (a) the appraised or assessed (or some combination thereof) value of the property included within the District that would be subject to the Special Tax to pay the Annual Debt Service on the Bonds is not less than three times the sum of: (i) the aggregate principal amount of all Bonds then Outstanding, plus (ii) the aggregate principal amount of the Additional Bonds proposed to be issued, plus (iii) the aggregate principal amount of any fixed assessment liens on property included within the District subject to the levy of Special Taxes, and (b) the total Net Taxes for each Fiscal Year which could be generated by the District by the levy of the Special Tax at the

Maximum Special Tax rates for such Fiscal Year (pursuant to the Act and the RMA) on all then taxable property, is at least 1.10 times the Annual Debt Service on all Outstanding Bonds and Additional Bonds (including Additional Bonds previously issued and the Additional Bonds proposed to be issued) for the Bond Year commencing in such Fiscal Year.

(iii) A certificate signed by an Authorized Officer of the District, to the effect that, all conditions precedent to the issuance of Additional Bonds pursuant to Section 2.14 of this Agreement have been complied with or satisfied.

(iv) To the extent Special Taxes levied on Undeveloped Property (as defined in the RMA) within the District is taken into consideration in determining the principal amount of Additional Bonds to be issued, the portion of total Special Taxes expected to be generated within the District from Developed Property (as defined in the RMA) shall be not less than 70% of the total Special Taxes expected to be generated within the District.

ARTICLE III ISSUANCE OF BONDS

3.1 Issuance and Delivery of the District Bonds. At any time after the execution of this Agreement, the District may issue the District Bonds in the aggregate principal amount set forth in Section 2.2 and deliver the District 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 District 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 District Bonds to the Original Purchaser, upon payment of the purchase price for the District Bonds.

3.2 Application of Proceeds of Sale of the District Bonds. On the Closing Date, the total amount of \$_____, which shall constitute proceeds of the sale of the District Bonds in the amount of \$_____ (being the principal amount of the District Bonds of \$_____ plus/less the purchase premium/discount of \$_____), shall be paid to the Fiscal Agent and deposited or transferred by the Fiscal Agent as follows (the Fiscal Agent may establish temporary funds or accounts to record or facilitate any such deposit or transfer):

(a) The Fiscal Agent shall transfer \$_____ to the Escrow Agent for deposit in the Escrow Fund for prepayment and discharge of the Prior Bonds.

(b) The Fiscal Agent shall deposit \$_____ in the Costs of Issuance Fund.

(c) The Fiscal Agent shall deposit \$_____ into the Administrative Expense Fund. The Administrative Expense Fund shall be allocated to funds that are not District Bond proceeds.

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

3.4 **Special Tax Fund.**

(a) Establishment of Special Tax Fund. The City shall establish a fund known as the “Special Taxes Receipt Fund” (in which it shall create an account for each Community Facilities District within the City). The City shall deposit Special Taxes when received in the account established for the District and immediately thereafter transfer such amounts to the Fiscal Agent for deposit in the Special Tax Fund. 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 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 District 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 District 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 District 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 District 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 District Bonds and Additional Bonds in respect of past due payments on the District 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, 2024, 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 Surplus Fund.

3.5 **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.

(c) 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.

(d) 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.

3.6 **Reserved.**

3.7 **[Costs of Issuance Fund.** The Fiscal Agent shall establish and maintain a separate fund to be held by the Fiscal Agent known as the “Costs of Issuance Fund” into which shall be deposited the amounts set forth in Section 3.2(d) above or as required by a Supplemental Agreement. The moneys in the Costs of Issuance Fund shall be used to pay Costs of Issuance from time to time upon receipt of an Officer’s Certificate of the District. On the date which is one hundred eighty (180) days following the Closing Date, or upon the earlier receipt by the Fiscal Agent of a written request of the District stating that all Costs of Issuance have been paid, the Fiscal Agent shall transfer all remaining amounts in the Costs of Issuance Fund to be deposited in the Bond Fund.]

3.8 **Surplus Fund.**

(a) Establishment of Surplus Fund. There is hereby established as a separate fund to be held by the Fiscal Agent, the “Surplus Fund,” to the credit of which a deposit shall be made as required by Section 3.4 hereof. Moneys in the Surplus Fund shall be held in trust by the Fiscal Agent for the benefit of the Owners of the District Bonds and Additional Bonds, and shall be disbursed as provided below.

(i) The Fiscal Agent shall transfer to the appropriate accounts within the Bond Fund to pay debt service on the Bonds to the extent Special Taxes are insufficient for such purpose.

(ii) The Fiscal Agent shall transfer from any amounts in the Surplus Fund to the Trustee to assist in replenishment of the Reserve Account under the Authority Indenture.

(iii) The Fiscal Agent shall transfer amounts 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 therefore.

(iv) Upon the written direction of the District, the Fiscal Agent shall transfer all remaining amounts in the Surplus Fund to the Special Mandatory Redemption Account of the Redemption Fund for redemption of the District 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 Surplus 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 Surplus 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 Surplus Fund to be used for the purposes of such fund.

3.9 **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 a Mandatory Redemption Account, 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 District 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 District Bonds and Additional Bonds.

(b) Disbursement.

(i) All prepayments of Special Taxes and amounts transferred from the Surplus Fund for the redemption of District Bonds and Additional Bonds or transferred from the Authority under the Authority Indenture or an Additional Authority Indenture for the redemption of District Bonds and Additional Bonds shall be deposited

in the Special Mandatory Redemption Account to be used to redeem District 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 District Bonds and Additional Bonds shall be deposited into the Optional Redemption Account to be used to redeem District Bonds and Additional Bonds (as applicable) on the next date for which notice of redemption can timely be given.

(iii) Insurance or condemnation proceeds, if any, shall be deposited into the Mandatory Redemption Account to be used to redeem District Bonds and Additional Bonds 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 District 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 Surplus 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 District Bonds and Additional Bonds as provided herein and in the Act until all of the District Bonds and Additional Bonds have been paid and retired, cancelled 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 are not pledged to the repayment of the District Bonds and/or Additional Bonds. The Facilities financed or refinanced with the proceeds of the District Bonds and Additional Bonds are not in any way pledged to pay the Debt Service on the District Bonds and Additional Bonds. Any proceeds of condemnation or destruction of any Facilities financed or refinanced with the proceeds of the District Bonds and Additional Bonds are not pledged to pay the Debt Service on the District 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), 3.8, 3.9 and 4.1 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 District Bonds and Additional Bonds, shall be disbursed for the payment of the principal of (including mandatory sinking payments, if any) and interest on the District Bonds and Additional Bonds as provided below, and, pending such disbursement, shall be subject to a lien in favor of the Owners of the District 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 District Bonds and Additional Bonds the principal of (including mandatory sinking payments) and interest due on the District 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 District 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 District Bonds and Additional Bonds in respect of past due payments on the District Bonds and Additional Bonds.

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

(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 District 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 District Bonds and Additional Bonds.

5.2 **Limited Obligation.** The District 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 Surplus 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 District 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 District 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 District Bonds and Additional Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the District 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 District Bonds and Additional Bonds superior to or on a parity with the pledge and lien herein created for the benefit of the District 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 District 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 relating to the expenditure of amounts disbursed from the Bond Fund and the Costs of Issuance 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 District 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 District 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 District Bonds and Additional Bonds by the District, the District 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 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 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 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 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 District 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 District 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 District Bonds are invested and that is not acquired to carry out the governmental purposes of that series of District 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 District 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 District 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 District 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 District 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 District 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 District 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 District Bond is discharged. However, to the extent permitted by law, the District may commingle (and may allow the City to commingle) Gross Proceeds of District 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 to the United States the amount that when added to the future value of previous rebate payments made for the District 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.

(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 District 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 District Bonds not been relevant to either party.

(j) District Bonds Not Hedge Bonds.

(i) The District represents that none of the District 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 District Bonds the District reasonably expected that at least 85% of the spendable proceeds of the District 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 District 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 District 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 and Nonarbitrage 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 July 31 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 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 the District, 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, or the Fiscal Agent, 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 District 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 District Bonds and Additional Bonds under Section 3.4(b) hereof.

5.12 Annual Reports to CDIAC. 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 5.12, including seeking mandate or specific performance by court order.

5.13 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 Ordinance and RMA. At any time the Fiscal Agent may transfer funds from the Surplus Fund or Special Tax Fund (not needed for transfer to the Bond Fund to pay principal and interest with respect to the then current Bond Year) 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 District 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 District 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.

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 District Bonds and Additional Bonds or this Agreement other than in connection with the duties or obligations explicitly herein or in the District 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 District 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 District Bond or Additional Bond unless and until such District 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 seem 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 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 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 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 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 or other provision of the United States Code or any substitute or successor statute.

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 District 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 District 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 District Bonds and Additional Bonds (upon presentation of the District 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 District 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 District 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 District 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. Nothing in Section 7.7 or in any other provision of this Agreement or in the District 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 District Bonds and Additional Bonds to the respective Owners of the District 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 District 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 District 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 District 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 District 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 District 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 Trust Company, National Association, is hereby appointed Fiscal Agent and paying agent for the District 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 District Bonds and Additional Bonds.

8.2 Liability of Fiscal Agent. The recitals of facts, covenants and agreements herein and in the District 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 District Bonds and Additional Bonds, nor shall incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the District 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 District 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 District 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, 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 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.

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 District 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, District 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 District Bond unless and until such District 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 seem 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 District 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 District 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 District Bonds and Additional Bonds then Outstanding, exclusive of District Bonds and Additional Bonds disqualified as provided in Section 9.4. No such modification or amendment shall (i) extend the maturity of any District 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 District Bond, without the express consent of the Owner of such District 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 District 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 District 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 District 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 District 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 District Bonds or Additional 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 District 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 District 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 District Bonds and Additional Bonds then Outstanding (exclusive of District 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 District 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 District 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 District 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 District 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 District 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 District Bonds and Additional Bonds. District 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 District 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 District 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 District Bonds and Additional Bonds Issued After Amendments.** The District may determine that District 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 District Bond or Additional Bond Outstanding at such effective date and presentation of his District 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 District Bond or Additional Bond. The District may determine that new District 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 District Bonds and Additional Bonds then Outstanding, such new District Bonds and Additional Bonds shall be exchanged at the Corporate Trust Office of the Fiscal Agent without cost to any Owner, for District Bonds and Additional Bonds then Outstanding, upon surrender of such District Bonds and Additional Bonds.

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

9.8 **Opinion of Bond Counsel.** In connection with any Supplemental Agreement, the Fiscal Agent shall be entitled to receive 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 District 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 District 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 District 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 District 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 District 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 District 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 District 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 District 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 District 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 District 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 District 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 District 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 District Bond shall bind all future Owners of such District 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 District 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) as follows:

Community Facilities District No. 2006-1 (Meritage Homes)
of the City of Perris
c/o City of Perris

101 North "D" Street
Perris, California 92570
Attn: City Manager
Tel: (951) 943-6100

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 Trust Company, 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 District 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 District 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 District 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. District 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 District Bonds and Additional Bonds or the date fixed for redemption of any District 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 May 1, 2024.

COMMUNITY FACILITIES DISTRICT
No. 2006-1 (Meritage Homes) OF THE
CITY OF PERRIS

By: _____
City Manager

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

By: _____
Authorized Officer

EXHIBIT A

FORM OF BOND

No. _____

\$ _____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF RIVERSIDE
COMMUNITY FACILITIES DISTRICT NO. 2006-1
(MERITAGE HOMES) OF THE CITY OF PERRIS
SPECIAL TAX REFUNDING BOND
2024 SERIES

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP NO.
	September 1, ____	_____	_____

REGISTERED OWNER: U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, AS AGENT FOR THE PERRIS JOINT POWERS AUTHORITY

PRINCIPAL AMOUNT: _____ **DOLLARS**

Community Facilities District No. 2006-1 (Meritage Homes) 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 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 August 15, 2024 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 September 1, 2024 (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 legislative body of the District on May ____, 2024, 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 refinancing the acquisition of certain facilities (the “Project”), and is one of the Bonds designated “Community Facilities District No. 2006-1 (Meritage Homes) of the City of Perris Special Tax Bonds, 2024 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 May 1, 2024 (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 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, as may be permitted by law. The Bonds do not constitute obligations of the City of Perris for which said 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 September 1, ____, as selected by the District, at the redemption prices and schedules applicable to the Perris Joint Powers Authority Local Agency Revenue Bonds (CFD 2001-1 IA1, IA2 & IA3; CFD 2002-1; CFD 2006-1 Refunding), 2024 Series (“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 May 1, 2024, relating to the Authority Bonds.

The Bonds shall also be subject to mandatory redemption on any date on or after September 1, 2024, in whole or in part as selected by the District, from amounts constituting prepayments of Special Taxes, from amounts transferred from the Surplus Fund under the Fiscal Agent Agreement and from amounts transferred by the Authority to the District under the Authority Indenture at the following redemption prices

(expressed as a percentage of the principal amount of District Bonds to be redeemed) together with accrued interest thereon to the redemption date:

<u>Redemption Periods</u>	<u>Redemption Price</u>
September 1, 2024 through August 31, ____	%

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 for transfer, 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.

IN WITNESS WHEREOF, the City of Perris, on behalf of Community Facilities District No. 2006-1 (Meritage Homes) of the City of Perris, has caused this Bond to be dated _____ 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 _____, _____.

U.S. BANK TRUST COMPANY, 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: _____

NOTICE: 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:

NOTICE: 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

ATTACHMENT 6

Indenture

INDENTURE OF TRUST

by and between the

PERRIS JOINT POWERS AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Dated as of May 1, 2024

Relating to

\$ _____
Perris Joint Powers Authority
Local Agency Revenue Bonds
(CFD 2001-1 IA1, IA2 & IA3; CFD 2002-1; CFD 2006-1 Refunding), 2024 Series

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST (this “Indenture”) is dated as of May 1, 2024, by and between the PERRIS JOINT POWERS AUTHORITY, a joint powers authority organized and existing under the laws of the State of California (the “Authority”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America having a corporate trust office in Los Angeles, California, and being qualified to accept and administer the trusts hereby created (the “Trustee”);

WITNESSETH:

WHEREAS, the Authority is a joint powers authority duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement dated as of March 26, 2013, by and between the City of Perris (the “City”) and the Housing Authority of the City of Perris (the “Agency”), and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”), and is authorized pursuant to Article 4 of the Act (the “Bond Law”) to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations of, or for the purpose of making loans to, the City, the Agency and any associate member to provide financing for public capital improvements of the City, the Agency and any associate member; and

WHEREAS, the City Council (the “City Council”) of the City of Perris (the “City”), pursuant to Resolution No. ___ adopted on April 9, 2024 (the “Resolution”), acting as the legislative body of certain community facilities districts described herein has authorized the issuance of (a) Improvement Area No. 1 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds, 2024 Series (“2001-1 IA1 Bonds”), Improvement Area No. 2 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds (“2001-1 IA2 Bonds”), 2024 Series, and Improvement Area No. 3 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds, 2024 Series (“2001-1 IA3 Bonds” and , together with the 2001-1 IA1 Bonds and 2001-1 IA2 Bonds, the “2001-1 Bonds”); (b) Community Facilities District No. 2002-1 (Willowbrook) of the City of Perris Special Tax Bonds, 2024 Series (“2002-1 Bonds”); and (c) Community Facilities District No. 2006-1 (Meritage Homes) of the City of Perris Special Tax Bonds, 2024 Series (“2006-1 Bonds” and, together with the 2001-1 Bonds and 2002-1 Bonds, the “District Bonds”); and

WHEREAS, the Authority, pursuant to Resolution No. PJPA-___, adopted on April 9, 2024, has authorized the issuance of \$_____ Perris Joint Powers Authority Local Agency Revenue Bonds (CFD 2001-1 IA1, IA2 & IA3; CFD 2002-1; CFD 2006-1 Refunding), 2024 Series (the “Bonds”) to purchase the District Bonds, and pay costs of issuance in connection with the Bonds; and

WHEREAS, the proceeds of the District Bonds and the Bonds, together with certain other funds, will be used to prepay, refund, or cancel all of the outstanding (a) Improvement Area No. 1 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Revenue Bonds, 2014 Series A; (b) Improvement Area No. 2 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Revenue Bonds, 2014 Series B; (c)

Improvement Area No. 3 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Revenue Bonds, 2014 Series C; (d) Community Facilities District No. 2002-1 (Willowbrook) of the City of Perris Special Tax Revenue Bonds, 2013 Series B, and (e) Community Facilities District No. 2006-1 (Meritage Homes) of the City of Perris Special Tax Revenue Bonds, 2014 Series, which in total are currently outstanding in the aggregate principal amount of \$12,712,655 (collectively, the "Prior District Bonds"); and (f) the bonds issued concurrently with the Prior District Bonds by the Authority (the "Prior Authority Bonds", and together with the Prior District Bonds, the "Prior Bonds"); and

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and to secure the payment of the principal thereof, premium (if any) and interest thereon, the Authority has authorized the execution and delivery of this Indenture; and

WHEREAS, the Authority has found and determined, and hereby affirms, that all acts and proceedings required by law necessary to make the Bonds, when executed by the Authority, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal special obligations of the Authority, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Indenture have been in all respects duly authorized.

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of and the interest and premium (if any) on all Bonds at any time issued and Outstanding under this Indenture, 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 are to be issued and repaid, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Authority does hereby covenant and agree with the Trustee, for the benefit of the respective Owners from time to time of the Bonds, as follows:

ARTICLE I
DEFINITIONS; AUTHORIZATION AND PURPOSE OF BONDS; EQUAL SECURITY

Section 1.01 Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall for all purposes of this Indenture or of any Supplemental Indenture and of the Bonds and of any certificate, opinion, request or other documents herein mentioned have the meanings herein specified.

“2001-1 IA1 Bonds” means the Improvement Area No. 1 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds, 2024 Series A.

“2001-1 IA2 Bonds” means the Improvement Area No. 2 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds, 2024 Series B.

“2001-1 IA3 Bonds” means the Improvement Area No. 3 of Community Facilities

District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds, 2024 Series C.

“2001-1 Bonds” means the 2001-1 IA1 Bonds, 2001-1 IA2 Bonds, and 2001-3 IA1 Bonds as those terms are defined herein.

“2002-1 Bonds” means the Community Facilities District No. 2002-1 (Willowbrook) of the City of Perris Special Tax Bonds, 2024 Series.

“2006-1 Bonds” means the Community Facilities District No. 2006-1 (Meritage Homes) of the City of Perris Special Tax Bonds, 2024 Series.

“Act” means Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State, as in existence on the Closing Date or as thereafter amended from time to time.

“Additional Bonds” means bonds issued by the District (2001-1) on behalf of its Improvement Area No. 1, Improvement Area No. 2, or Improvement Area No. 3, District (2002-1), or the District (2006-1), as applicable, pursuant to the Fiscal Agent Agreements or a Supplemental Agreement (as defined by the applicable Fiscal Agent Agreements), which are secured by special taxes levied within the Districts (and applicable Improvement Areas) on a parity with the District Bonds, if any.

“Agency” means the Housing Authority of the City of Perris, a public body corporate and politic organized under the laws of the State, and any successor thereto.

“Annual Debt Service” means, for each Bond Year, the sum of (a) the interest payable on the Outstanding Bonds in such Bond Year, and (b) the principal amount of the Outstanding Bonds scheduled to be paid in such Bond Year.

“Authority” means the Perris Joint Powers Authority, a joint powers authority duly organized and existing under the Joint Exercise of Powers Agreement, dated as of March 26, 2013, by and between the City and the Agency, together with any amendments thereof and supplements thereto and under the laws of the State.

“Authority Representative” means the Chairperson, Vice Chairperson, Executive Director, Assistant Executive Director or Treasurer of the Authority, or any other authorized representative of the Authority as evidenced by a certificate of the Chairperson or Executive Director.

“Board” means the Board of Directors of the Authority.

“Bond Counsel” means Aleshire & Wynder, LLP, or any attorney or firm of attorneys appointed by or acceptable to the Authority of nationally-recognized expertise in the field of municipal finance whose opinions are generally accepted by purchasers of municipal bonds or notes.

“Bond Fund” means the fund by that name established and held by the Trustee pursuant to Section 4.02(b) hereof.

“Bond Law” means the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of the Act (commencing with Section 6584), as in existence on the Closing Date or as thereafter amended from time to time.

“Bond Purchase Fund” means the fund established pursuant to Section 3.03 hereof.

“Bonds” means the \$ _____ Perris Joint Powers Authority Local Agency Revenue Bonds (CFD 2001-1 IA1, IA2 & IA3; CFD 2002-1; CFD 2006-1 Refunding), 2024 Series, authorized by and at any time Outstanding pursuant to the Bond Law and this Indenture.

“Bond Year” means each twelve-month period beginning on September 2 of each year and ending September 1 of the following year, except that the first Bond Year shall begin on the Closing Date and end on September 1, 2024, provided, however, that for the purposes of calculating the rebate requirements under the Code, the Bond Year may, at the election of the Authority, commence on the Closing Date and end one year later.

“Business Day” means a day of the year, other than a Saturday or Sunday, on which banks in Los Angeles, California, and San Francisco, California and the principal corporate trust office of the Trustee, are not required or authorized to remain closed and on which the New York Stock Exchange is not closed.

“Certificate” or “Written Request” of the Authority means, a written certificate or written request signed in the name of the Authority by an Authority Representative. Any such certificate or request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

“City” means the City of Perris, a political subdivision organized and existing under the laws of the State.

“Closing Date” means the date of delivery of the Bonds to the original purchasers thereof.

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

“Corporate Trust Office” means the corporate trust office of the Trustee at the address set forth in Section 9.13 or such other office designated by the Trustee from time to time in writing to the Authority.

“Costs of Issuance” means all expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds, the purchase of the District Bonds, including but not limited to all compensation, fees and expenses (including but not limited to fees and expenses for legal counsel) of the Authority and the Trustee, compensation to any financial consultants or underwriters, legal fees and expenses, filing and recording costs, rating agency fees, costs of

preparation and reproduction of documents and costs of printing.

“Costs of Issuance Fund” means the fund established and held by the Trustee pursuant to Section 3.04 hereof.

“Districts” means District (2001-1), District (2002-1), and District (2005-1).

“District (2001-1)” means Community Facilities District 2001-1 (May Farms) of the City of Perris.

“District (2001-1) Escrow Agreement” means the Escrow Deposit and Trust Agreement, dated as of May 1, 2024, by and among the Authority, the District (2001-1), and the Escrow Agent.

“District (2002-1)” means Community Facilities District 2002-1 (Willowbrook) of the City of Perris.

“District (2002-1) Escrow Agreement” means the Escrow Deposit and Trust Agreement, dated as of May 1, 2024, by and among the Authority, the District (2002-1), and the Escrow Agent.

“District (2006-1)” means Community Facilities District 2006-1 (Meritage Homes) of the City of Perris.

“District (2006-1) Escrow Agreement” means the Escrow Deposit and Trust Agreement, dated as of May 1, 2024, by and among the Authority, the District (2006-1), and the Escrow Agent.

“District Bonds” means, collectively, the 2001-1 IA1 Bonds, 2001-1 IA2 Bonds, 2001-1 IA3 Bonds, 2002-1 Bonds, and 2006-1 Bonds as those terms are defined herein.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Escrow Agent” means U.S. Bank National Association, as escrow bank under the Escrow Agreement.

“Event of Default” means any of the events described in Section 8.01 hereof.

“Excess Investment Earnings” means the amount of excess investment earnings determined to be subject to rebate to the United States of America with respect to the investment of the gross proceeds of the Bonds, determined pursuant to Section 148(f) of the Code.

“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 Trustee, as shall be certified by the Authority to the Trustee:

(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 U.S. Bank National Association, as fiscal agent under the Fiscal Agent Agreements.

“Fiscal Agent Agreements” means, individually or collectively, as applicable, the Fiscal Agent Agreements, each dated as of May 1, 2024, by and between the District and the Fiscal Agent relating to the District Bonds for each District, as said agreements may be amended from time to time in accordance with their terms.

“Fiscal Year” means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the Authority as its official fiscal year period and certified to the Trustee in writing by an Authority Representative.

“Indenture” means this Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture pursuant to the provisions hereof.

“Independent Accountant” means any certified public accountant or firm of certified public accountants appointed and paid by the Authority, and who, or each of whom (a) is in fact independent and not under domination of the Authority or the City; (b) does not have any substantial interest, direct or indirect, in the Authority or the City; and (c) is not connected with the Authority or the City as an officer or employee of the Authority or the City but who may be regularly retained to make annual or other audits of the books of or reports to the Authority or the City.

“Information Services” means Electronic Municipal Market Access System (referred to as “EMMA”), a facility of the Municipal Securities Rulemaking Board, at www.emma.msrb.org; provided, however, in accordance with then current guidelines of the Securities and Exchange Commission, Information Services shall mean such other services providing information with respect to the redemption of Bonds as the Authority may designate in a Written Request of the Authority delivered to the Trustee.

“Interest Account” means the account by that name established and held by the Trustee pursuant to Section 4.02(c)(i) hereof.

“Interest Payment Date” means March 1 and September 1 in each year, beginning September 1, 2024, and continuing thereafter so long as any Bonds remain Outstanding.

“Letter of Representations” means the letter of the Authority and the Trustee delivered to and accepted by DTC (or such other applicable Securities Depository) on or prior to the issuance of the Bonds in book entry form setting forth the basis on which DTC (or such other applicable Securities Depository) serves as depository for the Bonds issued in book entry form, as originally executed or as it may be supplemented or revised or replaced by a letter to a substitute Securities Depository.

“Maximum Annual Debt Service” means, as of the date of calculation, the maximum amount obtained by totaling, for the current or any future Bond Year, the sum of: (a) the principal amount of all such Outstanding Bonds maturing in such Bond Year; and (b) the interest which would be due during such Bond Year on the aggregate principal amount of such Bonds which would be Outstanding in such period if such Bonds are retired as scheduled, but deducting and excluding from such aggregate principal amount the aggregate principal amount of such Bonds no longer Outstanding.

“Moody’s” means Moody’s Investors Service, and its successors and assigns.

“Outstanding”, when used as of any particular time with reference to Bonds, means all Bonds theretofore executed, issued and delivered by the Authority under this Indenture except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds paid or deemed to have been paid within the meaning of Section 9.03; and (c) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered pursuant to this Indenture or any Supplemental Indenture.

“Owner” or “Bond Owner”, when used with respect to any Bond, means the person in whose name the ownership of such Bond shall be registered on the Registration Books.

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein and the investment policy of the City or District (the Trustee is entitled to rely on written investment direction of the Authority 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) any direct general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), the payment of principal of and interest on which are unconditionally fully guaranteed by the United States of America; and any obligations the principal of and interest on which are unconditionally guaranteed by the United States of America;

(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; (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) mortgaged-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 Trustee 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”, and, if rated by Moody’s, rated “Aaa,” “Aa1” or “Aa2;”

(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 Trustee 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 Trustee 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 Trustee and the transfer of cash from the Trustee 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 Trustee in exchange for the securities at a specified date, which satisfy the following criteria:

(i) repurchase agreements must be between the Trustee 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 Trustee or a third party acting as agent for the Trustee simultaneous with payment (perfection by possession of certificated securities); (D) the Trustee 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 Trustee

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 Trustee 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 Trustee 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 Trustee, then additional cash and/or acceptable securities must be transferred; and

(iii) a legal opinion must be delivered to the Trustee 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 Trustee is authorized to register such investment in its name.

“Principal Account” means the account by that name established and held by the Trustee pursuant to Section 4.02(c)(ii) hereof.

“Rebate Account” means the account established and held by the Trustee pursuant to Section 4.02(d) hereof.

“Record Date” means, with respect to any Interest Payment Date, the fifteenth (15th) calendar day of the month preceding such Interest Payment Date.

“Redemption Fund” means the fund by such name established and held by the Trustee pursuant to Section 4.04 hereof.

“Redemption Revenues” means (a) amounts received from the redemption of the District Bonds from amounts constituting prepayments of special taxes, (b) amounts received from the optional redemption of the District Bonds, and (c) amounts received from the special mandatory redemption and mandatory redemption of the District Bonds.

“Registration Books” means the records maintained by the Trustee pursuant to Section 2.07 for the registration and transfer of ownership of the Bonds.

“Reserve Account” means the account by that name established and held by the Trustee pursuant to Section 4.02(c)(iii) hereof.

“Reserve Requirement” means, as of any calculation date, an amount equal to the least of (i) ten percent (10%) of the proceeds (within the meaning of section 148 of the Code) of the Bonds as of the date of issuance; (ii) 125% of average Annual Debt Service as of the date of issuance; or (iii) Maximum Annual Debt Service; provided however, the Reserve Requirement on any calculation date shall not be greater than the Reserve Requirement amount on the Closing

Date.

“Revenue Fund” means the fund by that name established and held by the Trustee pursuant to Section 4.02(a) hereof.

“Revenues” means: (a) all amounts received by the Authority from the District as principal of or interest on the District Bonds; (b) all moneys deposited and held from time to time by the Trustee in the funds and accounts established hereunder for the Bonds, other than the Rebate Account, and the Redemption Fund; and (c) income and gains with respect to the investment of amounts on deposit in the funds and accounts established hereunder for the Bonds, other than the Rebate Account, and the Redemption Fund..

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

“Securities Depositories” means DTC, 55 Water Street, New York 10041, Attention: Call Notification Department, Fax-(212) 855-7232 and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Authority may designate in a Certificate of the Authority delivered to the Trustee.

“State” means the State of California.

“Supplemental Indenture” means any indenture, agreement or other instrument hereafter duly executed by the Authority and the Trustee in accordance with the provisions of Section 7.01 hereof.

“Tax and Nonarbitrage Certificate” means the Tax and Non Arbitrage Certificate, dated the Closing Date and executed by the Authority.

“Tax Regulations” means temporary and permanent regulations promulgated under or with respect to Section 103 and Sections 141 through 150, inclusive, of the Code.

“Trustee” means U.S. Bank National Association, and its successors and assigns, and any other corporation or association which may at any time be substituted in its place as provided in Article VI hereof.

Section 1.02 Rules of Construction. All references in this Indenture to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture, and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

Section 1.03 Authorization and Purpose of Bonds. The Authority has reviewed all proceedings heretofore taken relative to the authorization of the Bonds and has found, as a result of such review, and hereby finds and determines that all things, conditions, and acts required by law to exist, happen and be performed precedent to and in the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Authority is now authorized under the Bond Law and each and every requirement of law, to issue the Bonds in the manner and form provided in this Indenture. Accordingly, the Authority

hereby authorizes the issuance of the Bonds pursuant to the Bond Law and this Indenture for the purpose of providing funds to pay for the District Bonds.

Section 1.04 Equal Security. In consideration of the acceptance of the Bonds by the Owners thereof, this Indenture shall be deemed to be and shall constitute a contract among the Authority, the Trustee and the Owners from time to time of the Bonds; and the covenants and agreements herein set forth to be performed on behalf of the Authority shall be for the equal and proportionate benefit, security and protection of all Owners of Bonds without preference, priority or distinction as to security or otherwise of any of the 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.

ARTICLE II ISSUANCE OF THE BONDS

Section 2.01 Terms of the Bonds. The Bonds authorized to be issued by the Authority under and subject to the Bond Law and the terms of this Indenture shall be designated the “Perris Joint Powers Authority Local Agency Revenue Bonds (CFD 2001-1 IA1, IA2 & IA3; CFD 2002-1; CFD 2006-1 Refunding), 2024 Series” which shall be issued in the original aggregate principal amount of \$_____.

The principal of and interest and premium (if any) on the Bonds shall be payable in lawful money of the United States of America.

The Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof, so long as no Bond shall have more than one maturity date. The Bonds shall be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, and shall be evidenced by one Bond for each of the maturities in the principal amounts set forth below, and DTC, is hereby appointed depository for the Bonds, and registered ownership may not thereafter be transferred except as set forth in Section 2.05 hereof. The Bonds shall be dated as of the Closing Date, shall mature in the following amounts and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the following rates:

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
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*Term Bond

Interest on the Bonds shall be payable on each Interest Payment Date to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owner at the address of such Owner as it appears on the Registration Books as of the preceding Record Date;

provided, however, that at the written request of the Owner of at least \$1,000,000 in aggregate principal amount of Outstanding Bonds filed with the Trustee prior to any Record Date, interest on such Bonds shall be paid to such Owner on each succeeding Interest Payment Date by wire transfer of immediately available funds to an account in the continental United States designated in such written request. Any such written request shall remain in effect until rescinded in writing by the Owner. Principal of and premium (if any) on any Bond shall be paid upon presentation and surrender thereof, at maturity or the prior redemption thereof, at the Corporate Trust Office of the Trustee. The principal of and interest and premium (if any) on the Bonds shall be payable in lawful money of the United States of America.

Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated on or before the 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 (b) it is authenticated on or before August 15, 2024, in which event it shall bear interest from the Closing Date; or (c) interest with respect to any outstanding Bond is in default, in which event such Bond shall bear interest from the Interest Payment Date to which interest has previously paid in full or made available for payment thereon payable on each Interest Payment Date.

Section 2.02 Redemption of Bonds.

(a) Optional Redemption. The Bonds are subject to optional redemption prior to maturity at the option of the Authority on any date on or after September 1, 20__, as a whole or in part, from such maturities as selected by the Authority and by lot within a maturity, from any available source of funds at 100% of the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption.

(b) Mandatory Sinking Payment Redemption. The Bonds maturing September 1, 20__, are subject to mandatory sinking payment redemption in part by lot, on September 1 in each year, commencing September 1, 20__, from mandatory sinking payments made by the Authority as provided in this Indenture, 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 Authority and tendered to the Trustee, 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 on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, as determined by the Authority.

BONDS MATURING SEPTEMBER 1, 20__	
<u>September 1</u>	<u>Principal</u>
<u>Year</u>	<u>Amount</u>

***Maturity**

(c) Special Mandatory Redemption. The Bonds are subject to mandatory redemption prior to maturity on any date on or after September 1, 20___, in whole or in part from such maturities as selected by the Authority and by lot within a maturity, from the redemption of the respective District Bonds from amounts constituting prepayments of the related Special Taxes and from amounts held and transferred from the respective Surplus Fund under the respective Fiscal Agent Agreement for redemption and from surplus amounts in the Redemption Account under this 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 date fixed for redemption:

<u>Redemption Date</u>	<u>Redemption Price</u>
September 1, 2024 through August ____, 20__	%
September 1, 20__ and thereafter	%

(d) Notice of Redemption. The Trustee on behalf and at the expense of the Authority shall mail (by first class mail) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, to the Securities Depositories and to one or more Information Services, at least thirty (30) but not more than sixty (60) days prior to the date fixed for redemption. Neither failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the date of the notice, the redemption date, and the redemption price and shall designate the CUSIP® numbers, the Bond numbers (but only if less than all of the Outstanding Bonds are to be redeemed) and the maturity of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the Corporate Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

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

The Authority shall have the right to rescind any notice of optional redemption or special mandatory redemption by written notice to the Trustee 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 Authority and the Trustee shall have no liability to the Owners or any other party related or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

In addition to the foregoing notice, further notice shall be given by the Trustee in said form by first class mail to any Bond Owner whose Bond has been called for redemption but who has failed to tender his Bond for payment by the date which is sixty days after the redemption

date, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption.

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 CUSIP® number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

(e) Partial Redemption of Bonds. In the event only a portion of any Bond is called for redemption, then upon surrender of such Bond the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of the same series and maturity date, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

(f) Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption shall have been duly provided, such Bonds so called shall cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the redemption date specified in such notice. All Bonds redeemed pursuant to this Section 2.02 shall be canceled and destroyed.

(g) Purchase in Lieu of Redemption. In lieu of redemption of any Bond, amounts on deposit in the Revenue Fund may also be used and withdrawn by the Trustee at any time, upon the Written Request of the Authority, for the purchase of such Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the Authority may in its discretion determine in accordance with all applicable laws and in accordance with the priority afforded the relative Bond under the Indenture.

(h) Authority Notice. Notwithstanding any provisions in the Indenture to the contrary, upon any optional redemption or special mandatory redemption or mandatory redemption (other than sinking fund redemption) in part, the Authority shall deliver a Written Certificate to the Trustee at least sixty (60) days prior to the proposed redemption date or such later date as shall be acceptable to the Trustee in the sole determination of the Trustee, stating that the remaining payments of principal and interest on the District Bonds, together with other Revenues will be sufficient on a timely basis to pay debt service on the Bonds. The Authority shall certify in such Written Certificate 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 Trustee together with other Redemption Revenues, if any, then to be delivered to the Trustee, which moneys are required to be identified to the Trustee in the Written Certificate delivered with the Redemption Revenues.

Section 2.03 Form of the Bonds. The Bonds, the form of Trustee's certificate of authentication, and the form of assignment to appear thereon, shall be substantially in the form 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 Indenture.

Section 2.04 Execution of Bonds. The Bonds shall be signed in the name and on behalf of the Authority with the manual or facsimile signatures of its Chairperson or Executive Director and attested with the manual or facsimile signature of its Secretary or any assistant duly appointed by the Board, and shall be delivered to the Trustee for authentication by it. In case any officer of the Authority who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed shall have been authenticated or delivered by the Trustee or issued by the Authority, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Authority as though the individual who signed the same had continued to be such officer of the Authority. Also, any Bond may be signed on behalf of the Authority by any individual who on the actual date of the execution of such Bond shall be the proper officer although on the nominal date of such Bond such individual shall not have been such officer.

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

Section 2.05 Transfer of Bonds. Subject to Section 2.10, any Bond may, in accordance with its terms, be transferred, upon the Registration Books, 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 written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and deliver to the transferee a new Bond or Bonds of like maturity and aggregate principal amount of authorized denominations. The Trustee may require payment by the Bond owner requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange. The Trustee shall not be required to transfer, pursuant to this Section, either (a) all Bonds during the period established by the Trustee for the selection of Bonds for redemption, or (b) any Bonds selected for redemption pursuant to Section 2.02. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer shall be paid by the Authority.

Section 2.06 Exchange of Bonds. The Bonds of any series may be exchanged at the Corporate Trust Office of the Trustee for a like aggregate principal amount of Bonds of the same series of other authorized denominations and of the same maturity. The Trustee shall not be required to exchange, pursuant to this Section, either (a) all Bonds during the period established by the Trustee for the selection of Bonds for redemption, or (b) any Bonds selected for redemption pursuant to Section 2.02. The cost of printing Bonds and any service rendered or expenses incurred by the Trustee in connection with any exchange shall be paid by the Authority.

Section 2.07 Registration Books. The Trustee will keep or cause to be kept at its Corporate Trust Office sufficient records for the registration and transfer of the Bonds which shall at all reasonable times during regular business hours be open to inspection by the Authority with reasonable prior notice; and, upon presentation for such purpose, the Trustee shall, under

such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said records Bonds as hereinbefore provided.

Section 2.08 Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Authority, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like series, tenor and authorized denomination in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be cancelled by it and destroyed. If any Bond hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and the Authority and, if such evidence be satisfactory to the Trustee and the Authority and indemnity for the Trustee and the Authority satisfactory to the Trustee shall be given, the Authority, at the expense of the Bond Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like series and tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Bond the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee). The Authority may require payment of a fee for preparing and authenticating each new Bond issued under this Section and of expenses which may be incurred by the Authority and the Trustee. Any Bond issued under the provisions of this Section 2.08, in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original contractual obligation on the part of the Authority whether or not the Bond alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds secured by this Indenture.

Section 2.09 CUSIP® Numbers. The Trustee and the Authority shall not be liable for any defect or inaccuracy in the CUSIP® number that appears on any Bond or in any redemption notice. The Trustee may, in its discretion, include in any redemption notice a statement to the effect that the CUSIP® numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Owners and that neither the Trustee, nor the Authority shall be liable for any inaccuracies in such numbers.

Section 2.10 Use of Securities Depository.

(a) The Bonds shall be initially registered as provided in Section 2.01. Registered ownership of the Bonds, or any portion thereof, may not thereafter be transferred except:

(i) to any successor of Cede & Co., as nominee of DTC, as its nominee, or to any substitute depository designated pursuant to clause (ii) of this Section (a “substitute depository”); provided, that any successor of Cede & Co., as nominee of DTC or a substitute depository, shall be qualified under any applicable laws to provide the services proposed to be provided by it;

(ii) to any substitute depository upon (1) the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository, or (2) a determination by the Authority to substitute another depository for DTC (or its successor)

because DTC or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; provided, that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) to any person as provided below, upon (1) the resignation of DTC or its successor (or substitute depository or its successor from its functions as depository, or (2) a determination by the Authority to remove DTC or its successor (or any substitute depository or its successor) from its functions as depository.

(b) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (a) hereof, upon receipt of the Outstanding Bonds by the Trustee, together with a Request of the Authority to the Trustee, a new Bond for each maturity shall be authenticated and delivered in the aggregate principal amount of the Bonds then Outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such Request of the Authority.

(c) In the case of any transfer pursuant to clause (iii) of subsection (a) hereof upon receipt of the Outstanding Bonds by the Trustee, together with a Written Request of the Authority to the Trustee, new Bonds shall be authenticated and delivered in such denominations numbered in the manner determined by the Trustee and registered in the names of such persons as are requested in such a Written Request of the Authority, subject to the limitations of Section 2.01 hereof, provided, the Trustee shall not be required to deliver such new Bonds within a period less than sixty (60) days from the date of receipt of such a Written Request of the Authority. After any transfer pursuant to this subsection, the Bonds shall be transferred pursuant to Section 2.05.

(d) The Authority and the Trustee shall be entitled to treat the person in whose name any Bond is registered as the Owner thereof for all purposes of this Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the Authority; and the Authority and the Trustee shall have no responsibility for transmitting payments to, communication with, notifying, or otherwise dealing with any beneficial owners of the Bonds, and neither the Authority nor the Trustee will have any responsibility or obligations, legal or otherwise, to the beneficial owners or to any other party, including DTC or its successor (or substitute depository or its successor), except for the Owner of any Bonds.

(e) So long as the Outstanding Bonds are registered in the name of Cede & Co. or its registered assigns, the Authority and the Trustee shall cooperate with Cede & Co., as sole registered Owner, or its registered assigns in effecting payment of the principal of and interest on the Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

(f) Notwithstanding anything to the contrary contained herein, so long as the Bonds are registered as provided in this Section 2.10, payment of principal of and interest on the Bonds shall be made in accordance with the Letter of Representations delivered to DTC with respect to the Bonds.

Section 2.11 Temporary Bonds. The Bonds may be initially delivered in temporary form exchangeable for definitive Bonds when ready for delivery, which temporary Bonds shall be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Trustee, shall be in fully registered form and shall contain such reference to any of the provisions hereof as may be appropriate. Every temporary Bond shall be authenticated and delivered by the Trustee upon the same conditions and terms and in substantially the same manner as definitive Bonds. If the Trustee authenticates and delivers temporary Bonds, it will register and authenticate definitive Bonds, and in that case, upon demand of the Owner of any temporary Bonds, such definitive Bonds shall be exchanged by the Trustee at its Corporate Trust Office, without cost to such Owner for temporary Bonds upon surrender of such temporary Bonds, and until so exchanged such temporary Bonds shall be entitled to the same benefit, protection and security hereunder as the definitive Bonds executed and delivered hereunder. All temporary Bonds surrendered pursuant to the provisions of this Section shall be canceled by the Trustee and shall not be redelivered.

ARTICLE III DEPOSIT AND APPLICATION OF PROCEEDS OF BONDS

Section 3.01 Issuance of Bonds. Upon the execution and delivery of this Indenture, the Authority shall execute and deliver the Bonds in the aggregate principal amount of _____ Dollars (\$ _____), to the Trustee for authentication and delivery to the original purchaser thereof upon the Written Request of the Authority.

Section 3.02 Application of Proceeds of Sale of Bonds and Other Amounts. Upon the receipt of payment for the Bonds on the Closing Date, the Trustee shall apply the proceeds of sale thereof in the amount of \$ _____ (being the principal amount of \$ _____ less the underwriter's discount of \$ _____ and less a net original issue discount of \$ _____) and \$ _____ of other available funds, which amounts shall total \$ _____, as follows:

(a) The Trustee shall transfer \$ _____ to the Escrow Agent for deposit in the Escrow Fund pursuant to the District (2001-1) Escrow Agreement.

(b) The Trustee shall transfer \$ _____ to the Escrow Agent for deposit in the Escrow Fund pursuant to the District (2002-1) Escrow Agreement.

(c) The Trustee shall transfer \$ _____ to the Escrow Agent for deposit in the Escrow Fund pursuant to the District (2006-1) Escrow Agreement.

(d) The Trustee shall deposit the amount of \$ _____ in the Bond Purchase Fund which amount constitutes the purchase price of the District Bonds.

(e) The Trustee shall deposit the amount of \$ _____ in the Reserve Account of the Revenue Fund which amount is equal to the Reserve Requirement as of the Closing Date.

(f) The Trustee shall deposit the amount of \$ _____ in the Costs of Issuance Fund.

The Trustee may establish a temporary fund or account in its records to facilitate and record the above deposits and transfers

Section 3.03 Bond Purchase Fund. The Trustee shall establish and maintain a separate fund to be known as the “Bond Purchase Fund” into which shall be deposited a portion of the proceeds of the sale of the Bonds in the amount set forth in Section 3.02(b). The Trustee shall disburse all amounts in the Bond Purchase Fund on the Closing Date to purchase the District Bonds. The Trustee shall disburse on the Closing Date from the Bond Purchase Fund, the amount of (i) \$ _____ to the Fiscal Agent under the Fiscal Agent Agreement for the 2001-1 IA1 Bonds, (ii) \$ _____ to the Fiscal Agent under the Fiscal Agent Agreement for the 2001-1 IA2 Bonds, (iii) \$ _____ to the Fiscal Agent under the Fiscal Agent Agreement for the 2001-1 IA3 Bonds, (iv) \$ _____ to the Fiscal Agent under the Fiscal Agent Agreement for the 2002-1 Bonds, and (v) \$ _____ to the Fiscal Agent under the Fiscal Agent Agreement for the 2006-1 Bonds, to purchase the District Bonds. The Trustee shall transfer the funds in the Bond Purchase Fund upon receipt thereof to the Fiscal Agent for deposit pursuant to the Fiscal Agent Agreement. Following the disbursement of all amounts to purchase the District Bonds, the Trustee shall close the Bond Purchase Fund.

Section 3.04 Costs of Issuance Fund. There is hereby established a fund to be held by the Trustee known as the “Costs of Issuance Fund” into which shall be deposited a portion of the Bond proceeds as set forth in Section 3.02(d). The moneys in the Costs of Issuance Fund shall be used to pay Costs of Issuance from time to time upon receipt of a Written Request of the Authority. On the date which is one hundred eighty (180) days following the Closing Date or upon the earlier receipt by the Trustee of a Written Request of the Authority stating that all Costs of Issuance have been paid, the Trustee shall transfer all remaining amounts in the Costs of Issuance Fund to the Revenue Fund, and the Trustee shall close the Costs of Issuance Fund. The Authority may at any time file a Written Request of the Authority requesting that the Trustee retain a specified amount in the Costs of Issuance Fund and transfer to the Revenue Fund all remaining amounts, and the Trustee shall comply with such request.

Section 3.05 Validity of Bonds. The validity of the authorization and issuance of the Bonds shall not be affected in any way of any proceedings taken by the District with respect to the application of the proceeds of the sale of the District Bonds, and the recital contained in the Bonds that the same are issued pursuant to the Bond Law shall be conclusive evidence of their validity and of the regularity of their issuance.

ARTICLE IV REVENUES; FLOW OF FUNDS

Section 4.01 Pledge of Revenues; Assignment of Rights. The Bonds shall be secured by a first lien on and pledge (which shall be effected in the manner and to the extent hereinafter provided) of all of the Revenues and Redemption Revenues and a pledge of all of the moneys in the Bond Fund, the Revenue Fund and the Redemption Fund, including all amounts derived from the investment of such moneys. The Bonds shall be equally secured by a pledge, charge and first lien upon the Revenues and Redemption Revenues and such moneys without priority for number, date of the Bonds, date of execution or date of delivery; and the payment of the interest on and principal of the Bonds and any premiums upon the redemption of any thereof shall be and are

secured by an exclusive pledge, charge and first lien upon the Revenues and Redemption Revenues and such moneys. So long as any of the Bonds are Outstanding, the Revenues and Redemption Revenues and such other moneys shall not be used for any other purpose except as described hereunder for payment of the Bonds; except that out of the Revenues and Redemption Revenues there may be apportioned such sums, for such purposes, as are expressly permitted by Section 4.02 and Section 4.05, respectively.

The Authority hereby transfers in trust and assigns to the Trustee, for the benefit of the Owners from time to time of the Bonds, all of the Revenues and Redemption Revenues and all of the right, title and interest of the Authority (but not the obligations) in the District Bonds (other than the rights of the Authority under Sections 9.01 and 9.08 hereof and any rights of the Authority in the Rebate Account or to notices or consent herein). The Trustee shall be entitled to and shall receive all of the Revenues and the Redemption Revenues, and any Revenues and Redemption Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee. The assignment to the Trustee is solely in its capacity as Trustee under this Indenture and in accepting such assignment and taking any actions with respect to the District Bonds, the Trustee shall be entitled to all the indemnities, protections, immunities and limitations from liability afforded it as Trustee under this Indenture. The Trustee also shall be entitled to and, subject to the provisions hereof, shall take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the District under the District Bonds.

Section 4.02 Receipt, Deposit and Applications of Revenues.

(a) Deposit of Revenues; Revenue Fund. All Revenues (excluding Redemption Revenues) shall be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the “Revenue Fund” which the Trustee shall establish, maintain and hold in trust hereunder.

(b) Deposit of Revenues; Bond Fund: The Trustee shall establish, maintain and hold in trust a fund, entitled Bond Fund. Within such fund, the Trustee shall establish, maintain and hold in trust separate special accounts entitled “Interest Account” and “Principal Account” and “Reserve Account” as shown in Subsection (c) below. On or before each Interest Payment Date, the Trustee shall transfer from the Revenue Fund for deposit into the Bond Fund the following amounts, in the priority set forth in Subsection (c) below.

(c) Application of Revenues; Bond Fund. On or before each Interest Payment Date, the Trustee shall transfer from the Revenue Fund and deposit into the Bond Fund and the following respective special accounts therein, the following amounts in the following order of priority, the requirements of each such special account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority;

(i) *Interest Account.* On or before each applicable Interest Payment Date, the Trustee shall deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to equal the amount of interest becoming due and payable on such Interest Payment Date on all Outstanding Bonds. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the interest becoming due and payable upon all Outstanding Bonds on such Interest Payment Date. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds redeemed prior to maturity).

(ii) *Principal Account.* On or before each date on which the principal of the Bonds shall be payable, the Trustee shall deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the aggregate amount of principal (including sinking fund payments) coming due and payable on such date on the Bonds pursuant to Section 2.01. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds (including sinking fund payments).

(iii) *Reserve Account.* All amounts on deposit in the Revenue Fund on each Interest Payment Date not required to pay any interest on or principal of any Outstanding Bonds then having come due and payable, shall be credited to the replenishment of the Reserve Account in an amount sufficient to maintain the Reserve Requirement therein.

The Authority shall deposit from the repayment of the District Bonds, and, to the extent necessary and if permitted by law, from available surplus revenues with respect to other series of bonds issued by the Authority relating to community facilities districts, and maintain an amount of money equal to the Reserve Requirement in the Reserve Account at all times while the Bonds are Outstanding. Amounts in the Reserve Account will be used to pay debt service on the Bonds to the extent other moneys (including amounts in the Cash Flow Management Fund) are not available therefor. Earnings on amounts in the Reserve Account in excess of the Reserve Requirement shall be deposited into the Revenue Fund, if and to the extent such earnings are not required to be retained in the Reserve Account to meet the Reserve Requirement. Upon redemption of the Bonds, amounts on deposit in the Reserve Account shall be reduced (to an amount not less than the Reserve Requirement) and the excess moneys shall be transferred to the Redemption Fund and used for redemption of the Bonds. Amounts in the Reserve Account may be used to pay the final year's debt service on the Bonds.

(iv) *Surplus.* All remaining amounts on September 2 (or the next Business Day to the extent September 2 is not a Business Day) of each year commencing September 2, 2024 on deposit in the Revenue Fund shall be transferred to the Reserve Account, if necessary to meet the Reserve Requirement or to the Redemption Fund.

(d) Rebate Account. The Trustee shall deposit in the Rebate Account (which account is established as a separate account to be held by the Trustee) from time to time, as set forth in this Indenture, an amount determined by the Authority to be subject to rebate to the United States of America in accordance with Section 5.07(h). Amounts in the Rebate Account shall be applied and disbursed by the Trustee solely for the purposes and at the times set

forth in written requests of the Authority filed with the Trustee pursuant to Section 5.07(h). The Trustee shall not be responsible for calculating rebate amounts or for the adequacy or correctness of any rebate report or rebate calculations. The Trustee shall be deemed conclusively to have complied with the provisions of the Indenture and any other agreement relating to the Bonds regarding calculation and payment of rebate if it follows the directions of the Authority and it shall have no independent duty to review such calculations or enforce the compliance with such rebate requirements by the Authority.

Section 4.03 Reserved.

Section 4.04 Redemption Fund. There is hereby established as a separate fund to be held by the Trustee, the “Redemption Fund,” to the credit of which the Authority shall deposit, immediately upon receipt, all Redemption Revenues. Moneys in the Redemption Fund shall be held in trust by the Trustee for the benefit of the Authority and the Owners of the Bonds, and shall be used and withdrawn by the Trustee to redeem Bonds pursuant to Sections 2.02(a) and 2.02(c) hereof on the applicable date thereof.

Section 4.05 Investments. All moneys in any of the funds or accounts established with the Trustee pursuant to this Indenture shall be invested by the Trustee solely in Permitted Investments pursuant to the Written Request of the Authority given to the Trustee at least two (2) Business Days in advance of the making of such investments which by their terms mature prior to the date on which moneys are required to be paid out hereunder. Each such written direction shall contain or be deemed to contain the representation of the Authority that the investments identified therein constitute Permitted Investments hereunder upon which the Trustee may conclusively rely. In the absence of any such direction from the Authority, the Trustee shall invest any such moneys in clause (d) the definition of Permitted Investments. Obligations purchased as an investment of moneys in any funds shall be deemed to be part of such fund or account.

All interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder shall be deposited in the fund or account from which such investment was made. For purposes of acquiring any investments hereunder, the Trustee may commingle funds held by it hereunder upon the Written Request of the Authority. The Trustee or its affiliate may (but shall not be obligated to) act as principal or agent in the acquisition or disposition of any investment and shall be entitled to its customary fees therefor. The Trustee is required to sell or present for redemption, any Permitted Investment it purchases whenever it shall be necessary to provide monies to meet any required payment, transfer, withdrawal or disbursement from the fund to which such permitted investment is created. The Trustee shall incur no liability for losses arising from any investments made pursuant to this Section.

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

The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Section. The Trustee may act as purchaser or agent in the making or disposing of any investment. Such investments, if registered, shall be registered in the name of the Trustee for the benefit of the Owners and held by the Trustee.

The Trustee or any of its affiliates may act as sponsor, advisor or manager or provide administrative services in connection with any Permitted Investments.

Investment of funds is also subject to the provisions of the Tax and Nonarbitrage Certificate.

Section 4.06 Valuation and Disposition of Investments. Except as otherwise provided in the next sentence, the Authority covenants that all investments of amounts deposited in any fund, or account created by or pursuant to this Indenture, 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 Indenture or the Code) at Fair Market Value. 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).

ARTICLE V COVENANTS OF THE AUTHORITY

Section 5.01 Punctual Payment. The Authority shall punctually pay or cause to be paid the principal, interest and premium (if any) to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof, but only out of Revenues and other assets pledged for such payment as provided in this Indenture.

Section 5.02 Extension of Payment of Bonds. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the Authority to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

Section 5.03 Against Encumbrances. The Authority shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other assets pledged or assigned under this Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by this Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, including the purchase of Additional Bonds and other programs under the Bond Law, and reserves the right to issue other obligations for such purposes.

Section 5.04 Power to Issue Bonds and Make Pledge and Assignment. The Authority is duly authorized pursuant to law to issue the Bonds and to enter into this Indenture and to pledge and assign the Revenues, the District Bonds and other assets purported to be pledged and assigned, respectively, under this Indenture in the manner and to the extent provided in this Indenture. The Bonds and the provisions of this Indenture are and will be the legal, valid and binding special obligations of the Authority in accordance with their terms and priority of payment, and the Authority and the Trustee, subject to the provisions of this Indenture, shall at all times, to the extent permitted by law, defend, preserve and protect said pledge and assignment of Revenues and other assets and all the rights of the Bond Owners under this Indenture against all claims and demands of all persons whomsoever.

Section 5.05 Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with industry standards, in which accurate entries shall be made of all transactions made by the Trustee relating to the proceeds of Bonds, the Revenues and all funds and accounts established by the Trustee pursuant to this Indenture. Such books of record and account shall be available for inspection by the Authority, during regular business hours with reasonable prior notice.

Not later than 45 days following each Interest Payment Date, the Trustee shall prepare and file with the Authority a report setting forth: (i) amounts withdrawn from and deposited into each fund and account maintained by the Trustee under the Indenture; (ii) the balance on deposit in each fund and account as of the date for which such report is prepared; and (iii) a brief description of all obligations held as investments in each fund and account. Copies of such reports may be mailed to any owner of at least 50% aggregate principal amount of Bonds Outstanding, upon the owner's written request at a cost not to exceed the Trustee's actual costs of duplication and mailing. Said reports may be in the form of the Trustee's regular statements.

Section 5.06 No Additional Parity Debt. Except for the Bonds, or bonds issued for the purpose of refunding the Bonds, the Authority covenants that no additional bonds, notes or other indebtedness shall be issued or incurred which are payable out of the Revenues in whole or in part. Subject to the foregoing limitation, the Authority expressly reserves the right to enter into one or more indentures for any of its corporate purposes, including but not limited to the purchase of Additional Bonds under the Fiscal Agent Agreement, and other programs under the Bond Law, and reserves the right to issue other obligations for such purposes

Section 5.07 Tax Covenants Relating to Bonds.

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

"Bonds" means, unless otherwise qualified, the Bonds.

"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 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 Authority 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 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 Trustee 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 Bond from the gross income of the owner thereof for federal income tax purposes, the Authority shall comply with each of the specific covenants in this Section.

(c) Private Use and Private Payments. Except as would not cause any Bond to become a “private activity bond” within the meaning of section 141 of the Code and the Tax Regulations, the Authority shall take all actions necessary to assure that the District or City or other 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 and not use or permit the use of such Gross Proceeds (including through any contractual arrangement with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(ii) does not directly or indirectly impose or accept any charge or other payment by any person or entity (other than a state or local government) who is treated as using

any Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds.

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

(e) Not to Invest at Higher Yield. Except as would not cause the Bonds to become “arbitrage bonds” within the meaning of section 148 of the Code and the Tax Regulations and rulings thereunder, the Authority shall not (and shall not permit any person to), at any time prior to the final cancellation of the last 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 Authority 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 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 Authority shall timely file any information required by section 149(e) of the Code with respect to 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 Authority shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last Bond is discharged. However, to the extent permitted by law, the Authority may commingle Gross Proceeds of Bonds with its other monies, provided that it separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(ii) Not less frequently than each Computation Date, the Authority 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 Authority shall maintain a copy of the calculation with its official transcript of proceedings relating to the issuance of the 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 Bonds from the gross income of the Owners thereof for federal income tax purposes, the Authority shall 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. Upon the Written Request of the Authority, the Trustee shall pay over to the Authority amounts in the Rebate Account for such purpose. In all cases, such rebate payments shall be made by the Authority 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 Authority. Notwithstanding the foregoing, and provided the Authority takes all steps available to it to cause the provision of such amounts, the monetary obligation of the Authority under this paragraph (iii) shall be limited to amounts provided to it for such purpose by the District.

(iv) Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Tax Regulations and rulings thereunder, the Authority shall not and shall not permit any person to, at any time prior to the final cancellation of the last of the Bonds to be retired, enter into any transaction that reduces the amount required to be paid to the United States pursuant to paragraph (h) of this 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 Bonds not been relevant to either party.

(i) Bonds Not Hedge Bonds. The Authority represents that none of the Bonds is or will become a "hedge bond" within the meaning of section 149(g) of the Code.

(j) Elections. The Authority hereby directs and authorizes any Authority Representative to make elections permitted or required pursuant to the provisions of the Code or the Tax Regulations, as such Representative (after consultation with Bond Counsel) deems necessary or appropriate in connection with the Bonds, in the Tax and Non Arbitrage Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986, Tax Exemption or similar or other appropriate certificate, form or document.

(k) Closing Certificate. The Authority agrees to execute and deliver in connection with the issuance of the Bonds a Tax and Non Arbitrage Certificate, as to Arbitrage and the Provisions of Section 103 and 141 to 150 of the Internal Revenue Code of 1986, or similar document containing additional representations and covenants pertaining to the exclusion of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes, which representations and covenants are incorporated as though expressly set forth herein.

Section 5.08 District Bonds. The Trustee, as assignee of the Authority rights pursuant to Section 4.01, shall (subject to the provisions of this Indenture) collect all amounts due as principal and interest on District Bonds from the District and, subject to the provisions hereof, shall enforce, and take all steps, actions and proceedings reasonably necessary for the enforcement of all of the rights of the Authority thereunder and for the enforcement of all of the obligations of the District thereunder.

Section 5.09 Further Assurances. The Authority shall cause to be collected and paid to the Trustee all Revenues as such Revenues become due and payable. The Authority will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Bonds the rights and benefits provided in this Indenture.

Section 5.10 Immunity. The Authority is not entitled to any immunity, sovereign or otherwise, from any legal proceedings to enforce or collect upon this Indenture or the Bonds. To the extent that the Authority has or hereafter may acquire any right to immunity, the Authority hereby waives such rights for itself in respect of its obligations arising under this Indenture and the Bonds.

Section 5.11 No Acceleration. The principal of the Bonds shall not be subject to acceleration hereunder. Nothing in this Section shall in any way prohibit the redemption of the Bonds or the defeasance of the Bonds and discharge of this Indenture.

ARTICLE VI THE TRUSTEE

Section 6.01 Appointment of Trustee. U.S. Bank National Association, in Los Angeles, California, is hereby appointed Trustee by the Authority for the purpose of receiving all moneys required to be deposited with the Trustee hereunder and to allocate, use and apply the same as provided in this Indenture. The Authority agrees that it will maintain a Trustee having a corporate trust office in the State, with 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, so long as any Bonds are Outstanding. 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 purpose of this Section 6.01 the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee is hereby authorized to pay the principal of and interest and redemption premium (if any) on the Bonds when duly presented for payment at maturity, or on redemption or purchase prior to maturity, and to cancel all Bonds upon payment thereof. The Trustee shall keep accurate records of all funds administered by it and of all Bonds paid and discharged.

Section 6.02 Acceptance of Trusts. The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee, prior to the occurrence of an Event of Default and after curing or waiving of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default hereunder has occurred (which has not been cured or waived), the Trustee may exercise such of the rights and powers vested in it by this Indenture, and shall use the same degree of care and skill and diligence in their exercise, as a prudent person would use in the conduct of its own affairs.

(b) The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder. The Trustee may conclusively rely on an opinion of counsel as full and complete protection for any action taken or suffered by it hereunder.

(c) The Trustee shall not be responsible for any recital herein or in the Bonds, or for any of the supplements hereto or thereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby and the Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, conditions or agreements on the part of the Authority hereunder.

(d) The Trustee may become the Owner of Bonds secured hereby with the same rights which it would have if not the Trustee; may acquire and dispose of other bonds or evidences of indebtedness of the Authority with the same rights it would have if it were not the Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Bonds, whether or not such committee shall represent the Owners of the majority in aggregate principal amount of the Bonds then Outstanding.

(e) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken or omitted to be taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Bond, shall be conclusive and binding upon all future Owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof. The Trustee shall not be bound to recognize any person as an Owner of any Bond or to take any action at his request unless the ownership of such Bond by such person shall be reflected on the Registration Books.

(f) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a Certificate of the Authority as sufficient evidence of the facts therein contained and prior to the occurrence of an Event of Default hereunder of which the Trustee has been given notice or is

deemed to have notice, as provided in Section 6.02(h) hereof, shall also be at liberty to accept a Certificate of the Authority to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed by it to be necessary or advisable, but shall in no case be bound to secure the same.

(g) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct. The immunities and exceptions from liability of the Trustee shall extend to its officers, directors, employees and agents.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder except failure by the Authority to file with the Trustee any document required by this Indenture to be so filed subsequent to the issuance of the Bonds, unless the Trustee shall be specifically notified in writing of such default by the Authority or by the Owners of at least twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the Corporate Trust Office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no Event of Default hereunder except as aforesaid.

(i) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, accountants and representatives, shall have the right (but not the duty) fully to inspect all books, papers and records of the Authority pertaining to the Bonds, and to make copies of any of such books, papers and records such as may be desired but which is not privileged by statute or by law.

(j) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises hereof.

(k) Notwithstanding anything elsewhere in this Indenture with respect to the execution of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, the Trustee shall have the right, but shall not be required, to demand any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, as may be deemed desirable for the purpose of establishing the right of the Authority to the execution of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

(l) Before taking the action referred to in Section 8.02, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful default in connection with any such action.

(m) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law.

(n) The Trustee shall have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

Section 6.03 Fees, Charges and Expenses of Trustee. The Trustee shall be paid and reimbursed by the Authority for reasonable fees for its services rendered hereunder and all advances, counsel fees (including expenses) and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services. Upon the occurrence of an Event of Default hereunder, but only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment of any Bond upon the amounts held hereunder for the foregoing fees, charges and expenses incurred by it respectively. The Trustee's right to payment of its fees and expenses shall survive the discharge and payment or defeasance of the Bonds and termination of the Indenture, and the resignation or removal of the Trustee.

Section 6.04 Notice to Bond Owners of Default. If an Event of Default hereunder occurs with respect to any Bonds of which the Trustee has been given or is deemed to have notice, as provided in Section 6.02(h) hereof, then the Trustee shall promptly give written notice thereof by first-class mail to the Owner of each such Bond, unless such Event of Default shall have been cured before the giving of such notice; provided, however, that unless such Event of Default consists of the failure by the Authority to make any payment when due, the Trustee may elect not to give such notice to the Bond Owners if and so long as the Trustee in good faith determines that such Event of Default does not materially adversely affect the interests of the Bond Owners or that it is otherwise not in the best interests of the Bond Owners to give such notice.

Section 6.05 Intervention by Trustee. In any judicial proceeding to which the Authority is a party which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of Owners of any of the Bonds arising under this Indenture, the Trustee may intervene on behalf of such Bond Owners, and subject to Section 6.02(l) hereof, shall do so if requested in writing by the Owners of at least twenty-five percent (25%) aggregate principal amount of such Bonds then Outstanding.

Section 6.06 Removal of Trustee. The Owners of a majority in aggregate principal amount of the Outstanding Bonds may at any time, or the Authority may (and the Authority, at the request of the District shall) so long as no Event of Default shall have occurred and then be continuing, remove the Trustee initially appointed, and any successor thereto, by an instrument or concurrent instruments in writing delivered to the Trustee at least thirty (30) days prior to the effective date of such removal, whereupon the Authority or such Owners, as the case may be, shall appoint a successor or successors thereto; provided that any such successor shall be a bank or trust company meeting the requirements set forth in Section 6.01.

Section 6.07 Resignation by Trustee. The Trustee and any successor Trustee may at any time give thirty (30) days' written notice of its intention to resign as Trustee hereunder, such notice to be given to the Authority and the District by registered or certified mail. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee.

Section 6.08 Appointment of Successor Trustee. In the event of the removal or resignation of the Trustee pursuant to Sections 6.06 or 6.07, respectively, with the prior written consent of the District, the Authority shall promptly appoint a successor Trustee. In the event the Authority shall for any reason whatsoever fail to appoint a successor Trustee within ninety (90) days following the delivery to the Trustee of the instrument described in Section 6.06 or within ninety (90) days following the receipt of notice by the Authority pursuant to Section 6.07, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee meeting the requirements of Section 6.01 hereof. Any such successor Trustee appointed by such court shall become the successor Trustee hereunder notwithstanding any action by the Authority purporting to appoint a successor Trustee following the expiration of such ninety-day period.

Any resignation or removal of the Trustee pursuant to Section 6.06 or Section 6.07 and appointment of a successor Trustee shall become effective upon written acceptance of appointment by the successor Trustee. Upon such acceptance, the Authority shall cause notice thereof to be given by first class mail, postage prepaid, to the Bond Owners at their respective addresses set forth on the Registration Books.

Section 6.09 Merger or Consolidation. Any company into which the Trustee 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 Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company shall meet the requirements set forth in Section 6.01, shall be the successor to the Trustee and vested with all of the title to the trust estate and all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Section 6.10 Concerning any Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Authority an instrument in writing accepting such appointment hereunder and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor shall, nevertheless, on the request of the Authority, or of the Trustee's successor, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as the Trustee hereunder to its successor. Should any instrument in writing from the Authority be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor Trustee, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority.

Section 6.11 Appointment to Co-Trustee. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in the case of litigation under this Indenture, and in particular in case of the enforcement of the rights of the Trustee on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not

exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or co-trustee. The following provisions of this Section 6.11 are adopted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vested in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Should any instrument in writing from the Authority be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority. In case any separate trustee or co-trustee, or a successor to either, shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

Section 6.12 Indemnification; Limited Liability of Trustee. The Authority further covenants and agrees to indemnify and save the Trustee and its officers, directors, agents and employees, harmless against any loss, costs, claims, expense and liabilities which it may incur arising out of or in the exercise and performance of its powers and duties hereunder, including the costs and expenses of defending against any claim of liability, but excluding any and all losses, costs, claims, expenses and liabilities which are due to the negligence or willful misconduct of the Trustee, its officers, directors, agents or employees. No provision in this Indenture shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability hereunder if it is not assured to its satisfaction that repayment of such funds or adequate indemnity against such liability or risk is not assured to it. The Trustee shall not be liable for any action taken or omitted to be taken by it in accordance with the direction of the Owners of a majority in aggregate principal amount of Bonds Outstanding relating to the time, method and place of conducting any proceeding or remedy available to the Trustee under this Indenture. The obligations of the Authority under this paragraph shall survive the resignation or removal of the Trustee under this Indenture or any defeasance of the Bonds.

ARTICLE VII MODIFICATION AND AMENDMENT OF THE INDENTURE

Section 7.01 Amendment Hereof.

(a) This Indenture and the rights and obligations of the Authority and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Indenture which shall become binding upon execution by the Authority and the Trustee and upon prior

written consent of the District, without consent of any Bond Owners, to the extent permitted by law but only for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Authority contained in this Indenture, other covenants and agreements hereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the Authority;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Indenture, or in any other respect whatsoever, as the Authority may deem necessary or desirable, provided that such modification or amendment does not materially adversely affect the interests of the Bond Owners in the opinion of Bond Counsel;

(iii) to modify, amend or supplement the Indenture in such manner as to permit the qualification of this Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute; or

(iv) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Bonds.

(b) Except as set forth in the preceding paragraph of this Section 7.01, this Indenture and the rights and obligations of the Authority and of the Owners of the Bonds may only be modified or amended at any time by a Supplemental Indenture which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding are filed with the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Authority to pay the principal, interest or premiums (if any) at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee.

(c) The Trustee shall be provided an opinion of Bond Counsel that any such Supplemental Indenture entered into by the Authority and the Trustee complies with the provisions of this Article VII and the Trustee may conclusively rely upon such opinion.

Section 7.02 Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective pursuant to this Article VII, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Outstanding Bonds, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 7.03 Endorsement or Replacement of Bonds After Amendment. After the effective date of any action taken as hereinabove provided, the Authority may determine that the Bonds shall bear a notation, by endorsement in form approved by the Authority, as to such action, and in that case upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the Corporate Trust Office of the Trustee, a suitable notation as to such action shall be made on such Bond. If the Authority shall so determine, new Bonds so modified as, in the opinion of the Authority, shall be necessary to conform to such Bond Owners' action shall be prepared and executed, and in that case upon demand of the Owner of any Bond Outstanding at such effective date such new Bonds shall be exchanged at the Corporate Trust Office of the Trustee, without cost to each Bond Owner, for Bonds then Outstanding, upon surrender of such Outstanding Bonds.

Section 7.04 Amendment by Mutual Consent. The provisions of this Article VII shall not prevent any Bond Owner from accepting any amendment as to the particular Bond held by him, provided that due notation thereof is made on such Bond.

ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES

Section 8.01 Events of Default. The following events shall be Events of Default hereunder:

(a) Default in the due and punctual payment of the principal of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption or otherwise.

(b) Default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable.

(c) Failure by the Authority to observe and perform any of the covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, other than as referred to in the preceding clauses (a) and (b), for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied has been given to the Authority by the Trustee, or to the Authority and the Trustee by the Owners of the Bonds of not less than twenty-five percent (25%) in the aggregate principal amount of the Bonds at that time Outstanding, provided, however, that if in the reasonable opinion of the Authority, provided to the Trustee in writing, the failure stated in such notice can be corrected, but not within such thirty (30) day period, such failure shall not constitute an Event of Default if corrective action is instituted by the Authority within such thirty (30) day period and diligently pursued until such failure is corrected.

(d) The filing by the Authority of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Authority, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction

shall assume custody or control of the Authority or of the whole or any substantial part of its property.

Section 8.02 Remedies Upon Event of Default. Upon the occurrence and during the continuance of an Event of Default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of and interest and premium (if any) on the Bonds, and to enforce any rights of the Trustee under or with respect to this Indenture.

If an Event of Default shall have occurred and be continuing, the Trustee may, if requested so to do by the Owners of a majority in aggregate principal amount of Outstanding Bonds, and indemnified as provided in Section 6.02(1), the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Article VIII, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bond Owners.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Bond Owners) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bond Owners hereunder or now or hereafter existing at law or in equity.

No delay or omission to exercise any rights or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein; such right or power may be exercised from time to time as often as may be deemed expedient.

Section 8.03 Application of Revenues and Other Funds After Default. All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of this Indenture shall be applied by the Trustee in the following order upon presentation of the several Bonds, and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if fully paid.

First, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in carrying out the provisions of this Article VIII, including reasonable compensation to its agents, attorneys and counsel and any outstanding fees and expenses of the Trustee; and

Second, to the payment of the whole amount of interest on and principal of the Bonds then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the net effective rate of interest then borne by the Outstanding Bonds; provided, however, that in the event such amounts shall be insufficient to pay in full the full amount of such interest and principal, then such amounts shall be applied in the following order of priority:

(a) first, to the payment of all installments of interest on the Bonds then due and unpaid,

(b) second, to the payment of all installments of principal of the Bonds then due and unpaid,

(c) third, to the payment of the redemption price (including principal and interest accrued to the redemption date, but excluding any premium) of the Bonds to be redeemed pursuant to this Indenture, and

(d) fourth, to the payment of interest on overdue installments of principal and interest on the Bonds.

Section 8.04 Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in aggregate principal amount of the Outstanding Bonds, opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation. Any suit, action or proceeding which any Owner of Bonds shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners of Bonds similarly situated and the Trustee is hereby appointed (and the successive respective Owners of the Bonds issued hereunder, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners of the Bonds 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 respective Owners of the Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact.

Section 8.05 Appointment of Receivers. Upon the occurrence of an Event of Default hereunder, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bond Owners under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Revenues and other amounts pledged hereunder, pending such proceedings, with such powers as the court making such appointment shall confer.

Section 8.06 Non-Waiver. Nothing in this Article VIII or in any other provision of this Indenture, or in the Bonds, shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the interest on and principal of the Bonds to the respective Owners of the Bonds at the respective dates of maturity, as herein provided, out of the Revenues and other moneys herein pledged for such payment.

A waiver of any default or breach of duty or contract by the Trustee or any Bond Owners shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission of the Trustee or any Owner of any of the Bonds to exercise any right or power accruing upon any default or breach shall impair any such right or power or shall be construed to be a waiver of any such default or breach or an acquiescence therein; and every power and remedy conferred upon the Trustee or

Bond Owners by the Bond Law or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Bond Owners, as the case may be.

Section 8.07 Rights and Remedies of Bond Owners. No Owner of any Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; and (e) no direction inconsistent with such written request has been given to the Trustee during such sixty (60) day period by the Owners of majority in aggregate principal amount of the Bonds then Outstanding.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy hereunder; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Bonds.

The right of any Owner of any Bond to receive payment of the principal of and interest and premium (if any) on such Bond as herein provided or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section 8.07 or any other provision of this Indenture.

Section 8.08 Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case, the Authority, the Trustee and the Bond Owners shall be restored to their former positions and rights hereunder, respectively, with regard to the property subject to this Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

ARTICLE IX MISCELLANEOUS

Section 9.01 Limited Liability of Authority. Notwithstanding anything in this Indenture contained, the Authority shall not be required to advance any moneys derived from any source of income other than the Revenues for the payment of the principal of or interest on the Bonds, or any premiums upon the redemption thereof, or for the performance of any

covenants herein contained (except to the extent any such covenants are expressly payable hereunder from the Revenues). The Authority may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose and may be used by the Authority for such purpose without incurring indebtedness.

The Bonds shall be revenue bonds, payable exclusively from the Revenues and other funds as in this Indenture provided. The general fund of the Authority is not liable, and the credit of the Authority is not pledged, for the payment of the interest and premium (if any) on or principal of the Bonds. The Owners of the Bonds shall never have the right to compel the forfeiture of any property of the Authority. The principal of and interest on the Bonds, and any premiums upon the redemption of any thereof, shall not be a legal or equitable pledge, charge, lien or encumbrance upon any property of the Authority or upon any of its income, receipts or revenues except the Revenues and other funds pledged to the payment thereof as in this Indenture provided.

Section 9.02 Benefits of Indenture Limited to Parties. Nothing in this Indenture, expressed or implied, is intended to give to any person other than the Authority, the District, the Trustee, and the Owners of the Bonds, any right, remedy or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Trustee, the District and the Owners of the Bonds.

Section 9.03 Discharge of Indenture. If the Authority shall pay and discharge any or all of the Outstanding Bonds in any one or more of the following ways:

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

(b) by irrevocably depositing with the Trustee, in trust, at or before maturity, money which, altogether with the available amounts then on deposit in the funds and accounts established with the Trustee pursuant to this Indenture, is fully sufficient to pay such Bonds, including all principal, interest and premiums (if any); or

(c) by irrevocably depositing with the Trustee or any other fiduciary, in trust, Federal Securities in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established with the Trustee pursuant to this Indenture, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates;

and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been mailed pursuant to Section 2.02(d) or provision satisfactory to the Trustee shall have been made, for the mailing of such notice, then, at the Written Request of the Authority, and notwithstanding that any of such Bonds shall not have been surrendered for payment, the pledge of the Revenues and other funds provided for in this Indenture with respect to such Bonds, pledge of Revenues and all other pecuniary obligations of the Authority under this Indenture with respect to all such Bonds, shall cease and terminate, except only the obligation of

the Authority to pay or cause to be paid to the Owners of such Bonds not so surrendered and paid all sums due thereon from amounts set aside for such purpose as aforesaid, and all expenses and costs of the Trustee. Any funds held by the Trustee following any payments or discharge of the Outstanding Bonds pursuant to this Section 9.03, which are not required for said purposes, shall be paid over to the Authority.

Section 9.04 Successor Is Deemed Included in All References to Predecessor.

Whenever in this Indenture or any Supplemental Indenture the Authority is named or referred to, such reference shall be deemed to include the successor to the powers, duties and functions, with respect to the management, administration and control of the affairs of the Authority, that are presently vested in the Authority, and all the covenants, agreements and provisions contained in this Indenture by or on behalf of the Authority shall bind and inure to the benefit of its successors whether so expressed or not.

Section 9.05 Content of Certificates. Every certificate with respect to compliance with a condition or covenant provided for in this Indenture shall include (a) a statement that the person or persons making or giving such certificate have read such covenant or condition and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with; and (d) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

Any such certificate made or given by an officer of the Authority may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such officer knows that the certificate or opinion or representations with respect to the matters upon which his certificate may be based, as aforesaid, are erroneous, or in the exercise of reasonable care should have known that the same were erroneous. Any such certificate or opinion or representation made or given by counsel may be based, insofar as it relates to factual matters, on information with respect to which is in the possession of the Authority, or upon the certificate or opinion of or representations by an officer or officers of the Authority, unless such counsel knows that the certificate or opinion or representations with respect to the matters upon which his certificate, opinion or representation may be based, as aforesaid, are erroneous, or in the exercise of reasonable care should have known that the same were erroneous.

Section 9.06 Execution of Documents by Bond Owners. Any request, consent or other instrument required by this Indenture to be signed and executed by Bond Owners may be in any number of concurrent writings of substantially similar tenor and may be signed or executed by such Bond Owners in person or by their agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of the Authority if made in the manner provided in this Section 9.06.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the affidavit of a witness of such execution or by the

certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument or writing acknowledged to him the execution thereof.

The ownership of Bonds shall be proved by the Registration Books. Any request, consent or vote of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of any Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in pursuance of such request, consent or vote. In lieu of obtaining any demand, request, direction, consent or waiver in writing, the Trustee may call and hold a meeting of the Bond Owners upon such notice and in accordance with such rules and obligations as the Trustee considers fair and reasonable for the purpose of obtaining any such action.

Section 9.07 Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the District or the Authority (but excluding Bonds held in any employees' retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, provided, however, that for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Trustee knows to be so owned or held shall be disregarded.

Section 9.08 Waiver of Personal Liability. No officer, agent or employee of the Authority shall be individually or personally liable for the payment of the interest on or principal of the Bonds; but nothing herein contained shall relieve any such officer, agent or employee from the performance of any official duty provided by law.

Section 9.09 Partial Invalidity. If any one or more of the covenants or agreements, or portions thereof, provided in this Indenture on the part of the Authority (or of the Trustee) to be performed should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of this Indenture or of the Bonds; but the Bond Owners shall retain all rights and benefits accorded to them under the Bond Law or any other applicable provisions of law. The Authority hereby declares that it would have entered into this Indenture and each and every other section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this Indenture or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 9.10 Destruction of Canceled Bonds. Whenever in this Indenture provision is made for the surrender to the Authority of any Bonds which have been paid or canceled pursuant to the provisions of this Indenture, the Trustee shall destroy such Bonds and deliver a certificate of destruction to the Authority.

Section 9.11 Funds and Accounts. Any fund or account required by this Indenture to be established and maintained by the Authority or the Trustee may be established and maintained in the accounting records of the Authority or the Trustee, as the case may be, either as a fund or an account, and may, for the purpose of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account. All such records with respect to all such funds and accounts held by the Authority shall at all times be maintained in accordance with generally accepted accounting principles and all such records with respect to all such funds and accounts held by the Trustee shall be at all times maintained in accordance with industry practices; in each case with due regard for the protection of the security of the Bonds and the rights of every Owner thereof. Any fund or account required by this Indenture to be established and maintained by the Authority or the Trustee may be established and maintained in the form of multiple funds, accounts or sub-accounts therein.

Section 9.12 Payment on Business Days. Whenever in this Indenture any amount is required to be paid on a day which is not a Business Day, such payment shall be required to be made on the Business Day immediately following such day, provided that interest shall not accrue from and after such day.

Section 9.13 Notices. Any notice, request, complaint, demand or other communication under this Indenture shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by telecopy or other form of telecommunication, at its number set forth below. Notice shall be effective either (a) upon transmission by telecopy or other form of telecommunication, (b) 48 hours after deposit in the United States mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The Authority, the District, or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the Authority: Perris Joint Powers Authority
101 North "D" Street
Perris, California 92570
Attention: Executive Director
Tel: 951/943-6100
Fax: 951/943-4246

If to the District: Community Facilities District No. [2001-1
(May Farms)][2002-1 (Willowbrook)][2006-1
(Meritage Homes)] of the City of Perris
101 North "D" Street
Perris, California 92570
Attention: City Manager
Tel: 951/943-6100
Fax: 951/943-4246

If to the Trustee: 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

Section 9.14 Unclaimed Moneys. Anything in this Indenture to the contrary notwithstanding, subject to the laws of the State, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for two (2) years after the date when such Bonds or any interest thereon have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee at such date, or for two (2) years after the date of deposit of such moneys if deposited with the Trustee after said date when such Bonds become due and payable, shall be repaid by the Trustee to the Authority, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bond Owners shall look only to the Authority for the payment of such Bonds; provided, however, that before being required to make any such payment to the Authority, the Trustee shall, at the expense of the Authority, cause to be mailed to the Owners of all such Bonds, at their respective addresses appearing on the Registration Books, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall not be less than thirty (30) days after the date of mailing of such notice, the balance of such moneys then unclaimed will be returned to the Authority.

Section 9.15 Governing Law. This Indenture shall be construed and governed in accordance with the laws of the State of California.

Section 9.16 Execution of Counterparts. This Indenture may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which shall together constitute but one and the same instrument.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the PERRIS JOINT POWERS AUTHORITY has caused this Indenture to be signed in its name and U.S. BANK NATIONAL ASSOCIATION, in token of its acceptance of the trust created hereunder, has caused this Indenture to be signed in its corporate name by its officer identified below, all as of the day and year first above written.

PERRIS JOINT POWERS AUTHORITY

By: _____
Executive Director

ATTEST:

By: _____
Secretary

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Officer

EXHIBIT A

FORM OF BOND

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

NEITHER THE PAYMENT OF THE PRINCIPAL OR ANY PART THEREOF NOR ANY INTEREST THEREON CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF PERRIS OR THE HOUSING AUTHORITY OF THE CITY OF PERRIS.

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF RIVERSIDE
PERRIS JOINT POWERS AUTHORITY
LOCAL AGENCY REVENUE BONDS
(CFD 2001-1 IA1, IA2 & IA3; CFD 2002-1; CFD 2006-1 REFUNDING), 2024 Series

RATE OF INTEREST MATURITY DATE DATED DATE: CUSIP®

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The PERRIS JOINT POWERS AUTHORITY, a joint powers authority organized and existing under the laws of the State of California (the “Authority”), for value received, hereby promises to pay (but only out of the Revenues and other moneys and securities hereinafter referred to) to the Registered Owner identified above or registered assigns (the “Registered Owner”), on the Maturity Date identified above, the Principal Amount identified above in lawful money of the United States of America; and to pay interest thereon at the Rate of Interest identified above in like money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond (unless this Bond is authenticated on or before an Interest Payment Date and after the fifteenth calendar day of the month preceding such

Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or prior to August 15, 2024, in which event it shall bear interest from the Dated Date identified above; provided, however, that if, at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest hereon has previously been paid or made available for payment), payable semiannually on March 1 and September 1 in each year, commencing September 1, 2024 (each, an “Interest Payment Date”), until payment of such Principal Amount in full. The Principal Amount hereof is payable upon presentation hereof at the corporate trust office of U.S. Bank National Association, (the “Corporate Trust Office”) of U.S. Bank National Association, as trustee (the “Trustee”) or such other place as designated by the Trustee. Interest hereon is payable by check of the Trustee mailed by first class mail on each

Interest Payment Date to the Registered Owner hereof at the address of the Registered Owner as it appears on the Registration Books of the Trustee as of the fifteenth calendar day of the month preceding such Interest Payment Date; except that at the written request of the owner of at least \$1,000,000 in aggregate principal amount of outstanding Bonds filed with the Trustee prior to the fifteenth calendar day of the month preceding any Interest Payment Date, interest on such Bonds shall be paid to such owner on such Interest Payment Date by wire transfer of immediately available funds to an account in the continental United States designated in such written request. Notwithstanding any other provision herein to the contrary, so long as this Bond shall be registered in book entry only form, the payment of the principal of, and redemption premium, if any, and interest on, this Bond shall be paid in immediately available funds in such manner as determined by the Authority, the Trustee and the Owner.

It is hereby certified that all things, conditions and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of California and by the Act, and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Constitution or statutes of the State of California or by the Act.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon shall have been manually signed by the Trustee.

This Bond is one of a duly authorized issue of bonds of the Authority designated the “Perris Joint Powers Authority Local Agency Revenue Bonds (CFD 2001-1 IA1, IA2 & IA3; CFD 2002-1; CFD 2006-1 Refunding), 2024 Series” (the “Bonds”), limited in principal amount to \$ _____ .00 secured by an Indenture of Trust dated as of May 1, 2024 (the “Indenture”), by and between the Authority and the Trustee. Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the owners of the Bonds, of the nature and extent of the Revenues (as that term is defined in the Indenture), of the rights, duties and immunities of the Trustee and of the rights and obligations of the Authority thereunder; and all of the terms of the Indenture are hereby incorporated herein and constitute a contract between the Authority and the Registered Owner hereof, and to all of the provisions of which Indenture the Registered Owner hereof, by acceptance hereof, assents and agrees.

The Bonds are authorized to be issued pursuant to the provisions of the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”). The Bonds are special obligations of the Authority and, as and to the extent set forth in the Indenture, are payable solely from and secured by a first lien and pledge of the Revenues and certain other moneys and securities held by the Trustee as provided in the Indenture. All of the Bonds are equally secured by a first pledge of, and charge and lien upon, all of the Revenues and such other moneys and securities, and the Revenues and such other moneys and securities constitute a trust fund for the security and payment of the principal of and interest and premium (if any) on the Bonds. The full faith and credit of the Authority is not pledged for the payment of the principal of or interest or redemption premiums (if any) on the Bonds. The Bonds are not secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the Authority or any of its income or receipts, except the Revenues and such other moneys and securities as provided in the Indenture.

The Bonds have been issued to provide funds to be applied by the Authority to the purchase of the following bonds (collectively referred to as the “District Bonds”), all as more particularly described in the Indenture:

1. Improvement Area No. 1 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds, 2024 Series;
2. Improvement Area No. 2 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds, 2024 Series; and
3. Improvement Area No. 3 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds, 2024 Series; and
4. Community Facilities District No. 2002-1 (Willowbrook) of the City of Perris Special Tax Bonds, 2024 Series; and
5. Community Facilities District No. 2006-1 (Meritage Homes) of the City of Perris Special Tax Bonds, 2024 Series.

The Bonds are subject to optional redemption prior to maturity at the option of the Authority on any date on or after September 1, 20___, as a whole or in part, from such maturities as selected by the Authority and by lot within a maturity, from any available source of funds at 100% of the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption.

The Bonds maturing September 1, 20___, are subject to mandatory sinking payment redemption in part by lot, on September 1 in each year, commencing September 1, ____, from mandatory sinking payments made by the Authority as provided in the Indenture, 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 Authority and tendered to the Trustee, 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 on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, as determined by the Authority.

Term Bonds Maturing September 1, 20__

<u>Sinking Fund Redemption Date (September 1)</u>	<u>Principal Amount to be Redeemed</u>
---	--

*maturity

The Bonds are subject to mandatory redemption prior to maturity on any date on or after September 1, ____, in whole or in part from such maturities as selected by the Authority and by lot within a maturity, from the redemption of the respective District Bonds from amounts constituting prepayments of the related Special Taxes and from amounts held in Surplus Fund and transferred for redemption under the respective Fiscal Agent Agreement and from surplus amounts in the Redemption Fund under the 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 date fixed for redemption:

<u>Redemption Periods</u>	<u>Redemption Price</u>
September 1, 2024 through August 31, 20__	102.0%
September 1, 20__ and thereafter	100.0%

For as long as a book-entry only system is in effect with respect to the Bonds and DTC or a successor Securities Depository is the sole registered owner of the Bonds, in the event of redemption of less than all of the maturity of the Bonds, the particular ownership interests of such maturity to be redeemed will be determined by DTC and its participants, or by a successor Securities Depository or any other intermediary, in accordance with their respective operating rules and procedures, which may be different than pro rata.

IN WITNESS WHEREOF, the Authority has caused this Bond to be executed in its name and on its behalf by the manual signatures of its Chairperson and Secretary all as of the Dated Date identified above.

PERRIS JOINT POWERS AUTHORITY

By: _____
Chairperson

Attest: _____
Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture and registered on the registration books of the Trustee.

Dated: _____, 2024

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Signatory

ASSIGNMENT

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

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

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

Dated: _____

Signature Guaranteed:

Signature:

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

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

ATTACHMENT 7

Bond Purchase Agreement

§ _____
**PERRIS JOINT POWERS AUTHORITY
LOCAL AGENCY REVENUE BONDS
(CFD 2001-1 IA1, IA2 & IA3; CFD 2002-1; CFD 2006-1 REFUNDING), 2024 SERIES**

BOND PURCHASE AGREEMENT

_____, 2024

Perris Joint Powers Authority
101 North D Street
Perris, California 92570

Ladies and Gentlemen:

Oppenheimer & Co. Inc., as underwriter (the “**Underwriter**”), acting not as a fiduciary or agent for you, but on behalf of itself, offers to enter into this Bond Purchase Agreement (this “**Purchase Agreement**”) with the Perris Joint Powers Authority (the “**Authority**”), which upon acceptance will be binding upon the Underwriter and the Authority. The agreement of the Underwriter to purchase the Bonds (as hereinafter defined) is contingent upon the Authority purchasing the following obligations: (a) Improvement Area No. 1 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds, 2024 Series, (b) Improvement Area No. 2 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds, 2024 Series—~~B~~, (c) Improvement Area No. 3 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds, 2024 Series—~~C~~, (d) Community Facilities District No. 2002-1 (Willowbrook) of the City of Perris Special Tax Bonds, 2024 Series, and (e) Community Facilities District No. 2006-1 (Meritage Homes) of the City of Perris Special Tax Bonds, 2024 Series (collectively, the “**Local Obligations**”), and upon the Authority satisfying all of the obligations imposed upon them under this Purchase Agreement. This offer is made subject to the Authority’s acceptance by the execution of this Purchase Agreement and its delivery to the Underwriter at or before 11:59 P.M., local time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon written notice delivered to the Authority at any time prior to the acceptance hereof by the Authority. All capitalized terms used herein, which are not otherwise defined herein, shall have the meaning provided for such terms in the Official Statement (hereinafter defined) or the Indenture of Trust, dated as of May 1, 2024 (the “**Indenture**”), by and between the Authority and U.S. Bank Trust Company, National Association (“**U.S. Bank**”), as trustee. The Local Obligations are being issued pursuant to five separate Fiscal Agent Agreements, each dated as of May 1, 2024, each by and between the applicable District and U.S. Bank—~~Trust Company, National Association~~, as trustee (collectively, the “**Local Obligations Security Documents**”).

1. Purchase, Sale and Delivery of the Bonds.

Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the Authority and the Authority hereby agrees to sell to the Underwriter all (but not less than all) of the \$ _____ aggregate principal amount of the Perris Joint Powers Authority Local Agency Revenue Bonds;

(CFD 2001-1 IA1, IA2 & IA3; CFD 2002-1; CFD 2006-1 Refunding), 2024 Series (the “**Bonds**”), dated the Closing Date (as hereinafter defined), bearing interest at the rates and maturing on the dates and in the principal amounts set forth in Exhibit A hereto.

The purchase price for the Bonds shall be \$_____ (being 100% of the aggregate principal amount thereof plus an original issue premium of \$_____ and less an Underwriter’s discount of \$_____). From the proceeds of the Bonds, the Authority agrees to purchase each of the Local Obligations pursuant to the terms of the Commitment Agreement and Purchase Contract for Purchase and Sale of Local Obligations, dated _____, 2024 (the “**Local Obligations Purchase Contract**”), among the Authority and the Districts.

The Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable from the Revenues as provided in the Indenture, the Preliminary Official Statement (as hereinafter defined), and the Marks-Roos Local Bond Pooling Act of 1985, as amended, being Article 4, Chapter 5, Division 7, Title 1 of the Government Code of the State of California (the “**Bond Law**”). The issuance of the Bonds has been duly authorized by the Authority pursuant to Resolution No. _____ (the “**Authority Resolution**”) adopted by the Board of Directors of the Authority on _____, 2024. The Bonds are primarily being issued to purchase the Local Obligations.

The Local Obligations shall each be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable from special taxes pledged thereto as provided in each of the Local Obligations Security Documents.

The Local Obligations are each being issued under the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the “**Community Facilities District Act**”). The issuance of the Local Obligations have been duly authorized by the Districts, pursuant to five separate resolutions (collectively, the “**Districts Resolutions**”) adopted by the City Council of the City of Perris, acting as legislative body of each District (the “**City Council**”).

The proceeds of the Local Obligations, along with other available funds, will be used to: (i) make deposits into three separate escrow funds to be held by U.S. Bank Trust Company, National Association, as escrow agent (the “**Escrow Agent**”) pursuant to certain Escrow Agreements, each dated as of May 1, 2024 (collectively, the “**Escrow Agreements**”) for the purpose of refunding the Prior Bonds and the Prior District Bonds; and (ii) pay the costs of issuing the District Bonds.

A. The Authority acknowledges that the Underwriter is entering into this Purchase Agreement in reliance on the representations and agreements made by the Authority herein and by the Districts in the Local Obligation Purchase Contract, and the Authority shall take all action necessary to enforce its rights hereunder for the benefit of the Underwriter and shall immediately notify the Underwriter if it becomes aware that any representation or agreement made by the Authority herein is incorrect in any material respect.

The Authority acknowledges and agrees that: (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm’s-length commercial transaction between the Authority and the Underwriter; (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and is not acting as a Municipal Advisor (as defined in Section 15B of the Securities Exchange Act of 1934, as amended); (iii) the

Underwriter has not assumed an advisory or fiduciary responsibility in favor of the Authority or the Districts with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Authority or the Districts on other matters); (iv) the Underwriter has financial and other interests that differ from those of Authority and the Districts; and (v) the Authority and the Districts have consulted their own legal, financial and other advisors to the extent that they have deemed appropriate. Nothing in the foregoing paragraph is intended to limit the Underwriter's obligations of fair dealing under MSRB Rule G-17 of the Municipal Securities Rulemaking Board (the "**MSRB**").

The Authority acknowledges that it has previously provided the Underwriter with an acknowledgement of receipt of the required Underwriter disclosure under Rule G-17 of the MSRB and acknowledges that it has engaged Fieldman, Rolapp & Associates, Inc., as its municipal advisor (as defined in Securities and Exchange Commission Rule 15Ba1) (the "**Municipal Advisor**") and will rely solely on the Municipal Advisor for financial advice with respect to the Bonds.

B. Pursuant to the authorization of the Authority, the Underwriter has distributed copies of the Preliminary Official Statement dated _____, 2024, relating to the Bonds, which, together with the cover page, inside cover page and appendices thereto is herein called the "**Preliminary Official Statement**." The Authority agrees to execute and deliver a final official statement relating to the Bonds (the "**Official Statement**") which will consist of the Preliminary Official Statement with such changes as may be made thereto, with the approval of Aleshire & Wynder, LLP, as Bond Counsel ("**Bond Counsel**") and Stradling Yocca Carlson & Rauth LLP, as Disclosure Counsel ("**Disclosure Counsel**"), and the Underwriter, and to provide copies thereof to the Underwriter as set forth in Section 2(P) hereof. The Authority hereby authorizes and requires the Underwriter to use and promptly distribute, in connection with the offer and sale of the Bonds, the Preliminary Official Statement, the Official Statement and any supplement or amendment thereto. The Authority further authorizes the Underwriter to use and distribute, in connection with the offer and sale of the Bonds, the Indenture, the Local Obligations Security Documents, this Purchase Agreement, the Escrow Agreements, the Local Obligations Purchase Contract, and all information contained herein, and all other documents, certificates and written statements furnished by or on behalf of the Authority or the Districts to the Underwriter in connection with the transactions contemplated by this Purchase Agreement.

C. To assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "**Rule**"), the Authority will undertake pursuant to a Continuing Disclosure Agreement dated as of May 1, 2024 (the "**Continuing Disclosure Agreement**"), between the Authority and Spicer Consulting Group, LLC, as dissemination agent, in the form attached to the Official Statement, to provide annual reports and notices of certain enumerated events.

D. Except as the Underwriter and the Authority may otherwise agree, the Authority will deliver to the Underwriter, at the offices of Bond Counsel in Irvine, California, or at such other location as may be mutually agreed upon by the Underwriter and the Authority, the documents hereinafter mentioned; and the Authority will deliver to the Underwriter through the facilities of The Depository Trust Company ("**DTC**") in New York, New York, the Bonds, in definitive form (all Bonds bearing CUSIP numbers), duly executed by the Authority and authenticated by U.S. Bank in the manner provided for in the Indenture and the Bond Law at 8:30 a.m. California time, on _____, 2024 (the "**Closing Date**"), and the Underwriter will accept such delivery and remit the net amount described in the second paragraph of this Section 1 by

wire transfer, payable in federal or other immediately available funds (such delivery and payment being herein referred to as the “**Closing**”) to U.S. Bank as contemplated by the Indenture. The Bonds shall be in fully registered book-entry form (which may be typewritten) and shall be registered in the name of Cede & Co., as nominee of DTC.

E. The Underwriter agrees to make an initial public offering of all of the Bonds at the public offering prices (or yields) set forth on Exhibit A attached hereto. Subsequent to the initial public offering, the Underwriter reserves the right to change the public offering prices (or yields) as the Underwriter deems necessary in connection with the marketing of the Bonds, provided that the Underwriter shall not change the interest rates set forth on Exhibit A. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices.

1. The Underwriter agrees to assist the Authority in establishing the issue price of the Bonds and shall execute and deliver to the Authority at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Authority and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

2. Except as otherwise set forth in Exhibit A attached hereto, the Authority will treat the first price at which 10% of each maturity of the Bonds (the “**10% test**”) is sold to the public as the issue price of that maturity. At or promptly after the execution of this Purchase Agreement, the Underwriter shall report to the Authority the price or prices at which it has sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the Authority the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) the Underwriter has sold all Bonds of that maturity or (ii) the 10% test has been satisfied as to the Bonds of that maturity, provided that, the Underwriter’s reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Authority or Bond Counsel. For purposes of this Section, if Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Bonds.

3. The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Purchase Agreement at the offering price or prices (the “**initial offering price**”), or at the corresponding yield or yields, set forth in Exhibit A attached hereto. Exhibit A also sets forth, as of the date of this Purchase Agreement, the maturities, if any, of the Bonds for which the Underwriter represents that (i) the 10% test has been satisfied (assuming orders are confirmed by the close of the business day immediately following the date of this Purchase Agreement) and (ii) the 10% test has not been satisfied and for which the Authority and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the Authority to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “**hold-the-offering-price rule**”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

a. the close of the fifth (5th) business day after the sale date;

or

b. the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter will advise the Authority promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

4. The Underwriter confirms that:

a. any selling group agreement and any third-party distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter,

(B) to promptly notify the Underwriter of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

b. any selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

5. The Authority acknowledges that, in making the representation set forth in this section, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires,

and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The Authority further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.

6. The Underwriter acknowledges that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

a. “public” means any person other than an underwriter or a related party;

b. “underwriter” means (A) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public);

c. a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

d. “sale date” means the date of execution of this Purchase Agreement by the Underwriter and the Authority.

2. Representations and Covenants of the Authority. The Authority represents and covenants to the Underwriter that:

A. The Authority is a joint exercise of powers authority, duly organized and existing under the Constitution and laws of the State of California (the “**State**”), and formed pursuant to Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code (the “**JPA Act**”), with full right, power and authority to: (i) execute and deliver this Purchase Agreement, the Local Obligations Purchase Contract, the Continuing Disclosure Agreement and the Indenture; (iii) adopt the Authority Resolution; (iv) issue, sell and deliver the Bonds to the Underwriter as provided herein; (v) purchase the Local Obligations; and

(vi) carry out and consummate the transactions on its part contemplated by this Purchase Agreement, the Indenture and the Official Statement.

The Indenture, the Bonds, the Continuing Disclosure Agreement, the Local Obligations Purchase Contract and this Purchase Agreement are collectively referred to herein as the “**Authority Documents.**”

B. By all necessary official action of the Authority, the Authority has duly authorized and approved the execution and delivery by the Authority of, and the performance by the Authority of the obligations on its part contained in, the Authority Documents, and has approved the use by the Underwriter of the Preliminary Official Statement and the Official Statement and, as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered by the parties thereto, the Authority Documents will constitute the legally valid and binding obligations of the Authority enforceable upon the Authority in accordance with their respective terms, except as enforcement may be limited by applicable bankruptcy, insolvency, debt adjustment, fraudulent conveyance or transfer, moratorium, reorganization or other laws of equitable principles of general application, or of application to municipalities or political subdivisions such as the Authority, affecting remedies or creditors’ rights generally, and to the exercise of judicial discretion in appropriate cases. The Authority has complied, and will at the Closing Date be in compliance in all material respects, with the terms of the Authority Documents that are applicable to the Authority.

C. The information in the Preliminary Official Statement and in the Official Statement relating to the Authority and the Bonds (other than statements pertaining to DTC or the book-entry system, the Insurer, the Policy, the Reserve Policy, or any information provided by the Underwriter, as to which no view is expressed), does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and, upon delivery and up to and including 25 days after the End of the Underwriting Period (as defined in paragraph (D) below), the Official Statement will be amended and supplemented so as to contain no misstatement of any material fact or omission of any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading.

D. Up to and including 25 days after the End of the Underwriting Period (as defined below), the Authority will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement and will not effect or consent to any such amendment or supplement without the consent of the Underwriter, which consent will not be unreasonably withheld. The Authority will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise materially affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds. As used herein, the term “End of the Underwriting Period” means the later of such time as: (i) the Bonds are delivered to the Underwriter; or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Unless the Underwriter gives notice to the contrary, the End of the Underwriting Period shall be deemed to be the Closing Date. Any notice delivered pursuant to this provision shall be a written notice delivered to the Authority at or prior to the Closing Date, and shall specify a date (other than the Closing Date) to be deemed the “End of the Underwriting Period.”

E. As of the time of acceptance hereof and as of the Closing Date, except as otherwise disclosed in the Official Statement, the Authority is not, and as of the Closing Date, will not be in any material respect that would affect the Authority's compliance with or performance under the Authority Documents, in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Authority is a party or is otherwise subject; and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute in any material respect a default or event of default under any such instrument; which breach, default or event could have an adverse effect on the Authority's ability to perform its obligations under the Authority Documents; and, as of such times, except as disclosed in the Official Statement, the authorization, execution and delivery of the Authority Documents and compliance by the Authority with the provisions of each of such agreements or instruments does not and will not conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Authority (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties is bound; nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument, except as may be provided by the Authority Documents.

F. At the time of acceptance hereof there is not, and as of the Closing Date, there will not be any action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body (collectively and individually, an "**Action**") pending (notice of which has been served on the Authority) or to the knowledge of the Authority threatened, in which any such Action: (i) in any way questions the corporate existence of the Authority or the titles of the officers of the Authority to their respective offices; (ii) affects, contests or seeks to prohibit, restrain or enjoin the issuance or delivery of any of the Bonds, or the payment or collection of Revenues (as defined in the Indenture) or any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contests or affects the validity of the Authority Documents or the consummation of the transactions on the part of the Authority contemplated thereby; (iii) contests the exclusion of the interest on the Bonds from federal or state income taxation or contests the powers of the Authority which may result in any material adverse change relating to the financial condition of the Authority; or (iv) contests the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserts that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and, as of the time of acceptance hereof, there is not, and as of the Closing Date, there will not be any basis known to the Authority for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of this sentence.

G. The Authority will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter, at the sole expense of the Underwriter as the Underwriter may reasonably request in order: (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate; and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best

efforts to continue such qualifications in effect so long as required for the distribution of the Bonds, provided; however, that the Authority will not be required to execute a special or general consent to service of process or qualify as a foreign corporation in connection with any such qualification in any jurisdiction.

H. The Authority Documents conform as to form and tenor to the descriptions thereof contained in the Official Statement. The Authority represents that the Bonds, when issued, executed and delivered in accordance with the Indenture and sold to the Underwriter as provided herein, will be validly issued and outstanding obligations of the Authority, entitled to the benefits of the Indenture. The Indenture creates a valid pledge of the moneys in certain funds and accounts established pursuant to the Indenture, subject in all cases to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein.

I. The Authority has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Authority is a bond issuer whose arbitrage certifications may not be relied upon.

J. Any certificate signed by any authorized officer of the Authority and delivered to the Underwriter in connection with the issuance and sale of the Bonds shall be deemed to be a representation and covenant by the Authority to the Underwriter as to the statements made therein.

K. The Revenues constituting the security for the Bonds have been duly and lawfully authorized and may be pledged under the Bond Law and other applicable laws of the State.

L. The Authority will apply the proceeds of the Bonds in accordance with the Indenture and as described in the Official Statement.

M. Between the date of this Purchase Agreement and the Closing Date, the Authority will not offer or issue any bonds, notes or other obligations for borrowed money secured by the Revenues not previously disclosed to the Underwriter.

N. Until such time as moneys have been set aside in an amount sufficient to pay all then outstanding Bonds at maturity or to the date of redemption if redeemed prior to maturity, plus unpaid interest thereon and premium, if any, to maturity or to the date of redemption if redeemed prior to maturity, the Authority will faithfully perform and abide by all of the covenants, undertakings and provisions contained in the Indenture.

O. The Authority has covenanted to comply with the Internal Revenue Code of 1986, as amended, with respect to the Bonds; and the Authority shall not knowingly take or omit to take any action that, under existing law, may adversely affect the exclusion from gross income for federal income tax purposes, or the exemption from any applicable State tax, of the interest on the Bonds.

P. The Preliminary Official Statement was deemed final by a duly authorized officer of the Authority prior to its delivery to the Underwriter, except for the omission of such information as is permitted to be omitted in accordance with paragraph (b)(1) of the Rule. The Authority hereby covenants and agrees that, within seven (7) business days from the date hereof, or upon reasonable written notice from the Underwriter within sufficient time to accompany any

confirmation requesting payment from any customers of the Underwriter, the Authority shall cause a final printed form of the Official Statement to be delivered to the Underwriter in sufficient quantity to comply with paragraph (b)(4) of the Rule and Rules G-12, G-15, G-32 and G-36 of the MSRB.

The Authority hereby approves the preparation and distribution of the Official Statement, consisting of the Preliminary Official Statement with such changes as are noted thereon and as may be made thereto, with the approval of Bond Counsel, Disclosure Counsel and the Underwriter, from time to time prior to the Closing Date.

The Authority hereby ratifies any prior use of and authorizes the future use by the Underwriter, in connection with the offering and sale of the Bonds, of the Preliminary Official Statement, the Official Statement, this Purchase Agreement and all information contained herein, and all other documents, certificates and written statements furnished by the Authority to the Underwriter in connection with the transactions contemplated by this Purchase Agreement.

The execution and delivery of this Purchase Agreement by the Authority shall constitute a representation by the Authority to the Underwriter that the representations contained in this Section 2 are true as of the date hereof.

3. Conditions to the Obligations of the Underwriter. The obligation of the Underwriter to accept delivery of and pay for the Bonds on the Closing Date shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the representations on the part of the Authority contained herein, to the accuracy in all material respects of the statements of the officers and other officials of the Authority made in any certificates or other documents furnished pursuant to the provisions hereof, to the performance by the Authority of its obligations to be performed hereunder at or prior to the Closing Date and, to the following additional conditions:

A. At the Closing Date, the Authority Documents, the Authority Resolution, the Districts Resolutions, the Local Obligations Security Documents, the Local Obligations Purchase Contract, and the Local Obligations shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter, and there shall have been taken in connection therewith, with the issuance of the Bonds and with the Local Obligations, and with the transactions contemplated thereby, and by this Purchase Agreement, all such actions as, in the opinion of Bond Counsel, shall be necessary and appropriate.

B. At the Closing Date, except as described in the Preliminary Official Statement, the Authority shall not be, in any respect material to the transactions referred to herein or contemplated hereby, in breach of or in default under, any law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Authority is a party or is otherwise subject or bound, and the performance by the Authority of its obligations under the Authority Documents and the Authority Resolution, and compliance with the provisions of each thereof, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Authority is a party or is otherwise subject or bound, in any manner that would materially and

adversely affect the performance by the Authority of its obligations under the Authority Documents or the Authority Resolution.

C. The information contained in the Official Statement (other than statements pertaining to DTC or the book-entry system, or any information provided by the Underwriter, as to which no view is expressed), will be, as of the Closing Date and as of the date of any supplement or amendment thereto pursuant hereto, true and correct in all material respects and will not, as of the Closing Date or as of the date of any supplement or amendment thereto, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

D. Between the date hereof and the Closing Date, the market price or marketability, at the initial offering prices set forth on the inside cover page of the Official Statement, or the ability of the Underwriter to enforce contracts for the sale of the Bonds, shall not have been materially adversely affected, in the reasonable judgment of the Underwriter (evidenced by a written notice to the Authority terminating the obligation of the Underwriter to accept delivery of and pay for the Bonds), by reason of any of the following:

1. Legislation introduced in or enacted (or resolution passed) by the Congress of the United States of America or recommended to the Congress by the President of the United States, the Department of the Treasury, the Internal Revenue Service, or any member of Congress, or favorably reported for passage to either House of Congress by any committee of such House to which such legislation had been referred for consideration, or a decision rendered by a court established under Article III of the Constitution of the United States of America or by the Tax Court of the United States of America, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Treasury Department of the United States of America or the Internal Revenue Service, with the purpose or effect, directly or indirectly, of imposing federal income taxation upon such interest as would be received by any owners of the Bonds beyond the extent to which such interest is subject to taxation as of the date hereof;

2. Legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds or the Local Obligations, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or that the Indenture or the Local Obligations Security Documents are not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering or sale of obligations of the general character of the Bonds or the Local Obligations, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise is or would be in violation of the federal securities laws as amended and then in effect;

3. Any state Blue Sky or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto;

4. A general suspension of trading on the New York Stock Exchange or other major exchange shall be in force, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction;

5. The introduction, proposal or enactment of any amendment to the Federal or California Constitution or any action by any Federal or California court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the Authority, the Districts or their property, income, securities (or interest thereon), the validity or enforceability of Special Taxes, or the ability of the Authority to purchase the Local Obligations;

6. Any event occurring, or information becoming known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Preliminary Official Statement or in the Official Statement, or has the effect that the Preliminary Official Statement or the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

7. There shall have occurred any materially adverse change in the affairs or financial condition of the Authority or the Districts;

8. Any national securities exchange, the Comptroller of the Currency, or any other governmental authority, shall impose as to the Bonds, the Local Obligations or obligations of the general character of the Bonds or the Local Obligations, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

9. There shall have occurred (1) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war or (2) any other calamity or crisis in the financial markets of the United States or elsewhere or the escalation of such calamity or crisis;

10. The purchase of and payment for the Bonds by the Underwriter, or the resale of the Bonds by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission;

11. Any new restriction on transactions in securities materially affecting the market for securities (including the imposition of any limitation or interest rates) or the extension of credit by, or a charge to the net capital requirements of credit by, or a charge to net capital requirements of, underwriters shall have been established by the New York Stock Exchange, the SEC, any other federal or State agency or the Congress of the United States of America, or by Executive Order;

12. A decision by a court of the United States of America shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Bonds, including the underlying obligations as contemplated by this Purchase Agreement or by the Official Statement, or any document relating to the issuance, offering or sale of the Bonds, is or would be in violation of any

provision of the federal securities laws at the Closing Date, including Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and the Trust Indenture Act of 1939, as amended;

13. A material disruption in securities settlement, payment or clearance services affecting the Bonds shall have occurred;

14. The commencement of any Action, as set forth in Section 2(F) hereof;

15. There shall have occurred any national or international calamity or crisis in the financial markets or otherwise of the United States or elsewhere; or

16. Any proceeding shall have been commenced or be threatened in writing by the Securities and Exchange Commission against the Districts or the Authority.

E. At or prior to the Closing Date, the Underwriter shall have received a counterpart original or certified copy of the following documents, in each case satisfactory in form and substance to the Underwriter:

1. The Official Statement, executed on behalf of the Authority by its Executive Director or other authorized officer;

2. The Authority Documents, duly executed and delivered by all parties thereto;

3. The Authority Resolution, together with a certificate of the Secretary of the Authority, dated as of the Closing Date, to the effect that such resolution is a true, correct and complete copy of the resolution duly adopted by the Board of Directors of the Authority;

4. The Districts Resolutions, together with a certificate dated as of the Closing Date of the City Clerk to the effect that the Districts Resolutions are true, correct and complete copies of the resolutions duly adopted by the City Council, acting as the legislative body of the Districts;

5. The Local Obligations Security Documents;

6. An approving opinion for the Bonds, dated the Closing Date and addressed to the Authority, of Bond Counsel, in substantially the form included as an appendix to the Official Statement, together with a letter from such counsel, dated the Closing Date and addressed to the Underwriter and U.S. Bank, to the effect that the foregoing opinion addressed to the Authority may be relied upon by the Underwriter and U.S. Bank to the same extent as if such opinion were addressed to them;

7. A supplemental opinion or opinions, dated the Closing Date and addressed to the Underwriter, of Bond Counsel, to the following effect:

(i) This Purchase Agreement has been duly authorized, executed and delivered by the Authority, and constitutes the legal, valid and binding obligation of the Authority, enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, moratorium or other laws affecting enforcement of creditors' rights, or by

the application of equitable principles if equitable remedies are sought;

(ii) The Authority is duly organized and validly existing under the Joint Powers Act;

(iii) The Bonds conform as to form and tenor to the description thereof contained under the captions "INTRODUCTION," and "THE BONDS" in the Official Statement, and the statements contained in the Official Statement under the captions "THE BONDS," "SECURITY FOR THE BONDS," "LEGAL MATTERS – Tax Matters," "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" in Appendix C-1 of the Official Statement and "FORM OF BOND COUNSEL OPINION" in Appendix E of the Official Statement are accurate in all material respects insofar as such statements purport to summarize certain provisions of the Act, the Bonds, the Indenture, the applicable provisions of the United States Internal Revenue Code or Bond Counsel's opinion with respect to the Bonds; and

(iv) The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended;

8. An opinion, dated the Closing Date and addressed to the Authority, the Underwriter, and U.S. Bank, of Bond Counsel, as to the effective defeasance of the Prior Bonds in form and substance acceptable to the Underwriter;

9. A certificate, dated the Closing Date and signed by the Chair of the Authority or other authorized officer, to the effect that: (i) the representations of the Authority contained herein are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; (ii) to the best knowledge of such officer, no event has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; and (iii) the Authority has in all material respects complied with the agreements and satisfied the conditions on its part to be performed or satisfied under the Authority Documents and the Authority Resolution at or prior to the Closing Date;

10. An opinion of Aleshire & Wynder, LLP, Irvine, California, counsel to the Authority, dated the date of Closing and addressed to the Underwriter and the Authority, to the effect that:

(i) The Authority is a joint powers authority, duly organized and validly existing under the laws of the State of California;

(ii) The Authority Resolution was duly adopted at a regular meeting of the governing body of the Authority, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the Authority Resolution is in full force and effect and has not been modified, amended, rescinded or repealed since the date of its adoption; and

(iii) Except as may be stated in the Official Statement, there is no action, suit, proceeding or investigation against the Authority before or by any court, public board or body pending (notice of which has been served on the Authority) or, to the best of such counsel's knowledge, threatened wherein an unfavorable decision, ruling or finding would:

(a) affect the creation, organization, existence or powers of the Authority, or the titles of its members and officers to their respective offices; (b) enjoin or restrain the issuance, sale and delivery of the Bonds, the collection of the Revenues or the pledge thereof; (c) in any way question or affect any of the rights, powers, duties or obligations of the Authority with respect to the Revenues or the moneys and assets pledged or to be pledged to pay the principal of, premium, if any, or interest on the Bonds; (d) in any way question or affect any authority for the issuance of the Bonds, or the validity or enforceability of the Bonds; or (e) in any way question or affect the Authority Documents, the Official Statement or the transactions contemplated by the Authority Documents, the Official Statement, or any activity regarding the Bonds;

11. A letter or letters from Disclosure Counsel, dated the Closing Date and addressed to the Authority and to the Underwriter, to the effect that, without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, but on the basis of their participation in conferences with representatives of the City, the Authority, the Districts, the Special Tax Consultant, U.S. Bank and others, and their examination of certain documents, nothing has come to their attention which has led them to believe that the Official Statement as of its date and as of the Closing Date contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except that no opinion or belief need be expressed as to any financial statements or other financial, statistical or engineering data or forecasts, numbers, charts, estimates, projections, assumptions, or expressions of opinion, any information about valuation, appraisals, absorption, archeological or environmental matters, or any information about The Depository Trust Company or the book-entry-only system);

12. A transcript of all proceedings relating to the authorization, issuance, sale and delivery of the Bonds and the Local Obligations, including certified copies of the Indenture, the Local Obligations Security Documents and the resolutions of the Districts and the Authority relating thereto;

13. A certificate dated the Closing Date from Willdan Financial Services (the "**Special Tax Consultant**") for the Districts to the effect that: (i) with respect to each Taxing Jurisdiction (as defined in the Official Statement), the Special Tax if collected in the maximum amounts permitted pursuant to the Rate and Method of Apportionment of Special Taxes for the Taxing Jurisdiction (the "**Taxing Jurisdiction RMA**") as of the Closing Date would generate at least 110% of the annual debt service payable with respect to the Local Obligations of the Taxing Jurisdiction, based on such assumptions and qualifications as shall be acceptable to the Underwriter; and (ii) the statements in the Official Statement provided by Special Tax Consultant concerning the Special Taxes and each Taxing Jurisdiction RMA and all information supplied by it for use in the Official Statement as of the date of the Official Statement and as of the Closing Date did not and do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading;

14. A certificate of the Municipal Advisor in form and substance satisfactory to Bond Counsel and the Underwriter, that nothing has come to the attention of the Municipal Advisor which would lead it to believe that the Preliminary Official Statement as of its date and as of the date of this Purchase Agreement and the Official Statement as of its date and as of the Closing Date contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading;

15. Certified copies of the general resolution of U.S. Bank authorizing the execution and delivery of certain documents by certain officers of U.S. Bank, which resolution authorizes the execution of the Indenture, the Local Obligations Security Documents, the Escrow Agreements and the authentication of the Bonds and the Local Obligations;

16. A certificate of U.S. Bank, addressed to the Underwriter, the Authority and the Districts dated the Closing Date, to the effect that: (i) U.S. Bank is authorized to carry out corporate trust powers, and have full power and authority to perform its duties under the Indenture, the Local Obligations Security Documents and the Escrow Agreements; (ii) U.S. Bank is duly authorized to execute and deliver the Indenture, the Local Obligations Security Documents and the Escrow Agreements, to accept the obligations on its part created by the Indenture, the Local Obligations Security Documents and the Escrow Agreements and to authenticate the Bonds and the Local Obligations pursuant to the terms of the Indenture and the Local Obligations Security Documents, respectively; (iii) no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over U.S. Bank that has not been obtained is or will be required for the authentication of the Bonds or the Local Obligations or the consummation by U.S. Bank of the other transactions contemplated to be performed by U.S. Bank in connection with the authentication of the Bonds and the Local Obligations and the acceptance and performance of the obligations on its part created by the Indenture, the Local Obligations Security Documents and the Escrow Agreements; and (iv) to the best of its knowledge, compliance with the terms of the Indenture, the Local Obligations Security Documents and the Escrow Agreements will not conflict in any material respect with, or result in a violation or breach of, or constitute a default under any material agreement or material instrument to which U.S. Bank is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over U.S. Bank or any of its activities or properties;

17. An opinion of counsel to U.S. Bank, dated the Closing Date, addressed to the Underwriter, the Authority and the Districts to the effect that U.S. Bank is a national banking association duly organized and validly existing under the laws of the United States having full power and being qualified to enter into, accept and agree to the provisions of the Indenture, the Local Obligations Security Documents and the Escrow Agreements, and that each of such documents has been duly authorized, executed and delivered by U.S. Bank and, assuming due execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of U.S. Bank enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting the enforcement of creditors' rights in general and except as such enforceability may be limited by the application of equitable principles if equitable remedies are sought;

18. An opinion of Kutak Rock LLP, counsel for the Underwriter, dated the date of the Closing, addressed to the Underwriter in form and substance acceptable to the Underwriter;

19. A tax certificate, duly executed and delivered by the Authority;

20. A copy of the Report of Proposed Debt Issuance and Report of Final Sale for the Bonds required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 8855 of the California Government Code;

21. A letter addressed to the Underwriter, the Authority and Bond Counsel, dated the date of the Closing, from Causey Demgen & Moore P.C (the "**Verification**

Agent”), verifying the accuracy of the mathematical computations concerning the adequacy of the moneys to be deposited with the Escrow Agent to pay when due, the principal, whether at maturity or upon prior redemption, interest and redemption premium requirements of the Prior Bonds; and

22. Such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the material representations of the Authority contained herein, and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Authority and the Districts at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the Authority and the Districts in connection with the transactions contemplated hereby and by the Local Obligations Security Documents, the Indenture and the Official Statement.

If the Authority shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds contained in this Purchase Agreement, or if the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Authority nor the Underwriter shall be under any further obligation hereunder, except that the respective obligations of the Underwriter and the Authority set forth in Section 5 hereof shall continue in full force and effect.

4. Conditions to the Obligations of the Authority.

A. The obligations of the Authority shall be subject to the satisfaction of the conditions contained in Section 3.E. of this Purchase Agreement and to the satisfaction by the Districts of their obligations to the Local Obligations Purchase Contract.

B. If the Authority shall be unable to satisfy the conditions to the obligations of the Authority to purchase, accept delivery of and pay for the Local Obligations contained in the Local Obligations Purchase Contract, or if the obligations of the Authority to purchase, accept delivery of and pay for the Local Obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and the Authority shall not be under any further obligation hereunder, except that the obligations set forth in Section 5 hereof shall continue in full force and effect.

5. Expenses. Whether or not the transactions contemplated by this Purchase Agreement are consummated, the Underwriter shall be under no obligation to pay (except as provided in the paragraph below), and the Authority shall pay only from the proceeds of the Bonds, or cause the Districts to pay out of the proceeds of the Local Obligations or any other legally available funds of the Districts or the Authority, but only as the Authority and such other party providing such services may agree, all expenses and costs of the Authority incident to the performance of its obligations in connection with the authorization, execution, sale and delivery of the Bonds to the Underwriter, including, without limitation, printing costs, initial fees of the U.S. Bank, including fees and disbursements of its counsel, if any, fees and disbursements of Bond Counsel, Disclosure Counsel, the Municipal Advisor, and other professional advisors employed by the Authority, and costs of preparation, printing, signing, transportation, delivery and safekeeping of the Bonds.

The Underwriter shall pay all out-of-pocket expenses of the Underwriter, including, without limitation, advertising expenses, the California Debt and Investment Advisory Commission fee,

CUSIP Services Bureau charges, regulatory fees imposed on new securities issuers and any and all other expenses incurred by the Underwriter in connection with the public offering and distribution of the Bonds, including fees of its counsel. Any meals in connection with or adjacent to meetings, rating agency presentations, pricing activities or other transaction-related activities shall be considered an expense of the transaction and included in the expense component of the Underwriter's discount.

6. Notices. Any notice of other communication to be given to the Authority under this Purchase Agreement may be given by delivering the same in writing at its address set forth above; any notice or other communication to be given to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to Oppenheimer & Co. Inc., 135 Main Street, Suite 1700, San Francisco, CA 94105, Attention: Municipal Capital Markets Group.

7. Parties In Interest. This Purchase Agreement is made solely for the benefit of the Authority and Underwriter (including any successors or assignees of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof.

8. Survival of Representations. The representations of the Authority under this Purchase Agreement shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing and regardless of any investigations made by or on behalf of the Underwriter (or statements as to the results of such investigations) concerning such representations and statements of the Authority and regardless of delivery of and payment for the Bonds.

9. Entire Agreement. This Purchase Agreement, when accepted by the Authority, shall constitute the entire agreement among the Authority and the Underwriter and is made solely for the benefit of the Authority and the Underwriter (including the successors or assigns of any Underwriter). Except for Bond Counsel, no other person shall acquire or have any right hereunder by virtue hereof. All the Authority's representations, warranties and agreements in this Purchase Agreement shall remain operative and in full force and effect, regardless of (a) any investigation made by or on behalf of the Underwriter, (b) delivery of and payment for the Bonds hereunder, and (c) any termination of this Purchase Agreement.

10. Execution in Counterparts. This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

11. Effective. This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the Authority and shall be valid and enforceable as of the time of such acceptance.

12. Reliance on Representations and Warranties. The Authority hereby acknowledges that the Underwriter, in executing this Purchase Agreement and in paying for the Bonds as provided herein, is relying upon the representations and warranties of the Authority set forth herein.

13. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, but this Purchase Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

14. No Prior Agreements. This Purchase Agreement supersedes and replaces all prior negotiations, agreements and understanding among the parties hereto in relation to the sale of the Bonds by the Authority.

15. Governing Law. This Purchase Agreement shall be governed by the laws of the State of California applicable to contracts made and performed in California.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

16. Effective Date. This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the Authority and shall be valid and enforceable as of the time of such acceptance.

Very truly yours,

OPPENHEIMER & CO. INC., as Underwriter

By: _____
Its: Authorized Officer

The foregoing is hereby agreed to and accepted as of the date first above written:

PERRIS JOINT POWERS AUTHORITY

By: _____
Authorized Signatory

Time of Execution: _____ p.m. California time

[EXECUTION PAGE OF BOND PURCHASE AGREEMENT]

EXHIBIT A

**PERRIS JOINT POWERS AUTHORITY
LOCAL AGENCY REVENUE BONDS
(CFD 2001-1 IA1, IA2 & IA3; CFD 2002-1; CFD 2006-1 REFUNDING), 2024 SERIES**

MATURITY SCHEDULE

<u>Maturity Date (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>10% Test Satisfied*</u>	<u>10% Test Used</u>	<u>Hold the Offering Price Rule Used</u>
2024							
2025							
2026							
2027							
2028							
2029							
2030							
2031							
2032							
2033							
20__ ^(T)							
20__ ^(T)							
20__ ^(T)							
20__ ^(T)							

^(T) Term Bond.

^(C) Priced to the optional redemption date of September 1, 20__ at [par].

* At the time of execution of this Purchase Agreement and assuming orders are confirmed by the close of the business day immediately following the date of this Purchase Agreement.

EXHIBIT B

\$ _____
**PERRIS JOINT POWERS AUTHORITY
LOCAL AGENCY REVENUE BONDS
(CFD 2001-1 IA1, IA2 & IA3; CFD 2002-1; CFD 2006-1 REFUNDING), 2024 SERIES**

FORM OF ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Oppenheimer & Co. Inc. (“Oppenheimer”) hereby certifies as set forth below with respect to the sale and issuance of the above-captioned bonds (the “Bonds”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) Oppenheimer offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Bond Purchase Agreement, dated _____, 2024, by and between Oppenheimer and the Issuer, Oppenheimer has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms.***

(a) ***General Rule Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”

(b) ***Hold-the-Offering-Price Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

(c) ***Holding Period*** means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which Oppenheimer has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) ***Issuer*** means the Perris Joint Powers Authority.

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is _____, 2024.

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Oppenheimer's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Aleshire & Wynder, LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

OPPENHEIMER & CO. INC.

By: _____

Name: _____

Dated: _____, 2024

SCHEDULE A

**SALE PRICES OF THE GENERAL RULE MATURITIES AND INITIAL OFFERING PRICES OF
THE HOLD-THE-OFFERING-PRICE MATURITIES**

(Attached)

SCHEDULE B
PRICING WIRE OR EQUIVALENT COMMUNICATION

ATTACHMENT 8

Escrow Agreements

ESCROW DEPOSIT AND TRUST AGREEMENT

by and between the

PERRIS JOINT POWERS AUTHORITY

and

**COMMUNITY FACILITIES DISTRICT NO. 2001-1 (MAY FARMS) OF THE
CITY OF PERRIS, ON BEHALF OF IMPROVEMENT AREA NOS. 1, 2 AND 3**

and

U.S. BANK NATIONAL ASSOCIATION

Dated as of May 1, 2024

Relating to the Payment and Redemption of the

\$12,165,000 (Initial Principal Amount)

**Perris Joint Powers Authority Local Agency Revenue Bonds (May Farms IA Nos. 1,
2, & 3 Refunding) 2014 Series A**

AND

**\$1,505,000 (Initial Principal Amount) Improvement Area No. 1 of Community
Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds,
2014 Series A**

AND

**\$4,270,000 (Initial Principal Amount) Improvement Area No. 2 of Community
Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds,
2014 Series B**

AND

**\$6,390,000 (Initial Principal Amount) Improvement Area No. 3 of Community
Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds,
2014 Series C**

ESCROW DEPOSIT AND TRUST AGREEMENT

This ESCROW DEPOSIT AND TRUST AGREEMENT (this “Agreement”) is made and entered into as of May 1, 2024, by and between the PERRIS JOINT POWERS AUTHORITY, a joint powers authority existing under the laws of the State of California (the “Authority”), COMMUNITY FACILITIES DISTRICT NO. 2001-1 (MAY FARMS) OF THE CITY OF PERRIS on behalf of its Improvement Area Nos. 1, 2 and 3 (the “District”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America having a corporate trust office in Los Angeles, California, as escrow bank, 2014 Fiscal Agent, Fiscal Agent, 2014 Trustee, and Trustee (as hereinafter defined) (collectively, the “Escrow Bank”);

WITNESSETH:

WHEREAS, pursuant to Articles 1 through 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Bond Law”), the City of Perris (the “City”) and the Housing Authority of the City of Perris (the "Housing Authority"), entered into a Joint Exercise of Powers Agreement, dated March 26, 2013, thereby forming the Authority; and

WHEREAS, pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the “Act”), the City adopted Resolution Numbers 2950, 2951, and 2952 (the “Resolutions”) on May 28, 2002, after taking all necessary proceedings required by the Act, thereby establishing Community Facilities District No. 2001-1 (May Farms) of the City of Perris (the “District”), and also established seven improvement areas, each denominated numerically 1 through 7, and as more particularly described on the Boundary Map of the District recorded at Book 51 of Maps of Assessment and Community Facility Districts at Pages 71-72 in the office of the Riverside County Recorder’s Office, State of California (the “Improvement Areas,” and each, an “Improvement Area”); and

WHEREAS, the District was formed for the purpose of providing financing for the acquisition and construction of public facilities associated therewith, and also approved the levy of a special tax in accordance with the respective rate and method of apportionment (the “Rate and Method of Apportionment”) for each Improvement Area established therein, and approved issuance of bonds by the District on behalf of the Improvement Areas therein; and

WHEREAS, also on May 28, 2002, the qualified electors within the District approved the levy of special taxes pursuant to the respective Rate and Method of Apportionment specific to each Improvement Area within the District, pursuant to the Resolutions, and Ordinance No. 1101, adopted on June 11, 2002; and

WHEREAS, the City Council of the City (hereinafter sometimes referred to as the “legislative body of the District”), has heretofore as legislative body of the District issued its (a) Improvement Area No. 1 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds, 2014 Series A in the aggregate principal amount of \$1,505,000 (the “2014A District Bonds”); (b) Improvement Area No. 2 of the Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds, 2014 Series B in the aggregate

principal amount of \$4,270,000 (the “2014B District Bonds”), and (c) Improvement Area No. 3 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds, 2014 Series C in the aggregate principal amount of \$6,390,000 (the “2014C District Bonds”) and, collectively, the “Prior District Bonds”), each secured by the levy of special taxes within the applicable Improvement Area of the District pursuant to the Rate and Method of Apportionment for each respective Improvement Area and subject to the terms of a fiscal agent agreement, each dated February 1, 2014, by and between the District and the predecessor to the 2014 Fiscal Agent (each a “2014 Fiscal Agent Agreement” and, collectively, the “2014 Fiscal Agent Agreements”); and

WHEREAS, the Authority was authorized by the Bond Law to issue bonds, and issued its \$12,165,000 Perris Joint Powers Authority Local Agency Revenue Bonds (May Farms IA Nos. 1, 2, and 3 Refunding) 2014 Series A, currently outstanding in the aggregate principal amount of \$6,925,000 (the “Prior Authority Bonds”) and dated as of February 6, 2014, pursuant to that certain Indenture of Trust, dated as of February 1, 2014 (the “2014 Indenture”), by and between the Authority and U.S. Bank National Association (the “2014 Indenture”); and

WHEREAS, the Authority acquired the Prior District Bonds with the proceeds of the Prior Authority Bonds; and

WHEREAS, the District and the Authority have determined that refunding, canceling, and/or defeasing the Prior District Bonds to effect savings and to discharge through paying off the Prior Authority Bonds, is prudent in the management of their fiscal affairs and a public purpose; and

WHEREAS, the City, on behalf of the District, has taken action and held proceedings to issue (a) \$ _____ of its Improvement Area No. 1 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Refunding Bonds, 2024 Series (the “2001-1 IA1 Bonds”); (b) \$ _____ of its Improvement Area No. 2 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds, 2024 Series B (“2001-1 IA2 Bonds”) and (c) \$ _____ of its Improvement Area No. 3 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds, 2014 Series C (“2001-1 IA3 Bonds” and together with the 2001-1 IA1 Bonds and the 2001-1 IA2 Bonds, the “District Bonds”), subject to the terms of a fiscal agent agreement, each dated May 1, 2024, by and between the District and the Fiscal Agent (each a “2024 Fiscal Agent Agreement” and, collectively, the “2024 Fiscal Agent Agreements”); and

WHEREAS, in order to raise funds to purchase the District Bonds and effectuate the refunding, the Authority has determined to issue its \$ _____ Perris Joint Powers Authority Local Agency Revenue Bonds (CFD 2001-1 IA1, IA2 & IA3; CFD 2002-1; CFD 2006-1 Refunding), 2024 Series (the “Authority Bonds”), pursuant to the Bond Law and subject to the terms of an Indenture of Trust, dated as of May 1, 2024, by and between the Authority and the Trustee (the “2024 Indenture”); and

WHEREAS, the Authority will use a portion of the proceeds of the Authority Bonds to purchase the District Bonds; and

WHEREAS, the District will use a portion of the proceeds of the sale of the District Bonds to the Authority, along with other moneys, to prepay the Prior Authority Bonds and discharge the 2014 Indenture in exchange for the Prior District Bonds; and

WHEREAS, the Prior Authority Bonds mature, bear interest and are callable as set forth on Schedule B attached hereto; and

WHEREAS, the 2014 Indenture provides for the payment, redemption, and discharge of the Prior Authority Bonds prior to maturity by the setting apart of money in a special trust fund to insure the payment of principal, premium and interest thereon; and

WHEREAS, the Authority, the District and the Escrow Bank wish to enter into this Agreement for the purpose of providing the terms and conditions relating to the deposit and application of moneys to provide for the payment and prepayment of the Prior Authority Bonds in full and, concurrently with said payment, discharge of the 2014 Indenture and exchange and/or cancellation of the Prior District Bonds, pursuant to and in accordance with the provisions of the 2014 Indenture and 2014 Fiscal Agent Agreements; and

WHEREAS, the Escrow Bank has full powers to act with respect to the irrevocable escrow and trust created herein and to perform the duties and obligations to be undertaken pursuant to this Escrow Agreement.

NOW, THEREFORE, in consideration of the above premises and of the mutual promises and covenants herein contained and for other valuable consideration, the parties hereto do hereby agree as follows:

Section 1. Certain Definitions. Unless the context otherwise requires, the terms defined in this section shall, for all purposes of this Escrow Agreement have the meanings herein specified. Capitalized terms not otherwise defined herein are defined in the 2014 Indenture.

“Bond Counsel” means Aleshire & Wynder, LLP, or any other attorney or firm of attorneys of nationally recognized standing in the field of municipal finance whose opinions are generally accepted by purchasers of municipal bonds or notes, appointed from time to time by the Authority.

“Bond Fund” means the fund so designated which is established and held by the 2014 Trustee pursuant to the 2014 Indenture.

“Closing Date” means the date of delivery of the Authority Bonds and the District Bonds.

“District Special Tax Fund” means the Special Tax Fund created for each Improvement Area pursuant to its respective 2014 Fiscal Agent Agreements.

“Escrow Agreement” means this Escrow Deposit and Trust Agreement dated as of May 1, 2024, by and among the Authority, the District and the Escrow Bank.

“Escrow Fund” means the fund by that name as created in Section 4 herein.

“Payment Date” means each date upon which interest or principal is due on the Prior Authority Bonds as shown on Schedule B attached hereto.

“Prior Reserve Fund” means the Fund so designated which is established and held by the 2014 Trustee pursuant to the 2014 Indenture.

Section 2. Receipt of Indenture. The Escrow Bank hereby acknowledges receipt of a true and correct copy of the 2014 Indenture and the 2014 Fiscal Agent Agreements. Reference herein to, or citation of, any provision of the 2014 Indenture and/or 2014 Fiscal Agent Agreements shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if fully set forth herein.

Section 3. Appointment of Escrow Bank. The District and the Authority hereby appoint the Escrow Bank as escrow bank for all purposes of this Escrow Agreement and in accordance with the terms and provisions of this Escrow Agreement and the 2014 Indenture and the Escrow Bank hereby accepts such appointment. The Escrow Bank is entering into this Escrow Agreement in its current capacity as escrow bank, 2014 Trustee, Trustee, 2014 Fiscal Agent and Fiscal Agent.

Section 4. Establishment of Escrow Fund. There is hereby created by the Authority with, and to be held by, the Escrow Bank, as security for the payment of the principal of, redemption premium and interest on the Prior Authority Bonds as hereinafter set forth, an irrevocable escrow to be maintained in trust by the Escrow Bank on behalf of the Authority and for the benefit of the owners of the Prior Authority Bonds, said escrow to be designated the “Escrow Fund.” All moneys deposited in the Escrow Fund shall constitute a special fund for the payment of the principal of, redemption premium and interest with respect to the Prior Authority Bonds in accordance with the provisions of the 2014 Indenture. If at any time the Escrow Bank shall receive actual knowledge that the moneys in the Escrow Fund will not be sufficient to make any payment required by Section 6 hereof, the Escrow Bank shall notify the Authority of such fact and the Authority shall immediately cure such deficiency.

Section 5. Deposit into Escrow Fund; Investment of Amounts.

(a) On the Closing Date, the Escrow Bank, as 2014 Trustee and 2014 Fiscal Agent shall transfer \$_____ in immediately available federal funds, which sum shall comprise any funds remaining in the funds and accounts under the 2014 Fiscal Agent Agreements and the 2014 Indenture to the Trustee for deposit pursuant to the 2024 Indenture as follows:

(1) the amount of \$_____ from the Reserve Fund under the 2014 Indenture;

(2) \$_____ from the Interest Account under the 2014 Indenture;

(3) \$_____ from the Special Tax Fund relating to the 2014A District Bonds under the respective Prior Fiscal Agent Agreement;

(4) \$ _____ from the Special Tax Fund relating to the 2014B District Bonds under the respective Prior Fiscal Agent Agreement; and

(5) \$ _____ from the Special Tax Fund relating to the 2014C District Bonds under the respective Prior Fiscal Agent Agreement.

(b) Concurrently with the Closing Date, and pursuant to the 2024 Indenture and the 2024 Fiscal Agent Agreements, there is hereby deposited with the Escrow Bank in connection with the refunding of the Prior Authority Bonds, and the Escrow Bank hereby acknowledges the receipt of, immediately available federal funds in the amount of \$ _____ which amount is derived as follows:

(1) the amount of \$ _____ from the proceeds of the 2001-1 IA1 Bonds;

(2) the amount of \$ _____ from the proceeds of the 2001-1 IA2 Bonds; and

(3) the amount of \$ _____ from the proceeds of the 2001-1 IA3 Bonds.

(c) The amounts deposited in the Escrow Fund will be sufficient to defease the Prior Authority Bonds on the Closing Date, and shall applied as provided in Section 6. An amount equal to \$ _____ shall be held in the Escrow Fund (the "Escrow Deposit") on the Closing Date. The Escrow Deposit shall be sufficient to pay the principal of, premium on and interest due on the Prior Authority Bonds (including investment earnings thereon) up to and on the redemption date of the prior Authority Bonds (____) and discharge the Prior Authority Bonds and the 2014 Indenture on the Closing Date pursuant to Section 10.03 of the 2014 Indenture. This amount shall be invested as provided in Section 5(d) below.

(d) The Escrow Bank shall invest money on deposit in the Escrow Fund as provided in this paragraph. The total amount of \$ _____ deposited in the Escrow Fund pursuant to Section 5(b) hereof, shall be invested in the federal securities described in Schedule A attached hereto ("Federal Securities"), except that \$ _____ in the Escrow Fund shall be held uninvested. The Authority warrants that the amount deposited in the Escrow Fund shall be sufficient for purposes described in Section 6 below. The Authority hereby directs the Escrow Bank to acquire the Federal Securities described on Schedule A on the Closing Date, for deposit in the Escrow Fund.

(e) Funds held by the Escrow Bank in the Escrow Fund are solely for the uses and purposes set forth herein.

(f) After the Escrow Bank shall have paid or have made provision for payment of all principal of and interest and redemption premiums on the Prior Authority Bonds as provided in Section 6 hereof, the Escrow Bank shall promptly transfer to the Trustee any surplus amounts remaining in the Escrow Fund to the Bond Fund established under the Indenture to pay debt service on the Authority Bonds.

(g) All remaining amounts in the funds and accounts under the 2024 Indenture and the 2024 Fiscal Agent Agreements, not accounted for in Subsection (a) or (b) above, and not needed pursuant to Subsection (d) above shall be transferred to the Trustee for deposit in the Interest Account under the Indenture

Section 6. Instructions as to Application of Deposit. The total amount of Federal Securities and cash held in the Escrow Fund pursuant to Section 5 hereof shall be deemed to be and shall constitute the deposits permitted to be made by the Authority to pay in full the Prior Authority Bonds and discharge the 2024 Indenture. In accordance with the 2024 Indenture, the Authority and the District hereby irrevocably direct and instruct the Escrow Bank, as successor to the 2014 Trustee, to apply the moneys in the Escrow Fund to pay all of the principal of, premium and interest on the Prior Authority Bonds as the same shall become due and payable to and including ___ the date of early redemption of the Prior Authority Bonds, all as more particularly set forth in Schedule B attached hereto and hereby made a part hereof.

The Authority hereby instructs the 2014 Trustee to send written notice in the name of the Authority to the owner of each of the Prior Authority Bonds at the address shown on the registration books maintained by the Trustee, as successor to the 2014 Trustee, at least thirty (30) days prior to _____, the date fixed for redemption and payment of all of the Prior Authority Bonds. The Escrow Bank, as 2014 Trustee, hereby accepts that instruction pursuant to Section 10.03 of the 2014 Indenture.

The Authority hereby covenants that no part of the moneys or funds at any time in the Escrow Fund shall be used directly or indirectly to acquire any securities or obligations, the acquisition of which would cause the Prior Authority Bonds or the Prior District Bonds to be “arbitrage bonds” within the meaning of Section 148(a) of the Code.

Section 7. Refunding of Prior District Bonds. The Escrow Agent shall establish and hold in trust three accounts called the “Improvement Area No. 1 Refunding Fund,” “Improvement Area No. 2 Refunding Fund,” and the “Improvement Area No. 3 Refunding Fund.” On the Closing Date, the District shall transfer to the Escrow Agent for deposit in each Improvement Area’s Refunding Fund, the respective Improvement Area’s Prior District Bond, which Prior District Bond shall be exchanged for the respective Improvement Area’s District Bond at an imputed value equal to the payoff amount of the respective Improvement Area’s Prior District Bond, which shall be deemed to be discharge the 2014 Fiscal Agent Agreements in accordance with Section 11.3 of the respective 2014 Fiscal Agent Agreement. The District, as owner of the Prior District Bonds, hereby instructs the Escrow Bank to cancel the Prior District Bonds following the exchange and deposit of the 2014 District Bonds with the Fiscal Agent as agent for the Authority. The Prior District Bonds shall be deemed discharged by the District on the Closing Date.

Upon discharging the Prior District Bonds in exchange for the District Bonds, the City and District hereby terminate the pledge of the Special Taxes to the Prior District Bonds and other funds provided for in the 2014 Fiscal Agent Agreements and other obligations of the City or District under the Fiscal Agent Agreements with respect to the Prior District Bonds..

Section 8. Notice of Redemption. Pursuant to Section 2.02(e) of the 2014 Indenture, the Trustee shall mail by first class mail notice of redemption to the respective owners of the Prior Authority Bonds at least thirty (30) but not more than sixty (60) days prior to the date fixed for redemption for the Prior Authority Bonds. A form of the notice of defeasance is attached as Exhibit A hereto, and shall be posted within 10 days following the defeasance of the Prior Authority Bonds on June 6, 2024.

Section 9. Creation of Lien. The escrow created hereby shall be irrevocable. The Owners of the Prior Authority Bonds are hereby given an express lien on, and security interest in, the Escrow Fund and all earnings thereon, if any, until used and applied in accordance with this Escrow Agreement. The cash in the Escrow Fund is hereby pledged and assigned, and shall be applied solely for the payment of the principal of, the premium, if any, and interest on the Prior Authority Bonds.

Section 10. Compensation to Escrow Bank. The District shall pay or shall cause the Authority to pay to the Escrow Bank full compensation for its duties under this Escrow Agreement, including out-of-pocket costs such as publication costs, redemption expenses, legal fees and other costs and expenses relating hereto. Without limitation on the foregoing, the Escrow Bank shall not be entitled to any lien or right of set-off on amounts on deposit in the Escrow Fund for payment of its compensation under this Escrow Agreement.

Section 11. Liabilities and Obligations of Escrow Bank. The Escrow Bank shall have no obligation to make any payment or disbursement of any type or incur any financial liability in the performance of its duties under this Escrow Agreement unless the District or the Authority shall have deposited sufficient funds with the Escrow Bank. The Escrow Bank may rely and shall be protected in acting upon the written or oral instructions of the District or the Authority or their agents relating to any matter or action as Escrow Bank under this Escrow Agreement.

The Escrow Bank and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the acceptance of the moneys deposited therein, the sufficiency of moneys held hereunder to accomplish the redemption of the Prior Authority Bonds, or any payment, transfer or other application of moneys by the Escrow Bank in accordance with the provisions of this Escrow Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Bank made in good faith in the conduct of its duties. The recitals of fact contained in the “whereas” clauses herein shall be taken as the statement of the District, and the Escrow Bank assumes no responsibility for the correctness thereof. The Escrow Bank makes no representations as to the sufficiency of the moneys to accomplish the redemption of the Prior Authority Bonds pursuant to the 2014 Indenture or to the validity of this Escrow Agreement as to the District and, except as otherwise provided herein, the Escrow Bank shall incur no liability in respect thereof. The Escrow Bank shall not be liable in connection with the performance of its duties under this Escrow Agreement except for its own negligence or willful misconduct, and the duties and obligations of the Escrow Bank shall be determined by the express provisions of this Escrow Agreement. The Escrow Bank may consult with counsel, who may or may not be counsel to the District, and in reliance upon the written opinion of such counsel shall have full

and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Bank shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Escrow Agreement, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of counsel) may be deemed to be conclusively established by a written certification of the District.

The Authority and the District hereby assume liability for, and hereby agree (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and hold harmless the Escrow Bank and its respective successors, assigns, agents and servants from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the Escrow Bank (whether or not also indemnified against by any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the retention of the moneys therein and any payment, transfer or other application of moneys by the Escrow Bank in accordance with the provisions of this Escrow Agreement, or as may arise by reason of any act, omission or error of the Escrow Bank made in good faith in the conduct of its duties; *provided, however,* that neither the Authority nor the District shall be required to indemnify the Escrow Bank against its own negligence, gross negligence or willful misconduct. The indemnities contained in this Section 11 shall survive the termination of this Escrow Agreement.

Section 12. Amendment. This Escrow Agreement may be modified or amended at any time by a supplemental agreement which shall become effective when the written consents of the owners of one hundred percent (100%) in aggregate principal amount of the Prior Authority Bonds then outstanding shall have been filed with the Escrow Bank. This Escrow Agreement may be modified or amended at any time by a supplemental agreement, without the consent of any such owners, but only (a) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power herein or therein reserved to the District, (b) to cure, correct or supplement any ambiguous or defective provision contained herein, (c) in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which, in the opinion of counsel, shall not materially adversely affect the interests of the owners of the Prior Authority Bonds and the Authority Bonds, and that such amendment will not cause interest with respect to the Prior Authority Bonds or the Authority Bonds to become subject to federal income taxation.

Section 13. Termination; Unclaimed Money. This Escrow Agreement shall terminate when the principal of and interest on all Prior Authority Bonds have been paid; *provided, however,* that money held by the Escrow Bank in the Escrow Fund for the payment and discharge of any of the Prior Authority Bonds which remain unclaimed for two (2) years after such payments were due, shall be repaid by the Escrow Bank to the Authority free from the trust created by the 2014 Indenture and this Escrow Agreement, and the Escrow Bank shall thereupon be released and discharged with respect thereto and hereto and all liability of the Escrow Bank with respect to such money shall thereupon cease. Upon the discharge and redemption of all of the Prior Authority Bonds and the Prior District Bonds, any funds in excess

of those applied or to be applied to such discharge and redemption remaining on deposit with the Escrow Bank shall be transferred to the City.

Section 14. Merger or Consolidation of Escrow Bank; Resignation of Escrow Bank. Any company into which the Escrow Bank 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 Escrow Bank may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible to act as trustee under the 2014 Indenture, shall be the successor hereunder to the Escrow Bank without the execution or filing of any paper or any further act. The Escrow Bank may resign by giving written notice to the District and the Authority, and upon receipt of such notice the Authority and District shall promptly appoint a successor Escrow Bank. If the Authority and District do not appoint a successor Escrow Bank, the resigning Escrow Bank may, at the expense of the District, petition a court of competent jurisdiction for the appointment of a successor Escrow Bank, which court may thereupon, upon such notice as it shall deem proper, appoint a successor Escrow Bank. Upon acceptance of appointment by a successor Escrow Bank, the resigning Escrow Bank shall transfer all amounts held by it in the Escrow Fund to such successor Escrow Bank and be discharged of any further obligation or responsibility hereunder.

Section 15. Severability. If any section, paragraph, sentence, clause or provision of this Escrow Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence, clause or provision shall not affect any of the remaining provisions of this Escrow Agreement.

Section 16. Notice of Escrow Bank, District and Authority. Any notice to or demand upon the Escrow Bank may be served and presented, and such demand may be made, at the principal corporate trust office of the Escrow Bank at U.S. Bank National Association, Global Corporate Trust Services, 633 West Fifth Street, 24th Floor, Los Angeles, California 90071. Any notice to or demand upon the District or Authority, shall be deemed to have been sufficiently given or served for all purposes by being mailed by registered or certified mail, and deposited, postage prepaid, in a post office letter box, addressed to such party, c/o City of Perris 101 North "D" Street, Perris, California 92570, Attn: City Manager (or such other address as may have been filed in writing by the District with the Escrow Bank).

IN WITNESS WHEREOF, the Authority, the District, and the Escrow Bank have each caused this Escrow Agreement to be executed by their duly authorized officers all as of the date first above written.

PERRIS JOINT POWERS AUTHORITY

By: _____
Executive Director

COMMUNITY FACILITIES DISTRICT NO. 2001-1
(MAY FARMS) OF THE CITY OF PERRIS, ON
BEHALF OF IMPROVEMENT AREA NOS. 1, 2 AND 3

By: _____
City Manager

U.S. BANK NATIONAL ASSOCIATION

By: _____
Authorized Officer

SCHEDULE A
SCHEDULE OF FEDERAL SECURITIES

Type of Security	Issue Date	Maturity Date	Principal Amount	Interest Rate

SCHEDULE B
PAYMENT AND REDEMPTION SCHEDULE OF REFUNDED BONDS

Payment Date	Principal	Interest	Principal Redeemed	Redemption Premium	Total Payment

Exhibit A
Notice of Defeasance

[SEE ATTACHED]

**NOTICE OF DEFEASANCE
PERRIS JOINT POWERS AUTHORITY
LOCAL AGENCY REVENUE BONDS (MAY FARMS IA NOS. 1, 2, & 3
REFUNDING) 2014 SERIES A**

Redemption Date on _____, 2024 at ___%

Rate	Maturity Date	CUSIP ¹	Principal Amount

NOTICE IS HEREBY GIVEN to the owners of the bonds described above (the “Refunded Bonds”), that pursuant to the Escrow Deposit and Trust Agreement (the “Agreement”) entered into and dated as of May 1, 2024, by and among the PERRIS JOINT POWERS AUTHORITY, a joint powers authority existing under the laws of the State of California (the “Authority”), COMMUNITY FACILITIES DISTRICT NO. 2001-1 (MAY FARMS) OF THE CITY OF PERRIS (the “District”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America having a corporate trust office in Los Angeles, California, as escrow bank, Prior Fiscal Agent, Fiscal Agent and Trustee (as those terms are defined in the Agreement) (collectively, the “Escrow Bank”), that:

The District has deposited in an Escrow Fund with the Escrow Bank sufficient monies to pay all of the principal of, premium and interest on the Refunded Bonds as the same shall become due and payable to and including _____, 2024, the date of early redemption of the Refunded Bonds, all as set forth above.

The Escrow Bank has been instructed by the District to redeem the Prior District Bonds on _____, 2024 at the Redemption price of ___%.

Date: _____, 2024

By: **U.S. BANK NATIONAL ASSOCIATION,
as Escrow Bank**

THIS IS NOT A NOTICE OF REDEMPTION

¹ *The District, the Authority, and the Escrow Bank shall not be responsible for the use of the CUSIP number(s) selected, nor is any representation made as to their correctness indicated in the notice or as printed on any Refunded Bond. They are included solely for the convenience of the owners of the Refunded Bonds.*

ESCROW DEPOSIT AND TRUST AGREEMENT

by and between the

PERRIS JOINT POWERS AUTHORITY

and

**COMMUNITY FACILITIES DISTRICT NO. 2002-1 (WILLOWBROOK)
OF THE CITY OF PERRIS**

and

U.S. BANK NATIONAL ASSOCIATION

Dated as of May 1, 2024

Relating to the Payment and Redemption of the

\$5,750,000 (Initial Principal Amount)

**Perris Joint Powers Authority Local Agency Revenue Bonds (Willowbrook
Refunding) 2013 Series B**

AND

**\$5,750,000 (Initial Principal Amount) Community Facilities District No. 2002-1
(Willowbrook) of the City of Perris Special Tax Bonds, 2013 Series**

ESCROW DEPOSIT AND TRUST AGREEMENT

This ESCROW DEPOSIT AND TRUST AGREEMENT (this “Agreement”) is made and entered into as of May 1, 2024, by and between the PERRIS JOINT POWERS AUTHORITY, a joint powers authority existing under the laws of the State of California (the “Authority”), COMMUNITY FACILITIES DISTRICT NO. 2002-1 (WILLOWBROOK) OF THE CITY OF PERRIS (the “District”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America having a corporate trust office in Los Angeles, California, as escrow bank, 2013 Fiscal Agent, Fiscal Agent, 2013 Trustee, and Trustee (as hereinafter defined) (collectively, the “Escrow Bank”);

WITNESSETH:

WHEREAS, pursuant to Articles 1 through 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Bond Law”), the City of Perris (the “City”) and the Housing Authority of the City of Perris (the "Housing Authority"), entered into a Joint Exercise of Powers Agreement, dated March 26, 2013, thereby forming the Authority; and

WHEREAS, pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the “Act”), the City adopted Resolution Numbers 3052, 3053, and 3054 (the “Resolutions”) on December 10, 2002, after taking all necessary proceedings required by the Act, thereby establishing Community Facilities District No. 2002-1 (Willowbrook) of the City of Perris (the “District”), and as more particularly described on the Boundary Map of the District recorded at Book 52 of Maps of Assessment and Community Facility Districts at Pages 51 in the office of the Riverside County Recorder’s Office, State of California; and

WHEREAS, the District was formed for the purpose of providing financing for the acquisition and construction of public facilities associated therewith, and also approved the levy of a special tax in accordance with the rate and method of apportionment (the “Rate and Method of Apportionment”) for the District, and approved issuance of bonds by the District; and

WHEREAS, also on December 10, 2002, the qualified electors within the District approved the levy of special taxes pursuant to the Rate and Method of Apportionment, pursuant to the Resolutions, and Ordinance No. 1107 adopted on January 14, 2003; and

WHEREAS, the City Council of the City (hereinafter sometimes referred to as the “legislative body of the District”), has heretofore as legislative body of the District issued its (a) Community Facilities District No. 2002-1 (Willowbrook) of the City of Perris Special Tax Bonds, 2013 Series in the aggregate principal amount of \$5,750,000 (the “Prior District Bonds”), each secured by the levy of special taxes within the District pursuant to the Rate and Method of Apportionment for the District and subject to the terms of a fiscal agent agreement, dated June 1, 2013, by and between the District and the predecessor to the 2013 Fiscal Agent (the “2013 Fiscal Agent Agreement”); and

WHEREAS, the Authority was authorized by the Bond Law to issue bonds, and issued its \$5,750,000 Perris Joint Powers Authority Local Agency Revenue Bonds (Willowbrook Refunding) 2013 Series B, currently outstanding in the aggregate principal amount of \$3,695,000

(the “Prior Authority Bonds”) and dated as of June 27, 2013, pursuant to that certain Indenture of Trust, dated as of June 1, 2013 (the “2013 Indenture”), by and between the Authority and U.S. Bank National Association; and

WHEREAS, the Authority acquired the Prior District Bonds with the proceeds of the Prior Authority Bonds; and

WHEREAS, the District and the Authority have determined that refunding, canceling, and/or defeasing the Prior District Bonds to effect savings and to discharge through paying off the Prior Authority Bonds, is prudent in the management of their fiscal affairs and a public purpose; and

WHEREAS, the City, on behalf of the District, has taken action and held proceedings to issue (a) \$ _____ of its Community Facilities District No. 2002-1 (Willowbrook) of the City of Perris Special Tax Refunding Bonds, 2024 Series (the “District Bonds”), subject to the terms of a fiscal agent agreement, each dated May 1, 2024, by and between the District and the Fiscal Agent (each a “2024 Fiscal Agent Agreement” and, collectively, the “2024 Fiscal Agent Agreements”); and

WHEREAS, in order to raise funds to purchase the District Bonds and effectuate the refunding, the Authority has determined to issue its \$ _____ Perris Joint Powers Authority Local Agency Revenue Bonds (CFD 2001-1 IA1, IA2 & IA3; CFD 2002-1; CFD 2006-1 Refunding), 2024 Series (the “Authority Bonds”), pursuant to the Bond Law and subject to the terms of an Indenture of Trust, dated as of May 1, 2024, by and between the Authority and the Trustee (the “2024 Indenture”); and

WHEREAS, the Authority will use a portion of the proceeds of the Authority Bonds to purchase the District Bonds; and

WHEREAS, the District will use a portion of the proceeds of the sale of the District Bonds to the Authority, along with other moneys, to prepay the Prior Authority Bonds and discharge the 2013 Indenture in exchange for the Prior District Bonds; and

WHEREAS, the Prior Authority Bonds mature, bear interest and are callable as set forth on Schedule B attached hereto; and

WHEREAS, the 2013 Indenture provides for the payment, redemption, and discharge of the Prior Authority Bonds prior to maturity by the setting apart of money in a special trust fund to insure the payment of principal, premium and interest thereon; and

WHEREAS, the Authority, the District and the Escrow Bank wish to enter into this Agreement for the purpose of providing the terms and conditions relating to the deposit and application of moneys to provide for the payment and prepayment of the Prior Authority Bonds in full and, concurrently with said payment, discharge of the 2013 Indenture and exchange and/or cancellation of the Prior District Bonds, pursuant to and in accordance with the provisions of the 2013 Indenture and 2013 Fiscal Agent Agreement; and

WHEREAS, the Escrow Bank has full powers to act with respect to the irrevocable escrow and trust created herein and to perform the duties and obligations to be undertaken pursuant to this Escrow Agreement.

NOW, THEREFORE, in consideration of the above premises and of the mutual promises and covenants herein contained and for other valuable consideration, the parties hereto do hereby agree as follows:

Section 1. Certain Definitions. Unless the context otherwise requires, the terms defined in this section shall, for all purposes of this Escrow Agreement have the meanings herein specified. Capitalized terms not otherwise defined herein are defined in the 2013 Indenture.

“Bond Counsel” means Aleshire & Wynder, LLP, or any other attorney or firm of attorneys of nationally recognized standing in the field of municipal finance whose opinions are generally accepted by purchasers of municipal bonds or notes, appointed from time to time by the Authority.

“Bond Fund” means the fund so designated which is established and held by the 2013 Trustee pursuant to the 2013 Indenture.

“Closing Date” means the date of delivery of the Authority Bonds and the District Bonds.

“District Special Tax Fund” means the Special Tax Fund created for the District pursuant to the 2013 Fiscal Agent Agreement.

“Escrow Agreement” means this Escrow Deposit and Trust Agreement dated as of May 1, 2024, by and among the Authority, the District and the Escrow Bank.

“Escrow Fund” means the fund by that name as created in Section 4 herein.

“Payment Date” means each date upon which interest or principal is due on the Prior Authority Bonds as shown on Schedule B attached hereto.

“Prior Reserve Fund” means the Fund so designated which is established and held by the 2013 Trustee pursuant to the 2013 Indenture.

Section 2. Receipt of Indenture. The Escrow Bank hereby acknowledges receipt of a true and correct copy of the 2013 Indenture and the 2013 Fiscal Agent Agreement. Reference herein to, or citation of, any provision of the 2013 Indenture and/or 2013 Fiscal Agent Agreement shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if fully set forth herein.

Section 3. Appointment of Escrow Bank. The District and the Authority hereby appoint the Escrow Bank as escrow bank for all purposes of this Escrow Agreement and in accordance with the terms and provisions of this Escrow Agreement and the 2013 Indenture and the Escrow Bank hereby accepts such appointment. The Escrow Bank is entering into this Escrow Agreement in its current capacity as escrow bank, 2013 Trustee, Trustee, 2013 Fiscal Agent and Fiscal Agent.

Section 4. Establishment of Escrow Fund. There is hereby created by the Authority with, and to be held by, the Escrow Bank, as security for the payment of the principal of, redemption premium and interest on the Prior Authority Bonds as hereinafter set forth, an irrevocable escrow to be maintained in trust by the Escrow Bank on behalf of the Authority and for the benefit of the owners of the Prior Authority Bonds, said escrow to be designated the “Escrow Fund.” All moneys deposited in the Escrow Fund shall constitute a special fund for the payment of the principal of, redemption premium and interest with respect to the Prior Authority Bonds in accordance with the provisions of the 2013 Indenture. If at any time the Escrow Bank shall receive actual knowledge that the moneys in the Escrow Fund will not be sufficient to make any payment required by Section 6 hereof, the Escrow Bank shall notify the Authority of such fact and the Authority shall immediately cure such deficiency.

Section 5. Deposit into Escrow Fund; Investment of Amounts.

(a) On the Closing Date, the Escrow Bank, as 2013 Trustee and 2013 Fiscal Agent shall transfer \$ _____ in immediately available federal funds, which sum shall comprise any funds remaining in the funds and accounts under the 2013 Fiscal Agent Agreement and the 2013 Indenture to the Trustee for deposit pursuant to the 2024 Indenture as follows:

- (1) the amount of \$ _____ from the Reserve Fund under the 2013 Indenture;
- (2) \$ _____ from the Interest Account under the 2013 Indenture;
- (3) \$ _____ from the Special Tax Fund relating to the Prior District Bonds under the respective Prior Fiscal Agent Agreement;

(b) Concurrently with the Closing Date, and pursuant to the 2024 Indenture and the 2024 Fiscal Agent Agreements, there is hereby deposited with the Escrow Bank in connection with the refunding of the Prior Authority Bonds, and the Escrow Bank hereby acknowledges the receipt of, immediately available federal funds in the amount of \$ _____ which amount is derived as follows:

- (1) the amount of \$ _____ from the proceeds of the District Bonds;

(c) The amounts deposited in the Escrow Fund will be sufficient to defease the Prior Authority Bonds on the Closing Date, and shall applied as provided in Section 6. An amount equal to \$ _____ shall be held in the Escrow Fund (the “Escrow Deposit”) on the Closing Date. The Escrow Deposit shall be sufficient to pay the principal of, premium on and interest due on the Prior Authority Bonds (including investment earnings thereon) up to and on the redemption date of the prior Authority Bonds (_____) and discharge the Prior Authority Bonds and the 2013 Indenture on the Closing Date pursuant to Section 10.03 of the 2013 Indenture. This amount shall be invested as provided in Section 5(d) below.

(d) The Escrow Bank shall invest money on deposit in the Escrow Fund as provided in this paragraph. The total amount of \$ _____ deposited in the Escrow Fund

pursuant to Section 5(b) hereof, shall be invested in the federal securities described in Schedule A attached hereto ("Federal Securities"), except that \$ _____ in the Escrow Fund shall be held uninvested. The Authority warrants that the amount deposited in the Escrow Fund shall be sufficient for purposes described in Section 6 below. The Authority hereby directs the Escrow Bank to acquire the Federal Securities described on Schedule A on the Closing Date, for deposit in the Escrow Fund.

(e) Funds held by the Escrow Bank in the Escrow Fund are solely for the uses and purposes set forth herein.

(f) After the Escrow Bank shall have paid or have made provision for payment of all principal of and interest and redemption premiums on the Prior Authority Bonds as provided in Section 6 hereof, the Escrow Bank shall promptly transfer to the Trustee any surplus amounts remaining in the Escrow Fund to the Bond Fund established under the Indenture to pay debt service on the Authority Bonds.

(g) All remaining amounts in the funds and accounts under the 2024 Indenture and the 2024 Fiscal Agent Agreements, not accounted for in Subsection (a) or (b) above, and not needed pursuant to Subsection (d) above shall be transferred to the Trustee for deposit in the Interest Account under the Indenture

Section 6. Instructions as to Application of Deposit. The total amount of Federal Securities and cash held in the Escrow Fund pursuant to Section 5 hereof shall be deemed to be and shall constitute the deposits permitted to be made by the Authority to pay in full the Prior Authority Bonds and discharge the 2024 Indenture. In accordance with the 2024 Indenture, the Authority and the District hereby irrevocably direct and instruct the Escrow Bank, as successor to the 2013 Trustee, to apply the moneys in the Escrow Fund to pay all of the principal of, premium and interest on the Prior Authority Bonds as the same shall become due and payable to and including ___ the date of early redemption of the Prior Authority Bonds, all as more particularly set forth in Schedule B attached hereto and hereby made a part hereof.

The Authority hereby instructs the 2013 Trustee to send written notice in the name of the Authority to the owner of each of the Prior Authority Bonds at the address shown on the registration books maintained by the Trustee, as successor to the 2013 Trustee, at least thirty (30) days prior to _____, the date fixed for redemption and payment of all of the Prior Authority Bonds. The Escrow Bank, as 2013 Trustee, hereby accepts that instruction pursuant to Section 10.03 of the 2013 Indenture.

The Authority hereby covenants that no part of the moneys or funds at any time in the Escrow Fund shall be used directly or indirectly to acquire any securities or obligations, the acquisition of which would cause the Prior Authority Bonds or the Prior District Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code.

Section 7. Refunding of Prior District Bonds. The Escrow Agent shall establish and hold in trust one account called the "CFD 2002-1 Refunding Fund." On the Closing Date, the District shall transfer to the Escrow Agent for deposit in the CFD 2002-1 Refunding Fund, the Prior District Bond, which Prior District Bond shall be exchanged for the District Bond at an

imputed value equal to the payoff amount of the Prior District Bond, which shall be deemed to be discharge the 2013 Fiscal Agent Agreement in accordance with Section 11.3 of the 2013 Fiscal Agent Agreement. The District, as owner of the Prior District Bonds, hereby instructs the Escrow Bank to cancel the Prior District Bonds following the exchange and deposit of the District Bonds with the Fiscal Agent as agent for the Authority. The Prior District Bonds shall be deemed discharged by the District on the Closing Date.

Upon discharging the Prior District Bonds in exchange for the District Bonds, the City and District hereby terminate the pledge of the Special Taxes to the Prior District Bonds and other funds provided for in the 2013 Fiscal Agent Agreement and other obligations of the City or District under the Fiscal Agent Agreements with respect to the Prior District Bonds..

Section 8. Notice of Redemption. Pursuant to Section 2.02(e) of the 2013 Indenture, the Trustee shall mail by first class mail notice of redemption to the respective owners of the Prior Authority Bonds at least thirty (30) but not more than sixty (60) days prior to the date fixed for redemption for the Prior Authority Bonds. A form of the notice of defeasance is attached as Exhibit A hereto, and shall be posted within 10 days following the defeasance of the Prior Authority Bonds on June 6, 2024.

Section 9. Creation of Lien. The escrow created hereby shall be irrevocable. The Owners of the Prior Authority Bonds are hereby given an express lien on, and security interest in, the Escrow Fund and all earnings thereon, if any, until used and applied in accordance with this Escrow Agreement. The cash in the Escrow Fund is hereby pledged and assigned, and shall be applied solely for the payment of the principal of, the premium, if any, and interest on the Prior Authority Bonds.

Section 10. Compensation to Escrow Bank. The District shall pay or shall cause the Authority to pay to the Escrow Bank full compensation for its duties under this Escrow Agreement, including out-of-pocket costs such as publication costs, redemption expenses, legal fees and other costs and expenses relating hereto. Without limitation on the foregoing, the Escrow Bank shall not be entitled to any lien or right of set-off on amounts on deposit in the Escrow Fund for payment of its compensation under this Escrow Agreement.

Section 11. Liabilities and Obligations of Escrow Bank. The Escrow Bank shall have no obligation to make any payment or disbursement of any type or incur any financial liability in the performance of its duties under this Escrow Agreement unless the District or the Authority shall have deposited sufficient funds with the Escrow Bank. The Escrow Bank may rely and shall be protected in acting upon the written or oral instructions of the District or the Authority or their agents relating to any matter or action as Escrow Bank under this Escrow Agreement.

The Escrow Bank and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the acceptance of the moneys deposited therein, the sufficiency of moneys held hereunder to accomplish the redemption of the Prior Authority Bonds, or any payment, transfer or other application of moneys by the Escrow Bank in accordance with the provisions of this Escrow

Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Bank made in good faith in the conduct of its duties. The recitals of fact contained in the “whereas” clauses herein shall be taken as the statement of the District, and the Escrow Bank assumes no responsibility for the correctness thereof. The Escrow Bank makes no representations as to the sufficiency of the moneys to accomplish the redemption of the Prior Authority Bonds pursuant to the 2013 Indenture or to the validity of this Escrow Agreement as to the District and, except as otherwise provided herein, the Escrow Bank shall incur no liability in respect thereof. The Escrow Bank shall not be liable in connection with the performance of its duties under this Escrow Agreement except for its own negligence or willful misconduct, and the duties and obligations of the Escrow Bank shall be determined by the express provisions of this Escrow Agreement. The Escrow Bank may consult with counsel, who may or may not be counsel to the District, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Bank shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Escrow Agreement, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of counsel) may be deemed to be conclusively established by a written certification of the District.

The Authority and the District hereby assume liability for, and hereby agree (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and hold harmless the Escrow Bank and its respective successors, assigns, agents and servants from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the Escrow Bank (whether or not also indemnified against by any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the retention of the moneys therein and any payment, transfer or other application of moneys by the Escrow Bank in accordance with the provisions of this Escrow Agreement, or as may arise by reason of any act, omission or error of the Escrow Bank made in good faith in the conduct of its duties; *provided, however,* that neither the Authority nor the District shall be required to indemnify the Escrow Bank against its own negligence, gross negligence or willful misconduct. The indemnities contained in this Section 11 shall survive the termination of this Escrow Agreement.

Section 12. Amendment. This Escrow Agreement may be modified or amended at any time by a supplemental agreement which shall become effective when the written consents of the owners of one hundred percent (100%) in aggregate principal amount of the Prior Authority Bonds then outstanding shall have been filed with the Escrow Bank. This Escrow Agreement may be modified or amended at any time by a supplemental agreement, without the consent of any such owners, but only (a) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power herein or therein reserved to the District, (b) to cure, correct or supplement any ambiguous or defective provision contained herein, (c) in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which, in the opinion of counsel, shall not materially adversely affect the interests of the owners of the Prior Authority Bonds and the Authority

Bonds, and that such amendment will not cause interest with respect to the Prior Authority Bonds or the Authority Bonds to become subject to federal income taxation.

Section 13. Termination; Unclaimed Money. This Escrow Agreement shall terminate when the principal of and interest on all Prior Authority Bonds have been paid; *provided, however,* that money held by the Escrow Bank in the Escrow Fund for the payment and discharge of any of the Prior Authority Bonds which remain unclaimed for two (2) years after such payments were due, shall be repaid by the Escrow Bank to the Authority free from the trust created by the 2013 Indenture and this Escrow Agreement, and the Escrow Bank shall thereupon be released and discharged with respect thereto and hereto and all liability of the Escrow Bank with respect to such money shall thereupon cease. Upon the discharge and redemption of all of the Prior Authority Bonds and the Prior District Bonds, any funds in excess of those applied or to be applied to such discharge and redemption remaining on deposit with the Escrow Bank shall be transferred to the City.

Section 14. Merger or Consolidation of Escrow Bank; Resignation of Escrow Bank. Any company into which the Escrow Bank 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 Escrow Bank may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible to act as trustee under the 2013 Indenture, shall be the successor hereunder to the Escrow Bank without the execution or filing of any paper or any further act. The Escrow Bank may resign by giving written notice to the District and the Authority, and upon receipt of such notice the Authority and District shall promptly appoint a successor Escrow Bank. If the Authority and District do not appoint a successor Escrow Bank, the resigning Escrow Bank may, at the expense of the District, petition a court of competent jurisdiction for the appointment of a successor Escrow Bank, which court may thereupon, upon such notice as it shall deem proper, appoint a successor Escrow Bank. Upon acceptance of appointment by a successor Escrow Bank, the resigning Escrow Bank shall transfer all amounts held by it in the Escrow Fund to such successor Escrow Bank and be discharged of any further obligation or responsibility hereunder.

Section 15. Severability. If any section, paragraph, sentence, clause or provision of this Escrow Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence, clause or provision shall not affect any of the remaining provisions of this Escrow Agreement.

Section 16. Notice of Escrow Bank, District and Authority. Any notice to or demand upon the Escrow Bank may be served and presented, and such demand may be made, at the principal corporate trust office of the Escrow Bank at U.S. Bank National Association, Global Corporate Trust Services, 633 West Fifth Street, 24th Floor, Los Angeles, California 90071. Any notice to or demand upon the District or Authority, shall be deemed to have been sufficiently given or served for all purposes by being mailed by registered or certified mail, and deposited, postage prepaid, in a post office letter box, addressed to such party, c/o City of Perris 101 North "D" Street, Perris, California 92570, Attn: City Manager (or such other address as may have been filed in writing by the District with the Escrow Bank).

IN WITNESS WHEREOF, the Authority, the District, and the Escrow Bank have each caused this Escrow Agreement to be executed by their duly authorized officers all as of the date first above written.

PERRIS JOINT POWERS AUTHORITY

By: _____
Executive Director

COMMUNITY FACILITIES DISTRICT NO. 2002-1
(WILLOWBROOK) OF THE CITY OF PERRIS

By: _____
City Manager

U.S. BANK NATIONAL ASSOCIATION

By: _____
Authorized Officer

SCHEDULE A
SCHEDULE OF FEDERAL SECURITIES

Type of Security	Issue Date	Maturity Date	Principal Amount	Interest Rate

SCHEDULE B
PAYMENT AND REDEMPTION SCHEDULE OF REFUNDED BONDS

Payment Date	Principal	Interest	Principal Redeemed	Redemption Premium	Total Payment

Exhibit A
Notice of Defeasance

[SEE ATTACHED]

**NOTICE OF DEFEASANCE
PERRIS JOINT POWERS AUTHORITY
LOCAL AGENCY REVENUE BONDS (WILLOW BROOK REFUNDING) 2013
SERIES B**

Redemption Date on _____, 2024 at ___%

Rate	Maturity Date	CUSIP ¹	Principal Amount

NOTICE IS HEREBY GIVEN to the owners of the bonds described above (the “Refunded Bonds”), that pursuant to the Escrow Deposit and Trust Agreement (the “Agreement”) entered into and dated as of May 1, 2024, by and among the PERRIS JOINT POWERS AUTHORITY, a joint powers authority existing under the laws of the State of California (the “Authority”), COMMUNITY FACILITIES DISTRICT NO. 2002-1 (WILLOWBROOK) OF THE CITY OF PERRIS (the “District”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America having a corporate trust office in Los Angeles, California, as escrow bank, Prior Fiscal Agent, Fiscal Agent and Trustee (as those terms are defined in the Agreement) (collectively, the “Escrow Bank”), that:

The District has deposited in an Escrow Fund with the Escrow Bank sufficient monies to pay all of the principal of, premium and interest on the Refunded Bonds as the same shall become due and payable to and including _____, 2024, the date of early redemption of the Refunded Bonds, all as set forth above.

The Escrow Bank has been instructed by the District to redeem the Prior District Bonds on _____, 2024 at the Redemption price of ___%.

Date: _____, 2024

By: **U.S. BANK NATIONAL ASSOCIATION,
as Escrow Bank**

THIS IS NOT A NOTICE OF REDEMPTION

¹ *The District, the Authority, and the Escrow Bank shall not be responsible for the use of the CUSIP number(s) selected, nor is any representation made as to their correctness indicated in the notice or as printed on any Refunded Bond. They are included solely for the convenience of the owners of the Refunded Bonds.*

ESCROW DEPOSIT AND TRUST AGREEMENT

by and between the

PERRIS JOINT POWERS AUTHORITY

and

**COMMUNITY FACILITIES DISTRICT NO. 2006-1 (MERITAGE HOMES)
OF THE CITY OF PERRIS**

and

U.S. BANK NATIONAL ASSOCIATION

Dated as of May 1, 2024

Relating to the Payment and Redemption of the

\$2,825,000 (Initial Principal Amount)

**Perris Joint Powers Authority Local Agency Revenue Bonds (Meritage Homes
Refunding) 2014 Series B**

AND

**\$2,825,000 (Initial Principal Amount) Community Facilities District No. 2006-1
(Meritage Homes) of the City of Perris Special Tax Bonds, 2014 Series**

ESCROW DEPOSIT AND TRUST AGREEMENT

This ESCROW DEPOSIT AND TRUST AGREEMENT (this “Agreement”) is made and entered into as of May 1, 2024, by and between the PERRIS JOINT POWERS AUTHORITY, a joint powers authority existing under the laws of the State of California (the “Authority”), COMMUNITY FACILITIES DISTRICT NO. 2006-1 (MERITAGE HOMES) OF THE CITY OF PERRIS (the “District”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America having a corporate trust office in Los Angeles, California, as escrow bank, 2014 Fiscal Agent, Fiscal Agent, 2014 Trustee, and Trustee (as hereinafter defined) (collectively, the “Escrow Bank”);

WITNESSETH:

WHEREAS, pursuant to Articles 1 through 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Bond Law”), the City of Perris (the “City”) and the Housing Authority of the City of Perris (the "Housing Authority"), entered into a Joint Exercise of Powers Agreement, dated March 26, 2013, thereby forming the Authority; and

WHEREAS, pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the “Act”), the City adopted Resolution Numbers 3761, 3762, and 3763 (the “Resolutions”) on August 29, 2006, after taking all necessary proceedings required by the Act, thereby establishing Community Facilities District No. 2006-1 (Meritage Homes) of the City of Perris (the “District”), and as more particularly described on the Boundary Map of the District recorded at Book 66 of Maps of Assessment and Community Facility Districts at Pages 83 in the office of the Riverside County Recorder’s Office, State of California; and

WHEREAS, the District was formed for the purpose of providing financing for the acquisition and construction of public facilities associated therewith, and also approved the levy of a special tax in accordance with the rate and method of apportionment (the “Rate and Method of Apportionment”) for the District, and approved issuance of bonds by the District; and

WHEREAS, also on August 29, 2006, the qualified electors within the District approved the levy of special taxes pursuant to the Rate and Method of Apportionment, pursuant to the Resolutions, and Ordinance No. 1198 adopted on September 26, 2006; and

WHEREAS, the City Council of the City (hereinafter sometimes referred to as the “legislative body of the District”), has heretofore as legislative body of the District issued its (a) Community Facilities District No. 2006-1 (Meritage Homes) of the City of Perris Special Tax Bonds, 2014 Series in the aggregate principal amount of \$2,825,000 (the “Prior District Bonds”), each secured by the levy of special taxes within the District pursuant to the Rate and Method of Apportionment for the District and subject to the terms of a fiscal agent agreement, dated June 1, 2014, by and between the District and the predecessor to the 2014 Fiscal Agent (the “2014 Fiscal Agent Agreement”); and

WHEREAS, the Authority was authorized by the Bond Law to issue bonds, and issued its \$2,825,000 Perris Joint Powers Authority Local Agency Revenue Bonds (Willowbrook Refunding) 2014 Series B, currently outstanding in the aggregate principal amount of \$1,985,000

(the “Prior Authority Bonds”) and dated as of June 19, 2014, pursuant to that certain Indenture of Trust, dated as of June 1, 2014 (the “2014 Indenture”), by and between the Authority and U.S. Bank National Association; and

WHEREAS, the Authority acquired the Prior District Bonds with the proceeds of the Prior Authority Bonds; and

WHEREAS, the District and the Authority have determined that refunding, canceling, and/or defeasing the Prior District Bonds to effect savings and to discharge through paying off the Prior Authority Bonds, is prudent in the management of their fiscal affairs and a public purpose; and

WHEREAS, the City, on behalf of the District, has taken action and held proceedings to issue (a) \$ _____ of its Community Facilities District No. 2006-1 (Meritage Homes) of the City of Perris Special Tax Refunding Bonds, 2024 Series (the “District Bonds”), subject to the terms of a fiscal agent agreement, each dated May 1, 2024, by and between the District and the Fiscal Agent (each a “2024 Fiscal Agent Agreement” and, collectively, the “2024 Fiscal Agent Agreements”); and

WHEREAS, in order to raise funds to purchase the District Bonds and effectuate the refunding, the Authority has determined to issue its \$ _____ Perris Joint Powers Authority Local Agency Revenue Bonds (CFD 2001-1 IA1, IA2 & IA3; CFD 2002-1; CFD 2006-1 Refunding), 2024 Series (the “Authority Bonds”), pursuant to the Bond Law and subject to the terms of an Indenture of Trust, dated as of May 1, 2024, by and between the Authority and the Trustee (the “2024 Indenture”); and

WHEREAS, the Authority will use a portion of the proceeds of the Authority Bonds to purchase the District Bonds; and

WHEREAS, the District will use a portion of the proceeds of the sale of the District Bonds to the Authority, along with other moneys, to prepay the Prior Authority Bonds and discharge the 2014 Indenture in exchange for the Prior District Bonds; and

WHEREAS, the Prior Authority Bonds mature, bear interest and are callable as set forth on Schedule B attached hereto; and

WHEREAS, the 2014 Indenture provides for the payment, redemption, and discharge of the Prior Authority Bonds prior to maturity by the setting apart of money in a special trust fund to insure the payment of principal, premium and interest thereon; and

WHEREAS, the Authority, the District and the Escrow Bank wish to enter into this Agreement for the purpose of providing the terms and conditions relating to the deposit and application of moneys to provide for the payment and prepayment of the Prior Authority Bonds in full and, concurrently with said payment, discharge of the 2014 Indenture and exchange and/or cancellation of the Prior District Bonds, pursuant to and in accordance with the provisions of the 2014 Indenture and 2014 Fiscal Agent Agreement; and

WHEREAS, the Escrow Bank has full powers to act with respect to the irrevocable escrow and trust created herein and to perform the duties and obligations to be undertaken pursuant to this Escrow Agreement.

NOW, THEREFORE, in consideration of the above premises and of the mutual promises and covenants herein contained and for other valuable consideration, the parties hereto do hereby agree as follows:

Section 1. Certain Definitions. Unless the context otherwise requires, the terms defined in this section shall, for all purposes of this Escrow Agreement have the meanings herein specified. Capitalized terms not otherwise defined herein are defined in the 2014 Indenture.

“Bond Counsel” means Aleshire & Wynder, LLP, or any other attorney or firm of attorneys of nationally recognized standing in the field of municipal finance whose opinions are generally accepted by purchasers of municipal bonds or notes, appointed from time to time by the Authority.

“Bond Fund” means the fund so designated which is established and held by the 2014 Trustee pursuant to the 2014 Indenture.

“Closing Date” means the date of delivery of the Authority Bonds and the District Bonds.

“District Special Tax Fund” means the Special Tax Fund created for the District pursuant to the 2014 Fiscal Agent Agreement.

“Escrow Agreement” means this Escrow Deposit and Trust Agreement dated as of May 1, 2024, by and among the Authority, the District and the Escrow Bank.

“Escrow Fund” means the fund by that name as created in Section 4 herein.

“Payment Date” means each date upon which interest or principal is due on the Prior Authority Bonds as shown on Schedule B attached hereto.

“Prior Reserve Fund” means the Fund so designated which is established and held by the 2014 Trustee pursuant to the 2014 Indenture.

Section 2. Receipt of Indenture. The Escrow Bank hereby acknowledges receipt of a true and correct copy of the 2014 Indenture and the 2014 Fiscal Agent Agreement. Reference herein to, or citation of, any provision of the 2014 Indenture and/or 2014 Fiscal Agent Agreement shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if fully set forth herein.

Section 3. Appointment of Escrow Bank. The District and the Authority hereby appoint the Escrow Bank as escrow bank for all purposes of this Escrow Agreement and in accordance with the terms and provisions of this Escrow Agreement and the 2014 Indenture and the Escrow Bank hereby accepts such appointment. The Escrow Bank is entering into this Escrow Agreement in its current capacity as escrow bank, 2014 Trustee, Trustee, 2014 Fiscal Agent and Fiscal Agent.

Section 4. Establishment of Escrow Fund. There is hereby created by the Authority with, and to be held by, the Escrow Bank, as security for the payment of the principal of, redemption premium and interest on the Prior Authority Bonds as hereinafter set forth, an irrevocable escrow to be maintained in trust by the Escrow Bank on behalf of the Authority and for the benefit of the owners of the Prior Authority Bonds, said escrow to be designated the “Escrow Fund.” All moneys deposited in the Escrow Fund shall constitute a special fund for the payment of the principal of, redemption premium and interest with respect to the Prior Authority Bonds in accordance with the provisions of the 2014 Indenture. If at any time the Escrow Bank shall receive actual knowledge that the moneys in the Escrow Fund will not be sufficient to make any payment required by Section 6 hereof, the Escrow Bank shall notify the Authority of such fact and the Authority shall immediately cure such deficiency.

Section 5. Deposit into Escrow Fund; Investment of Amounts.

(a) On the Closing Date, the Escrow Bank, as 2014 Trustee and 2014 Fiscal Agent shall transfer \$ _____ in immediately available federal funds, which sum shall comprise any funds remaining in the funds and accounts under the 2014 Fiscal Agent Agreement and the 2014 Indenture to the Trustee for deposit pursuant to the 2024 Indenture as follows:

(1) the amount of \$ _____ from the Reserve Fund under the 2014 Indenture;

(2) \$ _____ from the Interest Account under the 2014 Indenture;

(3) \$ _____ from the Special Tax Fund relating to the Prior District Bonds under the respective Prior Fiscal Agent Agreement;

(b) Concurrently with the Closing Date, and pursuant to the 2024 Indenture and the 2024 Fiscal Agent Agreements, there is hereby deposited with the Escrow Bank in connection with the refunding of the Prior Authority Bonds, and the Escrow Bank hereby acknowledges the receipt of, immediately available federal funds in the amount of \$ _____ which amount is derived as follows:

(1) the amount of \$ _____ from the proceeds of the District Bonds;

(c) The amounts deposited in the Escrow Fund will be sufficient to defease the Prior Authority Bonds on the Closing Date, and shall applied as provided in Section 6. An amount equal to \$ _____ shall be held in the Escrow Fund (the “Escrow Deposit”) on the Closing Date. The Escrow Deposit shall be sufficient to pay the principal of, premium on and interest due on the Prior Authority Bonds (including investment earnings thereon) up to and on the redemption date of the prior Authority Bonds (_____) and discharge the Prior Authority Bonds and the 2014 Indenture on the Closing Date pursuant to Section 10.03 of the 2014 Indenture. This amount shall be invested as provided in Section 5(d) below.

(d) The Escrow Bank shall invest money on deposit in the Escrow Fund as provided in this paragraph. The total amount of \$ _____ deposited in the Escrow Fund

pursuant to Section 5(b) hereof, shall be invested in the federal securities described in Schedule A attached hereto ("Federal Securities"), except that \$ _____ in the Escrow Fund shall be held uninvested. The Authority warrants that the amount deposited in the Escrow Fund shall be sufficient for purposes described in Section 6 below. The Authority hereby directs the Escrow Bank to acquire the Federal Securities described on Schedule A on the Closing Date, for deposit in the Escrow Fund.

(e) Funds held by the Escrow Bank in the Escrow Fund are solely for the uses and purposes set forth herein.

(f) After the Escrow Bank shall have paid or have made provision for payment of all principal of and interest and redemption premiums on the Prior Authority Bonds as provided in Section 6 hereof, the Escrow Bank shall promptly transfer to the Trustee any surplus amounts remaining in the Escrow Fund to the Bond Fund established under the Indenture to pay debt service on the Authority Bonds.

(g) All remaining amounts in the funds and accounts under the 2024 Indenture and the 2024 Fiscal Agent Agreements, not accounted for in Subsection (a) or (b) above, and not needed pursuant to Subsection (d) above shall be transferred to the Trustee for deposit in the Interest Account under the Indenture

Section 6. Instructions as to Application of Deposit. The total amount of Federal Securities and cash held in the Escrow Fund pursuant to Section 5 hereof shall be deemed to be and shall constitute the deposits permitted to be made by the Authority to pay in full the Prior Authority Bonds and discharge the 2024 Indenture. In accordance with the 2024 Indenture, the Authority and the District hereby irrevocably direct and instruct the Escrow Bank, as successor to the 2014 Trustee, to apply the moneys in the Escrow Fund to pay all of the principal of, premium and interest on the Prior Authority Bonds as the same shall become due and payable to and including ___ the date of early redemption of the Prior Authority Bonds, all as more particularly set forth in Schedule B attached hereto and hereby made a part hereof.

The Authority hereby instructs the 2014 Trustee to send written notice in the name of the Authority to the owner of each of the Prior Authority Bonds at the address shown on the registration books maintained by the Trustee, as successor to the 2014 Trustee, at least thirty (30) days prior to _____, the date fixed for redemption and payment of all of the Prior Authority Bonds. The Escrow Bank, as 2014 Trustee, hereby accepts that instruction pursuant to Section 10.03 of the 2014 Indenture.

The Authority hereby covenants that no part of the moneys or funds at any time in the Escrow Fund shall be used directly or indirectly to acquire any securities or obligations, the acquisition of which would cause the Prior Authority Bonds or the Prior District Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code.

Section 7. Refunding of Prior District Bonds. The Escrow Agent shall establish and hold in trust one account called the "CFD 2006-1 Refunding Fund." On the Closing Date, the District shall transfer to the Escrow Agent for deposit in the CFD 2006-1 Refunding Fund, the Prior District Bond, which Prior District Bond shall be exchanged for the District Bond at an

imputed value equal to the payoff amount of the Prior District Bond, which shall be deemed to be discharge the 2014 Fiscal Agent Agreement in accordance with Section 11.3 of the 2014 Fiscal Agent Agreement. The District, as owner of the Prior District Bonds, hereby instructs the Escrow Bank to cancel the Prior District Bonds following the exchange and deposit of the District Bonds with the Fiscal Agent as agent for the Authority. The Prior District Bonds shall be deemed discharged by the District on the Closing Date.

Upon discharging the Prior District Bonds in exchange for the District Bonds, the City and District hereby terminate the pledge of the Special Taxes to the Prior District Bonds and other funds provided for in the 2014 Fiscal Agent Agreement and other obligations of the City or District under the Fiscal Agent Agreements with respect to the Prior District Bonds..

Section 8. Notice of Redemption. Pursuant to Section 2.02(e) of the 2014 Indenture, the Trustee shall mail by first class mail notice of redemption to the respective owners of the Prior Authority Bonds at least thirty (30) but not more than sixty (60) days prior to the date fixed for redemption for the Prior Authority Bonds. A form of the notice of defeasance is attached as Exhibit A hereto, and shall be posted within 10 days following the defeasance of the Prior Authority Bonds on June 6, 2024.

Section 9. Creation of Lien. The escrow created hereby shall be irrevocable. The Owners of the Prior Authority Bonds are hereby given an express lien on, and security interest in, the Escrow Fund and all earnings thereon, if any, until used and applied in accordance with this Escrow Agreement. The cash in the Escrow Fund is hereby pledged and assigned, and shall be applied solely for the payment of the principal of, the premium, if any, and interest on the Prior Authority Bonds.

Section 10. Compensation to Escrow Bank. The District shall pay or shall cause the Authority to pay to the Escrow Bank full compensation for its duties under this Escrow Agreement, including out-of-pocket costs such as publication costs, redemption expenses, legal fees and other costs and expenses relating hereto. Without limitation on the foregoing, the Escrow Bank shall not be entitled to any lien or right of set-off on amounts on deposit in the Escrow Fund for payment of its compensation under this Escrow Agreement.

Section 11. Liabilities and Obligations of Escrow Bank. The Escrow Bank shall have no obligation to make any payment or disbursement of any type or incur any financial liability in the performance of its duties under this Escrow Agreement unless the District or the Authority shall have deposited sufficient funds with the Escrow Bank. The Escrow Bank may rely and shall be protected in acting upon the written or oral instructions of the District or the Authority or their agents relating to any matter or action as Escrow Bank under this Escrow Agreement.

The Escrow Bank and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the acceptance of the moneys deposited therein, the sufficiency of moneys held hereunder to accomplish the redemption of the Prior Authority Bonds, or any payment, transfer or other application of moneys by the Escrow Bank in accordance with the provisions of this Escrow

Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Bank made in good faith in the conduct of its duties. The recitals of fact contained in the “whereas” clauses herein shall be taken as the statement of the District, and the Escrow Bank assumes no responsibility for the correctness thereof. The Escrow Bank makes no representations as to the sufficiency of the moneys to accomplish the redemption of the Prior Authority Bonds pursuant to the 2014 Indenture or to the validity of this Escrow Agreement as to the District and, except as otherwise provided herein, the Escrow Bank shall incur no liability in respect thereof. The Escrow Bank shall not be liable in connection with the performance of its duties under this Escrow Agreement except for its own negligence or willful misconduct, and the duties and obligations of the Escrow Bank shall be determined by the express provisions of this Escrow Agreement. The Escrow Bank may consult with counsel, who may or may not be counsel to the District, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Bank shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Escrow Agreement, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of counsel) may be deemed to be conclusively established by a written certification of the District.

The Authority and the District hereby assume liability for, and hereby agree (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and hold harmless the Escrow Bank and its respective successors, assigns, agents and servants from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the Escrow Bank (whether or not also indemnified against by any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the retention of the moneys therein and any payment, transfer or other application of moneys by the Escrow Bank in accordance with the provisions of this Escrow Agreement, or as may arise by reason of any act, omission or error of the Escrow Bank made in good faith in the conduct of its duties; *provided, however,* that neither the Authority nor the District shall be required to indemnify the Escrow Bank against its own negligence, gross negligence or willful misconduct. The indemnities contained in this Section 11 shall survive the termination of this Escrow Agreement.

Section 12. Amendment. This Escrow Agreement may be modified or amended at any time by a supplemental agreement which shall become effective when the written consents of the owners of one hundred percent (100%) in aggregate principal amount of the Prior Authority Bonds then outstanding shall have been filed with the Escrow Bank. This Escrow Agreement may be modified or amended at any time by a supplemental agreement, without the consent of any such owners, but only (a) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power herein or therein reserved to the District, (b) to cure, correct or supplement any ambiguous or defective provision contained herein, (c) in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which, in the opinion of counsel, shall not materially adversely affect the interests of the owners of the Prior Authority Bonds and the Authority

Bonds, and that such amendment will not cause interest with respect to the Prior Authority Bonds or the Authority Bonds to become subject to federal income taxation.

Section 13. Termination; Unclaimed Money. This Escrow Agreement shall terminate when the principal of and interest on all Prior Authority Bonds have been paid; *provided, however,* that money held by the Escrow Bank in the Escrow Fund for the payment and discharge of any of the Prior Authority Bonds which remain unclaimed for two (2) years after such payments were due, shall be repaid by the Escrow Bank to the Authority free from the trust created by the 2014 Indenture and this Escrow Agreement, and the Escrow Bank shall thereupon be released and discharged with respect thereto and hereto and all liability of the Escrow Bank with respect to such money shall thereupon cease. Upon the discharge and redemption of all of the Prior Authority Bonds and the Prior District Bonds, any funds in excess of those applied or to be applied to such discharge and redemption remaining on deposit with the Escrow Bank shall be transferred to the City.

Section 14. Merger or Consolidation of Escrow Bank; Resignation of Escrow Bank. Any company into which the Escrow Bank 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 Escrow Bank may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible to act as trustee under the 2014 Indenture, shall be the successor hereunder to the Escrow Bank without the execution or filing of any paper or any further act. The Escrow Bank may resign by giving written notice to the District and the Authority, and upon receipt of such notice the Authority and District shall promptly appoint a successor Escrow Bank. If the Authority and District do not appoint a successor Escrow Bank, the resigning Escrow Bank may, at the expense of the District, petition a court of competent jurisdiction for the appointment of a successor Escrow Bank, which court may thereupon, upon such notice as it shall deem proper, appoint a successor Escrow Bank. Upon acceptance of appointment by a successor Escrow Bank, the resigning Escrow Bank shall transfer all amounts held by it in the Escrow Fund to such successor Escrow Bank and be discharged of any further obligation or responsibility hereunder.

Section 15. Severability. If any section, paragraph, sentence, clause or provision of this Escrow Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence, clause or provision shall not affect any of the remaining provisions of this Escrow Agreement.

Section 16. Notice of Escrow Bank, District and Authority. Any notice to or demand upon the Escrow Bank may be served and presented, and such demand may be made, at the principal corporate trust office of the Escrow Bank at U.S. Bank National Association, Global Corporate Trust Services, 633 West Fifth Street, 24th Floor, Los Angeles, California 90071. Any notice to or demand upon the District or Authority, shall be deemed to have been sufficiently given or served for all purposes by being mailed by registered or certified mail, and deposited, postage prepaid, in a post office letter box, addressed to such party, c/o City of Perris 101 North "D" Street, Perris, California 92570, Attn: City Manager (or such other address as may have been filed in writing by the District with the Escrow Bank).

IN WITNESS WHEREOF, the Authority, the District, and the Escrow Bank have each caused this Escrow Agreement to be executed by their duly authorized officers all as of the date first above written.

PERRIS JOINT POWERS AUTHORITY

By: _____
Executive Director

COMMUNITY FACILITIES DISTRICT NO. 2006-1
(Meritage Homes) OF THE CITY OF PERRIS

By: _____
City Manager

U.S. BANK NATIONAL ASSOCIATION

By: _____
Authorized Officer

SCHEDULE A
SCHEDULE OF FEDERAL SECURITIES

Type of Security	Issue Date	Maturity Date	Principal Amount	Interest Rate

SCHEDULE B
PAYMENT AND REDEMPTION SCHEDULE OF REFUNDED BONDS

Payment Date	Principal	Interest	Principal Redeemed	Redemption Premium	Total Payment

Exhibit A
Notice of Defeasance

[SEE ATTACHED]

**NOTICE OF DEFEASANCE
PERRIS JOINT POWERS AUTHORITY
LOCAL AGENCY REVENUE BONDS (WILLOW BROOK REFUNDING) 2014
SERIES B**

Redemption Date on _____, 2024 at ___%

Rate	Maturity Date	CUSIP ¹	Principal Amount

NOTICE IS HEREBY GIVEN to the owners of the bonds described above (the “Refunded Bonds”), that pursuant to the Escrow Deposit and Trust Agreement (the “Agreement”) entered into and dated as of May 1, 2024, by and among the PERRIS JOINT POWERS AUTHORITY, a joint powers authority existing under the laws of the State of California (the “Authority”), COMMUNITY FACILITIES DISTRICT NO. 2006-1 (MERITAGE HOMES) OF THE CITY OF PERRIS (the “District”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America having a corporate trust office in Los Angeles, California, as escrow bank, Prior Fiscal Agent, Fiscal Agent and Trustee (as those terms are defined in the Agreement) (collectively, the “Escrow Bank”), that:

The District has deposited in an Escrow Fund with the Escrow Bank sufficient monies to pay all of the principal of, premium and interest on the Refunded Bonds as the same shall become due and payable to and including _____, 2024, the date of early redemption of the Refunded Bonds, all as set forth above.

The Escrow Bank has been instructed by the District to redeem the Prior District Bonds on _____, 2024 at the Redemption price of ___%.

Date: _____, 2024

By: **U.S. BANK NATIONAL ASSOCIATION,
as Escrow Bank**

THIS IS NOT A NOTICE OF REDEMPTION

¹ *The District, the Authority, and the Escrow Bank shall not be responsible for the use of the CUSIP number(s) selected, nor is any representation made as to their correctness indicated in the notice or as printed on any Refunded Bond. They are included solely for the convenience of the owners of the Refunded Bonds.*

ATTACHMENT 9

Preliminary Official Statement

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2024

NEW ISSUE-FULL BOOK ENTRY

NO RATING

[In the opinion of Aleshire & Wynder, LLP, Bond Counsel, based on existing statutes, regulations, rulings and court decisions and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes. In the opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that it is included in adjusted current earnings in calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding other federal or State tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See “LEGAL MATTERS — Tax Matters” herein.]

\$11,180,000*

**PERRIS JOINT POWERS AUTHORITY
LOCAL AGENCY REVENUE BONDS**

(CFD 2001-1 IA1, IA2 & IA3; CFD 2002-1; CFD 2006-1 REFUNDING), 2024 SERIES

Due: September 1 as shown on inside cover

Dated: Date of Delivery

The Perris Joint Powers Authority Local Agency Revenue Bonds (CFD 2001-1 IA1, IA2 & IA3; CFD 2002-1; CFD 2006-1 Refunding), 2024 Series (the “Bonds”) are being issued by the Perris Joint Powers Authority (the “Authority”) primarily to (i) purchase certain special tax obligations (the “District Bonds”) of community facilities districts (collectively the “Districts”) formed by the City of Perris; (ii) fund a reserve account for the Bonds; and (iii) pay costs of issuance in connection with the Bonds. The District Bonds are being issued to refund five series of bonds (the “Prior District Bonds”) issued by the Districts (in certain instances issued for improvement areas of such community facilities districts and referred to in this Official Statement as the “Taxing Jurisdictions”), which Prior District Bonds were issued in connection with the issuance by the Authority of certain of its local agency revenue bonds (the “Prior Bonds”). See “FINANCING PLAN.”

The Bonds are payable solely from Revenues and Redemption Revenues (defined herein) pledged by the Authority pursuant to that certain Indenture of Trust, dated as of May 1, 2024 (the “Indenture”), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”) and from certain other funds pledged under the Indenture, all as further described herein. Revenues consist primarily of special taxes levied within the Taxing Jurisdictions described herein and paid to the Authority as debt service on the District Bonds.

The Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. Interest on the Bonds is payable on each March 1 and September 1, commencing September 1, 2024. The Bonds will be initially issued only in book-entry form and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository of the Bonds. Principal and interest (and premium, if any) on the Bonds is payable by the Trustee to DTC, which is to remit such payments to its Participants for subsequent distribution to the beneficial owners of the Bonds. See “THE BONDS — General Provisions” and — Book-Entry Only System” herein.

The Bonds are subject to optional redemption, mandatory sinking fund redemption and extraordinary redemption prior to maturity as described herein. See “THE BONDS — Redemption.”

CERTAIN EVENTS COULD AFFECT THE ABILITY OF THE AUTHORITY TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS WHEN DUE. THE PURCHASE OF THE BONDS INVOLVES SIGNIFICANT INVESTMENT RISKS, AND THE BONDS MAY NOT BE SUITABLE INVESTMENTS FOR MANY INVESTORS. SEE THE SECTION OF THIS OFFICIAL STATEMENT ENTITLED “SPECIAL RISK FACTORS” FOR A DISCUSSION OF CERTAIN RISK FACTORS THAT SHOULD BE CONSIDERED, IN ADDITION TO THE OTHER MATTERS SET FORTH HEREIN, IN EVALUATING THE INVESTMENT QUALITY OF THE BONDS.

***Maturity Schedule
(see inside cover)***

The Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval as to their legality by Aleshire & Wynder, LLP, Irvine, California, as Bond Counsel. Certain legal matters will be passed upon for the City and the Authority by Aleshire & Wynder, LLP, as City Attorney, and by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, as Disclosure Counsel, for the Underwriter by its counsel, Kutak Rock LLP, Irvine, California and for the Trustee by its counsel. It is anticipated that the Bonds in definitive form will be available for delivery to DTC or its agent on or about _____, 2024.

Oppenheimer & Co. Inc.

Dated: _____, 2024

** Preliminary, subject to change.*

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

MATURITY SCHEDULE

\$11,180,000*

**PERRIS JOINT POWERS AUTHORITY
LOCAL AGENCY REVENUE BONDS**

(CFD 2001-1 IA1, IA2 & IA3; CFD 2002-1; CFD 2006-1 REFUNDING), 2024 SERIES

<i>Maturity (September 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>CUSIP[†] No.</i>
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\$ _____ Term Bonds

\$ _____ % Term Bonds due September 1, 20__ Yield: _____ % Price: _____ CUSIP No.[†] _____

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2024 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Authority, the City, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

**PERRIS JOINT POWERS AUTHORITY
CITY OF PERRIS, CALIFORNIA**

AUTHORITY BOARD AND CITY COUNCIL

Michael M. Vargas, Mayor
Rita Rogers, Mayor Pro Tem
Malcolm Corona, Council Member
Marisela Nava, Council Member
David Starr Rabb, Council Member

CITY STAFF

Clara Miramontes, City Manager
Matthew Schenk, CPA, Finance Director
Nancy Salazar, City Clerk
Robert Khuu, Esq., Aleshire & Wynder, LLP, City Attorney/Authority Counsel

BOND COUNSEL

Aleshire & Wynder, LLP
Irvine, California

DISCLOSURE COUNSEL

Stradling Yocca Carlson & Rauth LLP
Newport Beach, California

MUNICIPAL ADVISOR

Fieldman, Rolapp & Associates, Inc.
Irvine, California

SPECIAL TAX CONSULTANT

Willdan Financial Services
Temecula, California

TRUSTEE/FISCAL AGENT/ESCROW AGENT

U.S. Bank Trust Company, National Association
Los Angeles, California

VERIFICATION AGENT

Causey Demgen & Moore, P.C.
Denver, Colorado

Investment in the Bonds involves risks which are not appropriate for certain investors. Therefore, only persons with substantial financial resources (in net worth or income) who understand those risks should consider such an investment.

Except where otherwise indicated, all information contained in this Official Statement has been provided by the Authority, the City and the Districts. No dealer, broker, salesperson or other person has been authorized by the Authority, the City, the Districts, the Trustee or the Underwriter to give any information or to make any representations in connection with the offer or sale of the Bonds other than as contained herein; and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority, the City, the Districts, the Trustee or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

The information set forth herein which has been obtained from third party sources is believed to be reliable but is not guaranteed as to accuracy or completeness by the Districts, the City or the Authority. This Official Statement is not to be construed as a contract with the purchasers or Owners of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such are not to be construed as representations of fact.

The Underwriter has provided the following sentence for inclusion in this Official Statement:

The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the City, the Districts or any other parties described herein since the date hereof. All summaries of the Indenture or other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the City for further information in connection therewith.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget” or other similar words.

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Authority does not plan to issue any updates or revisions to the forward-looking statements set forth in this Official Statement. The Authority is obligated to provide continuing disclosure for certain historical information only. See the caption “MISCELLANEOUS — Continuing Disclosure” herein.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

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REGIONAL MAP

OVERVIEW AERIAL OF DISTRICTS

OFFICIAL STATEMENT

\$11,180,000*

PERRIS JOINT POWERS AUTHORITY LOCAL AGENCY REVENUE BONDS

(CFD 2001-1 IA1, IA2 & IA3; CFD 2002-1; CFD 2006-1 REFUNDING), 2024 SERIES

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and Appendices hereto (the “Official Statement”), is to provide certain information concerning the sale and issuance of the Perris Joint Powers Authority Local Agency Revenue Bonds (CFD 2001-1 IA1, IA2 & IA3; CFD 2002-1; CFD 2006-1 Refunding), 2024 Series (the “Bonds”) issued under the Indenture (defined below).

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

Capitalized terms not defined herein shall have the meaning set forth in Appendix C-1 or Appendix C-2 hereto. See Appendix C-1 — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” and Appendix C-2 — “SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENTS.”

Financing Purpose

Purpose of the Bonds. The Bonds are being issued by the Perris Joint Powers Authority (the “Authority”) pursuant to an Indenture of Trust dated as of May 1, 2024 (the “Indenture”), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). The proceeds of the Bonds will be used to (i) purchase the “District Bonds” described below; (ii) fund the Reserve Account for the Bonds; and (iii) pay the costs of issuance in connection with the issuance of the Bonds. See “FINANCING PLAN” herein.

Purpose of the District Bonds. The net proceeds of the District Bonds, along with other available funds, will be used as follows (see “FINANCING PLAN” herein):

- (i) to make deposits into three separate escrow funds (collectively, the “Escrow Funds”) to be held by U.S. Bank Trust Company, National Association, as escrow agent (the “Escrow Agent”) pursuant to certain Escrow Agreements, each dated as of May 1, 2024 (collectively, the “Escrow Agreements”) for the purpose of refunding the Prior Bonds (as defined herein) and the Prior District Bonds (as defined below); and
- (ii) pay costs of issuance in connection with the issuance of the District Bonds.

The Bonds; The District Bonds

The Bonds. The Bonds will be issued and will be secured under the Indenture by a first lien on and pledge of all of the Revenues and Redemption Revenues (as defined below) and from certain other funds pledged under the Indenture, all as further described herein. Revenues consist primarily of amounts received by the Authority from the Districts from the payment of debt service on the District Bonds and amounts held in the funds and accounts (other than the Rebate Account) established and held for the benefit of the Bonds under the Indenture. Debt service on each series of District Bonds is paid from the proceeds of Special Taxes levied on the taxable property within the applicable Taxing Jurisdiction (as defined below) which remain after the payment of administrative expenses. Redemption Revenues consist of (a) amounts received from the redemption of a series of the District Bonds from amounts constituting prepayments of special taxes, (b) amounts received from

the optional redemption of a series of the District Bonds, and (c) amounts received from the special mandatory redemption and mandatory redemption of a series of the District Bonds. See “SECURITY FOR THE DISTRICT BONDS” and Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES.”

District Bonds. The District Bonds consist of the five separate series of bonds described below issued by Community Facilities District No. 2001-1 (May Farms) of the City of Perris (“CFD No. 2001-1”) with respect to Improvement Area No. 1, Improvement Area No. 2 and Improvement Area No. 3 therein, by Community Facilities District No. 2002-1 (Willowbrook) of the City of Perris (“CFD No. 2002-1”) and by Community Facilities District No. 2006-1 (Meritage Homes) of the City of Perris (“CFD No. 2006-1”).

CFD No. 2001-1 IA1 Bonds: \$790,000* Improvement Area No. 1 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds, 2024 Series (the “CFD No. 2001-1 IA1 Bonds”) being issued by CFD No. 2001-1 on behalf of Improvement Area No. 1 therein to refund a portion of the outstanding Improvement Area No. 1 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris, Special Tax Bonds, 2014 Series A (the “Prior CFD No. 2001-1 IA1 Bonds”) previously issued in the amount of \$1,505,000. The CFD No. 2001-1 IA1 Bonds are payable from Special Taxes levied on taxable property in Improvement Area No. 1 of CFD No. 2001-1.

CFD No. 2001-1 IA2 Bonds: \$2,115,000* Improvement Area No. 2 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds, 2024 Series (the “CFD No. 2001-1 IA2 Bonds”) being issued by CFD No. 2001-1 on behalf of Improvement Area No. 2 therein to refund a portion of the outstanding Improvement Area No. 2 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris, Special Tax Bonds, 2014 Series A (the “Prior CFD No. 2001-1 IA2 Bonds”) previously issued in the amount of \$4,270,000. The CFD No. 2001-1 IA2 Bonds are payable from Special Taxes levied on taxable property in Improvement Area No. 2 of CFD No. 2001-1.

CFD No. 2001-1 IA3 Bonds: \$3,250,000* Improvement Area No. 3 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds, 2024 Series (the “CFD No. 2001-1 IA3 Bonds”) being issued by CFD No. 2001-1 on behalf of Improvement Area No. 3 therein to refund a portion of the outstanding Improvement Area No. 3 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris, Special Tax Bonds, 2014 Series A (the “Prior CFD No. 2001-1 IA3 Bonds”) previously issued in the amount of \$6,390,000. The CFD No. 2001-1 IA3 Bonds are payable from Special Taxes levied on taxable property in Improvement Area No. 3 of CFD No. 2001-1.

CFD No. 2002-1 Bonds: \$3,215,000* of Community Facilities District No. 2002-1 (Willowbrook) of the City of Perris Special Tax Bonds, 2024 Series (the “CFD No. 2002-1 Bonds”) being issued by CFD No. 2002-1 to refund the outstanding Community Facilities District No. 2002-1 (Willowbrook) of the City of Perris Special Tax Bonds, 2013 Series (the “Prior CFD No. 2002-1 Bonds”) previously issued in the amount of \$5,750,000. The CFD No. 2002-1 Bonds are payable from Special Taxes levied on taxable property in CFD No. 2002-1.

CFD No. 2006-1 Bonds: \$1,810,000* of Community Facilities District No. 2006-1 (Meritage Homes) of the City of Perris Special Tax Bonds, 2024 Series (the “CFD No. 2006-1 Bonds”) being issued by CFD No. 2006-1 to refund the outstanding Community Facilities District No. 2006-1 (Meritage Homes) of the City of Perris Special Tax Refunding Bonds, 2014 Series (the “Prior CFD No. 2006-1 Bonds”) previously issued in the amount of \$2,825,000. The CFD No. 2006-1 Bonds are payable from Special Taxes levied on taxable property in CFD No. 2006-1.

* Preliminary, subject to change.

CFD No. 2001-1, CFD No. 2002-1 and CFD No. 2006-1 are referred to in this Official Statement each as a “District” and collectively as the “Districts.” Improvement Area Nos. 1, 2 and 3 of CFD No. 2001-1, CFD No. 2002-1 and CFD No. 2006-1 are referred to in this Official Statement each as a “Taxing Jurisdiction” and collectively as the “Taxing Jurisdictions.”

The Prior CFD No. 2001-1 IA1 Bonds, Prior CFD No. 2001-1 IA2 Bonds, Prior CFD No. 2001-1 IA3 Bonds, Prior CFD No. 2002-1 Bonds and the Prior CFD No. 2006-1 Bonds are referred to in this Official Statement collectively as the “Prior District Bonds.”

See Appendix A — “INFORMATION REGARDING THE TAXING JURISDICTIONS” for detailed information with respect to each of the Taxing Jurisdictions.

See “THE TAXING JURISDICTIONS IN THE AGGREGATE,” Appendix A — “INFORMATION REGARDING THE TAXING JURISDICTIONS,” and Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES” herein.

Legal Authority

The Bonds. The Bonds are being issued under Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”) and the Indenture.

The District Bonds. The District Bonds are being issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the “Mello-Roos Act”). The District Bonds are issued and secured under five separate fiscal agent agreements, each dated as of May 1, 2024 (each a “Fiscal Agent Agreement” and collectively, the “Fiscal Agent Agreements”), each by and between the applicable District and U.S. Bank Trust Company, National Association, as fiscal agent (the “Fiscal Agent”). The Fiscal Agent Agreements were approved by the City Council of the City of Perris (the “City Council”), acting as the legislative body of each of the Districts.

Sources of Payment for the Bonds and the District Bonds

The Bonds. The Bonds are secured by a first lien on and pledge of all of the Revenues and Redemption Revenues and pledge of all of the moneys in the Bond Fund, the Revenue Fund and the Redemption Fund, including all amounts derived from the investment of such moneys. See “SECURITY FOR THE BONDS.”

Certain Account Not Pledged. Amounts held in the Rebate Account are not pledged to the repayment of the Bonds. See “SECURITY FOR THE BONDS — Revenues; Flow of Funds” herein.

District Bonds. The District Bonds are secured by a first pledge of all of the Special Tax Revenues collected within the applicable Taxing Jurisdiction and any related District Redemption Revenues (as defined below) and all moneys deposited in the Bond Fund and, until disbursed, as provided in the applicable Fiscal Agent Agreement, in the Special Tax Fund, the Redemption Fund and the Surplus Fund. Notwithstanding the foregoing, “Special Tax Revenues” does not include any penalties or interest in excess of the interest payable on the District Bonds collected in connection with delinquent Special Taxes. See “SECURITY FOR THE DISTRICT BONDS — Special Tax Revenues and District Redemption Revenues.”

The special taxes (the “Special Taxes”) for each Taxing Jurisdiction are levied and collected according to the rate and method of apportionment (each, a “Rate and Method”) established for such Taxing Jurisdiction. See Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES”).

Description of the Bonds

Payments. Interest on the Bonds is payable on each March 1 and September 1, commencing September 1, 2024. Principal of and premium, if any, on the Bonds shall be payable by the Trustee. See “THE BONDS — General Provisions” and “— Book-Entry Only System” herein.

Denominations. The Bonds will be issued in denominations of \$5,000 each or integral multiples thereof.

Redemption. The Bonds are subject to optional, mandatory sinking fund and special mandatory redemption prior to maturity. See “THE BONDS — Redemption” herein.

Registration, transfers and exchanges. The Bonds will be issued as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York (“DTC”), and will be available to actual purchasers of the Bonds (the “Beneficial Owners”) under the book-entry system maintained by DTC. See “THE BONDS — Book-Entry Only System.”

Neither the Bonds nor the District Bonds are a debt of the City, and no revenues of the City are pledged to repayment of the Bonds or the District Bonds.

The Authority

The Authority is a joint exercise of powers authority organized and existing under and by virtue of the Joint Exercise of Powers Act, constituting Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State. The City and the Housing Authority of the City of Perris formed the Authority by the execution of a joint exercise of powers agreement dated as of March 26, 2013 (the “Joint Powers Agreement”). The City Council of the City serves as the Board of Directors of the Authority. The City Manager serves as the Executive Director and the City Clerk serves as the Secretary of the Authority. The City’s Finance Director serves as the Treasurer of the Authority.

Professionals Involved in the Offering

All proceedings in connection with the issuance of the Bonds are subject to the approval of Aleshire & Wynder, LLP, Bond Counsel. Aleshire & Wynder, LLP, as the City Attorney, will render a legal opinion on certain matters for the Authority and the Districts. Certain legal matters will be passed upon for the Authority and the Districts by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Disclosure Counsel. Fieldman, Rolapp & Associates, Inc. is acting as Municipal Advisor to the Authority. Willdan Financial Services is acting as Special Tax Consultant to the City. U.S. Bank Trust Company, National Association, Los Angeles, California, will act as the Trustee and Escrow Agent for the Bonds. Oppenheimer & Co. Inc. (the “Underwriter”) is acting as underwriter in connection with the issuance and delivery of the Bonds, and Kutak Rock LLP, Irvine, California, is acting as Underwriter’s Counsel.

Disclosure Counsel, Underwriter’s Counsel and the Underwriter will receive compensation contingent upon issuance of the Bonds.

Continuing Disclosure

The Authority will execute a Continuing Disclosure Agreement and will covenant therein for the benefit of holders and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the Taxing Jurisdictions in an annual report (the “Annual Report”) to be filed no later than March 1 immediately following the end of the Authority’s fiscal year, commencing March 1, 2025, and to provide notices of the occurrence of certain enumerated events. The Annual Report shall contain or include by reference the information set forth in the Continuing Disclosure Agreement. The Annual Report and notices of enumerated

events will be filed by the Authority with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system at <http://emma.msrb.org/>. These covenants will be made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”).

[During the last five years, the Authority and the City have failed to comply in certain respects with their continuing disclosure obligations related to outstanding bonded indebtedness. See “MISCELLANEOUS — Continuing Disclosure.”]

See “MISCELLANEOUS — Continuing Disclosure” and Appendix F for a description of the specific nature of the Annual Reports and notices of listed events to be provided by the Authority.

FINANCING PLAN

Purpose of Issue and Refunding Plan

Acquisition of the District Bonds. The Authority is issuing the Bonds to purchase the District Bonds. The Fiscal Agent for each series of the District Bonds will transfer to the Trustee for deposit in the Costs of Issuance Fund established under the Indenture, each Taxing Jurisdiction’s proportionate share of the costs of issuance of the Bonds. From the purchase price of a series of District Bonds, each District will transfer to the Trustee for deposit in the Reserve Account established under the Indenture, an amount equal to each Taxing Jurisdiction’s proportionate share of the Reserve Requirement. See “— Estimated Sources and Uses of Funds” below.

Refunding of the Prior Bonds. Certain proceeds of the District Bonds, along with other available moneys, will be deposited into the Escrow Funds pursuant to the Escrow Agreements and used to purchase certain non-callable federal securities maturing on or before ____, 2024 (the “Federal Securities”). Funds and Federal Securities deposited into the Escrow Funds pursuant to the Escrow Agreements will be used to pay interest on the Prior Bonds accrued through the redemption dates identified below, and to redeem the remaining outstanding principal amount of the Prior Bonds, as follows:

(a) **Prior CFD No. 2001-1 Bonds:** Proceeds of the CFD No. 2001-1 IA1 Bonds, CFD No. 2001-1 IA2 Bonds and CFD No. 2001-1 IA3 Bonds deposited into an Escrow Fund relating to the Perris Joint Powers Authority Local Agency Revenue Bonds (May Farms IA Nos. 1, 2, & 3 Refunding) 2014 Series A (the “2014A Authority Bonds”) will be used to redeem on ____, 2024 the 2014A Authority Bonds maturing on and after September 1, 20__ at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption.

(b) **Prior CFD No. 2002-1 Bonds:** Proceeds of the CFD No. 2002-1 Bonds deposited into an Escrow Fund relating to the Perris Joint Powers Authority Local Agency Revenue Bonds (Willowbrook Refunding) 2013 Series B (the “2013B Authority Bonds”) will be used to redeem on ____, 2024 the 2013B Authority Bonds maturing on and after September 1, 20__ at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption.

(c) **Prior CFD No. 2006-1 Bonds:** Proceeds of the CFD No. 2006-1 Bonds deposited into an Escrow Fund relating to the Prior CFD No. 2006-1 Bonds will be used to redeem on ____, 2024 the outstanding Perris Joint Powers Authority Local Agency Revenue Bonds (CFD No. 2006-1 Refunding), 2014 Series B (the 2014B Authority Bonds”) maturing on and after September 1, 20__ at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption.

The 2014A Authority Bonds, 2013B Authority Bonds and 2014B Authority Bonds are referred to in this Official Statement collectively as the “Prior Bonds.” The refunding of the Prior Bonds described above will in turn cause the cancellation and discharge of all of the Prior District Bonds on the Closing Date.

See “ — Estimated Sources and Uses of Funds” and “MISCELLANEOUS — Verification of Mathematical Accuracy” below.

Estimated Sources and Uses of Funds

The Bonds. The anticipated sources and uses of funds relating to the Bonds are as follows:

	<i>Total</i>
Sources:	
Principal Amount of the Bonds	
Less: Underwriter’s Discount	
Plus: Original Issue Premium	
Plus: Funds on Hand	
Total Sources	
Uses:	
Purchase Fund ⁽¹⁾	
Reserve Account ⁽²⁾	
Cost of Issuance Fund ⁽³⁾	
Total Uses	

-
- ⁽¹⁾ The Authority will acquire the District Bonds for a total purchase price of \$_____ and in consideration of the purchase, the Districts and the Authority will agree to the application of the purchase price of the District Bonds as set forth below under the caption “— *District Bonds.*”
 - ⁽²⁾ The Fiscal Agent for each of the District Bonds will transfer to the Trustee for deposit in the Reserve Account each Taxing Jurisdiction’s proportionate share of the Reserve Requirement for the Bonds.
 - ⁽³⁾ The Fiscal Agent for each of the District Bonds will transfer to the Trustee for deposit in the Costs of Issuance Fund each Taxing Jurisdiction’s proportionate share of the costs of issuance of the Bonds. Costs of Issuance include Trustee fees, Bond Counsel, Disclosure Counsel, Municipal Advisor, Special Tax Consultant and other legal fees, printing costs and other related costs.

District Bonds. The anticipated sources and uses of funds relating to the District Bonds and prior funds on hand are as follows:

	<i>CFD No. 2001-1 IA1 Bonds</i>	<i>CFD No. 2001-1 IA2 Bonds</i>	<i>CFD No. 2001-1 IA3 Bonds</i>	<i>CFD No. 2002-1 Bonds</i>	<i>CFD No. 2006-1 Bonds</i>	<i>Total</i>
Sources						
Principal Amount of the District Bonds						
Plus Original Issue Premium						
Less Purchase Discount ⁽¹⁾						
Prior Funds on Hand						
Total Sources						
Uses						
Escrow Funds						
Reserve Account ⁽²⁾						
Total Uses						

⁽¹⁾ Includes the allocated amounts of Underwriter's discount and deposit to the Costs of Issuance Fund under the Indenture. On the date of issuance of the Bonds and the District Bonds, each District will transfer to the Trustee a portion of the proceeds of the District Bonds for deposit into the Cost of Issuance Fund. Amounts in the Cost of Issuance Fund will be used to pay Trustee fees, Bond Counsel fees, Disclosure Counsel fees, printing costs, Municipal Advisor fees, special tax consultant fees and other related costs.

⁽²⁾ Equal to the proportionate share of the Reserve Requirement for each series of the District Bonds.

THE BONDS

General Provisions

The Bonds will be dated their date of delivery, and the Bonds will mature in the amounts and on the dates set forth on the inside front cover hereof. The Bonds will bear interest (calculated on the basis of a 360-day year of twelve 30-day months) from their dated date at the rates per annum set forth on the inside front cover hereof, payable each March 1 and September 1, commencing September 1, 2024 (each, an “Interest Payment Date”). The Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof, so long as no Bond shall have more than one maturity date.

Interest on the Bonds shall be payable on each Interest Payment Date to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee mailed by first-class mail, postage prepaid, on each Interest Payment Date to the Owner at the address of such Owner as it appears on the Registration Books as of the close of business on the fifteenth day of the calendar month preceding the Interest Payment Date (the “Record Date”); provided, however, that at the written request of the Owner of at least \$1,000,000 in aggregate principal amount of Outstanding Bonds filed with the Trustee prior to any Record Date, interest on such Bonds shall be paid to such Owner on each succeeding Interest Payment Date by wire transfer of immediately available funds to an account in the continental United States designated in such written request. Any such written request shall remain in effect until rescinded in writing by the Owner. Principal of and premium (if any) on any Bond shall be paid upon presentation and surrender thereof, at maturity or the prior redemption thereof, at the Corporate Trust Office of the Trustee. The principal of and interest and premium (if any) on the Bonds shall be payable in lawful money of the United States of America.

Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated on or before the 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 (b) it is authenticated on or before August 15, 2024, in which event it shall bear interest from the Closing Date; or (c) if interest with respect to any outstanding Bond is in default, such Bond shall bear interest from the Interest Payment Date to which interest has previously paid in full or made available for payment thereon payable on each Interest Payment Date.

The Bonds will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only in denominations of \$5,000 and any integral multiple thereof. See the subsection hereof entitled “— Book-Entry Only System.”

Redemption

Optional Redemption. The Bonds are subject to optional redemption prior to maturity at the option of the Authority on any date on or after September 1, 20__, as a whole or in part, from such maturities as selected by the Authority and by lot within a maturity, from any available source of funds at 100% of the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption.

Mandatory Sinking Fund Redemption. The Bonds maturing September 1, 20__, are subject to mandatory redemption in part by lot, on September 1 in each year, commencing September 1, 20__ from mandatory sinking payments made by the Authority as provided in the Indenture, 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 Authority and tendered to the Trustee and the Trustee shall cancel such tendered Bonds, and (ii) if some but not all of such Bonds have been redeemed pursuant to the optional or special mandatory redemption provisions

described in the Indenture, 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 on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, as determined by the Authority.

Bonds Maturing September 1, 20__

<i>Sinking Fund Redemption Date (September 1)</i>	<i>Principal Amount to Be Redeemed</i>
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(maturity)

Special Mandatory Redemption From Prepayment of Special Taxes and Surplus Funds. The Bonds are subject to mandatory redemption prior to maturity on any Interest Payment Date on or after September 1, 20__, in whole or in part from such maturities as selected by the Authority and by lot within a maturity, from the redemption of the respective District Bonds from amounts constituting prepayments of Special Taxes and from amounts held and transferred from the respective Surplus Fund under the respective Fiscal Agent Agreement for redemption and from surplus amounts in the Redemption Account under the 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 date fixed for redemption:

<i>Redemption Dates</i>	<i>Redemption Prices</i>
September 1, 20__ through March 1, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	101
September 1, 20__ and any Interest Payment Date thereafter	100

Notice of Redemption. The Trustee on behalf of and at the expense of the Authority will mail (by first-class mail) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, to the Securities Depositories and to one or more Information Services, at least 30 but not more than 60 days prior to the date fixed for redemption. Neither failure to receive any such notice so mailed nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice will state the date of the notice, the redemption date, and the redemption price and will designate the CUSIP numbers, the Bond numbers (but only if less than all of the Outstanding Bonds are to be redeemed) and the maturity of the Bonds to be redeemed, and will require that such Bonds be then surrendered at the Corporate Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

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

The Authority will have the right to rescind any notice of optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of such redemption will 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 will not constitute an event of default under the Indenture. The Authority and the Trustee will have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee will mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

In addition to the foregoing notice, further notice will be given by the Trustee in said form by first-class mail to any Bond Owner whose Bond has been called for redemption but who has failed to tender his Bond for payment by the date which is sixty days after the redemption date, but no defect in said further notice nor any failure to give all or any portion of such further notice will in any manner defeat the effectiveness of a call for redemption.

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 CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Partial Redemption of Bonds. In the event only a portion of any Bond is called for redemption, then, upon surrender of such Bond, the Authority will execute and the Trustee will authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of the same series and maturity date, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption have been duly provided, such Bonds so called will cease to be entitled to any benefit under the Indenture other than the right to receive payment of the redemption price, and no interest will accrue thereon from and after the redemption date specified in such notice. All Bonds redeemed pursuant to the Indenture shall be canceled and destroyed.

Purchase in Lieu of Redemption. In lieu of redemption of any Bond, amounts on deposit in the Revenue Fund may also be used and withdrawn by the Trustee at any time, upon the Written Request of the Authority, for the purchase of such Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the Authority may in its discretion determine in accordance with all applicable laws and in accordance with the priority afforded the relative Bond under the Indenture.

Authority Notice. Notwithstanding any provisions in the Indenture to the contrary, upon any optional redemption or special mandatory redemption or mandatory redemption (other than sinking fund redemption) in part, the Authority will deliver a Written Certificate to the Trustee at least 60 days prior to the proposed redemption date or such later date as shall be acceptable to the Trustee in the sole determination of the Trustee, so stating that the remaining payments of principal and interest on the District Bonds, together with other Revenues will be sufficient on a timely basis to pay debt service on the Bonds. The Authority will certify in such Written Certificate 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 Trustee together with other Redemption Revenues, if any, then to be delivered to the Trustee, which moneys are required to be identified to the Trustee in the Written Certificate delivered with the Redemption Revenues.

Book-Entry Only System

The Bonds will be issued as fully registered bonds, registered in the name of Cede & Co. as nominee of DTC, and will be available to the Beneficial Owners purchasing interests in the Bonds in the Authorized Denominations, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. While the Bonds are subject to the book-entry system, the principal, interest and any redemption premium will be paid by the Trustee to DTC, which in turn is obligated to remit such payment to its DTC Participants for subsequent disbursement to Beneficial Owners of the Bonds. **The Authority gives no assurance that DTC or the DTC Participants will distribute payments or notices to Beneficial Owners.** See APPENDIX G — “DTC AND THE BOOK-ENTRY ONLY SYSTEM.” In the event that the book-entry-only system is no longer used with respect to the Bonds, the Bonds will be registered and transferred in accordance with the Indenture.

Debt Service Schedules: Bonds and District Bonds

The table below presents the debt service schedule for the Bonds (including mandatory sinking fund redemption) assuming there is no optional or special mandatory redemption of the Bonds prior to maturity.

DEBT SERVICE SCHEDULE FOR THE BONDS

<i>Year Ending September 1</i>	<i>Principal</i>	<i>Interest</i>	<i>Total Debt Service</i>
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
Total			

Source: The Underwriter.

The table below summarizes the anticipated debt service payments to be received by the Authority (including mandatory sinking fund redemption) as the result of its ownership of the District Bonds, assuming there is no default in payment and no optional or special mandatory redemption of District Bonds prior to maturity. The following schedule does not include an allowance for delinquencies in the payment of Special Taxes.

DEBT SERVICE SCHEDULE FOR THE DISTRICT BONDS

<i>Bond Year Ending September 1</i>	<i>CFD No. 2001-1 IA1 Bonds Debt Service</i>	<i>CFD No. 2001-1 IA2 Bonds Debt Service</i>	<i>CFD No. 2001-1 IA3 Bonds Debt Service</i>	<i>CFD No. 2002-1 Bonds Debt Service</i>	<i>CFD No. 2006-1 Bonds Debt Service</i>	<i>Total</i>
2024						
2025						
2026						
2027						
2028						
2029						
2030						
2031						
2032						
2033						
2034						
2035						
2036						
2037						
2038						
Total						

Source: The Underwriter.

Annual debt service for each series of the District Bonds has been structured so that, assuming no delinquencies, Special Taxes levied at the Maximum Special Tax rates on Developed Property within the applicable Taxing Jurisdiction for the Fiscal Year 2024-25 Special Tax levy, will generate in each Fiscal Year not less than 110% of debt service payable, plus Administrative Expenses for such Taxing Jurisdiction in the calendar year that begins in that Fiscal Year.

Limitation on Special Tax Levy and Potential Impact on Coverage. Pursuant to Section 53321(d) of the Mello-Roos Act and each Rate and Method, under no circumstances may Special Taxes levied against any parcel of property used for private residential purposes be increased by more than ten percent (10%) as a consequence of delinquency or default by the owner of any other parcel within a Taxing Jurisdiction. Therefore, it is possible that Special Taxes may not be levied up to 100% of the Maximum Special Tax rates in any particular fiscal year as a consequence of Special Tax delinquencies in a Taxing Jurisdiction.

SECURITY FOR THE BONDS

General

As described below, the Bonds are secured by a first lien on and pledge of all of the Revenues and Redemption Revenues and pledge of all of the moneys in the Bond Fund, the Revenue Fund and the Redemption Fund, including all amounts derived from the investment of such moneys. See “SECURITY FOR THE BONDS — Redemption Fund.” Debt service payments of the District Bonds are paid from the Special Tax Revenues and District Redemption Revenues. See “SECURITY FOR THE DISTRICT BONDS — Special Tax Revenues and District Redemption Revenues.”

The Bonds are special obligations of the Authority payable solely from and secured solely by the Revenues and Redemption Revenues and other funds and accounts pledged therefor in the Indenture. The Bonds are not a debt or liability of the City, the State of California or any political subdivisions thereof other than the Authority to the limited extent set forth in the Indenture. The faith and credit of the Authority are not pledged to secure the payment of Bonds, nor is any other political subdivision liable therefor, nor in any event shall the Bonds or any interest or redemption premium thereon be payable out of any funds or properties other than those of the Authority as set forth in the Indenture. The Authority has no taxing power.

Revenues; Flow of Funds

Pledge of Revenues. The Bonds are secured by a first lien on and pledge (which is effected in the manner and to the extent provided in the Indenture) of all of the Revenues and Redemption Revenues and a pledge of all of the moneys in the Bond Fund, the Revenue Fund and the Redemption Fund, including all amounts derived from the investment of such moneys. The Bonds are equally secured by a pledge, charge and first lien upon the Revenues and Redemption Revenues and such moneys without priority for number, date of Bonds, date of execution or date of delivery; and the payment of the interest on and principal of the Bonds and any premiums upon the redemption of any thereof are secured by an exclusive pledge, charge and first lien upon the Revenues and Redemption Revenues and such moneys. So long as any of the Bonds are Outstanding, the Revenues and Redemption Revenues and such other money will not be used for any other purpose except as described in the Indenture for the payment of the Bonds; except that out of the Revenues and Redemption Revenues there may be apportioned such sums, for such purposes, as are expressly permitted by the Indenture.

The term “Revenues” is defined in the Indenture as: (a) all amounts received by the Authority from the Districts as principal of or interest on the District Bonds; (b) all moneys deposited and held from time to time by the Trustee in the funds and accounts established under the Indenture for the Bonds, other than the Rebate Account, and the Redemption Fund; and (c) income and gains with respect to the investment of amounts on deposit in the funds and accounts established under the Indenture for the Bonds, other than the Rebate Account and the Redemption Fund.

The term “Redemption Revenues” is defined in the Indenture as: (a) amounts received from the redemption of a series of the District Bonds from amounts constituting prepayments of special taxes, (b) amounts received from the optional redemption of a series of the District Bonds, and (c) amounts received from the special mandatory redemption and mandatory redemption of a series of the District Bonds.

Under the Indenture, the Authority transfers in trust and assigns to the Trustee, for the benefit of the Owners from time to time of the Bonds, all of the Revenues and Redemption Revenues and all of the right, title and interest of the Authority (but not the obligations) in the District Bonds (other than certain limitations of liability as described in the Indenture and any rights of the Authority in the Rebate Account or to notices or consent therein). The Trustee is entitled to and will receive all of the Revenues and Redemption Revenues, and any Revenues and Redemption Revenues collected or received by the Authority will be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and will forthwith be paid by the Authority to the Trustee.

Deposit of Revenues. All Revenues (excluding Redemption Revenues) shall be promptly deposited by the Trustee upon receipt thereof in the Revenue Fund, which the Trustee will establish, maintain and hold in trust under the Indenture. The Trustee will establish, maintain and hold in trust the Bond Fund. Within the Bond Fund, the Trustee will establish, maintain and hold in trust the Interest Account, Principal Account and Reserve Account. On or before each Interest Payment Date, the Trustee shall transfer from the Revenue Fund for deposit into the Bond Fund the following amounts, in the priority set forth below.

Application of Revenue; Bond Fund. On or before each Interest Payment Date, the Trustee will transfer from the Revenue Fund, and deposit into the Bond Fund and the following respective accounts therein for the Bonds, the following amounts in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

Interest Account. On or before each applicable Interest Payment Date, the Trustee will deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to equal the amount of interest becoming due and payable on such Interest Payment Date on all Outstanding Bonds. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the interest becoming due and payable upon all Outstanding Bonds on such Interest Payment Date. All moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it becomes due and payable (including accrued interest on any Bonds redeemed prior to maturity).

Principal Account. On or before each date on which the principal of the Bonds are payable, the Trustee will deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the aggregate amount of principal (including sinking fund payments) coming due and payable on such date on the Bonds pursuant to the Indenture. All moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds (including sinking fund payments).

Reserve Account. All amounts on deposit in the Revenue Fund on each Interest Payment Date not required to pay any interest on or principal of any Outstanding Bonds then having come due and payable, shall be credited to the replenishment of the Reserve Account in an amount sufficient to maintain the Reserve Requirement therein.

The Authority will deposit from the repayment of the District Bonds, and, to the extent necessary and if permitted by law, from available surplus revenues with respect to other series of bonds issued by the Authority relating to community facilities districts, and maintain an amount of money equal to the Reserve Requirement in the Reserve Account at all times while the Bonds are Outstanding. Amounts in the Reserve Account will be used to pay debt service on the Bonds to the extent other moneys are not available therefor.

Earnings on amounts in the Reserve Account in excess of the Reserve Requirement shall be deposited into the Revenue Fund, if and to the extent such earnings are not required to be retained in the Reserve Account to meet the Reserve Requirement. Upon redemption of the Bonds, amounts on deposit in the Reserve Account shall be reduced (to an amount not less than the Reserve Requirement) and the excess moneys shall be transferred to the Redemption Fund and used for redemption of the Bonds. See the caption “—Reserve Account Replenishment.”

Surplus. All remaining amounts on September 2 (or the next Business Day to the extent September 2 is not a Business Day) of each year commencing September 2, 2024 on deposit in the Revenue Fund shall be transferred to the Reserve Account, if necessary to meet the Reserve Requirement or to the Redemption Fund

Deposit into Rebate Account. The Trustee will deposit in the Rebate Account (which account shall be established as a separate account to be held by the Trustee upon receipt of a Written Request from the Authority) from time to time, as set forth in the Indenture, an amount determined by the Authority to be subject to rebate to the United States of America in accordance with the Indenture. Amounts in the Rebate Account are not pledged to the payment of the Bonds.

Reserve Account Replenishment

Under each Fiscal Agent Agreement, the Districts will covenant that to the extent there is a draw upon the Reserve Account pursuant to the Indenture as a result of a delinquency in the collection of Special Taxes or that the Reserve Account is underfunded, the District will 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 as described under the caption “SECURITY FOR THE DISTRICT BONDS—Covenants of the Districts—*Collection of Special Tax Revenues*,” 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 applicable Ordinance and Rate and Method. At any time the Fiscal Agent may transfer funds from the Surplus Fund or Special Tax Fund (not needed for transfer to the Bond Fund to pay principal and interest with respect to the then current Bond Year) to the trustee under the Indenture to fund a delinquency in the Reserve Account thereunder.

Redemption Fund

There is established under the Indenture the Redemption Fund to be held by the Trustee, to the credit of which the Authority will deposit, immediately upon receipt, all Redemption Revenues. Moneys in the Redemption Fund will be held in trust by the Trustee for the benefit of the Authority and the Owners of the Bonds, and will be used and withdrawn by the Trustee pursuant to any optional redemption or special mandatory redemption from prepayment of special taxes or from amounts transferred from the Delinquency Management Fund in accordance with the Fiscal Agent Agreement to redeem District Bonds.

No Parity Debt Except for Refunding Purposes

Except for the Bonds, or bonds issued for the purpose of refunding the Bonds, the Authority covenants that no additional bonds, notes or other indebtedness will be issued or incurred which are payable out of the Revenues or the Redemption Revenues in whole or in part.

SECURITY FOR THE DISTRICT BONDS

General

Each series of District Bonds and District Parity Bonds is 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 collected in the applicable Taxing Jurisdiction and from the related Redemption Revenues and all moneys deposited in the Bond

Fund and, until disbursed as provided in the applicable Fiscal Agent Agreement, in the Special Tax Fund, the Redemption Fund and the Surplus Fund. The Special Tax Revenues and all moneys deposited into said funds (except as otherwise provided in the applicable Fiscal Agent Agreement) are dedicated to the payment of the principal of, and interest and any premium on the applicable District Bonds and District Parity Bonds as provided therein and in the Act until all of the District Bonds and District Parity Bonds have been paid and retired, cancelled or until moneys or Federal Securities have been set aside irrevocably for that purpose in accordance with the applicable Fiscal Agent Agreement.

Except for the Special Tax Revenues, neither the credit nor the taxing power of the Districts or the City is pledged for the payment of any of the District Bonds or related interest, and no Owner of the Bonds may compel the exercise of taxing power by the City or the Districts or the forfeiture of any of their property. The principal of and interest on the District Bonds and premiums upon the redemption thereof, if any, are not a debt of the Districts or the City, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory limitation or restriction.

Special Tax Revenues and District Redemption Revenues

Special Tax Revenues. The “Special Tax Revenues” pledged by a District for its District Bonds (and any related District Parity Bonds) is defined in the Fiscal Agent Agreements as the proceeds of the Special Taxes received by the District with respect to the applicable Taxing Jurisdiction, including any scheduled payments and any prepayments thereof, interest thereon and 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 any District Bonds or Additional Bonds collected in connection with delinquent Special Taxes.

The Special Taxes are collected in the manner and at the same time as *ad valorem* property taxes are collected and is subject to the same penalties and the same procedure, sale, and lien priority in case of delinquency as is provided for *ad valorem* property taxes. See Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES.”

The Districts will covenant in the Fiscal Agent Agreements to deposit Special Taxes when received in an account established for each Taxing Jurisdiction and immediately thereafter transfer such amounts to the Fiscal Agent for deposit in the Special Tax Fund. Moneys in the Special Tax Fund will be held in trust by the Fiscal Agent for the benefit of the District and the Owners of the District Bonds and District Parity Bonds, will be disbursed as described below and, pending any disbursement, will be subject to a lien in favor of the Owners of the District Bonds and District Parity Bonds.

The Fiscal Agent, under each Fiscal Agent Agreement will, 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 10 Business Days prior to each Interest Payment Date , 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 is equal to the installment of interest due on the District Bonds and District Parity 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 is at least equal the principal payment (including mandatory sinking payments) due on the District Bonds on said Interest Payment Date.

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

Administrative Expense Fund. Each Fiscal Agent Agreement establishes an Administrative Expense Fund held by the Fiscal Agent. The Fiscal Agent will deposit in each Administrative Expense Fund the amount budgeted and levied for Administrative Expenses for such Taxing Jurisdiction. The Districts estimate Administrative Expenses in Fiscal Year 2024-25 as follows: (i) \$15,000 for Improvement Area No. 1 of CFD No. 2001-1; (ii) \$15,000 for Improvement Area No. 2 of CFD No. 2001-1; (iii) \$15,000 for Improvement Area No. 3 of CFD No. 2001-1; (iv) \$15,000 for CFD No. 2002-1; and (v) \$15,000 for CFD No. 2006-1. Such amounts are projected to increase at a rate of 2% annually thereafter. Amounts in each Administrative Expense Fund will be withdrawn by the Fiscal Agent and paid to the applicable District or the City or upon its order to pay Administrative Expenses for the applicable Taxing Jurisdiction. Annually, at least five days prior to the last day of each Bond Year, the Fiscal Agent will withdraw any amounts then remaining in a 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 under the related Fiscal Agent Agreement.

Redemption Fund; District Redemption Revenues. Each Fiscal Agent Agreement establishes a Redemption Fund (in where there is established and created a Mandatory Redemption Account, an Optional Redemption Account, and a Special Mandatory Redemption Account), to the credit of which a District or the City for the related Taxing Jurisdiction, shall deposit, immediately upon receipt, all District Redemption Revenues received by the District or the City for the related Taxing Jurisdiction to the credit of which such District or the City, on behalf of such District, will deposit, immediately upon receipt, all District Redemption Revenues received by such District for the applicable Taxing Jurisdiction. District Redemption Revenues is defined in each Fiscal Agent Agreement as: (a) any amounts transferred pursuant to the Authority Indenture for Redemption of Bonds or pursuant to an Additional Authority Indenture for the Redemption of Additional Bonds,, and (b) any amounts deposit for the Special Mandatory Redemption from Prepayment of Special Taxes or Optional Redemption of District Bonds or Additional Bonds pursuant to the applicable Fiscal Agent Agreement.

Moneys in each Redemption Fund will be held by the Fiscal Agent for the benefit of the applicable District and the Owners of the related series of District Bonds and District Parity Bonds, will be disbursed as described below and, pending any disbursement, will be subject to a lien in favor of the Owners of the related series of District Bonds and District Parity Bonds. Moneys in each Redemption Fund will be applied as follows:

(i) All prepayments of Special Taxes for a Taxing Jurisdiction and amounts transferred from the Surplus Fund for the redemption of District Bonds and District Parity Bonds or transferred from the Authority under the Indenture or an Additional Authority Indenture for the redemption of District Bonds and District Parity Bonds will be deposited in the Special Mandatory Redemption Account under the applicable Fiscal Agent Agreement to be used to redeem the related series of District Bonds and District Parity Bonds on the next date for which notice of redemption can timely be given.

(ii) Any amounts deposited for the optional redemption of District Bonds and District Parity Bonds will be deposited into the Optional Redemption Account under the applicable Fiscal Agent Agreement to be used to redeem the related series of District Bonds and District Parity Bonds (as applicable) on the next date for which notice of redemption can timely be given.

(iii) Insurance or condemnation proceeds, if any, will be deposited into the Mandatory Redemption Account under the applicable Fiscal Agent Agreement to be used to redeem the related series of District Bonds and District Parity Bonds on the next date for which notice of redemption can timely be given.

No Teeter Plan

Although the County Board of Supervisors has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”) which allows each entity levying secured property taxes in the County to draw on the amount of property taxes levied rather than the amount actually

collected, as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code, the Taxing Jurisdictions are not included in the County Teeter Plan. Consequently, the Districts may not draw on the County Tax Loss Reserve Account in the event of delinquencies in Special Tax payments within the Taxing Jurisdictions.

District Parity Bonds

Each Fiscal Agent Agreement authorizes the applicable District to issue, on behalf of a Taxing Jurisdiction, additional bonds secured by Special Taxes on a parity with the related District Bonds for such Taxing Jurisdiction (the “District Parity Bonds”) but only for the purpose of refunding all or a portion of the District Bonds or District Parity Bonds for such Taxing Jurisdiction. For a description of the conditions established in the Fiscal Agent Agreements for the issuance of District Parity Bonds, see Appendix C-2 — “SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENTS.”

Priority of Lien of Special Taxes

Each installment of the Special Taxes and any interest and penalties thereon, constitutes a lien on the parcel of land on which it was imposed until the same is paid. Such lien is co-equal to and independent of the lien for general taxes and any other community facilities district special taxes. See Appendix A — “INFORMATION REGARDING THE TAXING JURISDICTIONS.”

Covenants of the Districts

In each Fiscal Agent Agreement, the applicable District will covenant as follows, among other things:

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

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 District Bonds and District Parity Bonds superior to or on a parity with the pledge and lien created in the Fiscal Agent Agreement for the benefit of such series of District Bonds and District Parity Bonds, except as permitted by the Fiscal Agent Agreement.

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

The Treasurer (who is the person acting in the capacity as treasurer or finance director of the City) will affect the levy of the Special Taxes each Fiscal Year on the parcels within a Taxing Jurisdiction in accordance with the applicable Rate and Method, such that the computation of the levy is complete before the final date on which the auditor/tax collector of the County (the “Auditor”) will accept the transmission of the Special Tax amounts for the parcels within such Taxing Jurisdiction for inclusion on the next secured tax roll. Upon the completion of the computation of the amounts of the levy, the Treasurer will prepare or cause to be prepared, and will 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 will 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 a Taxing Jurisdiction, the Treasurer will, not less than 45 days prior to each Interest Payment Date, send bills to the owners of such real property located within such Taxing Jurisdiction 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 will be due and payable not less than 30 days prior to such Interest Payment Date and will be delinquent if not paid when due.

In any event, the Treasurer will fix and levy the amount of Special Taxes within a Taxing Jurisdiction required (i) for the payment of principal of and interest on any outstanding District Bonds and District Parity Bonds for such Taxing Jurisdiction 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 applicable Rate and Method and the applicable Ordinance. The Special Taxes so levied will not exceed the authorized amounts as provided in the proceedings pursuant to the Resolution of Formation for such District.

The Treasurer is authorized to employ consultants to assist in computing the levy of the Special Taxes under the Fiscal Agent Agreements 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 under the Fiscal Agent Agreements will be Administrative Expenses thereunder.

Covenant to Foreclose. Each District will review the public records of the County in connection with the collection of the Special Tax not later than July 31 of each year to determine the amount of Special Tax collected in the prior Fiscal Year in a Taxing Jurisdiction; 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 a Taxing Jurisdiction or if there has been a draw on the funds on deposit in the Reserve Account established under the Indenture, and if the delinquency remains uncured, the District will cause judicial foreclosure proceedings to be filed in the superior court within 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 authorized under each Fiscal Agent Agreement 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 is an Administrative Expense.

See Appendix C-2 — “SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENTS” for a more complete description of the Districts’ covenants under the Fiscal Agent Agreements.

THE TAXING JURISDICTIONS IN THE AGGREGATE

Introduction. Set forth under this caption is certain information describing the Taxing Jurisdictions in the aggregate. See Appendix A attached hereto for detailed information with respect to each Taxing Jurisdiction. Although the Authority believes the information with respect to the Taxing Jurisdictions in the aggregate is relevant to an informed decision to purchase the Bonds, investors should be aware that the debt service on one series of District Bonds may not be used to make up any shortfall in the debt service on another series of District Bonds. Moreover, the parcels in each of the Taxing Jurisdictions are taxed according to that Taxing

Jurisdiction’s specific Rate and Method, and the Special Taxes may only be applied to pay the debt service on the District Bonds of the Taxing Jurisdiction in which they are levied and not on the debt service of any other District Bonds.

Potential investors should further be aware that Special Taxes are levied against individual parcels within each Taxing Jurisdiction and that any such parcel may have a value-to-lien ratio less than the overall value-to-lien ratio for such Taxing Jurisdiction and less than the value-to-lien ratio of the Taxing Jurisdictions in the aggregate.

Development Status. Development within the Taxing Jurisdictions is complete. A total of 1,259 dwelling units within the Taxing Jurisdictions in the aggregate have been completed and sold to individual homeowners, with 84 completed dwelling units within Improvement Area No. 1 of CFD No. 2001-1, 238 completed dwelling units within Improvement Area No. 2 of CFD No. 2001-1, 494 completed dwelling units within Improvement Area No. 3 of CFD No. 2001-1, 331 completed dwelling units within CFD No. 2002-1, and 112 completed dwelling units CFD No. 2006-1.

Value-To-Lien Ratios. The assessed values of all of the taxable property in the Taxing Jurisdictions, as established by the County Assessor for Fiscal Year 2023-24, was \$408,533,471. Aside from overlapping general obligation bonded indebtedness and debt payable from ad valorem property taxes, there is no other direct and overlapping land secured special tax and assessment bonded indebtedness within the Taxing Jurisdictions. The following table sets forth the aggregate assessed value-to-lien ratios of all the taxable property in the Taxing Jurisdictions based on Fiscal Year 2023-24 assessed values and all direct and overlapping general obligation bonded indebtedness and including the applicable District Bonds for each Taxing Jurisdiction, on a Taxing Jurisdiction by Taxing Jurisdiction basis.

**TABLE 1
THE TAXING JURISDICTIONS IN AGGREGATE
ASSESSED VALUE-TO-LIEN RATIOS**

<i>Taxing Jurisdictions</i>	<i>District Bonds^{(1)*}</i>	<i>No. of Completed Dwelling Units</i>	<i>Direct and Overlapping Debt⁽²⁾</i>	<i>Total Debt *</i>	<i>Assessed Value^{(3)*}</i>	<i>Assessed Value-to-Lien Ratio^{(4)*}</i>
CFD No. 2001-1 IA No. 1	\$ 790,000	84	\$ 743,588	\$ 1,523,588	\$ 37,135,018	24.21
CFD No. 2001-1 IA No. 2	2,115,000	238	1,695,694	3,785,694	84,316,107	22.13
CFD No. 2001-1 IA No. 3	3,250,000	494	2,962,842	6,172,842	148,909,583	23.97
CFD No. 2002-1	3,215,000	331	2,260,393	5,435,393	101,061,548	18.46
CFD No. 2006-1	<u>1,810,000</u>	<u>112</u>	<u>905,419</u>	<u>2,690,419</u>	<u>37,111,215</u>	<u>13.67</u>
Totals:	\$ 11,180,000	1,259	\$8,567,936	\$19,607,936	\$408,533,471	20.69

* Preliminary, subject to change.

(1) Based on aggregate principal amount of the District Bonds.

(2) Aside from overlapping general obligation bonded indebtedness and debt payable from ad valorem property taxes, there is no other direct and overlapping land secured special tax and assessment bonded indebtedness within the Taxing Jurisdictions.

(3) Reflects Fiscal Year 2023-24 assessed value of all taxable property in the Taxing Jurisdictions.

(4) Calculated by dividing the Assessed Value column by the Total Debt column.

Source: Willdan Financial Services.

Average Effective Tax Rates. The following Table 2 sets forth the average effective tax rates for completed dwelling units within each of the Taxing Jurisdictions.

TABLE 2
THE TAXING JURISDICTIONS IN AGGREGATE
AVERAGE DWELLING UNIT EFFECTIVE TAX RATES FOR FISCAL YEAR 2023-24⁽¹⁾

<i>Taxing Jurisdictions</i>	<i>Assessed Value of Sample Completed Dwelling Unit⁽²⁾</i>	<i>Taxing Jurisdiction Special Tax</i>	<i>Ad Valorem Taxes Per Completed Dwelling Unit</i>	<i>Average Other Taxes and Assessments Per Completed Dwelling Unit</i>	<i>Average Effective Tax Rate - Completed Dwelling Unit</i>
CFD No. 2001-1 IA No. 1	\$435,503	\$1,524	\$4,922	\$812	1.67%
CFD No. 2001-1 IA No. 2	344,496	1,405	3,893	1,363	1.93
CFD No. 2001-1 IA No. 3	303,588	936	3,431	1,055	1.79
CFD No. 2002-1	300,341	1,312	3,500	739	1.85
CFD No. 20061	288,664	1,747	3,344	924	2.08

⁽¹⁾ Amounts rounded to the nearest dollar.

⁽²⁾ Reflects Fiscal Year 2023-24 assessed value of all taxable property in the Taxing Jurisdictions.

Source: Willdan Financial Services.

The final maturity of the Bonds is on September 1, 2038. The CFD No. 2001-1 IA1 Bonds, the CFD No. 2001-1 IA2 Bonds, the CFD No. 2001-1 IA3 Bonds and the CFD No. 2002-1 Bonds mature on September 1, 2033 and the CFD No. 2006-1 Bonds mature on September 1, 2038.

The following Table 3 sets forth the number of Taxing Jurisdictions and dwelling units within the Taxing Jurisdictions which will be levied to pay debt service on the District Bonds by Bond Year through September 1, 2038, the final maturity of the Bonds.

**TABLE 3
THE TAXING JURISDICTIONS IN AGGREGATE
BY BOND YEAR**

<i>Bond Year Ending September 1,</i>	<i>No. of Taxing Jurisdictions</i>	<i>Dwelling Units</i>	<i>Fiscal Year 2023-24 Assessed Value⁽¹⁾</i>	<i>Total Overlapping Debt^{(2)*}</i>	<i>Assessed Value-to-Lien Ratio*</i>
2024	5	1,259	\$408,533,471	\$19,747,936	20.69
2025	5	1,259	408,533,471	19,747,936	20.69
2026	5	1,259	408,533,471	19,747,936	20.69
2027	5	1,259	408,533,471	19,747,936	20.69
2028	5	1,259	408,533,471	19,747,936	20.69
2029	5	1,259	408,533,471	19,747,936	20.69
2030	5	1,259	408,533,471	19,747,936	20.69
2031	5	1,259	408,533,471	19,747,936	20.69
2032	5	1,259	408,533,471	19,747,936	20.69
2033	5	1,259	408,533,471	19,747,936	20.69
2034	1	112	37,111,215	2,715,419	13.67
2035	1	112	37,111,215	2,715,419	13.67
2036	1	112	37,111,215	2,715,419	13.67
2037	1	112	37,111,215	2,715,419	13.67
2038	1	112	37,111,215	2,715,419	13.67

* Preliminary, subject to change.

(1) Reflects Fiscal Year 2023-24 assessed value of all taxable property in the Taxing Jurisdictions.

(2) Based on the initial principal amounts of the District Bonds and includes all overlapping general obligation bonded indebtedness.

Source: Willdan Financial Services.

Top Taxpayers within the Taxing Jurisdictions. Developers no longer own any parcels within the Taxing Jurisdictions. For additional information concerning each of the Taxing Jurisdictions, see Appendix A — “INFORMATION REGARDING THE TAXING JURISDICTIONS.”

SPECIAL RISK FACTORS

The purchase of the Bonds involves certain investment risks which are discussed throughout this Official Statement. Each prospective investor should make an independent evaluation of all information presented in this Official Statement in order to make an informed investment decision. Particular attention should be given to the factors described below which, among others, could affect the payment of debt service on the Bonds in general.

Risks of Real Estate Secured Investments Generally

Because the timely payment of debt service on the Bonds will be dependent upon the timely payment of the District Bonds and the timely payment of the District Bonds will be dependent upon the timely payment of Special Taxes, which are secured ultimately by the Taxable Property within the Taxing Jurisdictions, the Bond Owners will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (i) adverse changes in local market conditions, such as changes in the market value of real property in and around the vicinity of the Taxing Jurisdictions, the supply of or demand for competitive properties in such area, and the market value of residential property or buildings and/or sites in the event of sale or foreclosure;

(ii) changes in real estate tax rates and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to endangered species and hazardous materials) and fiscal policies; (iii) natural disasters (including, without limitation, earthquakes, wildfires, floods, drought and windstorms), which may result in uninsured losses; and (iv) adverse changes in local market conditions.

The Bonds are Limited Obligations of the Authority

The Bonds are limited obligations of the Authority payable only from amounts pledged under the Indenture, which consist primarily of payments made to the Trustee on the District Bonds. Funds for the payment of the principal of and the interest on the District Bonds are derived only from payments of Special Taxes. The amount of Special Taxes that are collected could be insufficient to pay principal of and interest on the District Bonds due to non-payment of the Special Taxes levied or due to insufficient proceeds received from a judicial foreclosure sale of land within the Taxing Jurisdictions following delinquency. A District's legal obligation with respect to any delinquent Special Taxes is limited to the institution of judicial foreclosure proceedings under certain circumstances with respect to any parcels for which Special Taxes is delinquent. The Bonds cannot be accelerated in the event of any default.

Failure by owners of the parcels within the Taxing Jurisdictions to pay Special Tax installments when due, delay in foreclosure proceedings, or the inability of the Districts to sell parcels which have been subject to foreclosure proceedings for amounts sufficient to cover the delinquent installments of Special Taxes levied against such parcels may result in the inability of the Districts to make full or timely payments of debt service on the District Bonds, which may, in turn, result in the depletion of the Reserve Account for the Bonds and the inability of the Authority to make full or timely payment on the Bonds.

No Obligation of City

The District Bonds and the interest thereon, and in turn, the Bonds, are not payable from the general funds of the City. Except with respect to the Special Taxes, neither the credit nor the taxing power of the Districts or the City is pledged for the payment of the District Bonds or the interest thereon, and except to compel a levy of the Special Taxes securing the District Bonds, no Owner of the Bonds may compel the exercise of any taxing power by the Districts or the City or force the forfeiture of any property of the City or the Districts. The principal of, premium, if any, and interest on the Bonds are not a debt of the City or the Districts or a legal or equitable pledge, charge, lien or encumbrance upon any of the City's or the Districts' property or upon any of the City's or the Districts' income, receipts or revenues, except the Revenues and other amounts pledged under the Indenture.

No Cross-Collateralization Between Taxing Jurisdictions

The District Bonds are not cross-collateralized. In other words, the Special Taxes from one Taxing Jurisdiction cannot be used directly to cover any shortfall in the payment of debt service on the District Bonds of another Taxing Jurisdiction. However, all amounts in the Reserve Account are available to pay debt service on the Bonds if the amounts in the Bond Fund are insufficient to pay the principal of or interest on the Bonds when due. See the captions "SECURITY FOR THE BONDS — Revenues Flow of Funds" and "—Reserve Account Replenishment."

Potential Early Redemption of Bonds from Prepayments

Property owners within the Taxing Jurisdictions are permitted to prepay their Special Taxes at any time. Such prepayments will result in a redemption of District Bonds on the first March 1 or September 1 which is more than 30 days following the receipt of the prepayment. The proceeds of the District Bonds so redeemed will then be used to make a mandatory redemption of the Bonds. The Bonds will be called on a pro rata basis from the proceeds of the District Bonds redeemed from prepayments. See "THE BONDS — Redemption."

Property Values

The value of property within the Taxing Jurisdictions is an important factor in evaluating the investment quality of the Bonds. In the event that a property owner defaults in the payment of Special Tax installment, a District's only remedy is to judicially foreclose on that property. Prospective purchasers of the Bonds should not assume that the property within the Taxing Jurisdictions could be sold for the assessed values described herein at a foreclosure sale for delinquent Special Tax installments or for an amount adequate to pay delinquent Special Tax installments.

The assessed values set forth in this Official Statement do not represent market values arrived at through an appraisal process and generally reflect only the sales price of a parcel when acquired by its current owner, increased or decreased annually by an amount determined by the Riverside County Assessor based on current market conditions, generally not to exceed an increase of more than 2% per fiscal year from the date of purchase (except in the case of new construction subsequent to such acquisition). No assurance can be given that a parcel could actually be sold for its assessed value.

The actual market value of the property is subject to future events such as downturn in the economy, occurrences of certain acts of nature and the decisions of various governmental agencies as to land use, all of which could adversely impact the value of the land in the Taxing Jurisdictions which is the security for the District Bonds, the debt service of which secure the Bonds. As discussed herein, many factors could adversely affect property values or prevent or delay further land development within the Taxing Jurisdictions.

Natural Disasters

The land within the Taxing Jurisdictions, like all California communities, may be subject to unpredictable seismic activity, fires, floods or other natural disasters. The occurrence of one of these natural disasters in a Taxing Jurisdiction could result in substantial damage to properties in such Taxing Jurisdiction which, in turn, could substantially reduce the value of such properties and could affect the ability or willingness of the property owners to pay their Special Taxes. Any major damage to structures as a result of natural disasters could result in a greater reliance on undeveloped property in the payment of Special Taxes.

The land within the Taxing Jurisdictions, like all California communities, may be subject to unpredictable seismic activity, fires, floods or other natural disasters. Southern California is a seismically active area. Seismic activity represents a potential risk for damage to buildings, roads and property within the Taxing Jurisdictions. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such event. The property within the Taxing Jurisdictions is not located in an Alquist Priolo Earthquake Study Zone and is not located within one-half mile of an active earthquake fault. Additionally, the none of the Taxing Jurisdictions is located in a flood plain area.

In recent years, wildfires have caused extensive damage throughout the State, including within the County. Certain of these fires have burned thousands of acres and destroyed hundreds and in some cases thousands of homes. In some instances entire neighborhoods have been destroyed. Several of the fires that occurred in recent years damaged or destroyed property in areas that were not previously considered to be at risk from such events. None of the property within the Taxing Jurisdictions is located in an area which the Department of Forestry and Fire Protection of the State of California has designated as a very high fire hazard severity zone. However, there is a risk of residential property within the Taxing Jurisdictions being destroyed by wildfires and no assurance can be given as to the severity or frequency of wildfires within the vicinity of the Taxing Jurisdictions.

In the event of a severe earthquake, fire, flood or other natural disaster, there may be significant damage to both property and infrastructure in the Taxing Jurisdictions. As a result, a substantial portion of the property owners may be unable or unwilling to pay the Special Taxes when due. In addition, the value of land in the

Taxing Jurisdictions could be diminished in the aftermath of such a natural disaster, reducing the resulting proceeds of foreclosure sales in the event of delinquencies in the payment of the Special Taxes.

Hazardous Substances

The value of a parcel may be reduced as a result of the presence of a hazardous substance. In general, the owners and operators of a parcel may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as “CERCLA” or the “Superfund Act,” is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner or operator is obligated to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the taxed parcels be affected by a hazardous substance, is to reduce the marketability and value of the parcel by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

Further, it is possible that liabilities may arise in the future with respect to any of the parcels resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of a parcel that is realizable upon a delinquency.

None of the Authority, the Districts or the City has knowledge of any hazardous substances being located on the property within the Taxing Jurisdictions; however, such entities have not conducted any investigation with respect to hazardous substances within the Taxing Jurisdictions.

Parity Taxes and Special Assessments

Property within the Taxing Jurisdictions is subject to taxes and other charges levied by several other public agencies. See the discussion of direct and overlapping indebtedness under the heading Appendix A — “INFORMATION REGARDING THE TAXING JURISDICTIONS.”

The Special Taxes and any penalties thereon will constitute a lien against the lots and parcels of land on which they will be annually imposed until they are paid. Such lien is on a parity with the lien of all special taxes and special assessments levied by other agencies and is co-equal to and independent of the lien for general *ad valorem* property taxes regardless of when they are imposed upon the same property. The Special Taxes have priority over all existing and future private liens imposed on the property. See “— Bankruptcy and Foreclosure” below.

None of the Authority, the Districts or the City has control over the ability of other entities and districts to issue indebtedness secured by special taxes, *ad valorem* taxes or assessments payable from all or a portion of the property within the Taxing Jurisdictions. In addition, the landowners within the Taxing Jurisdictions may, without the consent or knowledge of the Authority, the Districts or the City, petition other public agencies to issue public indebtedness secured by special taxes, *ad valorem* taxes or assessments. Any such special taxes, *ad valorem* taxes or assessments may have a lien on such property on a parity with the Special Taxes and could reduce the estimated value-to-lien ratios for property within the Taxing Jurisdictions described in this Official Statement.

Payment of the Special Tax is not a Personal Obligation of the Owners

An owner of a taxable parcel is not personally obligated to pay the Special Tax. Rather, the Special Tax is an obligation which is secured only by a lien against the taxable parcel. If the proceeds received from the sale of a taxable parcel following a Special Tax delinquency are not sufficient, taking into account other liens imposed by public agencies, to pay the full amount of the Special Tax delinquency, a District has no recourse against the owner of the parcel.

Disclosures to Future Purchasers

The willingness or ability of an owner of a parcel to pay the Special Tax may be affected by whether or not the owner was given due notice of the Special Tax authorization at the time the owner purchased the parcel, was informed of the amount of the Special Tax on the parcel should the Special Tax be levied at the maximum tax rate and the risk of such a levy and, at the time of such a levy, has the ability to pay it as well as pay other expenses and obligations. The City has caused a notice of the Special Tax that may be levied against the taxable parcels in each Taxing Jurisdiction to be recorded in the Office of the Recorder for the County. While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective purchaser or lender will consider such Special Tax obligation in the purchase of a property within the Taxing Jurisdictions or lending of money thereon.

The Mello-Roos Act requires the subdivider (or its agent or representative) of a subdivision to notify a prospective purchaser or long-term lessor of any lot, parcel, or unit subject to a Mello-Roos special tax of the existence and maximum amount of such special tax using a statutorily prescribed form. California Civil Code Section 1102.6b requires that in the case of transfers other than those covered by the above requirement, the seller must at least make a good faith effort to notify the prospective purchaser of the special tax lien in a format prescribed by statute. Failure by an owner of the property to comply with the above requirements, or failure by a purchaser or lessor to consider or understand the nature and existence of the Special Tax, could adversely affect the willingness and ability of the purchaser or lessor to pay the Special Tax when due.

Special Tax Delinquencies

Under provisions of the Mello-Roos Act, the Special Taxes, from which funds necessary for the payment of principal of and interest on the District Bonds and, thus, the Bonds are derived, are customarily billed to the properties within each Taxing Jurisdiction on the *ad valorem* property tax bills sent by the County to owners of such properties. The Mello-Roos Act currently provides that such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do *ad valorem* property tax installments.

See “SECURITY FOR THE DISTRICT BONDS — Covenants of the Districts — *Commence Foreclosure Proceedings*,” for a discussion of the provisions which apply, and procedures which each District is obligated to follow under its Fiscal Agent Agreement(s), in the event of delinquencies in the payment of Special Taxes. See “ — Bankruptcy and Foreclosure” below for a discussion of the policy of the Federal Deposit Insurance Corporation (the “FDIC”) regarding the payment of special taxes and assessment and limitations on the District’s ability to foreclose on the lien of the Special Taxes in certain circumstances.

Insufficiency of Special Taxes

Notwithstanding that the maximum Special Taxes that may be levied in the Taxing Jurisdictions exceeds debt service due on the District Bonds, the Special Taxes collected could be inadequate to make timely payment of debt service either because of nonpayment or because property becomes exempt from taxation.

The Rate and Method governing the levy of the Special Taxes within each Taxing Jurisdiction expressly exempts up to a specified number of acres of property owned by public entities, homeowner associations, churches and other specified owners. If for any reason property within a Taxing Jurisdiction becomes exempt

from taxation by reason of ownership by a non-taxable entity such as the federal government, another public agency or other organization determined to be exempt, subject to the limitations of the maximum authorized rates, the Special Tax will be reallocated to the remaining taxable properties within such Taxing Jurisdiction. This could result in certain owners of property paying a greater amount of the Special Tax and could have an adverse impact upon the ability and willingness of the owners of such property to pay the Special Tax when due.

The Mello-Roos Act provides that, if any property within a Taxing Jurisdiction not otherwise exempt from the Special Tax is acquired by a public entity through a negotiated transaction, or by gift or devise, the Special Tax will continue to be levied on and enforceable against the public entity that acquired the property. In addition, the Mello-Roos Act provides that, if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment and be paid from the eminent domain award. The constitutionality and operation of these provisions of the Mello-Roos Act have not been tested in the courts. Due to problems of collecting taxes from public agencies, if a substantial portion of land within a Taxing Jurisdiction became exempt from the Special Tax because of public ownership, or otherwise, the maximum Special Taxes which could be levied upon the remaining taxable property therein might not be sufficient to pay principal of and interest on the related District Bonds when due and a default could occur with respect to the payment of such principal and interest, and, in turn, a default could occur in the payment of the principal and interest on the Bonds.

FDIC/Federal Government Interests in Properties

The ability of the Districts to collect interest and penalties specified by the Act and to foreclose the lien of delinquent Special Taxes may be limited in certain respects with regard to parcels in which the FDIC, or other federal government entities such as Fannie Mae, Freddie Mac, the Drug Enforcement Agency, the Internal Revenue Service or other federal agency, has or obtains an interest.

In the case of FDIC, in the event that any financial institution making a loan which is secured by parcels is taken over by the FDIC and the applicable Special Tax is not paid, the remedies available to a District may be constrained. The FDIC's policy statement regarding the payment of state and local real property taxes (the "Policy Statement") provides that taxes other than *ad valorem* taxes which are secured by a valid lien in effect before the FDIC acquired an interest in a property will be paid unless the FDIC determines that abandonment of its interests is appropriate. The Policy Statement provides that the FDIC generally will not pay installments of non-*ad valorem* taxes which are levied after the time the FDIC acquires its fee interest, nor will the FDIC recognize the validity of any lien to secure payment except in certain cases where the Resolution Trust Corporation had an interest in property on or prior to December 31, 1995. Moreover, the Policy Statement provides that, with respect to parcels on which the FDIC holds a mortgage lien, the FDIC will not permit its lien to be foreclosed out by a taxing authority without its specific consent, nor will the FDIC pay or recognize liens for any penalties, fines or similar claims imposed for the non-payment of taxes.

The FDIC has taken a position similar to that expressed in the Policy Statement in legal proceedings brought against Orange County in United States Bankruptcy Court and in Federal District Court. The Bankruptcy Court issued a ruling in favor of the FDIC on certain of such claims. Orange County appealed that ruling, and the FDIC cross-appealed. On August 28, 2001, the Ninth Circuit Court of Appeals issued a ruling favorable to the FDIC except with respect to the payment of pre-receivership liens based upon delinquent property tax.

The Districts are unable to predict what effect the application of the Policy Statement would have in the event of a delinquency with respect to parcels in which the FDIC has or obtains an interest, although prohibiting the lien of the FDIC to be foreclosed out at a judicial foreclosure sale would prevent or delay the foreclosure sale.

In the case of Fannie Mae and Freddie Mac, in the event a parcel of taxable property is owned by a federal government entity or federal government sponsored entity, such as Fannie Mae or Freddie Mac, or a

private deed of trust secured by a parcel of taxable property is owned by a federal government entity or federal government sponsored entity, such as Fannie Mae or Freddie Mac, the ability to foreclose on the parcel or to collect delinquent Special Taxes may be limited. Federal courts have held that, based on the supremacy clause of the United States Constitution “this Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, anything in the Constitution or Laws of any State to the contrary notwithstanding.” In the absence of Congressional intent to the contrary, a state or local agency cannot foreclose to collect delinquent taxes or assessments if foreclosure would impair the federal government interest. This means that, unless Congress has otherwise provided, if a federal government entity owns a parcel of taxable property but does not pay taxes and assessments levied on the parcel (including Special Taxes), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the applicable District wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government’s mortgage interest. For a discussion of risks associated with taxable parcels within the Taxing Jurisdictions becoming owned by the federal government, federal government entities or federal government sponsored entities, see “— Insufficiency of Special Taxes.”

The Districts’ remedies may also be limited in the case of delinquent Special Taxes with respect to parcels in which other federal agencies (such as the Internal Revenue Service and the Drug Enforcement Administration) have or obtain an interest.

Bankruptcy and Foreclosure

In the event of a delinquency in the payment of the Special Taxes, the applicable District, under certain circumstances, is required to commence enforcement proceedings as described under the heading “SECURITY FOR THE DISTRICT BONDS — Covenants of the Districts.” However, prosecution of such proceedings could be delayed due to crowded local court calendars, dilatory legal tactics, or bankruptcy. It is also possible that a District will be unable to realize proceeds in an amount sufficient to pay the applicable delinquency. Moreover, the ability of the Districts to commence and prosecute enforcement proceedings may be limited by bankruptcy, insolvency and other laws generally affecting creditors’ rights (such as the Soldiers’ and Sailors’ Relief Act of 1940) and by the laws of the State relating to judicial and non-judicial foreclosure. Although bankruptcy proceedings would not cause the liens of the Special Taxes to become extinguished, bankruptcy of a property owner could result in a delay in the enforcement proceedings because federal bankruptcy laws provide for an automatic stay of foreclosure and tax sale proceedings. Any such delay could increase the likelihood of delay or default in payment of the principal of and interest on the District Bonds. The various legal opinions delivered in connection with the issuance of the Bonds, including Bond Counsel’s approving legal opinion, are qualified as to the enforceability of the Bonds, the Indenture, the District Bonds and the Fiscal Agent Agreements by reference to bankruptcy, reorganization, moratorium, insolvency and other laws affecting the rights of creditors generally or against public corporations such as the Authority and the Districts.

No Acceleration Provision

The Bonds do not contain a provision allowing for the acceleration of the Bonds in the event of a payment default or other default under the terms of the Bonds or the Indenture. Pursuant to the Indenture, an Owner of the Bonds is given the right for the equal benefit and protection of all owners similarly situated to pursue certain remedies described in Appendix C-1 — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — EVENTS OF DEFAULT AND REMEDIES.”

Limitations on Remedies

Remedies available to the Owners of the Bonds may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Bonds or to preserve the exclusion from gross income for federal income tax purposes of interest on the Bonds.

Bond Counsel has limited its opinion as to the enforceability of the Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditors' rights, by equitable principles, by the exercise of judicial discretion and by limitations on remedies against public agencies in the State. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the owners of the Bonds.

Loss of Tax Exemption

As discussed under the caption "LEGAL MATTERS — Tax Matters" herein, interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued, as a result of future acts or omissions of the Authority, the City or the Districts in violation of covenants in the Indenture or the Fiscal Agent Agreements, respectively. Legislative changes have been proposed in Congress, which, if enacted, would result in additional federal income tax being imposed on certain owners of tax-exempt state or district bonds, such as the Bonds. The introduction or enactment of any of such changes could adversely affect the market value or liquidity of the Bonds. Should such an event of taxability occur, the Bonds are not subject to a special redemption and will remain outstanding until maturity or until redeemed under one of the other redemption provisions contained in the Indenture.

Limited Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds, or, if a secondary market exists, that the Bonds can be sold for any particular price. Although the Authority has committed to provide certain financial information and operating data on an annual basis, there can be no assurance that such information will be available to Beneficial Owners of the Bonds on a timely basis. The failure to provide the required annual information does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions, lack of current information, the absence of a credit rating, or adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Proposition 218

An initiative measure commonly referred to as the "Right to Vote on Taxes Act" (the "Initiative") was approved by the voters of the State of California at the November 5, 1996 general election. The Initiative added Article XIII C and Article XIII D to the California Constitution. According to the "Title and Summary" of the Initiative prepared by the California Attorney General, the Initiative limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." The provisions of the Initiative continue to be interpreted by the courts. The Initiative could potentially impact the Special Taxes available to the Districts to pay the principal of and interest on the District Bonds as described below.

Among other things, Section 3 of Article XIII states that ". . . the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge." The Mello-Roos Act provides for a procedure which includes notice, hearing, protest and voting requirements to alter the rate and method of apportionment of an existing special tax. However, the Mello-Roos Act prohibits a legislative body from adopting any resolution to reduce the rate of any special tax or terminate the levy of any special tax

pledged to repay any debt incurred pursuant to the Mello-Roos Act unless such legislative body determines that the reduction or termination of the special tax would not interfere with the timely retirement of that debt. On August 1, 1997, a bill was signed into law by the Governor of the State enacting Government Code Section 5854, which states that:

Section 3 of Article XIII C of the California Constitution, as adopted at the November 5, 1996, general election, shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after that date, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights protected by Section 10 of Article I of the United States Constitution.

Accordingly, although the matter is not free from doubt, it is likely that the Initiative has not conferred on the voters the power to repeal or reduce the Special Taxes if such reduction would interfere with the timely retirement of the District Bonds.

The interpretation and application of the Initiative will continue to be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination or the timeliness of any remedy afforded by the courts. See “SPECIAL RISK FACTORS — Limitations on Remedies.”

Ballot Initiatives

Articles XIII A, XIII B, XIII C and XIII D, all of which placed certain limitations on the power of local agencies to tax, collect and expend revenues, were adopted pursuant to measures qualified for the ballot pursuant to California’s constitutional initiative process and the State Legislature has in the past enacted legislation which has altered the spending limitations or established minimum funding provisions for particular activities. From time to time, other initiative measures could be adopted by California voters or legislation enacted by the legislature. The adoption of any such initiative or legislation might place limitations on the ability of the State, the City, or the Districts to increase revenues or to increase appropriations.

Litigation with Respect to Community Facilities Districts

Shapiro. The California Court of Appeal, Fourth Appellate District, Division One, issued its opinion in *City of San Diego v. Melvin Shapiro* (2014) 228 Cal.App.4th 756 (the “San Diego Decision”). The case involved a Convention Center Facilities District (the “CCFD”) established by the City of San Diego (“San Diego”). The CCFD is a financing district much like a community facilities district established under the provisions of the Mello-Roos Act. The CCFD is comprised of all of the real property in San Diego. However, the special tax to be levied within the CCFD was to be levied only on hotel properties located within the CCFD.

The election authorizing the special tax was limited to owners of hotel properties and lessees of real property owned by a governmental entity on which a hotel is located. Thus, the election was not a registered voter election. Such approach to determining who would constitute the qualified electors of the CCFD was modeled after Section 53326(c) of the Mello-Roos Act, which generally provides that, if a special tax will not be apportioned in any tax year on residential property, the legislative body may provide that the vote shall be by the landowners of the proposed district whose property would be subject to the special tax. The Court held that the CCFD special tax election was invalid under the California Constitution because Article XIII A, Section 4 thereof and Article XIII C, Section 2 thereof require that the electors in such an election be the registered voters within the district.

Horizon. The Sacramento County Superior Court had issued a tentative ruling in *Horizon Capital Investments, LLC v. City of Sacramento et al.* (Case No. 34-2017-80002661). That ruling subsequently became the court’s final order. As described below, this case involved an election to approve the levy of a special tax within a community facilities district (“CFD”) formed under the Mello-Roos Act.

In 2017, the City of Sacramento initiated proceedings to form a CFD to finance certain costs to operate and maintain a streetcar line. As permitted by the Mello-Roos Act, the proposed district included non-contiguous parcels of non-residential property. Because there were fewer than 12 registered voters residing within the territory of the proposed CFD, the City Council submitted the special tax proposed to be levied within the proposed CFD to the owners of land within the proposed CFD, as required by the Mello-Roos Act. The proposed special tax received the requisite two-thirds vote in the landowner election.

Petitioners Horizon Capital Investments, LLC et al. filed a writ of mandate and complaint for reverse validation and declaratory relief. Petitioners argued, and the superior court agreed in its final ruling, that under section 4(a) of article XIII A of the California Constitution (which provides that “Cities, Counties and special districts, by a two-thirds vote of the qualified electors of such district [sic], may impose special taxes on such district...”) the phrase “qualified electors” means the registered voters of the entire City of Sacramento and not just the owners of the property within the boundaries of the proposed CFD. Citing the San Diego Decision, the tentative ruling states that the phrase “qualified electors of the district” refers to the registered voters of the entity imposing the special tax, which in this case was the City of Sacramento. Because the vote within the proposed CFD was by landowners only and not by all registered voters in the City of Sacramento, the final ruling states that the special tax is invalid.

The superior court’s final ruling is not binding upon other courts within the State and does not directly apply to the Taxing Jurisdictions, the Special Taxes, or the District Bonds. The City of Sacramento did not appeal the superior court’s ruling.

The Special Tax Election in the Taxing Jurisdictions. With respect to the San Diego Decision, the facts of such case show that there were thousands of registered voters within the CCFD (*viz.*, all of the registered voters in San Diego). The elections held in the Taxing Jurisdictions had less than 12 registered voters at the time of the election to authorize the Special Taxes. In the San Diego Decision, the court expressly stated that it was not addressing the validity of landowner voting to impose special taxes pursuant to the Mello-Roos Act in situations where there are fewer than 12 registered voters. Thus, by its terms, the court’s holding in the San Diego Decision does not apply to the Special Tax elections in the Taxing Jurisdictions. Moreover, Section 53341 of the Mello-Roos Act provides that any “action or proceeding to attack, review, set aside, void or annul the levy of a special tax...shall be commenced within 30 days after the special tax is approved by the voters.” Similarly, Section 53359 of the Mello-Roos Act provides that any action to determine the validity of bonds issued pursuant to the Mello-Roos Act be brought within 30 days of the voters approving the issuance of such bonds. The petitioners in *Horizon* filed the writ of mandate within 30 days of the landowner election. Voters in the Taxing Jurisdictions approved Special Tax, some cases, more than ten years ago. Based on Sections 53341 and 53359 of the Mello-Roos Act and analysis of existing laws, regulations, rulings and court decisions, the Districts believe that no successful challenge to the their respective Special Taxes being levied in accordance with the applicable Rate and Method may now be brought.

Cybersecurity

The City, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the City is subject to multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the City’s digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. To date, the City has not experienced an attack on its computer operating systems which resulted in a breach of its cybersecurity systems that are in place. However, no assurances can be given that the City’s efforts to manage cyber threats and attacks will be successful or that any such attack will not materially impact the operations or finances of the City.

LEGAL MATTERS

Tax Matters

[Tax Exemption.] At closing, Bond Counsel expects to render an opinion to the Authority that based on existing statutes, regulations, rulings, and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Bond Counsel is further of the opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. Bond Counsel observes, however, that interest on the Bonds is included in adjusted current earnings in calculating corporate alternative minimum taxable income. Bond Counsel expects to deliver an opinion at the time of issuance of the Bonds substantially in the form set forth in Appendix E hereto.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Authority has covenanted to comply with certain restrictions designed to assure that interest on the Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Bonds being included in federal gross income, possibly from the date of issuance of the Bonds. In addition, the Authority has made certain representations and covenants in the Indenture and the Tax Certificate to be delivered the date closing. The opinion of Bond Counsel will assume compliance with all these covenants and representations. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may affect the value of, or the tax status of interest, on the Bonds. Further, no assurance can be given that pending or future legislation or amendments to the Code will not adversely affect the value of, or the tax status of interest on, the Bonds. Prospective owners are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes “original issue discount” for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is greater than the amount payable at maturity thereof, then the excess of the tax basis of a purchaser of such Bond (other than a purchaser who holds such Bond as inventory, stock in trade or for sale to customers in the ordinary course of business) over the principal amount of such Bond constitutes “original issue premium” for purposes of federal income taxes and State of California personal income taxes.

Original issue discount is excludable from gross income for federal income tax purposes and exempt from State of California personal income taxes to the same extent as the interest on the Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each such Bond and the basis of such Bond acquired at such initial offering price by an initial purchaser of each such Bond will be increased by the amount of such accrued discount. The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase such Bonds after the initial offering of a substantial amount thereof. Owners who do not purchase such Bonds in the initial offering at the initial offering prices should consult their own tax advisors with respect to the tax consequences of ownership of such Bonds. All holders of such Bonds should consult their own tax advisors with respect to the allowance of a deduction for any loss on a sale or other disposition to the extent that calculation of such loss is based on accrued original issue discount.

Original issue premium is amortized for federal income tax purposes and State of California personal income taxes over the term of such Bond based on the purchaser’s yield to maturity in such Bond, except that in the case of such Bond callable prior to its stated maturity, the amortization period and the yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Bond. A purchaser of such Bond is required to decrease his or her adjusted basis in such Bond by the amount of bond premium

attributable to each taxable year in which such purchaser holds such Bond. The amount of bond premium attributable to a taxable year is not deductible for federal income tax purposes. Purchasers of such Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the amount of bond premium attributable to each taxable year and the effect of bond premium on the sale or other disposition of such Bond and with respect to the state and local tax consequences of owning and disposing of such Bond.

Prospective purchasers of the Bonds should be aware that (i) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest with respect to the Bonds, (ii) interest, with respect to the Bonds, earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code, (iii) passive investment income, including interest with respect to the Bonds, may be subject to federal income taxation under Section 1375 of the Code for subchapter S corporations having subchapter C earnings and profits at the close of the taxable year and gross receipts more than 25% of which constitute passive investment income, and (iv) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of interest on the Bonds. This list is not meant to be an exhaustive list of tax treatment that may apply to the Bonds and Owners should contact their own tax advisors regarding whether the accrual or receipt of interest on the Bonds may otherwise affect an Owner's State, local, or federal tax liability.

Certain agreements, requirements, and procedures contained or referred to in the Indenture and other relevant documents may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in those documents, upon the advice or with the approving opinion of nationally recognized bond counsel. Bond Counsel expresses no opinion as to any Bond or the interest payable with respect thereto if any change occurs or action is taken or omitted upon the advice or approval of counsel other than Bond Counsel.

Although Bond Counsel has rendered an opinion that interest on the Bonds is excluded from federal gross income and is exempt from current State of California personal income taxes the ownership or disposition of the Bonds and the accrual or receipt of interest on the Bonds may otherwise affect an Owner's State, local, or federal tax liability. The nature and extent of these other tax consequences will depend upon each Owner's particular tax status and the Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences. Bond Counsel's opinion is rendered as of its date and it assumes no obligation to update its opinion.

Future rulings, court decisions, legislative proposals, if enacted into law, or clarification of the Code may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent Owners from realizing the full current benefit of the tax status of such interest. There can be no assurance that such future rulings, court decisions, legislative proposals, if enacted into law, or clarification of the Code enacted or proposed after the date of issuance of the Bonds will not have an adverse effect on the tax exempt status or market price of the Bonds.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority has covenanted, however, to comply with the requirements of the Code. Unless separately engaged, Bond Counsel is not obligated to defend the Authority or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority and their appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority legitimately disagrees may not be

practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues, may affect the market price for, or the marketability of, the Bonds, and may cause the Authority or the Beneficial Owners to incur significant expense.

Information Reporting and Backup Withholding. Information reporting requirements will apply to interest (including original issue discount, if any) paid after March 31, 2007, on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payer with a Form W-9, “Request for Taxpayer Identification Number and Certification,” or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payer is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payer” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s federal income tax once the required information is furnished to the Internal Revenue Service.]

Absence of Litigation

The Authority will certify at the time the Bonds are issued that no litigation is pending or threatened concerning the validity of the Bonds and that no action, suit or proceeding is known by the Authority to be pending that would restrain or enjoin the delivery of the Bonds, or contest or affect the validity of the Bonds or any proceedings of the Authority taken with respect to the Bonds. Each District will also certify at the time the Bonds are issued that no litigation is pending or threatened concerning the validity its District Bonds and that no action, suit or proceeding is known by such District to be pending that would restrain or enjoin the delivery of its District Bonds, or contest or affect the validity of its District Bonds or any proceedings of such District taken with respect to its District Bonds.

Legal Opinion

Certain proceedings in connection with the issuance of the Bonds are subject to the approval as to their legality of Aleshire & Wynder, LLP, Irvine, California, Bond Counsel for the Authority in connection with the issuance of the Bonds. The opinion of Bond Counsel approving the validity of the Bonds substantially in the form attached as Appendix E hereto will be attached to each Bond. Bond Counsel’s employment is limited to a review of legal procedures required for the approval of the Bonds and to rendering an opinion as to the validity of the Bonds and the exemption of interest on the Bonds from income taxation. Bond Counsel expresses no opinion to the Owners of the Bonds as to the accuracy, completeness or fairness of this Official Statement or other offering materials relating to the Bonds and expressly disclaims any duty to do so.

Payment of the fees of Disclosure Counsel, Underwriter’s Counsel and the Underwriter is contingent upon issuance of the Bonds.

MISCELLANEOUS

No Rating

The Authority has not made and does not contemplate making application to any rating agency for the assignment of a rating of the Bonds.

Verification of Mathematical Accuracy

Causey Demgen & Moore, P.C., independent accountants, upon delivery of the Bonds, will deliver a report on the mathematical accuracy of certain computations, contained in schedules provided to them which were prepared by the Underwriter, relating to the sufficiency of moneys and securities deposited into the Escrow Funds to pay, when due, the principal, whether at maturity or upon prior redemption, and interest requirements of the Prior Bonds.

The report of Causey Demgen & Moore, P.C. will include the statement that the scope of its engagement is limited to verifying the mathematical accuracy of the computations contained in such schedules provided to it, and that it has no obligation to update its report because of events occurring, or data or information coming to its attention, subsequent to the date of its report.

Underwriting

The Bonds are being purchased by Oppenheimer & Co. Inc. (the “Underwriter”) at a purchase price of \$ _____ (representing the par amount of the Bonds, less Underwriter’s discount of \$ _____ and plus original issue premium of \$ _____).

The purchase contract relating to the Bonds between the Authority and the Underwriter provides that all Bonds will be purchased if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in said purchase contract, including, but not limited to, the approval of certain legal matters by counsel.

Continuing Disclosure

Pursuant to a Continuing Disclosure Agreement, the Authority will agree to provide, or cause to be provided, through the Electronic Municipal Market Access system (“EMMA”) maintained by the Municipal Securities Rulemaking Board (or with such other entity as is designated or authorized under the Rule) certain annual financial information and operating data. The Annual Report to be filed by the Authority will include audited financial statements of the Authority and the City, in each case if any are prepared, and additional financial and operating data concerning the Taxing Jurisdictions as set forth in Section 4 of the Continuing Disclosure Agreement attached hereto as Appendix F.

The Continuing Disclosure Agreement will inure solely to the benefit of any Dissemination Agent, the Underwriter and Owners or Beneficial Owners from time to time of the Bonds. A default under the Continuing Disclosure Agreement is not a default under the Indenture and the sole remedy following a default is an action to compel specific performance by the Authority with the terms of the Continuing Disclosure Agreement.

[During the last five years the Authority, the Successor Agency to the Redevelopment Agency of the City of Perris, the Redevelopment Agency of the City of Perris (the “Successor Agency”), the City, certain community facilities districts formed by the City, the Perris Public Financing Authority (the “PPFA”) and the Authority _____.]

The Authority, the City and its community facilities districts, and the Successor Agency have made additional filings to provide certain previously omitted information. In order to promote compliance by the Authority, the Agency, the City and the Districts with continuing disclosure undertakings in the future, the City has continued to retain Willdan Financial Services to serve as the dissemination agent for its outstanding bonded indebtedness which are subject to the Rule.

Pending Legislation

The Authority is not aware of any significant pending legislation which would have material adverse consequences on the Bonds or the ability of the Authority to pay the principal of and interest on the Bonds when due.

Additional Information

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or Owners of any of the Bonds.

The execution and delivery of this Official Statement has been duly authorized by the Authority.

PERRIS JOINT POWERS AUTHORITY

By: _____
Executive Director

APPENDIX A
INFORMATION REGARDING THE TAXING JURISDICTIONS

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**INSERT AERIAL PHOTOGRAPH FOR
COMMUNITY FACILITIES DISTRICT NO. 2001-1 (MAY FARMS)
IMPROVEMENT AREA NO. 1**

**COMMUNITY FACILITIES DISTRICT NO. 2001-1 (MAY FARMS)
IMPROVEMENT AREA NO. 1**

General Information

Location and Description. Community Facilities District No. 2001-1 (May Farms) of the City of Perris (“CFD No. 2001-1”) was formed by the City of Perris (the “City”) in May 2002 to finance various public improvements needed to develop property located within CFD No. 2001-1. Improvement Area No. 1 of CFD No. 2001-1 is a residential development located in the southern portion of the City. Improvement Area No. 1 is bordered on the north by May Ranch Parkway and on the west by Evans Road. The southern border is the northern border of the California Aqueduct and the eastern border is Improvement Area No. 2 of CFD 2001-1. Improvement Area No. 1 of CFD No. 2001-1 includes 84 taxable parcels and is built out with 84 completed single family residential dwellings owned by individual homeowners.

Assigned Special Taxes. The table below sets forth the current Assigned Special Taxes that may be levied on the property within Improvement Area No. 1 of CFD No. 2001-1 in Fiscal Year 2023-24. The Special Taxes in Improvement Area No. 1 of CFD No. 2001-1 may not be levied after Fiscal Year 2039-40. The final maturity of the Improvement Area No. 1 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds, 2024 Series (the “CFD No. 2001-1 IA1 Bonds”) is September 1, 2033.

**TABLE A-1
CITY OF PERRIS
COMMUNITY FACILITIES DISTRICT NO. 2001-1 IMPROVEMENT AREA NO. 1
ASSIGNED SPECIAL TAXES**

<i>Land Use Classification</i>	<i>No. of Parcels</i>	<i>Fiscal Year 2023-24 Assigned Special Tax Rate Per Unit</i>	<i>Fiscal Year 2023-24 Special Tax Levy per Unit</i>	<i>Fiscal Year 2023-24 Special Tax Levy</i>	<i>Percent of Total</i>
Single Family Property	<u>84</u>	\$1,819	\$1,524	<u>\$ 127,982</u>	<u>100.00%</u>
Total	84			\$ 127,982	100.00%

Source: Willdan Financial Services and County of Riverside.

For the complete text of the Rate and Method for Improvement Area No. 1 of CFD No. 2001-1, see Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES.”

Estimated Direct and Overlapping Indebtedness. Within the boundaries of Improvement Area No. 1 of CFD No. 2001-1 are numerous overlapping local agencies providing public services. The approximate amount of the direct and overlapping debt secured by a tax or assessment on the parcels within Improvement Area No. 1 of CFD No. 2001-1 for Fiscal Year 2023-24 is shown in the table below.

**TABLE A-2
CITY OF PERRIS
COMMUNITY FACILITIES DISTRICT NO. 2001-1 IMPROVEMENT AREA NO. 1
DIRECT AND OVERLAPPING DEBT**

2023-24 Assessed Valuation: \$37,135,018

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 3/1/24</u>
Metropolitan Water District General Obligation Bonds	0.00%	\$ 174
Riverside County Flood Control and Water Conservation District Promissory Notes	0.046	1,271 ⁽¹⁾
Riverside City Community College District General Obligation Bonds	0.024	68,300
Val Verde Unified School District General Obligation Bonds	0.215	673,843
City of Perris Community Facilities District No. 2001-1 I.A. No. 1	100.000	895,000⁽²⁾
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$ 1,638,588
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Riverside County General Fund Obligations	0.01%	\$ 61,200
Riverside County Pension Obligation Bonds	0.009	62,507
Riverside City Community College District Certificates of Participation	0.024	5,928
Val Verde Unified School District Certificates of Participation	0.215	97,029
City of Perris General Fund Obligations	0.329	13,246
TOTAL OVERLAPPING GENERAL FUND DEBT		\$ 239,910
COMBINED TOTAL DEBT		\$ 1,878,498 ⁽³⁾

Ratios to 2023-24 Assessed Valuation:

Direct Debt (\$895,000)	2.41%
Total Overlapping Tax and Assessment Debt	4.41%
Combined Total Debt	5.06%

⁽¹⁾ 2015 Negotiable Promissory Notes secured by the District's share of 1% *Ad Valorem* property tax revenues collected on properties within Zone 4. The Notes are not secured by a direct property tax lien.

⁽²⁾ Excludes issue to be sold.

⁽³⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

Value-To-Lien Ratios. The Authority has obtained the assessed values of all of the taxable property in Improvement Area No. 1 of CFD No. 2001-1 (84 parcels in total), as established by the County Assessor for Fiscal Year 2023-24, which total \$37,135,018. Aside from overlapping general obligation bonded indebtedness and debt payable from ad valorem property taxes, there is no other direct and overlapping land secured special tax and assessment bonded indebtedness within Improvement Area No. 1 of CFD No. 2001-1. The assessed value-to-lien ratio of the property within Improvement Area No. 1 of CFD No. 2001-1, based on the Fiscal Year 2023-24 assessed values, the aggregate principal amount of the CFD No. 2001-1 IA1 Bonds (including general obligation bonded indebtedness) within Improvement Area No. 1 of CFD No. 2001-1 equals approximately 24.21* -to-1.

* Preliminary, subject to change.

Value-to-Lien Ratios by Category. The following table summarizes the assessed value-to-lien ratios within Improvement Area No. 1 of CFD No. 2001-1 by value-to-lien category.

**TABLE A-3
CITY OF PERRIS
COMMUNITY FACILITIES DISTRICT NO. 2001-1 IMPROVEMENT AREA NO. 1
VALUE-TO-LIEN STRATIFICATION**

<i>Estimated Assessed Value-to-Lien</i>	<i>No. of Taxable Parcels</i>	<i>Fiscal Year 2023-24 Special Tax Levy</i>	<i>Percent of Fiscal Year 2023-24 Special Tax Levy</i>	<i>Allocation of CFD 2001-1 IA 1 Bonds*</i>	<i>Overlapping Debt</i>	<i>Total Debt</i>	<i>Assessed Value</i>	<i>Estimated Value-to-Lien Ratio*</i>
Greater than 10.00:1	84	\$127,982	100.00	\$790,000	\$743,588	\$1,533,588	\$37,135,018	24.21
Total	84	\$127,982	100.00%	\$790,000	\$743,588	\$1,533,588	\$37,135,018	24.21

* Preliminary, subject to change.

Source: Willdan Financial Services and County of Riverside.

Historical Assessed Valuation. The following table represents the historical assessed valuation of the taxable property in CFD No. 2001-1 Improvement Area No. 1 as shown on the County Assessor’s roll for Fiscal Years 2019-20 through 2023-24.

**TABLE A-4
CITY OF PERRIS
COMMUNITY FACILITIES DISTRICT NO. 2001-1 IMPROVEMENT AREA NO. 1
ASSESSED VALUATION HISTORY
(FISCAL YEARS 2019-20 THROUGH 2023-24)**

<i>Fiscal Year</i>	<i>Number of Parcels Subject to Levy</i>	<i>Assessed Value</i>	<i>Percent Change</i>
2019-20	84	\$31,070,407	4.12%
2020-21	84	31,883,670	2.62
2021-22	84	33,528,140	5.16
2022-23	84	35,077,144	4.62
2023-24	84	37,135,018	5.87

Source: Willdan Financial Services and County of Riverside.

Estimated Values for Top Ten Taxpayers. The following table summarizes the assessed values within CFD No. 2001-1 IA No. 1 for its top ten taxpayers.

**TABLE A-5
CITY OF PERRIS
COMMUNITY FACILITIES DISTRICT NO. 2001-1 IMPROVEMENT AREA NO. 1
ESTIMATED VALUE-TO-LIEN FOR TOP 10 TAXPAYERS**

<i>Property Owner</i>	<i>No. of Parcels</i>	<i>Fiscal Year 2023-24 Net Assessed Value</i>	<i>Special Tax</i>	<i>Percent of Special Tax</i>
PEREZ OSCAR A	1	\$ 479,265	\$ 1,524	1.19%
HUYNH KAREN CELESTE	1	384,188	1,524	1.19
MUNOZ JAVIER	1	453,977	1,524	1.19
PEREZ ALBERTO MARISCAL	1	663,000	1,524	1.19
RAMIREZ MANUEL JR	1	327,989	1,524	1.19
DESHA CORNELIUS	1	457,097	1,524	1.19
BROWN JAMES W	1	369,160	1,524	1.19
HUERTA LUIS ERNESTO O	1	342,774	1,524	1.19
NGUYEN MINH VAN	1	332,582	1,524	1.19
RODRIGUEZ IGNACIO	1	315,106	1,524	1.19
All Other Owners	<u>74</u>	<u>33,009,880</u>	<u>112,746</u>	<u>88.10</u>
Total	84	\$ 37,135,018	\$127,982	100.00%

Source: Willdan Financial Services and County of Riverside.

Delinquencies. The following table is a summary of Special Tax levies, collections and delinquency rates in Improvement Area No. 1 of CFD No. 2001-1 for Fiscal Years 2019-20 through 2023-24.

**TABLE A-6
CITY OF PERRIS
COMMUNITY FACILITIES DISTRICT NO. 2001-1 IMPROVEMENT AREA NO. 1
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES
FISCAL YEARS 2019-20 THROUGH 2023-24**

<i>Fiscal Year</i>	<i>Amount Levied</i>	<i>No. of Parcels Levied</i>	<i>Delinquencies as of June 30 Fiscal Year End</i>		<i>Delinquencies as of March 21, 2024</i>		
			<i>Amount Delinquent</i>	<i>Percent Delinquent</i>	<i>Parcels Currently Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Current Delinquent</i>
2019-20	\$122,830	84	\$ 0	0.00%	0	\$ 0	0.00%
2020-21	120,390	84	1,433	1.19	0	0	0.00
2021-22	123,028	84	2,929	2.38	0	0	0.00
2022-23	125,625	84	1,496	1.19	1	1,496	1.19
2023-24 ⁽¹⁾	127,982	84	N/A	N/A	2	1,524	1.19

⁽¹⁾ Fiscal Year 2023-24 delinquency amounts are only for the first installment and are as of March 21, 2024.

Source: County of Riverside, as compiled by Willdan Financial Services.

The following table shows the average tax bill and estimated total effective tax rate for an average unit within Improvement Area No. 1 of CFD No. 2001-1.

**TABLE A-7
CITY OF PERRIS
COMMUNITY FACILITIES DISTRICT NO. 2001-1 IMPROVEMENT AREA NO. 1
REPRESENTATIVE PROPERTY TAX BILL FOR FISCAL YEAR 2023-24**

ASSESSED VALUATION AND PROPERTY TAXES

Assessed Value ⁽¹⁾	\$435,503		
		<i>Percent of Assessed Value</i>	<i>Project Amount</i>
AD VALOREM PROPERTY TAXES		1.1302%	\$ 4,922.04
ASSESSMENTS, SPECIAL TAXES, AND PARCEL CHARGES⁽²⁾			
Flood Control Stormwater / Cleanwater			\$ 3.86
Lighting & Landscape Maint. District 84-1			47.28
City of Perris LMD No. 1			310.98
City of Perris Flood Control Maintenance No. 1			37.88
Metropolitan Water District Standby Charge			6.94
Eastern Municipal Water District Standby Combined Charge			26.00
City of Perris CFD 2001-3 (Public Safety)			<u>378.90</u>
Subtotal			\$ 811.84
CFD 2001-1 IA. 1 (May Farms) Assigned Tax for facilities			\$ 1,523.60
TOTAL PROPERTY TAXES AND ASSESSMENTS			\$ 7,257.48
ESTIMATED EFFECTIVE TAX RATE			1.67%

⁽¹⁾ Sample tax bill for a single family detached home with the median land use and median assessed value in CFD 2001-1 Improvement Area 1. The building size of sample shown is 2,007 square feet. Due to Proposition 13, the assessed value may or may not reflect the current market value of the property.

⁽²⁾ All assessments assume a lot size of less than one acre.

Source: Willdan Financial Services and County of Riverside.

**INSERT AERIAL PHOTOGRAPH FOR
COMMUNITY FACILITIES DISTRICT NO. 2001-1 (MAY FARMS)
IMPROVEMENT AREA NO. 2**

**COMMUNITY FACILITIES DISTRICT NO. 2001-1 (MAY FARMS)
IMPROVEMENT AREA NO. 2**

General Information

Location and Description. Community Facilities District No. 2001-1 (May Farms) of the City of Perris (“CFD No. 2001-1”) was formed by the City of Perris (the “City”) in May 2002 to finance various public improvements needed to develop property located within CFD No. 2001-1. Improvement Area No. 2 of CFD No. 2001-1 is a residential development located in the southern portion of the City. Improvement Area No. 2 is bordered on the north by May Ranch Parkway and on the west by Improvement Area No. 1 of CFD 2001-1. The southern border is the northern border of the California Aqueduct and the eastern border is Bradley Road. Improvement Area No. 2 of CFD No. 2001-1 includes 238 taxable parcels and is built out with 238 completed single family residential dwellings owned by individual homeowners.

Assigned Special Taxes. The table below sets forth the current Assigned Special Taxes that may be levied on the property within Improvement Area No. 2 of CFD No. 2001-1 in Fiscal Year 2023-24. The Special Taxes in Improvement Area No. 2 of CFD No. 2001-1 may not be levied after Fiscal Year 2039-40. The final maturity of the Improvement Area No. 2 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris, Special Tax Bonds, 2024 Series (the “CFD No. 2001-1 IA2 Bonds”) is September 1, 2033.

**TABLE A-8
CITY OF PERRIS
COMMUNITY FACILITIES DISTRICT NO. 2001-1 IMPROVEMENT AREA NO. 2
ASSIGNED SPECIAL TAXES**

<i>Land Use Classification</i>	<i>Residential Floor Area</i>	<i>No. of Parcels</i>	<i>Fiscal Year 2023-24 Assigned Special Tax Rate Per Unit</i>	<i>Fiscal Year 2023-24 Special Tax Levy per Unit</i>	<i>Fiscal Year 2023-24 Special Tax Levy</i>	<i>Percent of Total</i>
1-Residential	Less than 2,100 sq. ft.	0	\$ 0	\$ 0	\$ 0	0.00%
2-Residential	2,101 to 2,400 sq. ft.	45	1,654	1,219	54,866	16.41
3-Residential	2,401 to 2,700 sq. ft.	21	1,749	1,290	27,082	8.10
4-Residential	2,701 to 3,000 sq. ft.	85	1,905	1,405	119,403	35.71
5-Residential	Greater than 3,001 sq. ft.	87	2,073	1,529	133,004	39.78
6-Residential	N/A	0	0	0	0	0.00
Total		238			\$ 334,355	100.00%

Source: Willdan Financial Services.

For the complete text of the Rate and Method for Improvement Area No. 2 of CFD No. 2001-1, see Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES.”

Estimated Direct and Overlapping Indebtedness. Within the boundaries of Improvement Area No. 2 of CFD No. 2001-1 are numerous overlapping local agencies providing public services. The approximate amount of the direct and overlapping debt secured by a tax or assessment on the parcels within Improvement Area No. 2 of CFD No. 2001-1 for Fiscal Year 2023-24 is shown in the table below.

**TABLE 9
CITY OF PERRIS
COMMUNITY FACILITIES DISTRICT NO. 2001-1 IMPROVEMENT AREA NO. 2
DIRECT AND OVERLAPPING DEBT**

2023-24 Assessed Valuation: \$84,316,107

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 3/1/24</u>
Metropolitan Water District General Obligation Bonds	0.00%	\$ 397
Riverside County Flood Control and Water Conservation District Promissory Notes	0.105	2,900 ⁽¹⁾
Riverside City Community College District General Obligation Bonds	0.055	155,752
Val Verde Unified School District General Obligation Bonds	0.49	1,536,645
City of Perris Community Facilities District No. 2001-1 I.A. No. 2	100.000	<u>2,400,000</u> ⁽²⁾
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$ 4,095,694
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Riverside County General Fund Obligations	0.02%	\$ 139,561
Riverside County Pension Obligation Bonds	0.021	142,543
Riverside City Community College District Certificates of Participation	0.055	13,518
Val Verde Unified School District Certificates of Participation	0.49	221,268
City of Perris General Fund Obligations	0.751	<u>30,207</u>
TOTAL OVERLAPPING GENERAL FUND DEBT		\$ 547,097
COMBINED TOTAL DEBT		\$ 4,642,791 ⁽³⁾

Ratios to 2023-24 Assessed Valuation:

Direct Debt (\$2,400,000)	2.85%
Total Overlapping Tax and Assessment Debt	4.86%
Combined Total Debt	5.51%

⁽¹⁾ 2015 Negotiable Promissory Notes secured by the District's share of 1% *Ad Valorem* property tax revenues collected on properties within Zone 4. The Notes are not secured by a direct property tax lien.

⁽²⁾ Excludes issue to be sold.

⁽³⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

Value-To-Lien Ratios. The Authority has obtained the assessed values of all of the taxable property in Improvement Area No. 2 of CFD No. 2001-1 (238 parcels in total), as established by the County Assessor for Fiscal Year 2023-24, which total \$84,316,107. Aside from overlapping general obligation bonded indebtedness and debt payable from ad valorem property taxes, there is no other direct and overlapping land secured special tax and assessment bonded indebtedness within Improvement Area No. 2 of CFD No. 2001-1. The assessed value-to-lien ratio of the property within Improvement Area No. 2 of CFD No. 2001-1, based on the Fiscal Year 2023-24 assessed values, the aggregate principal amount of the CFD No. 2001-1-5 Bonds (including general obligation bonded indebtedness) within Improvement Area No. 2 of CFD No. 2001-1 equals approximately 22.13* -to-1.

* Preliminary, subject to change.

Value-to-Lien Ratios by Category. The following table summarizes the assessed value-to-lien ratios within Improvement Area No. 2 of CFD No. 2001-1 by value-to-lien category.

**TABLE A-10
CITY OF PERRIS
COMMUNITY FACILITIES DISTRICT NO. 2001-1 IMPROVEMENT AREA NO. 2
VALUE-TO-LIEN STRATIFICATION**

<i>Estimated Assessed Value-to-Lien</i>	<i>No. of Taxable Parcels</i>	<i>Fiscal Year 2023-24 Special Tax Levy</i>	<i>Percent of Fiscal Year 2023-24 Special Tax Levy</i>	<i>Allocation of CFD 2001-1 IA 2 Bonds*</i>	<i>Overlapping Debt</i>	<i>Total Debt</i>	<i>Assessed Value</i>	<i>Estimated Value-to-Lien Ratio*</i>
Greater than 10.00:1	237	\$333,136	99.64%	\$2,107,288	\$1,689,511	\$3,796,798	\$84,194,079	22.18
5.00:1 to 9.99:1	1	1,219	0.36	7,712	6,183	13,896	122,028	8.78
Total	238	\$334,355	100.00%	\$2,115,000	\$1,695,694	\$3,810,694	\$84,316,107	22.13

* Preliminary, subject to change.

Source: Willdan Financial Services and County of Riverside.

Historical Assessed Valuation. The following table represents the historical assessed valuation of the taxable property in CFD No. 2001-1 Improvement Area No. 2 as shown on the County Assessor’s roll for Fiscal Years 2019-20 through 2023-24.

**TABLE A-11
CITY OF PERRIS
COMMUNITY FACILITIES DISTRICT NO. 2001-1 IMPROVEMENT AREA NO. 2
ASSESSED VALUATION HISTORY
(FISCAL YEARS 2019-20 THROUGH 2023-24)**

<i>Fiscal Year</i>	<i>Number of Parcels Subject to Levy</i>	<i>Assessed Value</i>	<i>Percent Change</i>
2019-20	238	\$67,475,437	4.24%
2020-21	238	69,785,301	3.42
2021-22	238	73,054,917	4.69
2022-23	238	79,314,058	8.57
2023-24	238	84,316,107	6.31

Source: Willdan Financial Services and County of Riverside.

Estimated Values for Top Ten Taxpayers. The following table summarizes the assessed values within CFD No. 2001-1 IA No. 2 for its top ten taxpayers.

**TABLE A-12
CITY OF PERRIS
COMMUNITY FACILITIES DISTRICT NO. 2001-1 IMPROVEMENT AREA NO. 2
ESTIMATED VALUE-TO-LIEN FOR TOP 10 TAXPAYERS**

<i>Property Owner</i>	<i>No. of Parcels</i>	<i>Fiscal Year 2023-24 Net Assessed Value</i>	<i>Special Tax</i>	<i>Percent of Special Tax</i>
2018-2 IH BORROWER LP	3	\$ 1,048,576	\$ 4,277	1.28%
DO MINH PHUONG	2	434,597	3,058	0.91
DANG MAU THI	2	735,082	2,934	0.88
SON FAMILY REVOCABLE TRUST	1	254,464	1,529	0.46
MCFERREN REGINALD G SR	1	247,480	1,529	0.46
COVARRUBIAS ARMANDO	1	329,901	1,529	0.46
EL FRIENDLY	1	393,710	1,529	0.46
NGUYEN MINH VAN	1	233,463	1,529	0.46
PULIDO SILVIA	1	541,929	1,529	0.46
ALEMAN JULIAN FLORES	1	520,200	1,529	0.46
All Other Owners	<u>224</u>	<u>79,576,705</u>	<u>313,386</u>	<u>93.73</u>
Total	238	\$ 84,316,107	\$334,355	100.00%

Source: Willdan Financial Services, County of Riverside.

Delinquencies. The following table is a summary of Special Tax levies, collections and delinquency rates in Improvement Area No. 2 of CFD No. 2001-1 for Fiscal Years 2019-20 through 2023-24.

**TABLE A-13
CITY OF PERRIS
COMMUNITY FACILITIES DISTRICT NO. 2001-1 IMPROVEMENT AREA NO. 2
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES
FISCAL YEARS 2019-20 THROUGH 2023-24**

<i>Fiscal Year</i>	<i>Amount Levied</i>	<i>No. of Parcels Levied</i>	<i>Delinquencies as of June 30 Fiscal Year End</i>		<i>Delinquencies as of March 21, 2024</i>		
			<i>Amount Delinquent</i>	<i>Percent Delinquent</i>	<i>Parcels Currently Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Current Delinquent</i>
2019-20	\$338,920	238	\$ 5,665	1.67%	0	\$ 0	0.00%
2020-21	332,238	238	7,617	2.29	2	1,519	0.46
2021-22	334,350	238	9,384	2.81	4	4,522	1.35
2022-23	331,950	238	4,763	1.43	1	1,395	0.42
2023-24 ⁽¹⁾	334,355	238	N/A	N/A	1	610	0.18

⁽¹⁾ Fiscal Year 2023-24 delinquency amounts are only for the first installment and are as of Mach 21, 2024.
Source: County of Riverside, as compiled by Willdan Financial Services.

The following table shows the average tax bill and estimated total effective tax rate for an average unit within Improvement Area No. 2 of CFD No. 2001-1.

**TABLE A-14
CITY OF PERRIS
COMMUNITY FACILITIES DISTRICT NO. 2001-1 IMPROVEMENT AREA NO. 2
REPRESENTATIVE PROPERTY TAX BILL FOR FISCAL YEAR 2023-24**

ASSESSED VALUATION AND PROPERTY TAXES	\$344,496	<i>Percent of Assessed Value</i>	<i>Project Amount</i>
ASSESSED VALUATION AND PROPERTY TAXES			
Assessed Value ⁽¹⁾	\$344,496		
AD VALOREM PROPERTY TAXES		1.1302%	\$ 3,893.48
ASSESSMENTS, SPECIAL TAXES, AND PARCEL CHARGES⁽²⁾			
Flood Control Stormwater / Cleanwater			\$ 3.74
Lighting & Landscape Maint. District 84-1			47.28
City of Perris LMD No. 1			310.98
City of Perris Flood Control Maintenance No. 1			37.88
Metropolitan Water District Standby Charge			6.94
Eastern Municipal Water District Standby Combined Charge			26.00
City of Perris CFD 2001-3 (Public Safety)			<u>378.90</u>
Subtotal			\$ 811.72
CFD 2001-1 IA. 2 (May Farms) Assigned Tax for facilities			\$ 1,404.74
TOTAL PROPERTY TAXES AND ASSESSMENTS			\$ 6,109.94
ESTIMATED EFFECTIVE TAX RATE			1.77%

⁽¹⁾ Sample tax bill for a single family detached home with the median land use and median assessed value in CFD 2001-1 Improvement Area 2. The building size of sample shown is 2,762 square feet. Due to Proposition 13, the assessed value may or may not reflect the current market value of the property.

⁽²⁾ All assessments assume a lot size of less than one acre.

Source: Willdan Financial Services and County of Riverside.

**INSERT AERIAL PHOTOGRAPH FOR
COMMUNITY FACILITIES DISTRICT NO. 2001-1 (MAY FARMS)
IMPROVEMENT AREA NO. 3**

**COMMUNITY FACILITIES DISTRICT NO. 2001-1 (MAY FARMS)
IMPROVEMENT AREA NO. 3**

General Information

Location and Description. Community Facilities District No. 2001-1 (May Farms) of the City of Perris (“CFD No. 2001-1”) was formed by the City of Perris (the “City”) in May 2002 to finance various public improvements needed to develop property located within CFD No. 2001-1. Improvement Area No. 3 of CFD No. 2001-1 is a residential development located in the southern portion of the City. Improvement Area No. 3 is bordered on the north by the California Aqueduct and on the west by Evans Road. The southern border is Rider Street and the eastern border is Bradley Road. Improvement Area No. 3 of CFD No. 2001-1 includes 494 taxable parcels and is built out with 494 completed single family residential dwellings owned by individual homeowners.

Assigned Special Taxes. The table below sets forth the current Assigned Special Taxes that may be levied on the property within Improvement Area No. 3 of CFD No. 2001-1 in Fiscal Year 2023-24. The Special Taxes in Improvement Area No. 3 of CFD No. 2001-1 may not be levied after Fiscal Year 2039-40. The final maturity of the Improvement Area No. 3 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds, 2024 Series (the “CFD No. 2001-1 IA3 Bonds”) is September 1, 2033.

**TABLE A-15
CITY OF PERRIS
COMMUNITY FACILITIES DISTRICT NO. 2001-1 IMPROVEMENT AREA NO. 3
ASSIGNED SPECIAL TAXES**

<i>Land Use Classification</i>	<i>Residential Floor Area</i>	<i>No. of Parcels</i>	<i>Fiscal Year 2023-24 Assigned Special Tax Rate Per Unit</i>	<i>Fiscal Year 2023-24 Special Tax Levy per Unit</i>	<i>Fiscal Year 2023-24 Special Tax Levy</i>	<i>Percent of Total</i>
1 – Single Family Property	Less than 1,500 sq. ft.	22	\$ 1,029	\$ 752	\$ 16,538	3.36%
2 – Single Family Property	1,501 to 1,800 sq. ft.	143	1,125	822	117,475	23.86
3 – Single Family Property	1,801 to 2,100 sq. ft.	107	1,281	936	100,103	20.34
4 – Single Family Property	2,101 to 2,400 sq. ft.	85	1,437	1,050	89,213	18.12
5 – Single Family Property	2,401 to 2,700 sq. ft.	78	1,605	1,172	91,452	18.58
6 – Single Family Property	Greater than 2,701 sq. ft.	59	1,798	1,313	77,471	15.74
7 – Non-Residential	N/A	<u>0</u>	0	0	<u>0</u>	<u>0.00</u>
Total		494			\$ 492,251	100.00%

Source: Willdan Financial Services.

For the complete text of the Rate and Method for Improvement Area No. 3 of CFD No. 2001-1, see Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES.”

Estimated Direct and Overlapping Indebtedness. Within the boundaries of Improvement Area No. 3 of CFD No. 2001-1 are numerous overlapping local agencies providing public services. The approximate amount of the direct and overlapping debt secured by a tax or assessment on the parcels within Improvement Area No. 3 of CFD No. 2001-1 for Fiscal Year 2023-24 is shown in the table below.

**TABLE A-16
CITY OF PERRIS
COMMUNITY FACILITIES DISTRICT NO. 2001-1 IMPROVEMENT AREA NO. 3
DIRECT AND OVERLAPPING DEBT**

2023-24 Assessed Valuation: \$148,909,583

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 3/1/24</u>
Metropolitan Water District General Obligation Bonds	0.00%	\$ 693
Riverside County Flood Control and Water Conservation District Promissory Notes	0.184	5,066 ⁽¹⁾
Riverside City Community College District General Obligation Bonds	0.096	272,142
Val Verde Unified School District General Obligation Bonds	0.857	2,684,941
City of Perris Community Facilities District No. 2001-1 I.A. No. 3	100.000	<u>3,630,000</u> ⁽²⁾
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$ 6,592,842
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Riverside County General Fund Obligations	0.04%	\$ 243,851
Riverside County Pension Obligation Bonds	0.037	249,062
Riverside City Community College District Certificates of Participation	0.096	23,620
Val Verde Unified School District Certificates of Participation	0.857	386,615
City of Perris General Fund Obligations	1.312	<u>52,780</u>
TOTAL OVERLAPPING GENERAL FUND DEBT		\$ 955,928
COMBINED TOTAL DEBT		\$ 7,548,770 ⁽³⁾

Ratios to 2023-24 Assessed Valuation:

Direct Debt (\$3,630,000)	2.44%
Total Overlapping Tax and Assessment Debt	4.43%
Combined Total Debt	5.07%

⁽¹⁾ 2015 Negotiable Promissory Notes secured by the District's share of 1% *Ad Valorem* property tax revenues collected on properties within Zone 4. The Notes are not secured by a direct property tax lien.

⁽²⁾ Excludes issue to be sold.

⁽³⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

Value-To-Lien Ratios. The Authority has obtained the assessed values of all of the taxable property in Improvement Area No. 3 of CFD No. 2001-1 (494 parcels in total), as established by the County Assessor for Fiscal Year 2023-24, which total \$148,909,583. Aside from overlapping general obligation bonded indebtedness and debt payable from ad valorem property taxes, there is no other direct and overlapping land secured special tax and assessment bonded indebtedness within Improvement Area No. 3 of CFD No. 2001-1. The assessed value-to-lien ratio of the property within Improvement Area No. 3 of CFD No. 2001-1, based on the Fiscal Year 2023-24 assessed values, the aggregate principal amount of the CFD No. 2001-1 IA3 Bonds (including general obligation bonded indebtedness) within Improvement Area No. 3 of CFD No. 2001-1 equals approximately 23.97* -to-1.

* Preliminary, subject to change.

Value-to-Lien Ratios by Category. The following table summarizes the assessed value-to-lien ratios within Improvement Area No. 3 of CFD No. 2001-1 by value-to-lien category.

**TABLE A-17
CITY OF PERRIS
COMMUNITY FACILITIES DISTRICT NO. 2001-1 IMPROVEMENT AREA NO. 3
VALUE-TO-LIEN STRATIFICATION**

<i>Estimated Assessed Value-to-Lien</i>	<i>No. of Taxable Parcels</i>	<i>Fiscal Year 2023-24 Special Tax Levy</i>	<i>Percent of Fiscal Year 2023-24 Special Tax Levy</i>	<i>Allocation of CFD 2001-1 IA 3 Bonds*</i>	<i>Overlapping Debt</i>	<i>Total Debt</i>	<i>Assessed Value</i>	<i>Estimated Value-to-Lien Ratio*</i>
Greater than 10.00:1	494	\$492,251	100.00%	\$3,250,000	\$2,962,842	\$6,212,842	\$148,909,583	23.97
Total	494	\$492,251	100.00%	\$3,250,000	\$2,962,842	\$6,212,842	\$148,909,583	23.97

* Preliminary, subject to change.

Source: Willdan Financial Services and County of Riverside.

Historical Assessed Valuation. The following table represents the historical assessed valuation of the taxable property in CFD No. 2001-1 Improvement Area No. 3 as shown on the County Assessor’s roll for Fiscal Years 2019-20 through 2023-24.

**TABLE A-18
CITY OF PERRIS
COMMUNITY FACILITIES DISTRICT NO. 2001-1 IMPROVEMENT AREA NO. 3
ASSESSED VALUATION HISTORY
(FISCAL YEARS 2019-20 THROUGH 2023-24)**

<i>Fiscal Year</i>	<i>Number of Parcels Subject to Levy</i>	<i>Assessed Value</i>	<i>Percent Change</i>
2019-20	494	\$124,178,036	4.54%
2020-21	494	130,272,323	4.91
2021-22	494	134,973,104	3.61
2022-23	494	142,891,081	5.87
2023-24	494	148,909,583	4.21

Source: Willdan Financial Services and County of Riverside.

Estimated Values for Top Ten Taxpayers. The following table summarizes the assessed values within CFD No. 2001-1 IA No. 3 for its top ten taxpayers.

**TABLE A-19
CITY OF PERRIS
COMMUNITY FACILITIES DISTRICT NO. 2001-1 IMPROVEMENT AREA NO. 3
ESTIMATED VALUE-TO-LIEN FOR TOP 10 TAXPAYERS**

<i>Property Owner</i>	<i>No. of Parcels</i>	<i>Fiscal Year 2023-24 Net Assessed Value</i>	<i>Special Tax</i>	<i>Percent of Special Tax</i>
EL FRIENDLY	2	\$ 765,548	\$ 2,626	0.53%
JOBE DON	2	416,469	2,099	0.43
HOLAKOUI HOSSEIN	2	383,664	1,994	0.41
SWH 2017-1 BORROWER	2	674,772	1,994	0.41
NGUYEN DAVE PHAT	2	415,028	1,643	0.33
APARICIO REMEDIOS	1	267,981	1,313	0.27
FALK BRIAN A	1	542,591	1,313	0.27
HERNANDEZ RUBEN Jr	1	436,482	1,313	0.27
ZHAO DAVID DAN FANG	1	254,464	1,313	0.27
GARCIA ARTHUR	1	312,341	1,313	0.27
All Other Owners	<u>479</u>	<u>144,440,243</u>	<u>475,329</u>	<u>96.56</u>
Total	494	\$148,909,583	\$492,251	100.00%

Source: Willdan Financial Services, County of Riverside.

Delinquencies. The following table is a summary of Special Tax levies, collections and delinquency rates in Improvement Area No. 3 of CFD No. 2001-1 for Fiscal Years 2019-20 through 2023-24.

**TABLE A-20
CITY OF PERRIS
COMMUNITY FACILITIES DISTRICT NO. 2001-1 IMPROVEMENT AREA NO. 3
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES
FISCAL YEARS 2019-20 THROUGH 2023-24**

<i>Fiscal Year</i>	<i>Amount Levied</i>	<i>No. of Parcels Levied</i>	<i>Delinquencies as of June 30 Fiscal Year End</i>		<i>Delinquencies as of March 21, 2024</i>		
			<i>Amount Delinquent</i>	<i>Percent Delinquent</i>	<i>Parcels Currently Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Current Delinquent</i>
2019-20	\$495,666	494	\$ 2,660	0.54%	0	\$ 0	0.00%
2020-21	501,118	494	4,064	0.81	0	0	0.00
2021-22	494,292	494	2,823	0.57	0	0	0.00
2022-23	488,297	494	7,668	1.57	1	651	0.13
2023-24 ⁽¹⁾	492,251	494	N/A	N/A	5	2,585	0.53

⁽¹⁾ Fiscal Year 2023-24 delinquency amounts are only for the first installment and are as of March 21, 2024.
Source: County of Riverside, as compiled by Willdan Financial Services.

The following table shows the average tax bill and estimated total effective tax rate for an average unit within Improvement Area No. 3 of CFD No. 2001-1.

**TABLE A-21
CITY OF PERRIS
COMMUNITY FACILITIES DISTRICT NO. 2001-1 IMPROVEMENT AREA NO. 3
REPRESENTATIVE PROPERTY TAX BILL FOR FISCAL YEAR 2023-24**

ASSESSED VALUATION AND PROPERTY TAXES

Assessed Value ⁽¹⁾	\$303,588		
		<i>Percent of Assessed Value</i>	<i>Project Amount</i>
AD VALOREM PROPERTY TAXES		1.1302%	\$ 3,431.14
ASSESSMENTS, SPECIAL TAXES, AND PARCEL CHARGES⁽²⁾			
Flood Control Stormwater / Cleanwater			\$ 2.46
Lighting & Landscape Maint. District 84-1			47.28
City of Perris LMD No. 1			507.92
City of Perris Flood Control Maintenance No. 1			85.44
Metropolitan Water District Standby Charge			6.94
Eastern Municipal Water District Standby Combined Charge			26.00
City of Perris CFD 2001-3 (Public Safety)			<u>378.90</u>
Subtotal			\$ 1,054.94
CFD 2001-1 IA. 3 (May Farms) Assigned Tax for facilities			\$ 935.54
TOTAL PROPERTY TAXES AND ASSESSMENTS			\$ 5,421.62
ESTIMATED EFFECTIVE TAX RATE			1.79%

⁽¹⁾ Sample tax bill for a single family detached home with the median land use and median assessed value in CFD 2001-1 Improvement Area 3. The building size of sample shown is 2,044 square feet. Due to Proposition 13, the assessed value may or may not reflect the current market value of the property.

⁽²⁾ All assessments assume a lot size of less than one acre.

Source: Willdan Financial Services and County of Riverside.

**INSERT AERIAL PHOTOGRAPH FOR
COMMUNITY FACILITIES DISTRICT NO. 2002-1
(WILLOWBROOK)**

COMMUNITY FACILITIES DISTRICT NO. 2002-1 (WILLOWBROOK)

General Information

Location and Description. Community Facilities District No. 2002-1 (Willowbrook) of the City of Perris (“CFD No. 2002-1”) was formed by the City of Perris (the “City”) in December 2002 to finance various public improvements needed to develop property located within CFD No. 2002-1. CFD No. 2002-1 is a residential development located northeast of the City within the Perris Valley area. The District is divided into two distinct areas covering three tracts. The first area is Tract No. 24111 and is bordered by Orange Avenue to the north, Murrieta Road to the west and the Perris Valley Storm Drain to the east. Tract No. 24111 contains 181 lots. Tract No. 30751 lies west of Wilson Avenue, south of Orange Avenue and east of Redlands Avenue and contains 58 lots. Tract No. 30144 lies south of Flame Avenue, west of Redlands Avenue and contains 92 lots. CFD No. 2002-1 includes 331 taxable parcels and is built out with 331 completed single family residential dwellings owned by individual homeowners.

Assigned Special Taxes. The table below sets forth the current Assigned Special Taxes that may be levied on the property within CFD No. 2002-1 in Fiscal Year 2023-24. The Special Taxes in CFD No. 2002-1 may not be levied after Fiscal Year 2047-48. The final maturity of the Community Facilities District No. 2002-1 (Willowbrook) of the City of Perris Special Tax Bonds, 2024 Series (the “CFD No. 2002-1 Bonds”) is September 1, 2033.

**TABLE A-22
CITY OF PERRIS
COMMUNITY FACILITIES DISTRICT NO. 2002-1
ASSIGNED SPECIAL TAXES**

<i>Land Use Classification</i>	<i>Residential Floor Area</i>	<i>No. of Parcels</i>	<i>Fiscal Year 2023-24 Assigned Special Tax Rate Per Unit</i>	<i>Fiscal Year 2023-24 Special Tax Levy per Unit</i>	<i>Fiscal Year 2023-24 Special Tax Levy</i>	<i>Percent of Total</i>
1 – Residential	Greater than 2,750 sq. ft.	129	\$ 2,330	\$ 1,622	\$ 209,223	44.86%
2 – Residential	2,500 to 2,750 sq. ft.	6	2,107	1,467	8,801	1.89
3 – Residential	2,250 to 2,499 sq. ft.	6	2,045	1,424	8,541	1.83
4 – Residential	2,000 to 2,249 sq. ft.	107	1,884	1,312	140,345	30.09
5 – Residential	1,750 to 1,999 sq. ft.	58	1,822	1,268	73,566	15.77
6 – Residential	1,500 to 1,749 sq. ft.	0	0	0	0	0.00
7 – Residential	Less than 1,500 sq. ft.	25	1,488	1,036	25,906	5.55
8 – Non-Residential	N/A	0	0	0	0	0.00
Total		331			\$ 466,381	100.00%

Source: Willdan Financial Services.

For the complete text of the CFD No. 2002-1 Rate and Method, see Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES.”

Estimated Direct and Overlapping Indebtedness. Within the boundaries of CFD No. 2002-1 are numerous overlapping local agencies providing public services. The approximate amount of the direct and overlapping debt secured by a tax or assessment on the parcels within CFD No. 2002-1 for Fiscal Year 2023-24 is shown in the table below.

**TABLE A-23
CITY OF PERRIS
COMMUNITY FACILITIES DISTRICT NO. 2002-1
DIRECT AND OVERLAPPING DEBT**

2023-24 Assessed Valuation: \$101,061,548

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 3/1/24</u>
Metropolitan Water District General Obligation Bonds	0.00%	\$ 469
Riverside County Flood Control and Water Conservation District Promissory Notes	0.124	3,428 ⁽¹⁾
Mt. San Jacinto Community College District General Obligation Bonds	0.014	34,660
Riverside City Community College District General Obligation Bonds	0.053	149,783
Val Verde Unified School District General Obligation Bonds	0.472	1,477,754
Perris Union High School District General Obligation Bonds	0.07	204,271
Perris School District General Obligation Bonds	0.455	214,361
Eastern Municipal Water District Improvement District I.A. U-9 General Obligation Bonds	11.519	175,667
City of Perris Community Facilities District No. 2002-1	100.000	<u>3,695,000</u> ⁽²⁾
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$ 5,955,393
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Riverside County General Fund Obligations	0.03%	\$ 165,014
Riverside County Pension Obligation Bonds	0.025	168,541
Riverside City Community College District Certificates of Participation	0.053	13,000
Val Verde Unified School District Certificates of Participation	0.472	212,788
Perris Union High School District General Fund Obligations	0.07	28,065
Perris School District Certificates of Participation	0.455	18,817
City of Perris General Fund Obligations	0.888	<u>35,716</u>
TOTAL OVERLAPPING GENERAL FUND DEBT		\$ 641,941
COMBINED TOTAL DEBT		\$ 6,597,334 ⁽³⁾

Ratios to 2023-24 Assessed Valuation:

Direct Debt (\$3,695,000)	3.66%
Total Overlapping Tax and Assessment Debt	5.89%
Combined Total Debt	6.53%

⁽¹⁾ 2015 Negotiable Promissory Notes secured by the District's share of 1% *Ad Valorem* property tax revenues collected on properties within Zone 4. The Notes are not secured by a direct property tax lien.

⁽²⁾ Excludes issue to be sold.

⁽³⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Source: California Municipal Statistics, Inc.

Value-To-Lien Ratios. The Authority has obtained the assessed values of all of the taxable property in CFD No. 2002-1 (331 parcels in total), as established by the County Assessor for Fiscal Year 2023-24, which total \$101,061,548. Aside from overlapping general obligation bonded indebtedness and debt payable from ad valorem property taxes, there is no other direct and overlapping land secured special tax and assessment bonded indebtedness within CFD No. 2002-1. The assessed value-to-lien ratio of the property within CFD No. 2002-1, based on the Fiscal Year 2023-24 assessed values, the aggregate principal amount of the CFD No. 2002-1 Bonds (including general obligation bonded indebtedness) within CFD No. 2002-1 equals approximately 18.46* -to-1.

* Preliminary, subject to change.

Value-to-Lien Ratios by Category. The following table summarizes the assessed value-to-lien ratios within CFD No. 2002-1 by value-to-lien category.

**TABLE A-24
CITY OF PERRIS
COMMUNITY FACILITIES DISTRICT NO. 2002-1
VALUE-TO-LIEN STRATIFICATION**

<i>Estimated Assessed Value-to-Lien</i>	<i>No. of Taxable Parcels</i>	<i>Fiscal Year 2023-24 Special Tax Levy</i>	<i>Percent of Fiscal Year 2023-24 Special Tax Levy</i>	<i>Allocation of CFD 2002-1 Bonds*</i>	<i>Overlapping Debt</i>	<i>Total Debt</i>	<i>Assessed Value</i>	<i>Estimated Value-to-Lien Ratio*</i>
Greater than 10.00:1	327	\$460,954	98.84%	\$3,177,589	\$2,234,090	\$5,411,679	\$100,542,182	18.58
5.00:1 to 9.99:1	3	4,159	0.89%	28,668	20,156	\$48,823	445,469	9.12
3.00:1 to 4.99:1	<u>1</u>	<u>1,268</u>	<u>0.27%</u>	<u>8,744</u>	<u>6,147</u>	<u>\$14,891</u>	<u>73,897</u>	<u>4.96</u>
Total	331	\$466,381	100.00%	\$3,215,000	\$2,260,393	\$5,475,393	\$101,061,548	18.46

* Preliminary, subject to change.
Source: Willdan Financial Services and County of Riverside.

Historical Assessed Valuation. The following table represents the historical assessed valuation of the taxable property in CFD No. 2002-1 as shown on the County Assessor’s roll for Fiscal Years 2019-20 through 2023-24.

**TABLE A-25
CITY OF PERRIS
COMMUNITY FACILITIES DISTRICT NO. 2002-1
ASSESSED VALUATION HISTORY
(FISCAL YEARS 2019-20 THROUGH 2023-24)**

<i>Fiscal Year</i>	<i>Number of Parcels Subject to Levy</i>	<i>Assessed Value</i>	<i>Percent Change</i>
2019-20	331	\$ 85,108,704	N/A
2020-21	331	87,891,118	3.27%
2021-22	331	91,294,286	3.87
2022-23	331	95,836,393	4.98
2023-24	331	101,061,548	5.45

Source: Willdan Financial Services and County of Riverside.

Estimated Values for Top Ten Taxpayers. The following table summarizes the assessed values within CFD No. 2002-1 for its top ten taxpayers.

**TABLE A-26
CITY OF PERRIS
COMMUNITY FACILITIES DISTRICT NO. 2002-1
ESTIMATED VALUE-TO-LIEN FOR TOP 10 TAXPAYERS**

<i>Property Owner</i>	<i>No. of Parcels</i>	<i>Fiscal Year 2023-24 Net Assessed Value</i>	<i>Special Tax</i>	<i>Percent of Special Tax</i>
ZARAGOZA JOSE J	1	\$ 205,224	\$ 1,622	0.35%
REYNOLDS DIRK A	1	261,492	1,622	0.35
PEREZ ARTURO	1	372,438	1,622	0.35
2017 1 IH BORROWER	1	211,852	1,622	0.35
SARMPRATEEP SAMAPORN	1	270,989	1,622	0.35
AGUILAR ABEL	1	217,103	1,622	0.35
MOSER ERIK E	1	518,570	1,622	0.35
AGUILAR ALFREDO	1	234,042	1,622	0.35
RAMIREZ LOUIS	1	415,213	1,622	0.35
AKIN HANIFE	1	532,585	1,622	0.35
All Other Owners	<u>321</u>	<u>97,822,040</u>	<u>450,162</u>	<u>96.52</u>
Total	331	\$ 101,061,548	\$466,381	100.00%

Source: Willdan Financial Services, County of Riverside.

Delinquencies. The following table is a summary of Special Tax levies, collections and delinquency rates in CFD No. 2002-1 for Fiscal Years 2019-20 through 2023-24.

**TABLE A-27
CITY OF PERRIS
COMMUNITY FACILITIES DISTRICT NO. 2002-1
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES
FISCAL YEARS 2019-20 THROUGH 2023-24**

<i>Fiscal Year</i>	<i>Amount Levied</i>	<i>No. of Parcels Levied</i>	<i>Delinquencies as of June 30 Fiscal Year End</i>		<i>Delinquencies as of March 21, 2024</i>		
			<i>Amount Delinquent</i>	<i>Percent Delinquent</i>	<i>Parcels Currently Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Current Delinquent</i>
2019-20	\$442,257	331	\$13,791	3.12%	0	\$ 0	0.00%
2020-21	442,680	331	9,427	2.13	0	0	0.00
2021-22	447,950	331	8,320	1.86	0	779	0.00
2022-23	455,875	331	9,412	2.06	2	2,867	0.63
2023-24 ⁽¹⁾	466,381	331	N/A	N/A	3	2,278	0.49

⁽¹⁾ Fiscal Year 2023-24 delinquency amounts are only for the first installment and are as of March 21, 2024.
Source: County of Riverside, as compiled by Willdan Financial Services.

The following table shows the average tax bill and estimated total effective tax rate for an average unit within CFD No. 2002-1.

**TABLE A-28
CITY OF PERRIS
COMMUNITY FACILITIES DISTRICT NO. 2002-1
REPRESENTATIVE PROPERTY TAX BILL FOR FISCAL YEAR 2023-24**

ASSESSED VALUATION AND PROPERTY TAXES

Assessed Value ⁽¹⁾	\$300,341		
		<i>Percent of Assessed Value</i>	<i>Project Amount</i>
AD VALOREM PROPERTY TAXES		1.1652%	\$ 3,499.56
ASSESSMENTS, SPECIAL TAXES, AND PARCEL CHARGES⁽²⁾			
Flood Control Stormwater / Cleanwater			\$ 2.24
Lighting & Landscape Maint. District 84-1			47.28
City of Perris LMD No. 1			200.02
City of Perris Flood Control Maintenance No. 1			77.32
Metropolitan Water District Standby Charge			6.94
Eastern Municipal Water District Standby Combined Charge			26.00
City of Perris CFD 2001-3 (Public Safety)			<u>378.90</u>
Subtotal			\$ 738.70
CFD 2002-1 Assigned Tax for facilities			\$ 1,311.64
TOTAL PROPERTY TAXES AND ASSESSMENTS			\$ 5,549.90
ESTIMATED EFFECTIVE TAX RATE			1.85%

⁽¹⁾ Sample tax bill for a single family detached home with the median land use and median assessed value in CFD 2002-1. The building size of sample shown is 2,000 square feet. Due to Proposition 13, the assessed value may or may not reflect the current market value of the property.

⁽²⁾ All assessments assume a lot size of less than one acre.

Source: Willdan Financial Services and County of Riverside.

**INSERT AERIAL PHOTOGRAPH FOR
COMMUNITY FACILITIES DISTRICT NO. 2006-1
(MERITAGE HOMES)**

COMMUNITY FACILITIES DISTRICT NO. 2006-1 (MERITAGE HOMES)

General Information

Location and Description. Community Facilities District No. 2006-1 (Meritage Homes) of the City of Perris (“CFD No. 2006-1”) was formed by the City of Perris (the “City”) in August 2006 to finance various public improvements needed to develop property located within CFD No. 2006-1. CFD No. 2006-1 is a residential development located in the eastern portion of the City. CFD No. 2006-1 is generally located generally located north of Nuevo Road and bordered by Evans Road to the west, Sunset Avenue to the north, and El Nido Avenue to the east. CFD No. 2006-1 includes 112 taxable parcels and is built out with 112 completed single family residential dwellings owned by individual homeowners.

Assigned Special Taxes. The table below sets forth the current Assigned Special Taxes that may be levied on the property within CFD No. 2006-1 in Fiscal Year 2023-24. The Special Taxes in CFD No. 2006-1 may not be levied after Fiscal Year 2046-47. The final maturity of the Community Facilities District No. 2006-1 (Meritage Homes) of the City of Perris Special Tax Bonds, 2024 Series (the “CFD No. 2006-1 Bonds”) is September 1, 2038.

**TABLE A-29
CITY OF PERRIS
COMMUNITY FACILITIES DISTRICT NO. 2006-1
ASSIGNED SPECIAL TAXES**

<i>Land Use Classification</i>	<i>Residential Floor Area</i>	<i>No. of Parcels</i>	<i>Fiscal Year 2023-24 Assigned Special Tax Rate Per Unit</i>	<i>Fiscal Year 2023-24 Special Tax Levy per Unit</i>	<i>Fiscal Year 2023-24 Special Tax Levy</i>	<i>Percent of Total</i>
1 – Residential	Less than 2,300 sq. ft.	43	\$ 3,436	\$ 1,659	\$ 71,325	36.68%
2 – Residential	2,300 to 2,600 sq. ft.	38	3,620	1,747	66,396	34.15
3 – Residential	Greater than 2,600 sq. ft.	<u>31</u>	3,790	1,830	<u>56,721</u>	<u>29.17</u>
Total		112			\$ 194,442	100.00%

Source: Willdan Financial Services.

For the complete text of the CFD No. 2006-1 Rate and Method, see Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES.”

Estimated Direct and Overlapping Indebtedness. Within the boundaries of CFD No. 2006-1 are numerous overlapping local agencies providing public services. The approximate amount of the direct and overlapping debt secured by a tax or assessment on the parcels within CFD No. 2006-1 for Fiscal Year 2023-24 is shown in the table below.

**TABLE A-30
CITY OF PERRIS
COMMUNITY FACILITIES DISTRICT NO. 2006-1
DIRECT AND OVERLAPPING DEBT**

2023-24 Assessed Valuation: \$37,111,215

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 3/1/24</u>
Metropolitan Water District General Obligation Bonds	0.00%	\$ 175
Riverside County Flood Control and Water Conservation District Promissory Notes	0.046	1,276 ⁽¹⁾
Mt. San Jacinto Community College District General Obligation Bonds	0.029	69,121
Perris Union High School District General Obligation Bonds	0.139	407,363
Perris School District General Obligation Bonds	0.908	427,484
City of Perris Community Facilities District No. 2006-1	100.000	<u>1,985,000</u> ⁽²⁾
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$ 2,890,419
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Riverside County General Fund Obligations	0.01%	\$ 61,427
Riverside County Pension Obligation Bonds	0.009	62,740
Perris Union High School District General Fund Obligations	0.139	55,969
Perris School District Certificates of Participation	0.908	37,526
City of Perris General Fund Obligations	0.33	<u>13,295</u>
TOTAL OVERLAPPING GENERAL FUND DEBT		\$ 230,957
COMBINED TOTAL DEBT		\$ 3,121,376 ⁽³⁾

Ratios to 2023-24 Assessed Valuation:

Direct Debt (\$1,985,000)	5.35%
Total Overlapping Tax and Assessment Debt	7.79%
Combined Total Debt	8.41%

⁽¹⁾ 2015 Negotiable Promissory Notes secured by the District's share of 1% *Ad Valorem* property tax revenues collected on properties within Zone 4. The Notes are not secured by a direct property tax lien.

⁽²⁾ Excludes issue to be sold.

⁽³⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

Value-To-Lien Ratios. The Authority has obtained the assessed values of all of the taxable property in CFD No. 2006-1 (112 parcels in total), as established by the County Assessor for Fiscal Year 2023-24, which total \$37,111,215. Aside from overlapping general obligation bonded indebtedness and debt payable from ad valorem property taxes, there is no other direct and overlapping land secured special tax and assessment bonded indebtedness within CFD No. 2006-1. The assessed value-to-lien ratio of the property within CFD No. 2006-1, based on the Fiscal Year 2023-24 assessed values, the aggregate principal amount of the CFD No. 2006-1 Bonds (including general obligation bonded indebtedness) within CFD No. 2006-1 equals approximately 13.67* -to-1.

* Preliminary, subject to change.

Value-to-Lien Ratios by Category. The following table summarizes the assessed value-to-lien ratios within CFD No. 2006-1 by value-to-lien category.

**TABLE A-31
CITY OF PERRIS
COMMUNITY FACILITIES DISTRICT NO. 2006-1
VALUE-TO-LIEN STRATIFICATION**

<i>Estimated Assessed Value-to-Lien</i>	<i>No. of Taxable Parcels</i>	<i>Fiscal Year 2023-24 Special Tax Levy</i>	<i>Percent of Fiscal Year 2023-24 Special Tax Levy</i>	<i>Allocation of CFD 2006-1 Bonds*</i>	<i>Overlapping Debt</i>	<i>Total Debt</i>	<i>Assessed Value</i>	<i>Estimated Value-to-Lien Ratio*</i>
Greater than 10.00:1	88	\$153,057	78.72%	\$1,424,762	\$712,711	\$2,137,474	\$32,146,736	15.04
5.00:1 to 9.99:1	24	41,385	21.28%	385,238	192,708	577,945	4,964,479	8.59
Total	112	\$194,442	100.00%	\$1,810,000	\$905,419	\$2,715,419	\$37,111,215	13.67

* Preliminary, subject to change.

Source: Willdan Financial Services and County of Riverside.

Historical Assessed Valuation. The following table represents the historical assessed valuation of the taxable property in CFD No. 2006-1 as shown on the County Assessor’s roll for Fiscal Years 2019-20 through 2023-24.

**TABLE A-32
CITY OF PERRIS
COMMUNITY FACILITIES DISTRICT NO. 2006-1
ASSESSED VALUATION HISTORY
(FISCAL YEARS 2019-20 THROUGH 2023-24)**

<i>Fiscal Year</i>	<i>Number of Parcels Subject to Levy</i>	<i>Assessed Value</i>	<i>Percent Change</i>
2019-20	112	\$ 30,018,172	2.61%
2020-21	112	31,604,649	5.29
2021-22	112	32,910,423	4.13
2022-23	112	35,239,705	7.08
2023-24	112	37,111,215	5.31

Source: Willdan Financial Services and County of Riverside.

Estimated Values for Top Ten Taxpayers. The following table summarizes the assessed values within CFD No. 2006-1 for its top ten taxpayers.

**TABLE A-33
CITY OF PERRIS
COMMUNITY FACILITIES DISTRICT NO. 2006-1
ESTIMATED VALUE-TO-LIEN FOR TOP 10 TAXPAYERS**

<i>Property Owner</i>	<i>No. of Parcels</i>	<i>Fiscal Year 2023-24 Net Assessed Value</i>	<i>Special Tax</i>	<i>Percent of Special Tax</i>
AYON OMAR G PEREZ	1	\$ 447,372	\$ 1,830	0.94%
RATH THOMAS S	1	258,322	1,830	0.94
GONZALEZ PAUL M	1	319,754	1,830	0.94
PATINO JOBITA	1	340,298	1,830	0.94
TORRES ALEJANDRO	1	373,015	1,830	0.94
NGUYEN DE VAN	1	323,496	1,830	0.94
GARCIA J SOCORRO	1	350,262	1,830	0.94
VALENZUELA GILBERTO FELIX	1	416,160	1,830	0.94
LOZOYA JORGE ANTONIO MEJIA	1	353,615	1,830	0.94
RODRIGUEZ NOEL	1	257,426	1,830	0.94
All Other Owners	<u>102</u>	<u>33,671,495</u>	<u>176,145</u>	<u>90.59</u>
Total	112	\$ 37,111,215	\$194,442	100.00%

Source: Willdan Financial Services, County of Riverside.

Delinquencies. The following table is a summary of Special Tax levies, collections and delinquency rates in CFD No. 2006-1 for Fiscal Years 2019-20 through 2023-24.

**TABLE A-34
CITY OF PERRIS
COMMUNITY FACILITIES DISTRICT NO. 2006-1
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES
FISCAL YEARS 2019-20 THROUGH 2023-24**

<i>Fiscal Year</i>	<i>Amount Levied</i>	<i>No. of Parcels Levied</i>	<i>Delinquencies as of June 30 Fiscal Year End</i>		<i>Delinquencies as of March 21, 2024</i>		
			<i>Amount Delinquent</i>	<i>Percent Delinquent</i>	<i>Parcels Currently Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Current Delinquent</i>
2019-20	\$182,686	112	\$4,961	2.72%	0	\$ 0	0.00%
2020-21	180,001	112	3,232	1.80	0	0	0.00
2021-22	187,095	112	880	0.47	0	0	0.00
2022-23	189,943	112	894	0.47	0	0	0.00
2023-24 ⁽¹⁾	194,442	112	N/A	N/A	1	915	0.47

⁽¹⁾ Fiscal Year 2023-24 delinquency amounts are only for the first installment and are as of March 21, 2024.
Source: County of Riverside, as compiled by Willdan Financial Services.

The following table shows the average tax bill and estimated total effective tax rate for an average unit within CFD No. 2006-1.

**TABLE A-35
CITY OF PERRIS
COMMUNITY FACILITIES DISTRICT NO. 2006-1
REPRESENTATIVE PROPERTY TAX BILL FOR FISCAL YEAR 2023-24**

ASSESSED VALUATION AND PROPERTY TAXES			
Assessed Value ⁽¹⁾	\$288,664		
		<i>Percent of Assessed Value</i>	<i>Project Amount</i>
AD VALOREM PROPERTY TAXES		1.1584%	\$ 3,343.96
ASSESSMENTS, SPECIAL TAXES, AND PARCEL CHARGES⁽²⁾			
Flood Control Stormwater / Cleanwater			\$ 3.60
Lighting & Landscape Maint. District 84-1			47.28
City of Perris LMD No. 1			135.34
City of Perris Flood Control Maintenance No. 1			325.96
Metropolitan Water District Standby Charge			6.94
Eastern Municipal Water District Standby Combined Charge			26.00
City of Perris CFD 2001-3 (Public Safety)			<u>378.90</u>
Subtotal			\$ 924.02
CFD 2006-1 Assigned Tax for facilities			\$ 1,747.26
TOTAL PROPERTY TAXES AND ASSESSMENTS			\$ 6,015.24
ESTIMATED EFFECTIVE TAX RATE			2.08%

⁽¹⁾ Sample tax bill for a single family detached home with the median land use and median assessed value in CFD 2006-1. The building size of sample shown is 2,370 square feet. Due to Proposition 13, the assessed value may or may not reflect the current market value of the property.

⁽²⁾ All assessments assume a lot size of less than one acre.

Source: Willdan Financial Services and County of Riverside.

APPENDIX B

DEMOGRAPHIC INFORMATION REGARDING THE CITY OF PERRIS AND THE COUNTY OF RIVERSIDE

The following information concerning the City of Perris (the “City”), the County of Riverside (the “County”) and the State of California (the “State”) is presented as general background information. The Bonds are not an obligation of the City, the County or the State and the taxing the power of the City, the County and the State are not pledged to the payment of the Bonds.

General

The City of Perris is located in Western Riverside County 72 miles southeast of Los Angeles along U.S. Interstate 215. The City is approximately 23 square miles in area.

Incorporated in 1911, the City of Perris operates as a general law city. It has a council-manager form of government, with the five City Council members elected at large for staggered four-year terms. The City Council elects one of the Council members as Mayor.

Riverside County is a general law county divided into five supervisorial districts on the basis of registered voters and population. The County is governed by a five member Board of Supervisors who serve alternating four year terms. The chairman is elected by the Board members.

County administration includes appointed and elected officials, boards, commissions, and committees which assist the Board of Supervisors. The County provides a wide range of services to residents, including police and fire protection, medical and health services, education, library services, judicial institutions, and public assistance programs.

Population

The following table offers population figures for the City, the County and the State for 2019 through 2023.

<i>Area</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>
City of Perris	78,095	78,575	78,867	78,474	78,948
County of Riverside	2,419,057	2,440,719	2,418,727	2,430,976	2,439,234
State of California	39,605,361	39,648,938	39,286,510	39,078,674	38,940,231

Source: California State Department of Finance, Demographic Research Unit. 2020 Census Benchmark.

Employment and Industry

Employment data by industry is not separately reported on an annual basis for Perris but is compiled for the Riverside-San Bernardino-Ontario Metropolitan Statistical Area (the “MSA”), which includes all of Riverside and San Bernardino Counties. In addition to varied manufacturing employment, the MSA has large and growing commercial and service sector employment, as reflected in the table below.

The following table sets forth the industry employment and the labor force for the Riverside-San Bernardino-Ontario MSA for the period from 2018 through 2022.

**RIVERSIDE-SAN BERNARDINO-ONTARIO MSA
INDUSTRY EMPLOYMENT & LABOR FORCE - BY ANNUAL AVERAGE**

	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
Civilian Labor Force	2,045,200	2,075,200	2,095,800	2,125,300	2,160,600
Civilian Employment	1,957,500	1,991,200	1,888,900	1,968,700	2,071,200
Civilian Unemployment	87,700	84,000	206,900	156,600	89,400
Civilian Unemployment Rate	4.3%	4.0%	9.9%	7.4%	4.1%
Total Farm	14,500	15,400	14,100	13,700	13,900
Total Nonfarm	1,506,600	1,552,700	1,495,800	1,575,100	1,660,300
Total Private	1,249,400	1,291,500	1,247,800	1,333,100	1,410,900
Goods Producing	206,800	209,700	202,200	207,700	216,400
Mining & Logging	1,200	1,200	1,300	1,400	1,600
Construction	105,200	107,200	104,900	110,100	115,200
Manufacturing	100,400	101,300	96,000	96,100	99,600
Service Providing	1,299,800	1,343,100	1,293,700	1,367,400	1,443,900
Trade, Transportation & Utilities	379,400	395,100	406,900	443,200	464,500
Wholesale Trade	66,100	67,700	65,600	67,400	69,700
Retail Trade	181,200	180,700	168,800	177,000	180,600
Transportation, Warehousing & Utilities	132,100	146,600	172,500	198,800	214,200
Information	11,400	11,500	9,600	9,700	10,200
Financial Activities	44,600	45,000	44,100	45,200	46,800
Professional & Business Services	151,400	157,900	154,800	169,400	179,100
Educational & Health Services	239,500	250,300	248,800	254,300	266,400
Leisure & Hospitality	170,600	175,900	141,300	160,200	179,600
Other Services	45,800	46,200	40,200	43,600	47,900
Government	<u>257,200</u>	<u>261,200</u>	<u>248,000</u>	<u>242,000</u>	<u>249,400</u>
Total, All Industries	1,521,100	1,568,100	1,509,900	1,588,800	1,674,200

Note: Does not include proprietors, self-employed, unpaid volunteers or family workers, domestic workers in households and persons involved in labor-management trade disputes. Employment reported by place of work. Items may not add to total due to independent rounding. The "Total, All Industries" data is not directly comparable to the employment data found in this Appendix B.

Source: State of California, Employment Development Department, March 2022 Benchmark.

The following tables show the largest employers located in the City as of June 30, 2023.

**LARGEST EMPLOYERS
City of Perris
(As of June 30, 2023)**

<i>Rank</i>	<i>Name of Business</i>	<i>Employees</i>	<i>Percent of Total City Employment</i>
1.	Ross Stores Inc	2,193	6.85%
2.	Val Verde Unified School District	1,493	4.67
3.	Perris Union High School District	1,106	3.46
4.	Lowe's CA Regional Distribution Center	926	2.89
5.	Home Depot distribution center	905	2.83
6.	NFI Industries	612	1.91
7.	Perris Elementary School District	701	2.19
8.	Eastern Municipal Water District	600	1.88
9.	Walmart Supercenter	430	1.34
10.	CR & R Waste - Perris	238	0.74

Source: County of Riverside Comprehensive Annual Financial Report for the year ending June 30, 2023.

The following table sets forth the major employers located in the County as of June 30, 2023:

**LARGEST EMPLOYERS
County of Riverside
(As of June 30, 2023)**

<i>Rank</i>	<i>Name of Business</i>	<i>Employees</i>	<i>Type of Business</i>
1.	County of Riverside	25,366	County Government
2.	Amazon	14,317	E-Commerce
3.	March Air Reserve Base	9,600	Military Reserve Base
4.	Nestle UA	8,874	Grocery Wholesalers
5.	University of California-Riverside	8,623	University
6.	State of California	8,383	State Government
7.	Walmart	7,494	Retail Company
8.	Moreno Valley Unified School District	6,020	School District
9.	Kaiser Permanente Riverside Medical Center	5,817	Medical Center
10.	Corona-Norco Unified School District	5,478	School District

Source: County of Riverside Comprehensive Annual Financial Report for the year ending June 30, 2023.

The following table summarizes the labor force, employment and unemployment figures for the period from 2018 through 2022 for the City, the County, the State and the nation as a whole.

**CITY OF PERRIS,
COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA AND UNITED STATES
Average Annual Civilian Labor Force, Employment and Unemployment**

<i>Year and Area</i>	<i>Labor Force</i>	<i>Employment⁽²⁾</i>	<i>Unemployment⁽³⁾</i>	<i>Unemployment Rate (%)</i>
2018				
City of Perris	30,700	29,100	1,500	5.0%
County of Riverside	1,090,100	1,041,700	48,400	4.4
State of California	19,289,500	18,468,100	821,400	4.3
United States	162,075,000	155,761,000	6,314,000	3.9
2019				
City of Perris	31,000	29,500	1,500	4.9%
County of Riverside	1,108,100	1,061,500	46,600	4.2
State of California	19,409,400	18,612,600	796,800	4.1
United States	163,539,000	157,538,000	6,001,000	3.7
2020				
City of Perris	31,300	27,700	3,600	11.5
County of Riverside	1,121,100	1,008,000	113,000	10.1
State of California	18,931,100	16,996,700	1,934,500	10.2
United States	160,742,000	147,795,000	12,947,000	8.1
2021				
City of Perris	31,900	28,900	3,000	9.4%
County of Riverside	1,133,000	1,050,000	83,000	7.3
State of California	18,923,200	17,541,900	1,381,200	7.3
United States	161,204,000	152,581,000	8,623,000	5.3
2022				
City of Perris	32,000	30,400	1,700	5.2%
County of Riverside	1,152,100	1,104,100	48,000	4.2
State of California	19,252,000	18,440,900	811,100	4.2
United States	164,287,000	158,291,000	5,996,000	3.6

Note: Data is not seasonally adjusted.

(1) Annual averages, unless otherwise specified.

(2) Includes persons involved in labor-management trade disputes.

(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.

Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. 2022 Benchmark.

Personal Income

Personal Income is the income that is received by all persons from all sources. It is calculated as the sum of wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance.

The personal income of an area is the income that is received by, or on behalf of, all the individuals who live in the area; therefore, the estimates of personal income are presented by the place of residence of the income recipients.

Total personal income in Riverside County increased by 71.7% between 2012 and 2022. The following tables summarize personal income for Riverside County for 2012 through 2022.

PERSONAL INCOME
Riverside County
2012-2022
(Dollars in Thousands)

<i>Year</i>	<i>Riverside County</i>	<i>Annual Percent Change</i>
2012	\$74,093,810	2.7%
2013	76,470,084	3.2
2014	80,268,670	5.0
2015	85,386,347	6.4
2016	89,644,299	5.0
2017	93,156,635	3.9
2018	97,619,217	4.8
2019	102,037,774	4.5
2020	114,090,413	11.8
2021	125,820,553	10.3
2022	127,195,983	1.1

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

The following table summarizes per capita personal income for Riverside County, California and the United States for 2012-2022. This measure of income is calculated as the personal income of the residents of the area divided by the resident population of the area.

PER CAPITA PERSONAL INCOME
Riverside County, State of California and the United States
2012-2022

<i>Year</i>	<i>Riverside County</i>	<i>California</i>	<i>United States</i>
2012	\$32,774	\$48,154	\$44,548
2013	33,450	48,549	44,798
2014	34,670	51,332	46,887
2015	36,418	54,632	48,725
2016	37,693	56,667	49,613
2017	38,605	58,942	51,550
2018	39,955	61,663	53,786
2019	41,385	64,513	56,250
2020	45,834	70,192	59,765
2021	51,180	76,614	64,143
2022	51,415	77,036	65,470

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Taxable Sales

The table below presents taxable sales for the years 2018 through 2022 for the City.

TAXABLE SALES
City of Perris
2018-2022
(Dollars in Thousands)

<i>Year</i>	<i>Permits</i>	<i>Taxable Transactions</i>
2018	1,358	\$1,782,754
2019	1,395	2,105,325
2020	1,548	2,349,129
2021	1,578	2,202,950
2022	1,630	2,479,214

Source: "Taxable Sales in California, California Department of Tax and Fee Administration for 2018-2022.

The table below presents taxable sales for the years 2018 through 2022 for the County.

TAXABLE SALES
County of Riverside
2018-2022
(Dollars in Thousands)

<i>Year</i>	<i>Permits</i>	<i>Taxable Sales</i>
2018	61,433	\$38,919,498
2019	64,063	40,626,998
2020	69,284	42,313,474
2021	64,335	55,535,196
2022	66,738	62,117,153

Source: Taxable Sales in California, California Department of Tax and Fee Administration for 2018-2022.

Construction Activity

The following tables provide summaries of the building permit valuations and the number of new dwelling units authorized in Perris and the County from 2018 through 2022.

BUILDING PERMITS AND VALUATIONS
City of Perris
2018-20220
(Dollars in Thousands)

	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
Valuation (\$000):					
Residential	\$23,958	\$22,171	\$ 47,035	\$29,794	\$ 137,912
Non-residential	<u>43,583</u>	<u>70,289</u>	<u>90,279</u>	<u>44,908</u>	<u>352,032</u>
Total*	\$67,541	\$92,460	\$137,314	\$74,702	\$489,944
Residential Units:					
Single family	84	90	221	99	229
Multiple family	<u>0</u>	<u>2</u>	<u>9</u>	<u>9</u>	<u>763</u>
Total	84	92	230	108	992

* Totals may not add to sums because of rounding.

Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
Riverside County
2018 through 2022
(Dollars in Thousands)

	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
Valuation					
Residential	\$2,558,081	\$2,275,405	\$2,519,303	\$2,262,642	\$2,921,113
Non-Residential	<u>1,959,680</u>	<u>1,285,856</u>	<u>1,153,778</u>	<u>1,543,998</u>	<u>1,701,618</u>
Total	\$4,517,761	\$3,561,261	\$3,673,081	\$3,806,640	\$4,622,731
Units					
Single Family	7,540	6,563	8,443	7,360	8,863
Multi Family	<u>1,628</u>	<u>1,798</u>	<u>723</u>	<u>1,126</u>	<u>2,861</u>
Total	9,168	8,361	9,166	8,486	11,724

Note: Totals may not add to sums because of rounding.
Source: Construction Industry Research Board.

APPENDIX C-1

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a brief summary of the provisions of the Indenture, and is supplemental to the summary of other provisions of the Indenture described elsewhere in this Official Statement. This summary does not purport to be comprehensive or definitive, and reference should be made to the Indenture for full and complete statements of its respective provisions. All capitalized terms used but not otherwise defined in this Appendix shall have the meanings assigned to such terms in the Indenture.

Definitions

“2001-1 IA1 Bonds” means the Improvement Area No. 1 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds, 2024 Series A.

“2001-1 IA2 Bonds” means the Improvement Area No. 2 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds, 2024 Series B.

“2001-1 IA3 Bonds” means the Improvement Area No. 3 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds, 2024 Series C.

“2001-1 Bonds” means the 2001-1 IA1 Bonds, 2001-1 IA2 Bonds, and 2001-3 IA1 Bonds as those terms are defined herein.

“2002-1 Bonds” means the Community Facilities District No. 2002-1 (Willowbrook) of the City of Perris Special Tax Bonds, 2024 Series.

“2006-1 Bonds” means the Community Facilities District No. 2006-1 (Meritage Homes) of the City of Perris Special Tax Bonds, 2024 Series.

“Act” means Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State, as in existence on the Closing Date or as thereafter amended from time to time.

“Additional Bonds” means bonds issued by the District (2001-1) on behalf of its Improvement Area No. 1, Improvement Area No. 2, or Improvement Area No. 3, District (2002-1), or the District (2006-1), as applicable, pursuant to the Fiscal Agent Agreements or a Supplemental Agreement (as defined by the applicable Fiscal Agent Agreements), which are secured by special taxes levied within the Districts (and applicable Improvement Areas) on a parity with the District Bonds, if any.

“Agency” means the Housing Authority of the City of Perris, a public body corporate and politic organized under the laws of the State, and any successor thereto.

“Annual Debt Service” means, for each Bond Year, the sum of (a) the interest payable on the Outstanding Bonds in such Bond Year, and (b) the principal amount of the Outstanding Bonds scheduled to be paid in such Bond Year.

“Authority” means the Perris Joint Powers Authority, a joint powers authority duly organized and existing under the Joint Exercise of Powers Agreement, dated as of March 26, 2013, by and

between the City and the Agency, together with any amendments thereof and supplements thereto and under the laws of the State.

“Authority Representative” means the Chairperson, Vice Chairperson, Executive Director, Assistant Executive Director or Treasurer of the Authority, or any other authorized representative of the Authority as evidenced by a certificate of the Chairperson or Executive Director.

“Board” means the Board of Directors of the Authority.

“Bond Counsel” means Aleshire & Wynder, LLP, or any attorney or firm of attorneys appointed by or acceptable to the Authority of nationally-recognized expertise in the field of municipal finance whose opinions are generally accepted by purchasers of municipal bonds or notes.

“Bond Fund” means the fund by that name established and held by the Trustee pursuant to Section 4.02(b) hereof.

“Bond Law” means the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of the Act (commencing with Section 6584), as in existence on the Closing Date or as thereafter amended from time to time.

“Bond Purchase Fund” means the fund established pursuant to Section 3.03 hereof.

“Bonds” means the \$_____ Perris Joint Powers Authority Local Agency Revenue Bonds (CFD 2001-1 IA1, IA2 & IA3; CFD 2002-1; CFD 2006-1 Refunding), 2024 Series, authorized by and at any time Outstanding pursuant to the Bond Law and this Indenture.

“Bond Year” means each twelve-month period beginning on September 2 of each year and ending September 1 of the following year, except that the first Bond Year shall begin on the Closing Date and end on September 1, 2024, provided, however, that for the purposes of calculating the rebate requirements under the Code, the Bond Year may, at the election of the Authority, commence on the Closing Date and end one year later.

“Business Day” means a day of the year, other than a Saturday or Sunday, on which banks in Los Angeles, California, and San Francisco, California and the principal corporate trust office of the Trustee, are not required or authorized to remain closed and on which the New York Stock Exchange is not closed.

“Certificate” or “Written Request” of the Authority means, a written certificate or written request signed in the name of the Authority by an Authority Representative. Any such certificate or request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

“City” means the City of Perris, a political subdivision organized and existing under the laws of the State.

“Closing Date” means the date of delivery of the Bonds to the original purchasers thereof.

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

“Corporate Trust Office” means the corporate trust office of the Trustee at the address set forth in Section 9.13 or such other office designated by the Trustee from time to time in writing to the Authority.

“Costs of Issuance” means all expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds, the purchase of the District Bonds, including but not limited to all compensation, fees and expenses (including but not limited to fees and expenses for legal counsel) of the Authority and the Trustee, compensation to any financial consultants or underwriters, legal fees and expenses, filing and recording costs, rating agency fees, costs of preparation and reproduction of documents and costs of printing.

“Costs of Issuance Fund” means the fund established and held by the Trustee pursuant to Section 3.04 hereof.

“Districts” means District (2001-1), District (2002-1), and District (2005-1).

“District (2001-1)” means Community Facilities District 2001-1 (May Farms) of the City of Perris.

“District (2001-1) Escrow Agreement” means the Escrow Deposit and Trust Agreement, dated as of May 1, 2024, by and among the Authority, the District (2001-1), and the Escrow Agent.

“District (2002-1)” means Community Facilities District 2002-1 (Willowbrook) of the City of Perris.

“District (2002-1) Escrow Agreement” means the Escrow Deposit and Trust Agreement, dated as of May 1, 2024, by and among the Authority, the District (2002-1), and the Escrow Agent.

“District (2006-1)” means Community Facilities District 2006-1 (Meritage Homes) of the City of Perris.

“District (2006-1) Escrow Agreement” means the Escrow Deposit and Trust Agreement, dated as of May 1, 2024, by and among the Authority, the District (2006-1), and the Escrow Agent.

“District Bonds” means, collectively, the 2001-1 IA1 Bonds, 2001-1 IA2 Bonds, 2001-1 IA3 Bonds, 2002-1 Bonds, and 2006-1 Bonds as those terms are defined herein.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Escrow Agent” means U.S. Bank National Association, as escrow bank under the Escrow Agreement.

“Event of Default” means any of the events described in Section 8.01 hereof.

“Excess Investment Earnings” means the amount of excess investment earnings determined to be subject to rebate to the United States of America with respect to the investment of the gross proceeds of the Bonds, determined pursuant to Section 148(f) of the Code.

“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 Trustee, as shall be certified by the Authority to the Trustee:

(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 U.S. Bank National Association, as fiscal agent under the Fiscal Agent Agreements.

"Fiscal Agent Agreements" means, individually or collectively, as applicable, the Fiscal Agent Agreements, each dated as of May 1, 2024, by and between the District and the Fiscal Agent relating to the District Bonds for each District, as said agreements may be amended from time to time in accordance with their terms.

"Fiscal Year" means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the Authority as its official fiscal year period and certified to the Trustee in writing by an Authority Representative.

"Indenture" means this Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture pursuant to the provisions hereof.

“Independent Accountant” means any certified public accountant or firm of certified public accountants appointed and paid by the Authority, and who, or each of whom (a) is in fact independent and not under domination of the Authority or the City; (b) does not have any substantial interest, direct or indirect, in the Authority or the City; and (c) is not connected with the Authority or the City as an officer or employee of the Authority or the City but who may be regularly retained to make annual or other audits of the books of or reports to the Authority or the City.

“Information Services” means Electronic Municipal Market Access System (referred to as “EMMA”), a facility of the Municipal Securities Rulemaking Board, at www.emma.msrb.org; provided, however, in accordance with then current guidelines of the Securities and Exchange Commission, Information Services shall mean such other services providing information with respect to the redemption of Bonds as the Authority may designate in a Written Request of the Authority delivered to the Trustee.

“Interest Account” means the account by that name established and held by the Trustee pursuant to Section 4.02(c)(i) hereof.

“Interest Payment Date” means March 1 and September 1 in each year, beginning September 1, 2024, and continuing thereafter so long as any Bonds remain Outstanding.

“Letter of Representations” means the letter of the Authority and the Trustee delivered to and accepted by DTC (or such other applicable Securities Depository) on or prior to the issuance of the Bonds in book entry form setting forth the basis on which DTC (or such other applicable Securities Depository) serves as depository for the Bonds issued in book entry form, as originally executed or as it may be supplemented or revised or replaced by a letter to a substitute Securities Depository.

“Maximum Annual Debt Service” means, as of the date of calculation, the maximum amount obtained by totaling, for the current or any future Bond Year, the sum of: (a) the principal amount of all such Outstanding Bonds maturing in such Bond Year; and (b) the interest which would be due during such Bond Year on the aggregate principal amount of such Bonds which would be Outstanding in such period if such Bonds are retired as scheduled, but deducting and excluding from such aggregate principal amount the aggregate principal amount of such Bonds no longer Outstanding.

“Moody’s” means Moody’s Investors Service, and its successors and assigns.

“Outstanding”, when used as of any particular time with reference to Bonds, means all Bonds theretofore executed, issued and delivered by the Authority under this Indenture except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds paid or deemed to have been paid within the meaning of Section 9.03; and (c) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered pursuant to this Indenture or any Supplemental Indenture.

“Owner” or “Bond Owner”, when used with respect to any Bond, means the person in whose name the ownership of such Bond shall be registered on the Registration Books.

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein and the investment policy of the City or District (the Trustee is entitled to rely on written investment direction of the Authority 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) any direct general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), the payment of principal of and interest on which are unconditionally fully guaranteed by the United States of America; and any obligations the principal of and interest on which are unconditionally guaranteed by the United States of America;

(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; (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) mortgaged-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 Trustee 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", and, if rated by Moody's, rated "Aaa," "Aa1" or "Aa2;"

(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 Trustee 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 Trustee 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 Trustee and the transfer of cash from the Trustee 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 Trustee in exchange for the securities at a specified date, which satisfy the following criteria:

(i) repurchase agreements must be between the Trustee 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 Trustee or a third party acting as agent for the Trustee simultaneous with payment (perfection by possession of certificated securities); (D) the Trustee 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 Trustee 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 Trustee 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 Trustee 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 Trustee, then additional cash and/or acceptable securities must be transferred; and

(iii) a legal opinion must be delivered to the Trustee 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 Trustee is authorized to register such investment in its name.

"Principal Account" means the account by that name established and held by the Trustee pursuant to Section 4.02(c)(ii) hereof.

"Rebate Account" means the account established and held by the Trustee pursuant to Section 4.02(d) hereof.

“Record Date” means, with respect to any Interest Payment Date, the fifteenth (15th) calendar day of the month preceding such Interest Payment Date.

“Redemption Fund” means the fund by such name established and held by the Trustee pursuant to Section 4.04 hereof.

“Redemption Revenues” means (a) amounts received from the redemption of the District Bonds from amounts constituting prepayments of special taxes, (b) amounts received from the optional redemption of the District Bonds, and (c) amounts received from the special mandatory redemption and mandatory redemption of the District Bonds.

“Registration Books” means the records maintained by the Trustee pursuant to Section 2.07 for the registration and transfer of ownership of the Bonds.

“Reserve Account” means the account by that name established and held by the Trustee pursuant to Section 4.02(c)(iii) hereof.

“Reserve Requirement” means, as of any calculation date, an amount equal to the least of (i) ten percent (10%) of the proceeds (within the meaning of section 148 of the Code) of the Bonds as of the date of issuance; (ii) 125% of average Annual Debt Service as of the date of issuance; or (iii) Maximum Annual Debt Service; provided however, the Reserve Requirement on any calculation date shall not be greater than the Reserve Requirement amount on the Closing Date.

“Revenue Fund” means the fund by that name established and held by the Trustee pursuant to Section 4.02(a) hereof.

“Revenues” means: (a) all amounts received by the Authority from the District as principal of or interest on the District Bonds; (b) all moneys deposited and held from time to time by the Trustee in the funds and accounts established hereunder for the Bonds, other than the Rebate Account, and the Redemption Fund; and (c) income and gains with respect to the investment of amounts on deposit in the funds and accounts established hereunder for the Bonds, other than the Rebate Account, and the Redemption Fund..

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

“Securities Depositories” means DTC, 55 Water Street, New York 10041, Attention: Call Notification Department, Fax-(212) 855-7232 and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Authority may designate in a Certificate of the Authority delivered to the Trustee.

“State” means the State of California.

“Supplemental Indenture” means any indenture, agreement or other instrument hereafter duly executed by the Authority and the Trustee in accordance with the provisions of Section 7.01 hereof.

“Tax and Nonarbitrage Certificate” means the Tax and Non Arbitrage Certificate, dated the Closing Date and executed by the Authority.

“Tax Regulations” means temporary and permanent regulations promulgated under or with respect to Section 103 and Sections 141 through 150, inclusive, of the Code.

“Trustee” means U.S. Bank National Association, and its successors and assigns, and any other corporation or association which may at any time be substituted in its place as provided in Article VI hereof.

Revenues; Flow of Funds

Pledge of Revenues; Assignment of Rights. The Bonds will be secured by a first lien on and pledge (which will be effected in the manner and to the extent provided in the Indenture) of all of the Revenues and Redemption Revenues and a pledge of all of the moneys in the Bond Fund, the Revenue Fund, the Redemption Fund and the Cash Flow Management Fund, including all amounts derived from the investment of such moneys. The Bonds shall be equally secured by a pledge, charge and first lien upon the Revenues and Redemption Revenues and such moneys without priority for number, date of Bonds, date of execution or date of delivery; and the payment of the interest on and principal of the Bonds and any premiums upon the redemption of any thereof shall be and are secured by an exclusive pledge, charge and first lien upon the Revenues and Redemption Revenues and such moneys. So long as any of the Bonds are Outstanding, the Revenues and Redemption Revenues and such other money will not be used for any other purpose except as described under the Indenture for the payment of the Bonds; except that out of the Revenues and Redemption Revenues there may be apportioned such sums, for such purposes, as are expressly permitted by the Indenture.

The Authority transfers in trust and assigns to the Trustee, for the benefit of the Owners from time to time of the Bonds, all of the Revenues and Redemption Revenues and all of the right, title and interest of the Authority (but not the obligation) in the District Bonds (other than certain of the rights of the Authority under the Indenture related to limited liability and personal liability, and any rights of the Authority in the Rebate Account or to notices or consent under the Indenture). The Trustee is entitled to and will receive all of the Revenues and Redemption Revenues, and any Revenues and Redemption Revenues collected or received by the Authority will be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and will forthwith be paid by the Authority to the Trustee. The assignment to the Trustee is solely in its capacity as Trustee under the Indenture and in accepting such assignment and taking any actions with respect to the District Bonds, the Trustee is entitled to all the indemnities, protections, immunities and limitations from liability afforded it as Trustee under the Indenture. The Trustee also is entitled to and, subject to the provisions of the Indenture, will take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the District under the District Bonds.

Receipt, Deposit and Applications of Revenues.

(a) Deposit of Revenues; Revenue Fund. All Revenues (excluding Redemption Revenues) will be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the "Revenue Fund" which the Trustee will establish, maintain and hold in trust under the Indenture.

(b) Deposit of Revenues; Bond Fund: The Trustee will establish, maintain and hold in trust a fund, entitled "Bond Fund." Within such fund, the Trustee will establish, maintain and hold in trust separate special accounts entitled "Interest Account" and "Principal Account" as described in the Indenture. On or before each Interest Payment Date, the Trustee will transfer from the Revenue Fund for deposit into the Bond Fund the following amounts, in the priority set forth in the Indenture.

(c) Application of Revenues; Bond Fund. On or before each Interest Payment Date, the Trustee will transfer from the Revenue Fund and deposit into the Bond Fund and the following respective special accounts within the Bond Fund, the following amounts: in the following order of priority, the

requirements of each such special account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(i) *Interest Account.* On or before each applicable Interest Payment Date, the Trustee will deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to equal the amount of interest becoming due and payable on such Interest Payment Date on all Outstanding Bonds. No deposit need be made into the Interest Account if the amount contained in the Interest Account is at least equal to the interest becoming due and payable upon all Outstanding Bonds on such Interest Payment Date. All moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it becomes due and payable (including accrued interest on any Bonds redeemed prior to maturity).

(ii) *Principal Account.* On or before each date on which the principal of the Bonds will be payable, the Trustee will deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the aggregate amount of principal (including sinking fund payments) coming due and payable on such date on the Bonds pursuant to the Indenture. All moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds (including sinking fund payments).

(iii) *Reserved.*

(iv) *Surplus.* All remaining amounts on September 2 (or the next Business Day to the extent September 2 is not a Business Day) of each year, commencing September 2, 2018, on deposit in the Revenue Fund will be transferred to the Cash Flow Management Fund.

(d) *Rebate Account.* The Trustee will deposit in the Rebate Account (which account is established as a separate account to be held by the Trustee) from time to time, as set forth in the Indenture, an amount determined by the Authority to be subject to rebate to the United States of America in accordance with the Indenture. Amounts in the Rebate Account will be applied and disbursed by the Trustee solely for the purposes and at the times set forth in written requests of the Authority filed with the Trustee pursuant to the Indenture). The Trustee will not be responsible for calculating rebate amounts or for the adequacy or correctness of any rebate report or rebate calculations. The Trustee will be deemed conclusively to have complied with the provisions of the Indenture and any other agreement relating to the Bonds regarding calculation and payment of rebate if it follows the directions of the Authority and it will have no independent duty to review such calculations or enforce the compliance with such rebate requirements by the Authority.

The Cash Flow Management Fund and the Redemption Fund are described in the body of the Official Statement.

Investments. All moneys in any of the funds or accounts established with the Trustee pursuant to the Indenture will be invested by the Trustee solely in Permitted Investments pursuant to the Written Request of the Authority given to the Trustee at least two (2) Business Days in advance of the making of such investments, which by their terms mature prior to the date on which such moneys are required to be paid out under the Indenture. Each such written direction will contain the representation of the Authority that the investments identified constitute Permitted Investments under the Indenture upon which the Trustee may conclusively rely. In the absence of any such direction from the Authority, the Trustee will invest any such moneys in money market funds permitted by the Indenture. Obligations purchased as an investment of moneys in any funds will be deemed to be part of such fund or account.

All interest or gain derived from the investment of amounts in any of the funds or accounts

established under the Indenture will be deposited in the fund or account from which such investment was made. For purposes of acquiring any investments under the Indenture, the Trustee may commingle funds held by it under the Indenture upon the Written Request of the Authority. The Trustee or its affiliate may (but will not be obligated to) act as principal or agent in the acquisition or disposition of any investment and will be entitled to its customary fees therefor. The Trustee is required to sell or present for redemption, any Permitted Investment it purchases whenever it will be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such permitted investment is created. The Trustee will incur no liability for losses arising from any investments made pursuant to the Indenture.

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

The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by the Indenture. The Trustee may act as purchaser or agent in the making or disposing of any investment. Such investments, if registered, will be registered in the name of the Trustee for the benefit of the Owners and held by the Trustee.

The Trustee or any of its affiliates may act as sponsor, advisor or manager or provide administrative services in connection with any Permitted Investments.

Investment of funds is also subject to the provisions of the Tax Certificate.

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

Covenants

Punctual Payment. The Authority will punctually pay or cause to be paid the principal, interest and premium (if any) to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of the Indenture, according to the true intent and meaning thereof, but only out of Revenues and other assets pledged for such payment as provided in the Indenture.

Extension of Payment of Bonds. The Authority will not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest will be extended, such Bonds or claims for interest will not be entitled, in case of any default under the Indenture, to the benefits of the Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which will not have been so extended. Nothing in the Indenture will be deemed to limit the right of the Authority to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance will not be deemed to constitute an extension of maturity of the Bonds.

Against Encumbrances. The Authority will not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other assets pledged or assigned under the Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by the Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, including the purchase of Additional Bonds and other programs under the Bond Law, and reserves the right to issue other obligations for such purposes.

Power to Issue Bonds and Make Pledge and Assignment. The Authority is duly authorized pursuant to law to issue the Bonds and to enter into the Indenture and to pledge and assign the Revenues, the District Bonds and other assets purported to be pledged and assigned, respectively, under the Indenture in the manner and to the extent provided in the Indenture. The Bonds and the provisions of the Indenture are and will be the legal, valid and binding special obligations of the Authority in accordance with their terms and priority of payment, and the Authority and the Trustee, subject to the provisions of the Indenture, will at all times, to the extent permitted by law, defend, preserve and protect said pledge and assignment of Revenues and other assets and all the rights of the Bond Owners under the Indenture against all claims and demands of all persons whomsoever.

Accounting Records and Financial Statements. The Trustee will at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with industry standards, in which complete and accurate entries will be made of all transactions made by the Trustee relating to the proceeds of Bonds, the Revenues and all funds and accounts established by the Trustee pursuant to the Indenture. Such books of record and account will be available for inspection by the Authority, during regular business hours with reasonable prior notice.

Not later than 45 days following each Interest Payment Date, the Trustee will prepare and file with the Authority a report setting forth: (i) amounts withdrawn from and deposited into each fund and account maintained by the Trustee under the Indenture; (ii) the balance on deposit in each fund and account as of the date for which such report is prepared; and (iii) a brief description of all obligations held as investments in each fund and account. Copies of such reports may be mailed to any owner of at least 50% in aggregate principal amount of Bonds Outstanding, upon the owner's written request at a cost not to exceed the Trustee's actual costs of duplication and mailing. Said reports may be in the form of the Trustee's regular statements.

No Additional Parity Debt. Except for the Bonds, or bonds issued for the purpose of refunding the Bonds, the Authority covenants that no additional bonds, notes or other indebtedness will be issued or incurred which are payable out of the Revenues in whole or in part. Subject to the foregoing limitation, the Authority expressly reserves the right to enter into one or more indentures for any of its corporate purposes, including but not limited to the purchase of Additional Bonds under the Fiscal Agent Agreement, and other programs under the Bond Law, and reserves the right to issue other obligations for such purposes

Tax Covenants Relating to Bonds. The Authority covenants that it will not use, and will not permit the use of, and will 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 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 previous sentence, unless and until the Trustee 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 Bond or Prior Bond from the gross income of the owner thereof for federal income tax purposes, the Authority will comply with each of the specific covenants in the Indenture.

District Bonds. The Trustee, as assignee of the Authority rights pursuant to the Indenture, will (subject to the provisions of the Indenture) collect all amounts due as principal and interest on

District Bonds from the District and, subject to the provisions of the Indenture, will enforce, and take all steps, actions and proceedings reasonably necessary for the enforcement of all of the rights of the Authority thereunder and for the enforcement of all of the obligations of the Districts thereunder.

Further Assurances. The Authority will cause to be collected and paid to the Trustee all Revenues as such Revenues become due and payable. The Authority will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture, and for the better assuring and confirming unto the Owners of the Bonds the rights and benefits provided in the Indenture.

Immunity. The Authority is not entitled to any immunity, sovereign or otherwise, from any legal proceedings to enforce or collect upon the Indenture or the Bonds. To the extent that the Authority has or may later acquire any right to immunity, the Authority waives such rights for itself in respect of its obligations arising under the Indenture and the Bonds.

No Acceleration. The principal of the Bonds will not be subject to acceleration. Nothing in the Indenture will in any way prohibit the redemption of Bonds or the defeasance of the Bonds and discharge of the Indenture.

Continuing Disclosure to Owners. The Authority covenants and agrees, with the assistance of the Districts, 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. In spite of any other provision of this Agreement, failure of the Authority to comply with the Continuing Disclosure Agreement(s) will not be considered a default under this 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 5.12, including seeking mandate or specific performance by court order.

Modification and Amendment of the Indenture

Amendment.

(a) The Indenture and the rights and obligations of the Authority and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Indenture which will become binding upon execution by the Authority and the Trustee and upon prior written consent of the District, without consent of any Bond Owners, to the extent permitted by law but only for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Authority contained in the Indenture, other covenants and agreements that later are to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power reserved to or conferred upon the Authority in the Indenture;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Indenture, or in any other respect whatsoever, as the Authority may deem necessary or desirable, provided that such modification or amendment does not materially adversely affect the interests of the Bond Owners in the opinion of Bond Counsel;

(iii) to modify, amend or supplement the Indenture in such manner as to permit the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute in effect in the future, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute; or

(iv) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Bonds.

(b) Except as set forth in the preceding paragraph of the Indenture, the Indenture and the rights and obligations of the Authority and of the Owners of the Bonds may only be modified or amended at any time by a Supplemental Indenture which will become binding when the written consents of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding are filed with the Trustee. No such modification or amendment will (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Authority to pay the principal, interest or premiums (if any) at the time and place and at the rate and in the currency provided in the modification or amendment of any Bond without the express written consent of the Owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee.

(c) The Trustee will be provided an opinion of Bond Counsel that any such Supplemental Indenture entered into by the Authority and the Trustee complies with the provisions of the Indenture and the Trustee may conclusively rely upon such opinion.

Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective pursuant to the Indenture, the Indenture will be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties to the Indenture and all Owners of Outstanding Bonds, as the case may be, will thereafter be determined, exercised and enforced under the Indenture subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Indenture will be deemed to be part of the terms and conditions of the Indenture for any and all purposes.

Endorsement or Replacement of Bonds After Amendment. After the effective date of any action taken as provided in the Indenture, the Authority may determine that the Bonds will bear a notation, by endorsement in form approved by the Authority, as to such action, and in that case upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the Corporate Trust Office of the Trustee, a suitable notation as to such action will be made on such Bond. If the Authority will so determine, new Bonds so modified as, in the opinion of the Authority, will be necessary to conform to such Bond Owners' action will be prepared and executed, and in that case upon demand of the Owner of any Bond Outstanding at such effective date such new Bonds will be exchanged at the Corporate Trust Office of the Trustee, without cost to each Bond Owner, for Bonds then Outstanding, upon surrender of such Outstanding Bonds.

Amendment by Mutual Consent. The provisions of the Indenture will not prevent any Bond Owner from accepting any amendment as to the particular Bond held by him, provided that due notation thereof is made on such Bond.

Event of Default and Remedies

Events of Default. The following events will be Events of Default under the Indenture:

(a) Default in the due and punctual payment of the principal of any Bond when and as the same will become due and payable, whether at maturity, by proceedings for redemption or otherwise.

(b) Default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment will become due and payable.

(c) Failure by the Authority to observe and perform any of the covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, other than as referred to in the preceding clauses (a) and (b), for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied has been given to the Authority by the Trustee, or to the Authority and the Trustee by the Owners of the Bonds of not less than twenty-five percent (25%) in the aggregate principal amount of the Bonds at that time Outstanding, provided, however, that if in the reasonable opinion of the Authority, provided to the Trustee in writing, the failure stated in such notice can be corrected, but not within such thirty (30) day period, such failure will not constitute an Event of Default if corrective action is instituted by the Authority within such thirty (30) day period and diligently pursued until such failure is corrected.

(d) The filing by the Authority of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction will approve a petition, filed with or without the consent of the Authority, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction will assume custody or control of the Authority or of the whole or any substantial part of its property.

Remedies Upon Event of Default. Upon the occurrence and during the continuance of an Event of Default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of and interest and premium (if any) on the Bonds, and to enforce any rights of the Trustee under or with respect to the Indenture.

If an Event of Default will have occurred and be continuing, the Trustee may, if requested so to do by the Owners of a majority in aggregate principal amount of Outstanding Bonds, and indemnified as provided in the Indenture, the Trustee will be obligated to exercise such one or more of the rights and powers conferred by the Indenture, as the Trustee, being advised by counsel, will deem most expedient in the interests of the Bond Owners.

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee (or to the Bond Owners) is intended to be exclusive of any other remedy, but each and every such remedy will be cumulative and will be in addition to any other remedy given to the Trustee or to the Bond Owners under the Indenture or existing at law or in equity.

No delay or omission to exercise any rights or power accruing upon any Event of Default will impair any such right or power or will be construed to be a waiver of to any such Event of Default; such right or power may be exercised from time to time as often as may be deemed expedient.

Application of Revenues and Other Funds After Default. All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of the Indenture will be applied by the Trustee in the following order upon presentation of the several Bonds, and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if

fully paid.

First, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in carrying out the provisions of the Indenture, including reasonable compensation to its agents, attorneys and counsel and any outstanding fees and expenses of the Trustee; and

Second, to the payment of the whole amount of interest on and principal of the Bonds then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the net effective rate of interest then borne by the Outstanding Bonds; provided, however, that in the event such amounts will be insufficient to pay in full the full amount of such interest and principal, then such amounts will be applied in the following order of priority:

- (a) first, to the payment of all installments of interest on the Bonds then due and unpaid,
- (b) second, to the payment of all installments of principal of the Bonds then due and unpaid,
- (c) third, to the payment of the redemption price (including principal and interest accrued to the redemption date, but excluding any premium) of the Bonds to be redeemed pursuant to the Indenture, and
- (d) fourth, to the payment of interest on overdue installments of principal and interest on the Bonds.

Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, will have taken any action, by judicial proceedings or otherwise, pursuant to its duties under the Indenture, whether upon its own discretion or upon the request of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, it will have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee will not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in aggregate principal amount of the Outstanding Bonds, opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation. Any suit, action or proceeding which any Owner of Bonds will have the right to bring to enforce any right or remedy under the Indenture may be brought by the Trustee for the equal benefit and protection of all Owners of Bonds similarly situated and the Trustee is appointed (and the successive respective Owners of the Bonds issued under the Indenture, by taking and holding the same, will be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners of the Bonds 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 respective Owners of the Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact.

Appointment of Receivers. Upon the occurrence of an Event of Default under the Indenture, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bond Owners under the Indenture, the Trustee will be entitled, as a matter of right, to the appointment of a receiver or receivers of the Revenues and other amounts pledged under the

Indenture, pending such proceedings, with such powers as the court making such appointment will confer.

Non-Waiver. Nothing in the Indenture, or in the Bonds, will affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the interest on and principal of the Bonds to the respective Owners of the Bonds at the respective dates of maturity, as provided in the Indenture, out of the Revenues and other moneys pledged in the Indenture for such payment.

A waiver of any default or breach of duty or contract by the Trustee or any Bond Owners will not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission of the Trustee or any Owner of any of the Bonds to exercise any right or power accruing upon any default or breach will impair any such right or power or will be construed to be a waiver of or acquiescence to any such default or breach; and every power and remedy conferred upon the Trustee or Bond Owners by the Bond Law or by the Indenture may be enforced and exercised from time to time and as often as will be deemed expedient by the Trustee or the Bond Owners, as the case may be.

Rights and Remedies of Bond Owners. No Owner of any Bond issued under the Indenture will have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture, unless (a) such Owner will have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all Bonds then Outstanding will have made written request upon the Trustee to exercise the powers granted or to institute such action, suit or proceeding in its own name; (c) said Owners will have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee will have refused or omitted to comply with such request for a period of sixty (60) days after such written request will have been received by, and said tender of indemnity will have been made to, the Trustee; and (e) no direction inconsistent with such written request has been given to the Trustee during such sixty (60) day period by the Owners of majority in aggregate principal amount of the Bonds then Outstanding.

Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy under the Indenture; it being understood and intended that no one or more Owners of Bonds will have any right in any manner whatever by his or their action to enforce any right under the Indenture, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any provision of the Indenture will be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of all Owners of the Outstanding Bonds.

The right of any Owner of any Bond to receive payment of the principal of and interest and premium (if any) on such Bond as provided in the Indenture or to institute suit for the enforcement of any such payment, will not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of the Indenture.

Termination of Proceedings. In case the Trustee will have proceeded to enforce any right under the Indenture by the appointment of a receiver or otherwise, and such proceedings will have been discontinued or abandoned for any reason, or will have been determined adversely, then and in every such case, the Authority, the Trustee and the Bond Owners will be restored to their former positions and rights under the Indenture, respectively, with regard to the property subject to the Indenture, and all rights, remedies and powers of the Trustee will continue as if no such proceedings had been taken.

Miscellaneous

Limited Liability of Authority. Notwithstanding anything contained in the Indenture, the Authority will not be required to advance any moneys derived from any source of income other than the Revenues for the payment of the principal of or interest on the Bonds, or any premiums upon the redemption thereof, or for the performance of any covenants contained in the Indenture (except to the extent any such covenants are expressly payable under the Indenture from the Revenues). The Authority may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose and may be used by the Authority for such purpose without incurring indebtedness.

The Bonds will be revenue bonds, payable exclusively from the Revenues and other funds as in the Indenture provided. The general fund of the Authority is not liable, and the credit of the Authority is not pledged, for the payment of the interest and premium (if any) on or principal of the Bonds. The Owners of the Bonds will never have the right to compel the forfeiture of any property of the Authority. The principal of and interest on the Bonds, and any premiums upon the redemption of any thereof, will not be a legal or equitable pledge, charge, lien or encumbrance upon any property of the Authority or upon any of its income, receipts or revenues except the Revenues and other funds pledged to the payment thereof as in the Indenture provided.

Benefits of Indenture Limited to Parties. Nothing in the Indenture, expressed or implied, is intended to give to any person other than the Authority, the District, the Trustee, and the Owners of the Bonds, any right, remedy or claim under or by reason of the Indenture. Any covenants, stipulations, promises or agreements in the Indenture contained by and on behalf of the Authority will be for the sole and exclusive benefit of the Trustee, the District and the Owners of the Bonds.

Discharge of Indenture. The Authority will pay and discharge any or all of the Outstanding Bonds in any one or more of the following ways:

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

(b) by irrevocably depositing with the Trustee, in trust, at or before maturity, money which, altogether with the available amounts then on deposit in the funds and accounts established with the Trustee pursuant to the Indenture, is fully sufficient to pay such Bonds, including all principal, interest and premiums (if any); or

(c) by irrevocably depositing with the Trustee or any other fiduciary, in trust, Federal Securities in such amount as an Independent Accountant will determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established with the Trustee pursuant to the Indenture, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

and, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption will have been mailed pursuant to the Indenture or provision satisfactory to the Trustee will have been made, for the mailing of such notice, then, at the Written Request of the Authority, and in spite of any such Bonds that have not been surrendered for payment, the pledge of the Revenues and other funds provided for in this Indenture with respect to such Bonds, pledge of Revenues and all other pecuniary obligations of the Authority under this Indenture with respect to all such Bonds, will cease and terminate, except only the obligation of the Authority to pay or cause to be paid to the Owners of such

Bonds not so surrendered and paid all sums due thereon from amounts set aside for such purpose as aforesaid, and all expenses and costs of the Trustee. Any funds held by the Trustee following any payments or discharge of the Outstanding Bonds, which are not required for said purposes, will be paid over to the Authority.

APPENDIX C-2

SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENTS

The following is a brief summary of the provisions of the Fiscal Agent Agreements related to Improvement Area No. 1 of the Community Facilities District 2001-1 (May Farms) of the City of Perris, Improvement Area No. 2 of the Community Facilities District 2001-1 (May Farms) of the City of Perris, Improvement Area No. 3 of the Community Facilities District 2001-1 (May Farms) of the City of Perris, Community Facilities District 2002-1 (Willowbrook) of the City of Perris, and Community Facilities District 2006-1 (Meritage Homes) of the City of Perris, and is supplemental to the summary of other provisions of the Fiscal Agent Agreement(s) described elsewhere in this Official Statement. Each Fiscal Agent Agreement has similar provisions, except for the underlying Special Taxes being derived from- differing Districts and/or Improvement Areas and differing amounts of District Bonds. This summary does not purport to be comprehensive or definitive, and reference should be made to each of the respective Fiscal Agent Agreement for full and complete statements of its respective provisions. All capitalized terms used but not otherwise defined in this Appendix shall have the meanings assigned to such terms in the respective Fiscal Agent Agreements.

Definitions

“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 Sections 2.13 and 2.14 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, the District or the Authority in carrying out their duties hereunder and under the Authority Indenture (including, but not limited to, the levying and collection of the Special Taxes, 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 7.2, including the fees and expenses of its counsel; the costs of any dissemination agent under the continuing disclosure agreements entered into by the City, the District and the Authority; 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.

“Administrative Expense Fund” means the fund by that name established by Section 3.5(a) hereof.

“Administrative Expense Requirement” means the 102% of the amount of Administrative Expenses expended for the most recent complete Fiscal year, not to exceed \$30,000.

“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.

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

“Authority Bonds” means \$ _____ Perris Joint Powers Authority Local Agency Revenue Refunding Bonds (CFD 2001-1 IA1, IA2 & IA3; CFD 2002-1; CFD 2006-1 Refunding), 2024 Series, or Additional Authority Bonds, as applicable.

“Authority Indenture” means the Indenture of Trust, dated as of May 1, 2024, between the Perris Joint Powers Authority and U.S. Bank Trust Company, National Association, as trustee, relating to the Authority Bonds, or Additional Authority Bonds, as applicable.

“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.

“Bond Year” means the one-year period beginning on the September 2 in each year and ending on September 1 in the following year except that the first Bond Year shall begin on the Closing Date and end on September 1, 2024.

“Bonds” means the Community Facilities District No. 2002-1 (Willowbrook) of the City of Perris Special Tax Refunding Bonds, 2024 Series, authorized by, and at any time Outstanding pursuant hereto.

“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.

“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 thereto.

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

“Continuing Disclosure Agreement” means that certain Continuing Disclosure Agreement, by and between the District and the 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 at Los Angeles, California, provided, however, for transfers, registration, exchange, payment, and surrender of the Bonds, “Corporate Trust Office” means the corporate trust office of the Fiscal Agent in Minneapolis, Minnesota, the “Corporate Trust Office” 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.

“Depository” means The Depository Trust Company, 140 58th Street, Brooklyn, New York 11220, Attention: Call Notification Department, Fax-(212) 855-7232 and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the District may designate in an Officer's Certificate delivered to the Fiscal Agent.

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

“District” means the Community Facilities District No. 2002-1 (Willowbrook) of the City of Perris, formed pursuant to the Resolution of Formation.

“Facilities” means the facilities more particularly described in the Resolution of Intention, or any portion of the Facilities or any authorized fees.

“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.

“Interest Payment Date” means March 1 and September 1 of each year, commencing September 1, 2024

“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 the Administrative Expense Requirement.

“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. 1107, adopted by the Legislative Body on January 14, 2003.

“Original Purchaser” means the Perris Joint Powers Authority.

“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 will 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 will be the registered owner of any Outstanding Bond and/or Additional Bonds, as the case may be.

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

“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 and 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 for the moneys proposed to be invested therein (the Trustee entitled to rely on written investment direction of the Authority 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; (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 Authority 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) mortgaged-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 systemwide bonds and notes of the Farm Credit System;

(d) money market funds (including funds of the Trustee 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”, and, if rated by Moody’s, rated Aaa, Aa1 or Aa2;

(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 Trustee 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 Trustee 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 fund 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) 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 Trustee and the transfer of cash from the Trustee 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 Trustee in exchange for the securities at a specified date, which satisfy the following criteria:

(i) repurchase agreements must be between the Trustee 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 Trustee or a third party acting as agent for the Trustee simultaneous with payment (perfection by possession of certificated securities); (D) the Trustee 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 Trustee 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 Trustee 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 Trustee 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 Trustee, then additional cash and/or acceptable securities must be transferred; and

(iii) a legal opinion must be delivered to the Trustee 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 Trustee 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.

“Prior Bonds” means Community Facilities District No. 2002-1 (Willowbrook) of the City of Perris Special Tax Bonds, 2013 Series.

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

“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 2.9 for the registration and transfer of ownership of the Bonds.

“Reserve Fund” means the fund of that name established pursuant to the Authority Indenture.

“Reserve Requirement” means, as of any date of calculation, the least of (a) Maximum Annual Debt Service for the Bonds, (b) ten percent (10%) of the original principal amount of the Bonds, or (c) one hundred twenty-five percent (125%) of average Annual Debt Service, provided however, at no time shall the Reserve Requirement be higher than the Reserve Requirement at the Closing Date.

“Resolution” means Resolution No. ____ adopted by the Legislative Body on April 9, 2024, 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. 3052 adopted by the Legislative Body on December 10, 2002, as now in effect or as it may hereafter be amended from time to time.

“Resolution of Intention” means the resolution of intention adopted by the Legislative Body on October 29, 2002, 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 the District.

“S&P” means S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC, 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 the proceeds of the Special Taxes received by the District, including any scheduled payments and any prepayments thereof, interest thereon and 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 the District pursuant to the Act, the Ordinance and this Agreement.

“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.

“Surplus Fund” means the fund created pursuant to Section 3.8(a) 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.

“Trustee” means U.S. Bank Trust Company, National Association, the Trustee under the Authority Indenture.

Redemption of District Bonds

(a) Optional Redemption. The District Bonds are subject to optional 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 September 1, 20__ as selected by the District, upon direction of the Authority, at the redemption prices and schedules applicable to the Authority Bonds. Nevertheless, with respect to optional redemptions related to the Authority Bonds, the District must abide by the priority of redemption relating to the Authority Bonds permitted by the Authority Indenture.

(b) Special Mandatory Redemption from Prepayment of Special Taxes and from Surplus Funds. The District Bonds are also subject to mandatory redemption on any Interest Payment

Date on or after September 1, 20 __, in whole or in part as selected by the District, from prepayments of Special Taxes, and from amounts transferred from the Surplus Fund under the Fiscal Agent Agreement at the following prices (expressed as percentages of the principal amount of the District Bonds to be redeemed), together with accrued interest:

<i>Redemption Date</i>	<i>Redemption Price</i>
Closing Date through March 1, 20__	%
September 1, 20__ through August 31, 20__	%
September 1, 20__ and any Interest Payment Date thereafter	%

(c) Mandatory Sinking Payment Redemption. The District Bonds are subject to Mandatory Sinking Payment Redemption as provided in the applicable Fiscal Agent Agreement.

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 will create an account for each district within the City). The City will deposit Special Taxes when received in the account and subaccount established for the District and immediately transfer such amounts to the Fiscal Agent for deposit in the Special Tax Fund. Pursuant to the Fiscal Agent Agreement, there is 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, will deposit, immediately upon receipt, all Special Tax Revenues received by the District or the City on behalf of the District for an Improvement Area. Moneys in the Special Tax Fund will be held in trust by the Fiscal Agent for the benefit of the District and the Owners of the District Bonds and Additional Bonds, will be disbursed as provided below and, pending any disbursement, will be subject to a lien in favor of the Owners of the District 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 will 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 will be equal to the installment of interest due on the District 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 will at least equal the principal payment (including mandatory sinking payments, if any) due on the District Bonds and Additional Bonds on said Interest Payment Date.

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

(c) Investment. Moneys in the Special Tax Fund will be invested and deposited in accordance with the Fiscal Agent Agreement. Interest earnings and profits resulting from such investment and deposit will be retained in the Special Tax Fund to be used for the purposes of the Special Tax Fund.

(d) Disposition of Surplus. On September 2 of each year, commencing September 2, 2024, the Fiscal Agent will 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.

Administrative Expense Fund

(a) Establishment of Administrative Expense Fund. There is 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 will be made. Moneys in the Administrative Expense Fund will be held by the Fiscal Agent for the benefit of the District, and will be disbursed as provided in the Fiscal Agent Agreement.

(b) Disbursement. Amounts in the Administrative Expense Fund will 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.

(c) Annually, at least five (5) days prior to the last day of each Bond Year, the Fiscal Agent will 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.

(d) Investment. Moneys in the Administrative Expense Fund will be invested and deposited in accordance with the Fiscal Agent Agreement. Interest earnings and profits resulting from said investment will be retained in the Administrative Expense Fund to be used for the purposes of such fund.

Surplus Fund

(a) Establishment of Surplus Fund. There is established as a separate fund to be held by the Fiscal Agent, the "Surplus Fund," to the credit of which a deposit will be made as required by the Fiscal Agent Agreement. Moneys in the Surplus Fund will be held in trust by the Fiscal Agent for the benefit of the Owners of the District Bonds and Additional Bonds, and will be disbursed as provided below. .

(i) The Fiscal Agent will transfer to the appropriate accounts within the Bond Fund to pay debt service on the Bonds to the extent Special Taxes are insufficient for such purpose.

(ii) The Fiscal Agent will transfer from any amounts in the Surplus Fund to the Trustee to assist in replenishment of the Reserve Account under the Authority Indenture.

(iii) The Fiscal Agent will transfer amounts 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 therefore.

(iv) Upon the written direction of the District, the Fiscal Agent will transfer all remaining amounts in the Surplus Fund to the Special Mandatory Redemption Account of the Redemption Fund for redemption of the District 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 Surplus 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 will be invested and deposited in accordance with the Fiscal Agent Agreement. Interest earnings and profits resulting from said investment will be retained in the Delinquency Management Fund to be used for

the purposes of such fund.

Redemption Fund

(a) Establishment of the Redemption Fund. Pursuant to the Fiscal Agent Agreement, there is established as a separate fund to be held by the Fiscal Agent, the "Redemption Fund" (in which there will 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 each Improvement Area of the District, will deposit, immediately upon receipt, all Redemption Revenues received by the District or the City on behalf of the District. Moneys in the Redemption Fund will be held in trust by the Fiscal Agent for the benefit of the District and the Owners of the District Bonds and Additional Bonds, will be disbursed as provided below and, pending any disbursement, will be subject to a lien in favor of the Owners of the District Bonds and Additional Bonds.

(b) Disbursement.

(i) All prepayments of Special Taxes and amounts transferred from the Surplus Fund for the redemption of District Bonds and Additional Bonds or transferred from the Authority under the Authority Indenture or an Additional Authority Indenture for the redemption of District Bonds and Additional Bonds will be deposited in the Special Mandatory Redemption Account to be used to redeem the District 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 District Bonds and Additional Bonds will be deposited into the Optional Redemption Account to be used to redeem District 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 will be invested and deposited in accordance with the Fiscal Agent Agreement. Interest earnings and profits resulting from said investment will be retained in the Redemption Fund to be used for the purposes of such fund.

Pledge of Special Tax Revenues

The District Bonds and Additional Bonds will be secured by a first pledge (which pledge will be effected in the manner and to the extent as provided under the respective Fiscal Agent Agreement) of all of the Special Tax Revenues and Redemption Revenues and all moneys deposited in the Bond Fund and, until disbursed, as provided in the Fiscal Agent Agreement, in the Special Tax Fund, the Redemption Fund and the Surplus Fund. The Special Tax Revenues and all moneys deposited into said funds (except as otherwise provided in the Fiscal Agent Agreement) are dedicated to the payment of the principal of, and interest and any premium on the District Bonds and Additional Bonds as provided in the Fiscal Agent Agreement and in the Act until all of the District 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 the respective Fiscal Agent Agreement.

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

imposed under the Fiscal Agent Agreement.

Bond Fund

(a) Establishment of Bond Fund. There is established as a separate fund to be held by the Fiscal Agent known as the "Bond Fund" (in which there will be established and created an Interest Account and a Principal Account and a Reserve Account) to the credit of which deposits will be made as required by the Fiscal Agent Agreement, and any other amounts required to be deposited by the Fiscal Agent Agreement, a Supplemental Agreement or the Act. Moneys in the Bond Fund will be held by the Fiscal Agent for the benefit of the Owners of the District Bonds and Additional Bonds, will be disbursed for the payment of the principal of (including mandatory sinking payments, if any) and interest on the District Bonds and Additional Bonds as provided in the Fiscal Agent Agreement, and, pending such disbursement, will be subject to a lien in favor of the Owners of the District Bonds and Additional Bonds.

(b) Disbursements. On each Interest Payment Date, the Fiscal Agent will withdraw from the Principal Account and the Interest Account and pay to the Owners of the District Bonds and Additional Bonds the principal of (including mandatory sinking payments, if any) and interest on the District Bonds and Additional Bonds, respectively; provided that available amounts in the Principal Account and the Interest Account will first be used to pay any past due installments of principal of (including mandatory sinking payments, if any) and interest on the District Bonds and Additional Bonds or to replenish the Reserve Account in connection therewith, respectively. Nevertheless, amounts transferred to the Principal Account or the Interest Account from the Special Tax Fund constituting delinquent payments of Special Taxes pursuant to the Fiscal Agent Agreement will immediately be paid to the Owners of the District Bonds and Additional Bonds in respect of past due payments on the District Bonds and Additional Bonds or to replenish the Reserve Account in connection there with.

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

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

(c) Reserve Account. There is established a separate account within the Bond Fund, designated as the "Reserve Account," to the credit of which a deposit will be made as required by the Fiscal Agent Agreement. The Reserve Account will be funded and maintained at the Reserve Requirement. In the event that the Fiscal Agent has actual knowledge that the amount on deposit in the Reserve Account at any time becomes less than the Reserve Requirement, the Fiscal Agent will promptly notify the District of such fact. Promptly upon receipt of any such notice, the District will transfer to the Fiscal Agent an amount of available Special Tax Revenues sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. Amounts in the Reserve Account will be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Interest Account and Principal Account of the Bond Fund, on any date which the principal of or interest on the Bonds becomes due and payable hereunder, in the event of any deficiency at any time in such fund, or at any time for the retirement of all the Bonds then Outstanding. So long as no Event of Default will have occurred and be continuing, any amount in the Reserve Account in excess of the Reserve Requirement

on the Business Day preceding each Interest Payment Date will be withdrawn from the Reserve Account by the Fiscal Agent and transferred to the Trustee for deposit in the Cash Flow Management Fund under the Authority Indenture.

(d) The District will have the right at any time to direct the Fiscal Agent to release funds from the Reserve Account, in whole or in part, by tendering to the Fiscal Agent: (i) a Qualified Reserve Account Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such funds or the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the Authority Bonds to become included in gross income for purposes of federal income taxation. Upon tender of such items to the Fiscal Agent, and upon delivery by the District to the Fiscal Agent of written calculation of the amount permitted to be released from the Reserve Account (upon which calculation the Fiscal Agent may conclusively rely), the Fiscal Agent will transfer such funds from the Reserve Account to the District to be used for any lawfully required purposes. Upon the expiration of any Qualified Reserve Account Credit Instrument, the District will be obligated either (i) to replace such Qualified Reserve Account Credit Instrument with a new Qualified Reserve Account Credit Instrument, or (ii) to deposit or cause to be deposited with the Fiscal Agent an amount of funds equal to the Reserve Requirement, to be derived from the first available Special Tax Revenues.

(e) Investment. Moneys in the Bond Fund will be invested and deposited in accordance with the Fiscal Agent Agreement. Interest earnings and profits resulting from the investment and deposit of amounts in the Bond Fund will be retained in the Bond Fund.

Covenants

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

Limited Obligation. The District 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 in the Bond Fund, the Special Tax Fund, the Redemption Fund, and the Delinquency Fund created under the Fiscal Agent Agreement, and do not constitute a debt or liability of the City, the State, or of any subdivision thereof.

Extension of Time for Payment. In order to prevent any accumulation of claims for interest after maturity, the District will 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 District Bonds and Additional Bonds and will 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 will be extended or funded, whether or not with the consent of the District, such claim for interest so extended or funded will not be entitled, in case of default under the Fiscal Agent Agreement, to the benefits of the Fiscal Agent Agreement, except subject to the prior payment in full of the principal of all of the District Bonds and Additional Bonds then Outstanding and of all claims for interest which will not have been so extended or funded. Nothing in the Fiscal Agent Agreement will be deemed to limit the right of the District to issue bonds for the purpose of refunding any Outstanding District Bonds and Additional Bonds, and such issuance will not be deemed to constitute an extension of maturity of the District Bonds and Additional Bonds.

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 District Bonds and Additional Bonds superior to or on a parity with the pledge and lien created in the Fiscal Agent Agreement for the benefit of the District Bonds and Additional Bonds, except as permitted by the Fiscal Agent Agreement.

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 will 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 will at all times during business hours and upon reasonable prior notice be subject to the inspection of the Fiscal Agent (who has no duty to inspect) and the Owners of not less than ten percent (10%) of the principal amount of the District 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 will be made of all transactions relating to the expenditure of amounts disbursed from the Bond Fund and the Costs of Issuance Fund. Such books of record and accounts will 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 District Bonds and Additional Bonds then Outstanding, or their representatives duly authorized in writing.

Protection of. Security and Rights of Owners. The District will preserve and protect the security of the District 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 District Bonds and Additional Bonds by the District, the District Bonds and Additional Bonds will be incontestable by the District. In furtherance of the previous sentence, the District will not approve any reduction of the Assigned Special Taxes as provided in the applicable 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 annual debt service in such Fiscal Year for the Bonds and any Additional Bonds expected to be issued.

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

Collection of Special Tax Revenues. The District will comply with all requirements of the Act so as to assure the timely collection of Special Tax Revenues on behalf of, and within, each Improvement Area of the District, including without limitation, the enforcement of delinquent Special Taxes.

The Treasurer will effect the levy of the Special Taxes each Fiscal Year on the parcels within the each Improvement Area of the District in accordance with its respective 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 each Improvement Area 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 will prepare or cause to be prepared, and will 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 will 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 each Improvement Area of the District, the Treasurer will, not less than forty-five (45) days prior to each Interest Payment Date, send bills to the owners of such real property located within each Improvement Area 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 will be due and payable not less than thirty (30) days prior to such Interest Payment Date and will be delinquent if not paid when due.

In any event, the Treasurer will fix and levy the amount of Special Taxes within the Improvement Area of the District required (i) for the payment of principal of and interest on any Outstanding District Bonds and Additional Bonds of each Improvement Area 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 applicable RMA and the Ordinance. The Special Taxes so levied will not exceed the authorized amounts as provided in the proceedings pursuant to the Resolution of Formation.

The Treasurer is authorized to employ consultants to assist in computing the levy of the Special Taxes under the Fiscal Agent Agreement 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 under the Fiscal Agent Agreement will be an "Administrative Expense under the Fiscal Agent Agreement.

Further Assurances. The District, on behalf of each respective Improvement Area, will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Fiscal Agent Agreement, and for the better assuring and confirming unto the Owners of the rights and benefits provided in the Fiscal Agent Agreement.

Tax Covenants. The District covenants that it will not use, and will not permit the use of, and will 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 previous sentence, 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 for federal income tax purposes, the City will comply with each of the specific covenants in the Fiscal Agent Agreement.

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 July 31 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 the applicable Improvement Area of the District or if there has been a draw on the funds on deposit in the Reserve Account established under the Authority Indenture (and connected to the applicable Improvement Area), 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 will 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 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 will be an Administrative Expense under the Fiscal Agent Agreement.

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, or the Fiscal Agent, is 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. 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 District Bonds and Additional Bonds, consent to such sale for such lesser amounts (as such consent is described in Section 53356.6 of the Act), and release the District and the City, and their respective officers and agents from any liability in connection with the sale.

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

(c) 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 District Bonds and Additional Bonds under the Fiscal Agent Agreement.

Annual Reports to CDIAC. . In addition to its obligations under the Fiscal Agent Agreement the District 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) will 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 the Fiscal Agent Agreement, including seeking mandate or specific performance by court order.

Continuing Disclosure to Owners. In addition to its obligations under the Fiscal Agent Agreement, the District covenants and agrees to 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 the Fiscal Agent Agreement, failure of the District to comply with the Continuing Disclosure Agreement(s) will 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 the Fiscal Agent Agreement, including seeking mandate or specific performance by court order.

Reserve Account Replenishment. The District covenants that to the extent there is a draw upon the Reserve Account as a result of a delinquency in the collection of Special Taxes or that the Reserve Account is underfunded and the account is not replenished as provided in the Fiscal Agent Agreement, the District will 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 the Fiscal Agent Agreement, and in addition to amounts that would be levied if there were no such delinquency; provided, however, the amount of Special Taxes levied will not exceed the maximum permitted by the Ordinance and the RMA.

Investments; Disposition of Investment Proceeds; Liability of the District

Deposit and Investment of Moneys in Funds. Moneys in any fund or account created or established by the Fiscal Agent Agreement and held by the Fiscal Agent will 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 will invest any such moneys in money market funds permitted under the Indenture to the extent practicable which by their terms mature prior to the date on which such moneys are required to be paid out under the Fiscal Agent Agreement, or are held uninvested. The Treasurer will make note of any investment of funds under the Fiscal Agent Agreement in excess of the yield on the District Bonds and Additional Bonds, as applicable, so that appropriate actions can be taken to assure compliance with the Fiscal Agent Agreement. Moneys in any fund or account created or established by the Fiscal Agent Agreement and held by the Treasurer will 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 under the Fiscal Agent Agreement. Obligations purchased as an investment of moneys in any fund will be deemed to be part of such fund or account, subject, however, to the requirements of the Fiscal Agent Agreement for transfer of interest earnings and profits resulting from investment of amounts in funds and accounts. Whenever in the Fiscal Agent 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 will be entitled to its customary fee. Neither the Fiscal Agent nor the Treasurer will incur any liability for losses arising from any investments made pursuant to the Fiscal Agent Agreement. For purposes of determining the amount on deposit in any fund or account held under the Fiscal Agent Agreement, all Permitted Investments or investments credited to such fund or account will be valued at the cost of the Permitted Investment (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 the Fiscal Agent Agreement, or otherwise containing gross proceeds of the District Bonds (within the meaning of section 148 of the Code) will be acquired, disposed of, and valued (as of the date that valuation is required by the Fiscal Agent Agreement or the Code) at Fair Market Value. Notwithstanding the previous sentence, investments in funds or accounts (or portions of investments in funds or accounts) that are subject to a yield restriction under

the applicable provisions of the Code will be valued at their present value (within the meaning of section 148 of the Code). The Fiscal Agent will 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 in the Fiscal Agent Agreement 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 under the Fiscal Agent Agreement, provided that the Fiscal Agent or the Treasurer, as applicable, will 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 the Fiscal Agent Agreement.

The Fiscal Agent or the Treasurer, as applicable, will sell at the highest price reasonably obtainable, or present for redemption, any investment security whenever it will 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 will be liable or responsible for any loss resulting from the acquisition or disposition of such investment security in accordance with the Fiscal Agent Agreement.

Limited Obligation. Each District's obligations under the Fiscal Agent Agreements 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.

Liability of District. The District will not incur any responsibility in respect of the District Bonds and Additional Bonds or the Fiscal Agent Agreement other than in connection with the duties or obligations explicitly in the Fiscal Agent Agreement or in the District Bonds and Additional Bonds assigned to or imposed upon it. The District will not be liable in connection with the performance of its duties under the Fiscal Agent Agreement, except for its own negligence or willful default. The District will 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 in the Fiscal Agent Agreement or of any of the documents executed by the Fiscal Agent in connection with the District Bonds and Additional Bonds, or as to the existence of a default or event of default under the Fiscal Agent Agreement. 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 in the Fiscal Agent Agreement, upon certificates or opinions furnished to the District and conforming to the requirements of the Fiscal Agent Agreement. The District, including the Treasurer, will not be liable for any error of judgment made in good faith unless it will be proved that it was negligent in ascertaining the pertinent facts.

No provision of the Fiscal Agent Agreement will 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 under the Fiscal Agent Agreement, or in the exercise of any of its rights or powers, if it will 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 will 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 written opinion of such counsel will be full and complete authorization and protection in respect of any action taken or suffered by it under the Fiscal Agent Agreement in good faith and in

accordance with the Fiscal Agent Agreement.

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

Whenever in the administration of its duties under the Fiscal Agent Agreement the District will deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Fiscal Agent Agreement, such matter (unless other evidence in respect of such matter be in the Fiscal Agent Agreement 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 will be full warranty to the District for any action taken or suffered under the provisions of the Fiscal Agent Agreement or any Supplemental Agreement upon the faith of the Fiscal Agent, but in its discretion the District may instead accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

Employment of Agents by District or the City. In order to perform their respective duties and obligations under the Fiscal Agent Agreement, 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 will not be liable for any of the acts or omissions of such persons or entities employed by them in good faith under the Fiscal Agent Agreement, and will be entitled to rely, and will be fully protected in doing so, upon the opinions, calculations, determinations and directions of such persons or entities.

Events of Default and Remedies of Bond Owners

Events of Default. The following events are Events of Default:

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

(b) Failure to pay any installment of interest on any District Bond or Additional Bond when and as the same will become due and payable. Failure by the District to observe and perform any of the other covenants, agreements or conditions on its part in the Fiscal Agent Agreement or in the District Bonds or Additional Bonds contained, if such failure will have continued for a period of 60 days after written notice of such failure, specifying such failure and requiring the same to be remedied, will have been given to the District by the Fiscal Agent or the Owners of not less than 25% in aggregate principal amount of the District 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 will not constitute an Event of Default if corrective action is instituted by the District within such 60-day period and the District will diligently and in good faith cure such failure in a reasonable period of time.

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

(d) Default under a Supplemental Agreement securing the issuance of Additional Bonds.

Remedies of Bond Owners. Subject to the provisions of the Fiscal Agent Agreement,

any Bond Owner will 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 the Fiscal Agent Agreement and in the District 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.

Application of Special Taxes and Other Funds After Default. If an Event of Default occurs and is continuing, all Special Taxes, including any penalties, costs, fees and other charges accruing under the Act, and any other funds then held or later received by the Fiscal Agent under any of the provisions of the Fiscal Agent Agreement will 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 District 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 the Fiscal Agent Agreement;

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

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

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

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

Absolute Obligation of the District. Nothing in the Fiscal Agent Agreement or in

the District Bonds and Additional Bonds contained will affect or impair the obligation of the District, which is absolute and unconditional, to pay the principal of and interest on the District Bonds and Additional Bonds to the respective Owners of the District Bonds and Additional Bonds at their respective dates of maturity, or upon call for redemption, as provided in the Fiscal Agent Agreement, but only out of the Special Taxes and other moneys in the Fiscal Agent Agreement pledged for such payments 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 District Bonds and Additional Bonds.

Termination of Proceedings. In case any proceedings taken by any one or more Bond Owners on account of any Event of Default will have been discontinued or abandoned for any reason or will 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, will be restored to their former positions and rights under the Fiscal Agent Agreement, severally and respectively, and all rights, remedies, powers and duties of the City, and the Bond Owners will continue as though no such proceedings had been taken.

Remedies Not Exclusive. No remedy in the Fiscal Agent Agreement conferred upon or reserved to the Fiscal Agent or to the Owners of the District 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, will be cumulative and in addition to any other remedy given under the Fiscal Agent Agreement existing presently or in the future, at law or in equity or otherwise.

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

Actions by Fiscal Agent as Attorney-in-Fact. Any suit, action or proceeding which any Owner will have the right to bring to enforce any right or remedy under the Fiscal Agent Agreement may be brought by the Fiscal Agent for the equal benefit and protection of all Owners, and the Fiscal Agent is appointed (and the successive respective Owners of the District Bonds and Additional Bonds, by taking and holding the same, will 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.

Modification or Amendment of Fiscal Agent Agreement

Amendments Permitted. The Fiscal Agent Agreement and the rights and obligations of the District and of the Owners of the District 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 District Bonds and Additional Bonds then Outstanding, exclusive of District Bonds and Additional Bonds disqualified as provided in the Fiscal Agent Agreement. No such modification or amendment will (i) extend the maturity of any District Bond or reduce the interest rate on any District Bond, or otherwise alter or impair the obligation of the District to pay the principal of, and the interest and any premium on, any District Bond, without the express consent of the Owner of such District 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 District Bonds and Additional Bonds (except as otherwise permitted by the Act, the laws of the State of California or the Fiscal Agent Agreement), or (iii) reduce the percentage of District Bonds and Additional Bonds required for the amendment of the Fiscal Agent Agreement. Any such amendment may not modify any of the rights or obligations of the Fiscal Agent without its written consent.

The Fiscal Agent 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 anyone or more of the following purposes:

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

(b) to make modifications not adversely affecting any Outstanding District 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 the Fiscal Agent Agreement, or in regard to questions arising under the Fiscal Agent Agreement, as the District and the Fiscal Agent may deem necessary or desirable and not inconsistent with the Fiscal Agent Agreement, and which will not adversely affect the rights of the Owners of the District Bonds and Additional Bonds in any material respect; or

(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.

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

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 of such meeting, and to fix and adopt rules and regulations for the conduct of said meeting.

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 District Bonds and Additional Bonds or of the Fiscal Agent Agreement or any Supplemental Agreement, to the extent that such amendment is permitted by the Fiscal Agent Agreement, to take effect when and as provided in the Fiscal Agent Agreement. A copy of such Supplemental Agreement, together with a request to Owners for their consent to the Supplemental Agreement, will be mailed by first class mail by the Fiscal Agent to each Owner of District Bonds and Additional Bonds Outstanding, but failure to mail copies of such Supplemental Agreement and request will not affect the validity of the Supplemental Agreement when assented to as provided in the Fiscal Agent Agreement.

Such Supplemental Agreement will not become effective unless there will be filed with the Fiscal Agent the written consents of the Owners of at least sixty percent (60%) in aggregate principal amount of the District Bonds and Additional Bonds then Outstanding (exclusive of District Bonds and Additional Bonds disqualified as provided in the Fiscal Agent Agreement) and a notice will

have been mailed as provided in the Fiscal Agent Agreement. Each such consent will be effective only if accompanied by proof of ownership of the District Bonds and Additional Bonds for which such consent is given, which proof will be such as is permitted by the Fiscal Agent Agreement. Any such consent will be binding upon the Owner of the District Bonds and Additional Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice) 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 provided for in the Fiscal Agent Agreement has been mailed.

After the Owners of the required percentage of District Bonds and Additional Bonds will have filed their consents to the Supplemental Agreement, the District will mail a notice to the Owners in the manner provided in the Fiscal Agent Agreement 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 District Bonds and Additional Bonds and will be effective as provided in the Fiscal Agent Agreement (but failure to mail copies of said notice will not affect the validity of the Supplemental Agreement). Proof of the mailing of such notice will be filed with the Fiscal Agent. A record, consisting of the papers required by the Fiscal Agent Agreement to be filed with the Fiscal Agent, will be proof of the matters in the Fiscal Agent Agreement stated until the contrary is proved. The Supplemental Agreement will become effective upon the filing with the Fiscal Agent of the proof of mailing of such notice, and the Supplemental Agreement will be deemed conclusively binding (except as otherwise specifically provided in the Fiscal Agent Agreement) upon the District and the Owners of all District 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 60-day period.

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

Effect of Supplemental Agreement. From and after the time any Supplemental Agreement becomes effective, the Fiscal Agent Agreement will be deemed to be modified and amended in accordance with the Fiscal Agent Agreement, the respective rights, duties and obligations under the Fiscal Agent Agreement of the District and all Owners of District Bonds and Additional Bonds Outstanding will later be determined, exercised and enforced under the Fiscal Agent Agreement subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Agreement will be deemed to be part of the terms and conditions of the Fiscal Agent Agreement for any and all purposes.

Endorsement or Replacement of District Bonds and Additional Bonds Issued After Amendments. The District may determine that District Bonds and Additional Bonds issued and delivered after the effective date of any action taken as provided in the Fiscal Agent Agreement will 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 District Bonds and Additional Bond Outstanding at such effective date and presentation of his District Bond and 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 will be made on such District Bond and Additional Bond. The District may determine that new District Bonds and Additional Bonds, so modified as in the opinion of the District is necessary to conform to such Owners' action, will be prepared, executed and delivered.

In that case, upon demand of the Owner of any District Bonds and Additional Bonds then Outstanding, such new District Bonds and Additional Bonds will be exchanged at the Corporate Trust Office of the Fiscal Agent without cost to any Owner, for District Bonds and Additional Bonds then Outstanding, upon surrender of such District Bonds and Additional Bonds.

Amendatory Endorsement of District Bonds and Additional Bonds. The provisions of the Fiscal Agent Agreement will not prevent any Owner from accepting any amendment as to the particular District Bonds and Additional Bonds held by him, provided that due notation of such amendments is made on such District Bonds and Additional Bonds.

Opinion of Bond Counsel. In connection with any Supplemental Agreement, the Fiscal Agent will be entitled to receive an opinion of Bond Counsel that any such Supplemental Agreement is authorized or permitted by the Fiscal Agent Agreement and the Fiscal Agent may conclusively rely upon such opinion.

APPENDIX D

RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX FOR THE COMMUNITY FACILITIES DISTRICTS

City of Perris Community Facilities District No. 2001-1, May Farms Improvement Area No. 1

SPECIAL TAX RATE AND METHOD OF APPORTIONMENT

A Special Tax shall be levied on all Taxable Property in the City of Perris, Community Facilities District No. 2001-1, Improvement Area No. 1 (“IA No. 1”) and collected each fiscal year commencing in Fiscal Year 2002/03 according to the tax liability determined by the Council, through the application of the rate and method of apportionment of the Special Tax set forth below. All Taxable Property shall be taxed to the extent and in the manner herein provided.

A. DEFINITIONS

Acre or Acreage means the land area of an Assessor’s Parcel as shown on an Assessor's Parcel map, or if the land area is not shown on an Assessor's Parcel map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map. The square footage of an Assessor’s Parcel is equal to the Acreage of such parcel multiplied by 43,560.

Act means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

Administrative Fees or Administrative Expenses means the following actual or reasonably estimated costs directly related to the administration of IA No. 1: the costs of computing the IA No. 1 Special Taxes; the costs of preparing the annual IA No. 1 Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the IA No. 1 Special Taxes (whether by the City, the County or otherwise); the costs of remitting the IA No. 1 Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, the District, or any designee thereof complying with arbitrage rebate requirements; the costs to the City, the District, or any designee thereof complying with disclosure requirements of the City or the District, associated with applicable Federal and State securities laws and the Act; the costs associated with preparing IA No. 1 Special Tax disclosure statements and responding to public inquiries regarding the IA No. 1 Special Taxes; the costs to the City, the District, or any designee thereof related to an appeal of the IA No. 1 Special Tax; the costs associated with the release of funds from an escrow account; and the City’s annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or the District for any other administrative purposes of IA No. 1, including attorney’s fees and other costs related to commencing and pursuing any foreclosure of delinquent IA No. 1 Special Taxes.

Assessor means the Assessor of the County of Riverside.

Assessor's Parcel means a lot or parcel shown in an Assessor's Parcel Map with an assigned Assessor's parcel number.

Assigned Special Tax means the Special Tax for each Land Use Class of Developed Property, as determined in accordance with Section C below.

Backup Special Tax means the Special Tax applicable to each Assessor's Parcel of Developed Property, as determined in accordance with Section C below.

Bonds mean any bonds or other indebtedness (as defined in the Act) of the District for Improvement Area No. 1, whether in one or more series, secured by the levy of Special Taxes.

CFD Administrator means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and for levying and collecting the Special Taxes for the District.

City means the City of Perris, California.

Council means the City Council of the City of Perris acting as the legislative body of the CFD under the Act.

County means the County of Riverside, California.

Debt Service means for each fiscal year, the total amount of principal and interest payable on any Bonds, notes or certificates of participation of the District during the calendar year commencing on January 1 of such fiscal year.

Developed Property means for each fiscal year, all Taxable Property, exclusive of Taxable Property Owner Association Property or Taxable Public Property, for which a building permit for new construction or renovations was issued prior to April 1 of the previous fiscal year.

District means the City of Perris Community Facilities District No. 2001-1.

Final Subdivision means a subdivision of property created by recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 1352 that creates individual lots for which building permits may be issued without further subdivision.

Fiscal Year means the period starting on July 1 and ending the following June 30.

Improvement Area No. 1 or IA No. 1 means Improvement Area No. 1 of the District, as identified on the boundary map for the District or amended.

Indenture means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which IA No. 1 Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

Land Use Class means any of the classes listed in Table 1.

Maximum Annual Special Tax means the greatest amount of Special Tax, determined in accordance with Section C below, which may be levied in any fiscal year on any Assessor's Parcel.

Non-Residential Property means all Developed Property for which a building permit(s) was issued for a non-residential use.

Outstanding Bonds means all IA No. 1 Bonds, which are deemed to be outstanding under the Indenture.

Partial Prepayment Amount means a prepayment of a portion of the Special Tax obligation applicable to a parcel of Taxable Property as set forth in Section F.

Property Owner Association Property means any property within the boundaries of IA No. 1 owned in fee, dedicated to or subject to an easement benefiting a property owner association, including any master or sub-association.

Proportionately or Proportionate means, for Developed Property, that the ratio of the actual Special Tax levy to the Assigned Special Tax is equal for all Assessors' Parcels of Developed Property. For Undeveloped Property, Proportionately means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessors' Parcels of Undeveloped Property. The term Proportionately may similarly be applied to other categories of Taxable Property as listed in Section D below.

Public Property means any property within the boundaries of IA No. 1 the ownership of which is transferred to a public agency on or after the date of formation of the District and is used for rights-of-way or any other purpose and is owned by or dedicated to the federal government, the State of California, the County, the City or any other public agency; provided however that any property owned by a public agency and leased to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in accordance with its use.

Residential Floor Area means all of the square footage of usable area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, or similar area. The determination of Residential Floor Area shall be made by reference to the building permit(s) issued for such Assessor's Parcel.

Residential Property means all Assessors' Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

Resolution of Issuance means the Resolution passed by the Council authorizing the issuance of bonds.

Special Tax means any tax levied within IA No.1 of the District pursuant to the Act and this Rate and Method of Apportionment of Special Tax.

Special Tax Obligation means the total obligation of an Assessor's Parcel of Taxable Property to pay the Special Tax for the remaining life of the District.

Special Tax Requirement means that amount required in any fiscal year to: (i) pay Debt Service on all Outstanding Bonds; (ii) pay periodic costs on the Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on the Outstanding Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) accumulate funds to pay directly for acquisition or construction of facilities provided that the inclusion of such amount does not cause an increase in the Special Tax to be levied on Undeveloped Property, and (vi) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous fiscal year; less (vii) a credit for funds available to reduce the annual Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture.

State means the State of California.

Taxable Property means all of the Assessor's Parcels within the boundaries of IA No. 1, which are not exempt from the levy of the Special Tax pursuant to law or Section H below.

Taxable Property Owner Association Property means all Assessors' Parcels of Property Owner Association Property within IA No. 1 that are not exempt from the levy of Special Tax pursuant to Section H below.

Taxable Public Property means all Assessors' Parcels of Public Property that are not exempt from the levy of Special Tax pursuant to Section H below.

Trustee means the trustee or fiscal agent under the Indenture.

Undeveloped Property means, for each fiscal year, all Taxable Property not classified as Developed Property, Taxable Property Owner Association Property, or Taxable Public Property.

B. CLASSIFICATION OF PARCELS

Each fiscal year, all Taxable Property within IA No. 1 shall be classified as Developed Property, Taxable Property Owner Association Property, Taxable Public Property, or Undeveloped Property, and all such Taxable Property shall be subject to the levy of Special Taxes in accordance with the rate and method of apportionment determined pursuant to Sections C and D below. Assessor’s Parcels of Developed Property shall be classified as Residential Property or Non-Residential Property. Assessor’s Parcels of Residential Property shall be further classified to its applicable Land Use Class based on its Residential Floor Area.

C. MAXIMUM SPECIAL TAX RATES

1. DEVELOPED PROPERTY

(a) Maximum Special Tax

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property shall be the greater of (i) the amount derived by application of the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

(b) Assigned Special Tax

The Assigned Special Tax for each Land Use Class is shown in Table 1 for Fiscal Year 2002/03.

**TABLE 1
Assigned Special Taxes for Developed Property
Improvement Area No. 1
Fiscal Year 2002/03**

Land Use Class	Description	Assigned Special Tax
1	Single Family Property	\$1,200 per residential dwelling unit
2	Non-Residential Property	\$2,138 per Acre

On July 1st of each fiscal year, commencing July 1, 2003, the Assigned Special Tax shall increase by two-percent (2.00%) of the amount in effect in the prior fiscal year.

(c) Multiple Land Use Classes

In some instances an Assessor’s Parcel of Developed Property may contain more than one Land Use Class. The Assigned Special Tax levied on an Assessor’s Parcel shall be the sum of the Assigned Special Taxes for all Land Use Classes located on that Assessor’s Parcel. The Maximum Special Tax that can be levied on an Assessor’s Parcel shall be the sum of the Maximum Special Taxes that can be levied for all Land Use Classes located on that Assessor’s Parcel. For an Assessor’s Parcel that contains both Residential Property and Non-Residential Property, the Acreage of such Assessor’s Parcel shall be allocated to each type of property based on the amount of Acreage designated for each Land Use Class as determined by reference to the site plan approved for such Assessor’s Parcel. The CFD Administrator’s allocation to each type of property shall be final.

(d) Backup Special Tax

Each fiscal year, each Assessor's Parcel of Residential Property shall be subject to a Backup Special Tax. In each fiscal year, the Backup Special Tax rate for Residential Property within a Final Subdivision shall be the rate per dwelling unit calculated according to the following formula:

$$B = \frac{Z \times A}{L}$$

The terms above have the following meanings:

B = Backup Special Tax per Assessor's Parcel for the applicable fiscal year

Z = Maximum Special Tax for Undeveloped Property for the applicable fiscal year

A = Acreage of Taxable Property, excluding Taxable Public Property or Taxable Property Owner Association Property in such Final Subdivision that lie within the boundaries of IA No. 1, as determined by the CFD Administrator pursuant to Section H

L = Total Assessor's Parcels within the Final Subdivision that lie within the boundaries of IA No. 1

If a Final Subdivision includes Assessor Parcels for which building permits for both residential and non-residential construction may be issued, then the Backup Special Tax for each Assessor's Parcel of Residential Property within such Final Subdivision area shall be computed by the CFD Administrator exclusive of the allocable portion of total Acreage of Taxable Property attributable to Assessor Parcels for which building permits for non-residential construction may be issued.

Notwithstanding the foregoing, if Assessor Parcels of Residential Property are subsequently changed or modified by recordation of a Final Subdivision, then the Backup Special Tax shall be recalculated to equal the amount of the Backup Special Tax that would have been generated if such change did not take place.

2. TAXABLE PROPERTY OWNER ASSOCIATION PROPERTIES, TAXABLE PUBLIC PROPERTY, AND UNDEVELOPED PROPERTY.

The Maximum Special Tax for Taxable Property Owner Association Property, Taxable Public Property, and Undeveloped Property shall be \$2,138 per Acre for Fiscal Year 2002/03. On July 1st of each fiscal year Commencing July 1, 2003, the Maximum Special Tax for Taxable Property Owner Association Property, Taxable Public Property, and Undeveloped Property shall increase by two percent (2.00%) of the amount in effect in the prior fiscal year.

D. APPORTIONMENT OF SPECIAL TAX

For each fiscal year the Council shall determine the Special Tax Requirement and levy the Special Tax, until the amount of Special Taxes equals the Special Tax Requirement. The Special Tax shall be levied each fiscal year as follows:

First: The Special Tax shall be levied on each Assessor's Parcel of Developed Property in an amount up to 100% of the applicable Assigned Special Tax as necessary to satisfy the Special Tax Requirement;

Second: If additional moneys are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied on each Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Special Tax;

Third: If additional moneys are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased in equal percentages from the Assigned Special Tax up to 100% of the Maximum Special Tax for each such Assessor's Parcel;

Fourth: If additional moneys are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax shall be levied on each Assessor's Parcel of Taxable Property Owner Association Property or Taxable Public Property at up to 100% of the Maximum Special Tax for Taxable Property Owner Association Property or Taxable Public Property.

Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent as a consequence of delinquency or default by the owner of any other Assessor's Parcel within IA No. 1, except for those Residential Properties whose owners are also delinquent or in default on their Special Tax payments for one or more other properties within IA No. 1.

E. MANNER OF COLLECTION

Collection of the Special Tax shall be by the County in the same manner as ordinary ad valorem property taxes are collected and the Special Tax shall be subject to the same penalties and the same lien priority in the case of delinquency as ad valorem taxes; provided, however, that the Council may provide in the Indenture or in the Resolution of Issuance for (i) other means of collecting the Special Tax, including direct billings thereof to the property owners; and (ii) judicial foreclosure of delinquent Special Taxes.

F. DISCHARGE OF SPECIAL TAX OBLIGATION

Property owners may prepay and permanently satisfy the Special Tax Obligation by a cash settlement with the City as permitted under Government Code Section 53344. Prepayment is permitted only under the following conditions:

The following definition applies to this Section F:

CFD Public Facilities Costs means either \$1,250,000 in 2002 dollars, which shall increase by the Construction Inflation Index on July 1, 2003, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to acquire or construct the facilities to be financed by IA No. 1 under the authorized Mello-Roos financing program for the District, or (ii) shall be determined by the Council concurrently with a covenant that it will not issue any more IA No. 1 Bonds (except refunding bonds) to be supported by Special Taxes.

Construction Fund means the fund (regardless of its name) established pursuant to the Indenture to hold funds, which are currently available for expenditure to acquire or construct the facilities.

Construction Inflation Index means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, measured as of the calendar year, which ends in the previous fiscal year. In the event this index ceases to be published, the Inflation Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

Future Facilities Costs means the CFD Public Facilities Costs minus (i) costs previously paid from the Construction Fund to acquire or construct the facilities, (ii) moneys currently on deposit in the Construction Fund, and (iii) moneys currently on deposit in an escrow or other earmarked fund that are expected to be available to finance CFD Public Facilities Costs.

Outstanding Bonds means all Previously Issued Bonds, which remain outstanding as of the first interest and/or principal payment date following the current fiscal year.

Previously Issued Bonds means all IA No. 1 Bonds that have been issued prior to the date of prepayment.

1. PREPAYMENT IN FULL

The Special Tax Obligation applicable to an Assessor's Parcel in IA No. 1 may be prepaid and the obligation of the Assessor's Parcel to pay any Special Tax permanently satisfied as described herein, provided that a prepayment may be made with respect to a particular Assessor's Parcel only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Special Tax Obligation shall provide the CFD Administrator with written notice of intent to prepay and the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the Prepayment Amount for such Assessor's Parcel within thirty (30) days of the request and may charge a reasonable fee for providing this service. Prepayment must be made more than 60 days prior to any redemption date for the IA No. 1 Bonds to be redeemed with the proceeds of such prepaid Special Taxes.

The Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

Bond Redemption Amount

	plus	Redemption Premium
	plus	Future Facilities Prepayment Amount
	plus	Defeasance Amount
	plus	Prepayment Administrative Fees and Expenses
	plus	Reserve Fund Credit
	plus	Capitalized Interest Credit
Total:	equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

PARAGRAPH:

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. For Assessor's Parcels of Developed Property, compute the Assigned Special Tax and Backup Special Tax. For Assessor's Parcels of Undeveloped Property for which a building permit has been issued, compute the Assigned Special Tax and Backup Special Tax for that Assessor's Parcel as though it was already designated as Developed Property, based upon the building permit which has already been issued for that Assessor's Parcel.
3. (a) Divide the Assigned Special Tax computed pursuant to paragraph 2 by the total estimated Assigned Special Taxes for IA No. 1 based on the Developed Property Special Taxes which could be levied in the current fiscal year on all expected development through build-out of IA No. 1 as determined by the CFD Administrator, excluding any Assessor's Parcels for which the Special Tax Obligation has been prepaid, and

(b) Divide the Backup Special Tax computed pursuant to paragraph 2 by the total estimated Backup Special Taxes at build-out for IA No. 1, excluding any Assessor's Parcels for which the Special Tax Obligation has been prepaid.

4. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the Bond Redemption Amount).
5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium (expressed as a percentage), if any, on the Outstanding Bonds to be redeemed at the first available call date (the Redemption Premium).
6. Compute the current Future Facilities Costs.
7. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the amount determined pursuant to paragraph 6 to compute the amount of Future Facilities Costs to be prepaid (the Future Facilities Prepayment Amount).
8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current fiscal year until the earliest redemption date for the Outstanding Bonds.
9. Compute the amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Amount and the Prepayment Administrative Fees and Expenses from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.
10. Take the amount computed pursuant to paragraph 8 and subtract the amount computed pursuant to paragraph 9 (the Defeasance Amount).
11. Verify the administrative fees and expenses of IA No. 1, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming IA No. 1, and the costs of recording any notices to evidence the prepayment and the redemption (the Prepayment Administrative Fees and Expenses).
12. If reserve funds for the Outstanding Bonds, if any, are at or above 100% of the reserve requirement (as defined in the Indenture) on the prepayment date, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the Reserve Fund Credit). No Reserve Fund Credit shall be granted if reserve funds are below 100% of the reserve requirement.
13. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current fiscal year, a capitalized interest credit shall be calculated by multiplying the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the Capitalized Interest Credit).
14. The Special Tax Obligation is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 7, 10, and 11, less the amounts computed pursuant to paragraphs 12 and 13 (the Prepayment Amount).
15. From the Prepayment Amount, the sum of the amounts computed pursuant to paragraphs 4, 5, 10, 12, and 13 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make Debt Service payments. The amount computed pursuant to paragraph 7 shall be deposited into the Construction Fund. The amount computed pursuant to paragraph 11 shall be retained by the District.

The Prepayment Amount may be sufficient to redeem an amount other than a \$5,000 increment of IA No. 1 Bonds. In such cases, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate

fund established under the Indenture to redeem IA No. 1 Bonds to be used with the next prepayment of IA No. 1 Bonds.

The CFD Administrator will confirm that all previously levied Special Taxes have been paid in full. With respect to any Assessor's Parcel that is prepaid in full, once the CFD Administrator has confirmed that all previously levied Special Taxes have been paid, the Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor's Parcel, and the Special Tax Obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the aggregate amount of Maximum Special Taxes that may be levied on Taxable Property, respectively, after the proposed prepayment is at least 1.1 times the maximum annual Debt Service on all Outstanding Bonds.

2. PREPAYMENT IN PART

The Special Tax on an Assessor's Parcel of Developed Property, or an Assessor's Parcel of Undeveloped Property for which a building permit has been issued may be partially prepaid. The amount of the prepayment shall be calculated as in Section F.1, except that a partial prepayment shall be calculated according to the following formula:

$$PP = P_E \times F.$$

These terms have the following meaning:

PP = the partial prepayment

P_E = the Prepayment Amount calculated according to Section F.1.

F = the percentage by which the owner of the Assessor's Parcel(s) is partially prepaying the Special Tax.

The owner of any Assessor's Parcel who desires such prepayment shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Special Tax, (ii) the percentage by which the Special Tax shall be prepaid, and (iii) the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax for an Assessor's Parcel within thirty (30) days of the request and may charge a reasonable fee for providing this service.

With respect to any Assessor's Parcel that is partially prepaid, the City shall (i) distribute the funds remitted to it according to Section F.1, and (ii) indicate in the records of the District that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage $(1.00 - F)$ of the remaining Maximum Annual Special Tax, shall continue to be levied on such Assessor's Parcel pursuant to Section D.

G. TERM OF SPECIAL TAX

The Special Tax shall be levied annually for a period not to exceed Fiscal Year 2039/40 commencing with Fiscal Year 2002/03, provided however that Special Taxes will cease to be levied in an earlier fiscal year if the CFD Administrator has determined that all required interest and principal payments on the IA No. 1 Bonds have been paid.

H. EXEMPTIONS

No Special Tax shall be levied on up to 12.42 Acres of Property Owner Association Property or Public Property. Tax-exempt status will be assigned by the CFD Administrator in the chronological order in which property becomes Property Owner Association Property or Public Property. However, should an Assessor's Parcel no longer be classified as Property Owner Association Property or Public Property, its status as a property exempt from the levy of Special Taxes will be revoked.

Property Owner Association Property or Public Property that is not exempt from Special Taxes under this section shall be subject to the levy of the Special Tax and shall be taxed as part of the fourth step in Section D above, at up to 100% of the applicable Maximum Special Tax for Taxable Property Owner Association Property or Taxable Public Property.

**City of Perris
Community Facilities District No. 2001-1, May Farms
Improvement Area No. 2**

SPECIAL TAX RATE AND METHOD OF APPORTIONMENT

A Special Tax shall be levied on all Taxable Property in the City of Perris, Community Facilities District No. 2001-1, Improvement Area No. 2 (“IA No. 2”) and collected each fiscal year commencing in Fiscal Year 2002/03 according to the tax liability determined by the Council, through the application of the rate and method of apportionment of the Special Tax set forth below. All Taxable Property shall be taxed to the extent and in the manner herein provided.

A. DEFINITIONS

Acre or Acreage means the land area of an Assessor’s Parcel as shown on an Assessor's Parcel map, or if the land area is not shown on an Assessor's Parcel map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map. The square footage of an Assessor’s Parcel is equal to the Acreage of such parcel multiplied by 43,560.

Act means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

Administrative Fees or Administrative Expenses means the following actual or reasonably estimated costs directly related to the administration of IA No. 2: the costs of computing the IA No. 2 Special Taxes; the costs of preparing the annual IA No. 2 Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the IA No. 2 Special Taxes (whether by the City, the County or otherwise); the costs of remitting the IA No. 2 Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, the District, or any designee thereof complying with arbitrage rebate requirements; the costs to the City, the District, or any designee thereof complying with disclosure requirements of the City or the District, associated with applicable Federal and State securities laws and the Act; the costs associated with preparing IA No. 2 Special Tax disclosure statements and responding to public inquiries regarding the IA No. 2 Special Taxes; the costs to the City, the District, or any designee thereof related to an appeal of the IA No. 2 Special Tax; the costs associated with the release of funds from an escrow account; and the City’s annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or the District for any other administrative purposes of IA No. 2, including attorney’s fees and other costs related to commencing and pursuing any foreclosure of delinquent IA No. 2 Special Taxes.

Assessor means the Assessor of the County of Riverside.

Assessor's Parcel means a lot or parcel shown in an Assessor's Parcel Map with an assigned Assessor's parcel number.

Assigned Special Tax means the Special Tax for each Land Use Class of Developed Property, as determined in accordance with Section C below.

Backup Special Tax means the Special Tax applicable to each Assessor’s Parcel of Developed Property, as determined in accordance with Section C below.

Bonds mean any bonds or other indebtedness (as defined in the Act) of the District for Improvement Area No. 2, whether in one or more series, secured by the levy of Special Taxes.

CFD Administrator means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and for levying and collecting the Special Taxes for the District.

City means the City of Perris, California.

Council means the City Council of the City of Perris acting as the legislative body of the District under the Act.

County means the County of Riverside, California.

Debt Service means for each fiscal year, the total amount of principal and interest payable on any Bonds, notes or certificates of participation of the District during the calendar year commencing on January 1 of such fiscal year.

Developed Property means for each fiscal year, all Taxable Property, exclusive of Taxable Property Owner Association Property or Taxable Public Property, for which a building permit for new construction or renovations was issued prior to April 1 of the previous fiscal year.

District means the City of Perris Community Facilities District No. 2001-1.

Final Subdivision means a subdivision of property created by recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 1352 that creates individual lots for which building permits may be issued without further subdivision.

Fiscal Year means the period starting on July 1 and ending the following June 30.

Improvement Area No. 2 or IA No. 2 means Improvement Area No. 2 of the District, as identified on the boundary map for the District or amended.

Indenture means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which IA No. 2 Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

Land Use Class means any of the classes listed in Table 1.

Maximum Annual Special Tax means the greatest amount of Special Tax, determined in accordance with Section C below, which may be levied in any fiscal year on any Assessor's Parcel.

Non-Residential Property means all Developed Property for which a building permit(s) was issued for a non-residential use.

Outstanding Bonds means all IA No. 2 Bonds, which are deemed to be outstanding under the Indenture.

Partial Prepayment Amount means a prepayment of a portion of the Special Tax obligation applicable to a parcel of Taxable Property as set forth in Section F.

Property Owner Association Property means any property within the boundaries of IA No. 2 owned in fee, dedicated to or subject to an easement benefiting a property owner association, including any master or sub-association.

Proportionately or Proportionate means, for Developed Property, that the ratio of the actual Special Tax levy to the Assigned Special Tax is equal for all Assessors' Parcels of Developed Property. For Undeveloped Property, Proportionately means that the ratio of the actual Special Tax levy per Acre to the Maximum Special

Tax per Acre is equal for all Assessors' Parcels of Undeveloped Property. The term Proportionately may similarly be applied to other categories of Taxable Property as listed in Section D below.

Public Property means any property within the boundaries of IA No. 2 the ownership of which is transferred to a public agency on or after the date of formation of the District and is used for rights-of-way or any other purpose and is owned by or dedicated to the federal government, the State of California, the County, the City or any other public agency; provided however that any property owned by a public agency and leased to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in accordance with its use.

Residential Floor Area means all of the square footage of usable area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, or similar area. The determination of Residential Floor Area shall be made by reference to the building permit(s) issued for such Assessor's Parcel.

Residential Property means all Assessors' Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

Resolution of Issuance means the Resolution passed by the Council authorizing the issuance of bonds.

Special Tax means any tax levied within IA No.1 of the District pursuant to the Act and this Rate and Method of Apportionment of Special Tax.

Special Tax Obligation means the total obligation of an Assessor's Parcel of Taxable Property to pay the Special Tax for the remaining life of the District.

Special Tax Requirement means that amount required in any fiscal year to: (i) pay Debt Service on all Outstanding Bonds; (ii) pay periodic costs on the Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on the Outstanding Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) accumulate funds to pay directly for acquisition or construction of facilities provided that the inclusion of such amount does not cause an increase in the Special Tax to be levied on Undeveloped Property, and (vi) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous fiscal year; less (vii) a credit for funds available to reduce the annual Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture.

State means the State of California.

Taxable Property means all of the Assessor's Parcels within the boundaries of IA No. 2, which are not exempt from the levy of the Special Tax pursuant to law or Section H below.

Taxable Property Owner Association Property means all Assessors' Parcels of Property Owner Association Property within IA No. 2 that are not exempt from the levy of Special Tax pursuant to Section H below.

Taxable Public Property means all Assessors' Parcels of Public Property that are not exempt from the levy of Special Tax pursuant to Section H below.

Trustee means the trustee or fiscal agent under the Indenture.

Undeveloped Property means, for each fiscal year, all Taxable Property not classified as Developed Property, Taxable Property Owner Association Property, or Taxable Public Property.

B. CLASSIFICATION OF PARCELS

Each Fiscal Year, all Taxable Property within IA No. 2 shall be classified as Developed Property, Taxable Property Owner Association Property, Taxable Public Property, or Undeveloped Property, and all such Taxable Property shall be subject to the levy of Special Taxes in accordance with the rate and method of apportionment determined pursuant to Sections C and D below. Assessor’s Parcels of Developed Property shall be classified as Residential Property or Non-Residential Property. Assessor’s Parcels of Residential Property shall be further classified to its applicable Land Use Class based on its Residential Floor Area.

MAXIMUM SPECIAL TAX RATES

1. DEVELOPED PROPERTY

(a) Maximum Special Tax

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property shall be the greater of (i) the amount derived by application of the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

(b) Assigned Special Tax

The Assigned Special Tax for each Land Use Class is shown in Table 1 for the 2002/03 Fiscal Year.

**TABLE 1
Assigned Special Taxes for Developed Property
Improvement Area No. 2
Fiscal Year 2002/03**

Land Use Class	Description	Residential Floor Area (Sqft.)	Assigned Special Tax
1	Single Family Property	2,100 sqft. or less	\$980 per residential dwelling unit
2	Single Family Property	2,101 to 2,400 sqft.	\$1,091 per residential dwelling unit
3	Single Family Property	2,401 to 2,700 sqft.	\$1,154 per residential dwelling unit
4	Single Family Property	2,701 to 3,000 sqft.	\$1,257 per residential dwelling unit
5	Single Family Property	3,001 sqft. or greater	\$1,368 per residential dwelling unit
6	Non-Residential Property	N/A	\$7,663 per Acre

On July 1st of each Fiscal Year, commencing July 1, 2003, the Assigned Special Tax shall increase by two-percent (2.00%) of the amount in effect in the prior Fiscal Year.

(c) Multiple Land Use Classes

In some instances an Assessor’s Parcel of Developed Property may contain more than one Land Use Class. The Assigned Special Tax levied on an Assessor’s Parcel shall be the sum of the Assigned Special Taxes for all Land Use Classes located on that Assessor’s Parcel. The Maximum Special Tax that can be levied on an Assessor’s Parcel shall be the sum of the Maximum Special Taxes that can be levied for all Land Use Classes located on that Assessor’s Parcel. For an Assessor’s Parcel that contains both Residential Property and Non-Residential Property, the Acreage of such Assessor’s Parcel shall be allocated to each type of property based on the amount of Acreage designated for each Land Use Class as determined by reference to the site plan approved for such Assessor’s Parcel. The CFD Administrator’s allocation to each type of property shall be final.

(d) Backup Special Tax

Each Fiscal Year, each Assessor's Parcel of Residential Property shall be subject to a Backup Special Tax. In each Fiscal Year, the Backup Special Tax rate for Residential Property within a Final Subdivision shall be the rate per dwelling unit calculated according to the following formula:

$$B = \frac{Z \times A}{L}$$

The terms above have the following meanings:

B = Backup Special Tax per Assessor's Parcel for the applicable Fiscal Year

Z = Maximum Special Tax for Undeveloped Property for the applicable Fiscal Year

A = Acreage of Taxable Property, excluding Taxable Public Property or Taxable Property Owner Association Property in such Final Subdivision that lie within the boundaries of IA No. 2, as determined by the CFD Administrator pursuant to Section H

L = Total Assessor's Parcels within the Final Subdivision that lie within the boundaries of IA No. 2

If a Final Subdivision includes Assessor Parcels for which building permits for both residential and non-residential construction may be issued, then the Backup Special Tax for each Assessor's Parcel of Residential Property within such Final Subdivision area shall be computed by the CFD Administrator exclusive of the allocable portion of total Acreage of Taxable Property attributable to Assessor Parcels for which building permits for non-residential construction may be issued.

Notwithstanding the foregoing, if Assessor Parcels of Residential Property are subsequently changed or modified by recordation of a Final Subdivision, then the Backup Special Tax shall be recalculated to equal the amount of the Backup Special Tax that would have been generated if such change did not take place.

2. TAXABLE PROPERTY OWNER ASSOCIATION PROPERTIES, TAXABLE PUBLIC PROPERTY, AND UNDEVELOPED PROPERTY.

The Maximum Special Tax for Taxable Property Owner Association Property, Taxable Public Property, and Undeveloped Property shall be \$2,138 per Acre for Fiscal Year 2002/03. On July 1st of each Fiscal Year Commencing July 1, 2003, the Maximum Special Tax for Taxable Property Owner Association Property, Taxable Public Property, and Undeveloped Property shall increase by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

C. APPORTIONMENT OF SPECIAL TAX

For each Fiscal Year the Council shall determine the Special Tax Requirement and levy the Special Tax, until the amount of Special Taxes equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied on each Assessor's Parcel of Developed Property in an amount up to 100% of the applicable Assigned Special Tax as necessary to satisfy the Special Tax Requirement;

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied on each Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Special Tax;

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property whose Maximum

Special Tax is determined through the application of the Backup Special Tax shall be increased in equal percentages from the Assigned Special Tax up to 100% of the Maximum Special Tax for each such Assessor's Parcel;

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax shall be levied on each Assessor's Parcel of Taxable Property Owner Association Property or Taxable Public Property at up to 100% of the Maximum Special Tax for Taxable Property Owner Association Property or Taxable Public Property.

Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent as a consequence of delinquency or default by the owner of any other Assessor's Parcel within IA No. 2, except for those Residential Properties whose owners are also delinquent or in default on their Special Tax payments for one or more other properties within IA No. 2.

D. MANNER OF COLLECTION

Collection of the Special Tax shall be by the County in the same manner as ordinary ad valorem property taxes are collected and the Special Tax shall be subject to the same penalties and the same lien priority in the case of delinquency as ad valorem taxes; provided, however, that the Council may provide in the Indenture or in the Resolution of Issuance for (i) other means of collecting the Special Tax, including direct billings thereof to the property owners; and (ii) judicial foreclosure of delinquent Special Taxes.

E. DISCHARGE OF SPECIAL TAX OBLIGATION

Property owners may prepay and permanently satisfy the Special Tax Obligation by a cash settlement with the City as permitted under Government Code Section 53344. Prepayment is permitted only under the following conditions:

The following definition applies to this Section F:

CFD Public Facilities Costs means either \$3,060,000 in 2002 dollars, which shall increase by the Construction Inflation Index on July 1, 2003, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to acquire or construct the facilities to be financed by IA No. 2 under the authorized Mello-Roos financing program for the District, or (ii) shall be determined by the Council concurrently with a covenant that it will not issue any more IA No. 2 Bonds (except refunding bonds) to be supported by Special Taxes.

Construction Fund means the fund (regardless of its name) established pursuant to the Indenture to hold funds, which are currently available for expenditure to acquire or construct the facilities.

Construction Inflation Index means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, measured as of the calendar year, which ends in the previous fiscal year. In the event this index ceases to be published, the Inflation Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

Future Facilities Costs means the CFD Public Facilities Costs minus (i) costs previously paid from the Construction Fund to acquire or construct the facilities, (ii) monies currently on deposit in the Construction Fund, and (iii) monies currently on deposit in an escrow or other earmarked fund that are expected to be available to finance CFD Public Facilities Costs.

Outstanding Bonds means all Previously Issued Bonds, which remain outstanding as of the first interest and/or principal payment date following the current fiscal year.

Previously Issued Bonds means all IA No. 2 Bonds that have been issued prior to the date of prepayment.

1. PREPAYMENT IN FULL

The Special Tax Obligation applicable to an Assessor’s Parcel in IA No. 2 may be prepaid and the obligation of the Assessor’s Parcel to pay any Special Tax permanently satisfied as described herein, provided that a prepayment may be made with respect to a particular Assessor’s Parcel only if there are no delinquent Special Taxes with respect to such Assessor’s Parcel at the time of prepayment. An owner of an Assessor’s Parcel intending to prepay the Special Tax Obligation shall provide the CFD Administrator with written notice of intent to prepay and the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the Prepayment Amount for such Assessor’s Parcel within thirty (30) days of the request and may charge a reasonable fee for providing this service. Prepayment must be made more than 60 days prior to any redemption date for the IA No. 2 Bonds to be redeemed with the proceeds of such prepaid Special Taxes.

The Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

Bond Redemption Amount	
plus	Redemption Premium
plus	Future Facilities Prepayment Amount
plus	Defeasance Amount
plus	Prepayment Administrative Fees and Expenses
plus	Reserve Fund Credit
plus	Capitalized Interest Credit
Total: equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

PARAGRAPH:

1. Confirm that no Special Tax delinquencies apply to such Assessor’s Parcel.
2. For Assessor’s Parcels of Developed Property, compute the Assigned Special Tax and Backup Special Tax. For Assessor’s Parcels of Undeveloped Property for which a building permit has been issued, compute the Assigned Special Tax and Backup Special Tax for that Assessor’s Parcel as though it was already designated as Developed Property, based upon the building permit which has already been issued for that Assessor’s Parcel.
3. (a) Divide the Assigned Special Tax computed pursuant to paragraph 2 by the total estimated Assigned Special Taxes for IA No. 2 based on the Developed Property Special Taxes which could be levied in the current Fiscal Year on all expected development through build-out of IA No. 2 as determined by the CFD Administrator, excluding any Assessor’s Parcels for which the Special Tax Obligation has been prepaid, and

(b) Divide the Backup Special Tax computed pursuant to paragraph 2 by the total estimated Backup Special Taxes at build-out for IA No. 2, excluding any Assessor’s Parcels for which the Special Tax Obligation has been prepaid.

4. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the Bond Redemption Amount).
5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium (expressed as a percentage), if any, on the Outstanding Bonds to be redeemed at the first available call date (the Redemption Premium).
6. Compute the current Future Facilities Costs.
7. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the amount determined pursuant to paragraph 6 to compute the amount of Future Facilities Costs to be prepaid (the Future Facilities Prepayment Amount).
8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.
9. Compute the amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Amount and the Prepayment Administrative Fees and Expenses from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.
10. Take the amount computed pursuant to paragraph 8 and subtract the amount computed pursuant to paragraph 9 (the Defeasance Amount).
11. Verify the administrative fees and expenses of IA No. 2, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming IA No. 2, and the costs of recording any notices to evidence the prepayment and the redemption (the Prepayment Administrative Fees and Expenses).
12. If reserve funds for the Outstanding Bonds, if any, are at or above 100% of the reserve requirement (as defined in the Indenture) on the prepayment date, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the Reserve Fund Credit). No Reserve Fund Credit shall be granted if reserve funds are below 100% of the reserve requirement.
13. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the Capitalized Interest Credit).
14. The Special Tax Obligation is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 7, 10, and 11, less the amounts computed pursuant to paragraphs 12 and 13 (the Prepayment Amount).
15. From the Prepayment Amount, the sum of the amounts computed pursuant to paragraphs 4, 5, 10, 12, and 13 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make Debt Service payments. The amount computed pursuant to paragraph 7 shall be deposited into the Construction Fund. The amount computed pursuant to paragraph 11 shall be retained by the District.

The Prepayment Amount may be sufficient to redeem an amount other than a \$5,000 increment of IA No. 2 Bonds. In such cases, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate

fund established under the Indenture to redeem IA No. 2 Bonds to be used with the next prepayment of IA No. 2 Bonds.

The CFD Administrator will confirm that all previously levied Special Taxes have been paid in full. With respect to any Assessor's Parcel that is prepaid in full, once the CFD Administrator has confirmed that all previously levied Special Taxes have been paid, the Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor's Parcel, and the Special Tax Obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the aggregate amount of Maximum Special Taxes that may be levied on Taxable Property, respectively, after the proposed prepayment is at least 1.1 times the maximum annual Debt Service on all Outstanding Bonds.

2. PREPAYMENT IN PART

The Special Tax on an Assessor's Parcel of Developed Property, or an Assessor's Parcel of Undeveloped Property for which a building permit has been issued may be partially prepaid. The amount of the prepayment shall be calculated as in Section F.1, except that a partial prepayment shall be calculated according to the following formula:

$$PP = P_E \times F.$$

These terms have the following meaning:

PP = the partial prepayment

P_E = the Prepayment Amount calculated according to Section F.1.

F = the percentage by which the owner of the Assessor's Parcel(s) is partially prepaying the Special Tax.

The owner of any Assessor's Parcel who desires such prepayment shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Special Tax, (ii) the percentage by which the Special Tax shall be prepaid, and (iii) the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax for an Assessor's Parcel within thirty (30) days of the request and may charge a reasonable fee for providing this service.

With respect to any Assessor's Parcel that is partially prepaid, the City shall (i) distribute the funds remitted to it according to Section F.1, and (ii) indicate in the records of the District that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage (1.00 - F) of the remaining Maximum Annual Special Tax, shall continue to be levied on such Assessor's Parcel pursuant to Section D.

F. TERM OF SPECIAL TAX

The Special Tax shall be levied annually for a period not to exceed Fiscal Year 2039/40 commencing with Fiscal Year 2002/03, provided however that Special Taxes will cease to be levied in an earlier Fiscal Year if the CFD Administrator has determined that all required interest and principal payments on the IA No. 2 Bonds have been paid.

G. EXEMPTIONS

No Special Tax shall be levied on up to 24.63 Acres of Property Owner Association Property or Public Property. Tax-exempt status will be assigned by the CFD Administrator in the chronological order in which property becomes Property Owner Association Property or Public Property. However, should an Assessor's Parcel no longer be classified as Property Owner Association Property or Public Property, its status as a property exempt from the levy of Special Taxes will be revoked.

Property Owner Association Property or Public Property that is not exempt from Special Taxes under this section shall be subject to the levy of the Special Tax and shall be taxed as part of the fourth step in Section D above, at up to 100% of the applicable Maximum Special Tax for Taxable Property Owner Association Property or Taxable Public Property.

City of Perris
Community Facilities District No. 2001-1, May Farms
Improvement Area No. 3

SPECIAL TAX RATE AND METHOD OF APPORTIONMENT

A Special Tax shall be levied on all Taxable Property in the City of Perris, Community Facilities District No. 2001-1, Improvement Area No. 3 (“IA No. 3”) and collected each fiscal year commencing in Fiscal Year 2002/03 according to the tax liability determined by the Council, through the application of the rate and method of apportionment of the Special Tax set forth below. All Taxable Property shall be taxed to the extent and in the manner herein provided.

A. DEFINITIONS

Acre or Acreage means the land area of an Assessor’s Parcel as shown on an Assessor's Parcel map, or if the land area is not shown on an Assessor's Parcel map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map. The square footage of an Assessor’s Parcel is equal to the Acreage of such parcel multiplied by 43,560.

Act means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

Administrative Fees or Administrative Expenses means the following actual or reasonably estimated costs directly related to the administration of IA No. 3: the costs of computing the IA No. 3 Special Taxes; the costs of preparing the annual IA No. 3 Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the IA No. 3 Special Taxes (whether by the City, the County or otherwise); the costs of remitting the IA No. 3 Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, the District, or any designee thereof complying with arbitrage rebate requirements; the costs to the City, the District, or any designee thereof complying with disclosure requirements of the City or the District, associated with applicable Federal and State securities laws and the Act; the costs associated with preparing IA No. 3 Special Tax disclosure statements and responding to public inquiries regarding the IA No. 3 Special Taxes; the costs to the City, the District, or any designee thereof related to an appeal of the IA No. 3 Special Tax; the costs associated with the release of funds from an escrow account; and the City’s annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or the District for any other administrative purposes of IA No. 3, including attorney’s fees and other costs related to commencing and pursuing any foreclosure of delinquent IA No. 3 Special Taxes.

Assessor means the Assessor of the County of Riverside.

Assessor's Parcel means a lot or parcel shown in an Assessor's Parcel Map with an assigned Assessor's parcel number.

Assigned Special Tax means the Special Tax for each Land Use Class of Developed Property, as determined in accordance with Section C below.

Backup Special Tax means the Special Tax applicable to each Assessor’s Parcel of Developed Property, as determined in accordance with Section C below.

Bonds mean any bonds or other indebtedness (as defined in the Act) of the District for Improvement Area No. 3, whether in one or more series, secured by the levy of Special Taxes.

CFD Administrator means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and for levying and collecting the Special Taxes for the District.

City means the City of Perris, California.

Council means the City Council of the City of Perris acting as the legislative body of the District under the Act.

County means the County of Riverside, California.

Debt Service means for each fiscal year, the total amount of principal and interest payable on any Bonds, notes or certificates of participation of the District during the calendar year commencing on January 1 of such fiscal year.

Developed Property means for each fiscal year, all Taxable Property, exclusive of Taxable Property Owner Association Property or Taxable Public Property, for which a building permit for new construction or renovations was issued prior to April 1 of the previous fiscal year.

District means the City of Perris Community Facilities District No. 2001-1.

Final Subdivision means a subdivision of property created by recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 1352 that creates individual lots for which building permits may be issued without further subdivision.

Fiscal Year means the period starting on July 1 and ending the following June 30.

Improvement Area No. 3 or IA No. 3 means Improvement Area No. 3 of the District, as identified on the boundary map for the District or amended.

Indenture means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which IA No. 3 Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

Land Use Class means any of the classes listed in Table 1.

Maximum Annual Special Tax means the greatest amount of Special Tax, determined in accordance with Section C below, which may be levied in any fiscal year on any Assessor's Parcel.

Non-Residential Property means all Developed Property for which a building permit(s) was issued for a non-residential use.

Outstanding Bonds means all IA No. 3 Bonds, which are deemed to be outstanding under the Indenture.

Partial Prepayment Amount means a prepayment of a portion of the Special Tax obligation applicable to a parcel of Taxable Property as set forth in Section F.

Property Owner Association Property means any property within the boundaries of IA No. 3 owned in fee, dedicated to or subject to an easement benefiting a property owner association, including any master or sub-association.

Proportionately or Proportionate means, for Developed Property, that the ratio of the actual Special Tax levy to the Assigned Special Tax is equal for all Assessors' Parcels of Developed Property. For Undeveloped Property, Proportionately means that the ratio of the actual Special Tax levy per Acre to the Maximum Special

Tax per Acre is equal for all Assessors' Parcels of Undeveloped Property. The term Proportionately may similarly be applied to other categories of Taxable Property as listed in Section D below.

Public Property means any property within the boundaries of IA No. 3 the ownership of which is transferred to a public agency on or after the date of formation of the District and is used for rights-of-way or any other purpose and is owned by or dedicated to the federal government, the State of California, the County, the City or any other public agency; provided however that any property owned by a public agency and leased to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in accordance with its use.

Residential Floor Area means all of the square footage of usable area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, or similar area. The determination of Residential Floor Area shall be made by reference to the building permit(s) issued for such Assessor's Parcel.

Residential Property means all Assessors' Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

Resolution of Issuance means the Resolution passed by the Council authorizing the issuance of bonds.

Special Tax means any tax levied within IA No.1 of the District pursuant to the Act and this Rate and Method of Apportionment of Special Tax.

Special Tax Obligation means the total obligation of an Assessor's Parcel of Taxable Property to pay the Special Tax for the remaining life of the District.

Special Tax Requirement means that amount required in any fiscal year to: (i) pay Debt Service on all Outstanding Bonds; (ii) pay periodic costs on the Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on the Outstanding Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) accumulate funds to pay directly for acquisition or construction of facilities provided that the inclusion of such amount does not cause an increase in the Special Tax to be levied on Undeveloped Property, and (vi) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous fiscal year; less (vii) a credit for funds available to reduce the annual Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture.

State means the State of California.

Taxable Property means all of the Assessor's Parcels within the boundaries of IA No. 3, which are not exempt from the levy of the Special Tax pursuant to law or Section H below.

Taxable Property Owner Association Property means all Assessors' Parcels of Property Owner Association Property within IA No. 3 that are not exempt from the levy of Special Tax pursuant to Section H below.

Taxable Public Property means all Assessors' Parcels of Public Property that are not exempt from the levy of Special Tax pursuant to Section H below.

Trustee means the trustee or fiscal agent under the Indenture.

Undeveloped Property means, for each fiscal year, all Taxable Property not classified as Developed Property, Taxable Property Owner Association Property, or Taxable Public Property.

B. CLASSIFICATION OF PARCELS

Each fiscal year, all Taxable Property within IA No. 3 shall be classified as Developed Property, Taxable Property Owner Association Property, Taxable Public Property, or Undeveloped Property, and all such Taxable Property shall be subject to the levy of Special Taxes in accordance with the rate and method of apportionment determined pursuant to Sections C and D below. Assessor’s Parcels of Developed Property shall be classified as Residential Property or Non-Residential Property. Assessor’s Parcels of Residential Property shall be further classified to its applicable Land Use Class based on its Residential Floor Area.

C. MAXIMUM SPECIAL TAX RATES

1. DEVELOPED PROPERTY

(a) Maximum Special Tax

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property, shall be the greater of (i) the amount derived by application of the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

(b) Assigned Special Tax

The Assigned Special Tax for each Land Use Class is shown in Table 1 for Fiscal Year 2002/03.

**TABLE 1
Assigned Special Taxes for Developed Property
Improvement Area No. 3
Fiscal Year 2002/03**

Land Use Class	Description	Residential Floor Area (Sqft.)	Assigned Special Tax
1	Single Family Property	1,500 sqft. or less	\$679 per residential dwelling unit
2	Single Family Property	1,501 to 1,800 sqft.	\$742 per residential dwelling unit
3	Single Family Property	1,801 to 2,100 sqft.	\$845 per residential dwelling unit
4	Single Family Property	2,101 to 2,400 sqft.	\$948 per residential dwelling unit
5	Single Family Property	2,401 to 2,700 sqft.	\$1,059 per residential dwelling unit
6	Single Family Property	2,701 sqft. or greater	\$1,186 per residential dwelling unit
7	Non-Residential Property	N/A	\$7,547 per acre

On July 1st of each fiscal year, commencing July 1, 2003, the Assigned Special Tax shall increase by two-percent (2.00%) of the amount in effect in the prior fiscal year.

(c) Multiple Land Use Classes

In some instances an Assessor’s Parcel of Developed Property may contain more than one Land Use Class. The Assigned Special Tax levied on an Assessor’s Parcel shall be the sum of the Assigned Special Taxes for all Land Use Classes located on that Assessor’s Parcel. The Maximum Special Tax that can be levied on an Assessor’s Parcel shall be the sum of the Maximum Special Taxes that can be levied for all Land Use Classes located on that Assessor’s Parcel. For an Assessor’s Parcel that contains both Residential Property and Non-Residential Property, the Acreage of such Assessor’s Parcel shall be allocated to each type of property based on the amount

of Acreage designated for each Land Use Class as determined by reference to the site plan approved for such Assessor's Parcel. The CFD Administrator's allocation to each type of property shall be final.

(d) Backup Special Tax

Each fiscal year, each Assessor's Parcel of Residential Property shall be subject to a Backup Special Tax. In each fiscal year, the Backup Special Tax rate for Residential Property within a Final Subdivision shall be the rate per dwelling unit calculated according to the following formula:

$$B = \frac{Z \times A}{L}$$

The terms above have the following meanings:

B = Backup Special Tax per Assessor's Parcel for the applicable fiscal year

Z = Maximum Special Tax for Undeveloped Property for the applicable fiscal year

A = Acreage of Taxable Property, excluding Taxable Public Property or Taxable Property Owner Association Property in such Final Subdivision that lie within the boundaries of IA No. 3, as determined by the CFD Administrator pursuant to Section H

L = Total Assessor's Parcels within the Final Subdivision that lie within the boundaries of IA No. 3

If a Final Subdivision includes Assessor Parcels for which building permits for both residential and non-residential construction may be issued, then the Backup Special Tax for each Assessor's Parcel of Residential Property within such Final Subdivision area shall be computed by the CFD Administrator exclusive of the allocable portion of total Acreage of Taxable Property attributable to Assessor Parcels for which building permits for non-residential construction may be issued.

Notwithstanding the foregoing, if Assessor Parcels of Residential Property are subsequently changed or modified by recordation of a Final Subdivision, then the Backup Special Tax shall be recalculated to equal the amount of the Backup Special Tax that would have been generated if such change did not take place.

2. TAXABLE PROPERTY OWNER ASSOCIATION PROPERTY, TAXABLE PUBLIC PROPERTY, AND UNDEVELOPED PROPERTY.

The Maximum Special Tax for Taxable Property Owner Association Property, Taxable Public Property, and Undeveloped Property shall be \$7,547 per Acre for Fiscal Year 2002/03. On July 1st of each fiscal year Commencing July 1, 2003, the Maximum Special Tax for Taxable Property Owner Association Property, Taxable Public Property, and Undeveloped Property shall increase by two percent (2.00%) of the amount in effect in the prior fiscal year.

D. APPORTIONMENT OF SPECIAL TAX

For each fiscal year the Council shall determine the Special Tax Requirement and levy the Special Tax, until the amount of Special Taxes equals the Special Tax Requirement. The Special Tax shall be levied each fiscal year as follows:

First: The Special Tax shall be levied on each Assessor's Parcel of Developed Property in an amount up to 100% of the applicable Assigned Special Tax as necessary to satisfy the Special Tax Requirement;

Second: If additional moneys are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied on each Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Special Tax;

Third: If additional moneys are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased in equal percentages from the Assigned Special Tax up to 100% of the Maximum Special Tax for each such Assessor's Parcel;

Fourth: If additional moneys are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax shall be levied on each Assessor's Parcel of Taxable Property Owner Association Property or Taxable Public Property at up to 100% of the Maximum Special Tax for Taxable Property Owner Association Property or Taxable Public Property.

Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent as a consequence of delinquency or default by the owner of any other Assessor's Parcel within IA No. 3, except for those Residential Properties whose owners are also delinquent or in default on their Special Tax payments for one or more other properties within IA No. 3.

E. MANNER OF COLLECTION

Collection of the Special Tax shall be by the County in the same manner as ordinary ad valorem property taxes are collected and the Special Tax shall be subject to the same penalties and the same lien priority in the case of delinquency as ad valorem taxes; provided, however, that the Council may provide in the Indenture or in the Resolution of Issuance for (i) other means of collecting the Special Tax, including direct billings thereof to the property owners; and (ii) judicial foreclosure of delinquent Special Taxes.

F. DISCHARGE OF SPECIAL TAX OBLIGATION

Property owners may prepay and permanently satisfy the Special Tax Obligation by a cash settlement with the City as permitted under Government Code Section 53344. Prepayment is permitted only under the following conditions:

The following definition applies to this Section F:

CFD Public Facilities Costs means either \$5,400,00 in 2002 dollars, which shall increase by the Construction Inflation Index on July 1, 2003, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to acquire or construct the facilities to be financed by IA No. 3 under the authorized Mello-Roos financing program for the District, or (ii) shall be determined by the Council concurrently with a covenant that it will not issue any more IA No. 3 Bonds (except refunding bonds) to be supported by Special Taxes.

Construction Fund means the fund (regardless of its name) established pursuant to the Indenture to hold funds, which are currently available for expenditure to acquire or construct the facilities.

Construction Inflation Index means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, measured as of the calendar year, which ends in the previous fiscal year. In the event this index ceases to be published, the Inflation Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

Future Facilities Costs means the CFD Public Facilities Costs minus (i) costs previously paid from the Construction Fund to acquire or construct the facilities, (ii) moneys currently on deposit in the Construction Fund, and (iii) moneys currently on deposit in an escrow or other earmarked fund that are expected to be available to finance CFD Public Facilities Costs.

Outstanding Bonds means all Previously Issued Bonds, which remain outstanding as of the first interest and/or principal payment date following the current fiscal year.

Previously Issued Bonds means all IA No. 3 Bonds that have been issued prior to the date of prepayment.

1. PREPAYMENT IN FULL

The Special Tax Obligation applicable to an Assessor's Parcel in IA No. 3 may be prepaid and the obligation of the Assessor's Parcel to pay any Special Tax permanently satisfied as described herein, provided that a prepayment may be made with respect to a particular Assessor's Parcel only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Special Tax Obligation shall provide the CFD Administrator with written notice of intent to prepay and the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the Prepayment Amount for such Assessor's Parcel within thirty (30) days of the request and may charge a reasonable fee for providing this service. Prepayment must be made more than 60 days prior to any redemption date for the IA No. 3 Bonds to be redeemed with the proceeds of such prepaid Special Taxes.

The Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

Bond Redemption Amount	
plus	Redemption Premium
plus	Future Facilities Prepayment Amount
plus	Defeasance Amount
plus	Prepayment Administrative Fees and Expenses
plus	Reserve Fund Credit
plus	Capitalized Interest Credit
Total: equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

PARAGRAPH:

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. For Assessor's Parcels of Developed Property, compute the Assigned Special Tax and Backup Special Tax. For Assessor's Parcels of Undeveloped Property for which a building permit has been issued, compute the Assigned Special Tax and Backup Special Tax for that Assessor's Parcel as though it was already designated as Developed Property, based upon the building permit which has already been issued for that Assessor's Parcel.
3. (a) Divide the Assigned Special Tax computed pursuant to paragraph 2 by the total estimated Assigned Special Taxes for IA No. 3 based on the Developed Property Special Taxes which could be levied in the current fiscal year on all expected development through build-out of IA No. 3 as determined by the CFD Administrator, excluding any Assessor's Parcels for which the Special Tax Obligation has been prepaid, and

- (b) Divide the Backup Special Tax computed pursuant to paragraph 2 by the total estimated Backup Special Taxes at build-out for IA No. 3, excluding any Assessor's Parcels for which the Special Tax Obligation has been prepaid.
4. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the Bond Redemption Amount).
 5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium (expressed as a percentage), if any, on the Outstanding Bonds to be redeemed at the first available call date (the Redemption Premium).
 6. Compute the current Future Facilities Costs.
 7. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the amount determined pursuant to paragraph 6 to compute the amount of Future Facilities Costs to be prepaid (the Future Facilities Prepayment Amount).
 8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current fiscal year until the earliest redemption date for the Outstanding Bonds.
 9. Compute the amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Amount and the Prepayment Administrative Fees and Expenses from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.
 10. Take the amount computed pursuant to paragraph 8 and subtract the amount computed pursuant to paragraph 9 (the Defeasance Amount).
 11. Verify the administrative fees and expenses of IA No. 3, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming IA No. 3, and the costs of recording any notices to evidence the prepayment and the redemption (the Prepayment Administrative Fees and Expenses).
 12. If reserve funds for the Outstanding Bonds, if any, are at or above 100% of the reserve requirement (as defined in the Indenture) on the prepayment date, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the Reserve Fund Credit). No Reserve Fund Credit shall be granted if reserve funds are below 100% of the reserve requirement.
 13. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current fiscal year, a capitalized interest credit shall be calculated by multiplying the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the Capitalized Interest Credit).
 14. The Special Tax Obligation is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 7, 10, and 11, less the amounts computed pursuant to paragraphs 12 and 13 (the Prepayment Amount).
 15. From the Prepayment Amount, the sum of the amounts computed pursuant to paragraphs 4, 5, 10, 12, and 13 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make Debt Service payments. The amount computed pursuant to paragraph

7 shall be deposited into the Construction Fund. The amount computed pursuant to paragraph 11 shall be retained by the District.

The Prepayment Amount may be sufficient to redeem an amount other than a \$5,000 increment of IA No. 3 Bonds. In such cases, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to redeem IA No. 3 Bonds to be used with the next prepayment of IA No. 3 Bonds.

The CFD Administrator will confirm that all previously levied Special Taxes have been paid in full. With respect to any Assessor's Parcel that is prepaid in full, once the CFD Administrator has confirmed that all previously levied Special Taxes have been paid, the Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor's Parcel, and the Special Tax Obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the aggregate amount of Maximum Special Taxes that may be levied on Taxable Property, respectively, after the proposed prepayment is at least 1.1 times the maximum annual Debt Service on all Outstanding Bonds.

2. PREPAYMENT IN PART

The Special Tax on an Assessor's Parcel of Developed Property, or an Assessor's Parcel of Undeveloped Property for which a building permit has been issued may be partially prepaid. The amount of the prepayment shall be calculated as in Section F.1, except that a partial prepayment shall be calculated according to the following formula:

$$PP = P_E \times F.$$

These terms have the following meaning:

PP = the partial prepayment

P_E = the Prepayment Amount calculated according to Section F.1.

F = the percentage by which the owner of the Assessor's Parcel(s) is partially prepaying the Special Tax.

The owner of any Assessor's Parcel who desires such prepayment shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Special Tax, (ii) the percentage by which the Special Tax shall be prepaid, and (iii) the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax for an Assessor's Parcel within thirty (30) days of the request and may charge a reasonable fee for providing this service.

With respect to any Assessor's Parcel that is partially prepaid, the City shall (i) distribute the funds remitted to it according to Section F.1, and (ii) indicate in the records of the District that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage (1.00 - F) of the remaining Maximum Annual Special Tax, shall continue to be levied on such Assessor's Parcel pursuant to Section D.

G. TERM OF SPECIAL TAX

The Special Tax shall be levied annually for a period not to exceed Fiscal Year 2039/40 commencing with Fiscal Year 2002/03, provided however that Special Taxes will cease to be levied in an earlier fiscal year if the CFD

Administrator has determined that all required interest and principal payments on the IA No. 3 Bonds have been paid.

H. EXEMPTIONS

No Special Tax shall be levied on up to 34.34 Acres of Property Owner Association Property or Public Property. Tax-exempt status will be assigned by the CFD Administrator in the chronological order in which property becomes Property Owner Association Property or Public Property. However, should an Assessor's Parcel no longer be classified as Property Owner Association Property or Public Property, its status as a property exempt from the levy of Special Taxes will be revoked.

Property Owner Association Property or Public Property that is not exempt from Special Taxes under this section shall be subject to the levy of the Special Tax and shall be taxed as part of the fourth step in Section D above, at up to 100.00% of the applicable Maximum Special Tax for Taxable Property Owner Association Property or Taxable Public Property.

City of Perris
Community Facilities District No. 2002-1, Willowbrook

SPECIAL TAX RATE AND METHOD OF APPORTIONMENT

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels in Community Facilities District No. 2002-1 of the City of Perris ("District") and collected each fiscal year commencing in Fiscal Year 2002/03, in an amount determined by the City Council of the City of Perris, through the application of the Rate and Method of Apportionment as described below. All of the real property in the District, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

Acre or Acreage means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map.

Act means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Division 2 of Title 5 of the Government Code of the State of California.

Administrative Expenses means the following actual or reasonably estimated costs directly related to the administration of the District: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, the District or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, the District or any designee thereof of complying with the City, the District or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, the District or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from any escrow account; and the City's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or the District for any other administrative purposes of the District, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

Assessor's Parcel means a lot or parcel shown in an Assessor's Parcel Map with an assigned Assessor's parcel number.

Assessor's Parcel Map means an official map of the County Assessor of the County designating parcels by Assessor's parcel number.

Assigned Special Tax means the Special Tax for each Land Use Class of Developed Property, as determined in accordance with Section C below.

Backup Special Tax means the Special Tax applicable to each Assessor's Parcel of Developed Property, as determined in accordance with Section C below.

Bonds mean any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by the District under the Act.

CFD Administrator means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes of the District.

City means the City of Perris.

Council means the City Council of the City.

County means the County of Riverside.

Developed Property means for each fiscal year, all Taxable Property, exclusive of Taxable Public Property and Taxable Property Owner Association Property, for which a building permit for new construction was issued after January 1, 2002 and prior to January 1 of the prior fiscal year.

District means Community Facilities District No. 2002-1 of the City of Perris.

Fiscal Year means the period starting July 1 and ending on the following June 30.

Indenture means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time.

Land Use Class means any of the classes listed in Table 1 below.

Maximum Special Tax means the Maximum Special Tax, determined in accordance with Section C below, that can be levied in any fiscal year on any Assessor's Parcel.

Non-Residential Property means all Assessor's Parcels of Developed Property for which a building permit was issued for a non-residential use.

Outstanding Bonds means all Bonds, which are deemed to be outstanding under the Indenture.

Proportionately means, for Developed Property, that the ratio of the actual Special Tax levy to the Assigned Special Tax is equal for all Assessor's Parcels of Developed Property, or where the Backup Special Tax is being levied, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels upon which a Backup Special Tax is being levied. For Undeveloped Property, "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Undeveloped Property.

Property Owner Association Property means, for each fiscal year, any property within the boundaries of the District that was owned by a property owner association, including any master or sub-association, as of January 1 of the prior fiscal year.

Public Property means property within the boundaries of the District owned by, irrevocably offered or dedicated to, or for which an easement for purposes of public right-of-way has been granted to the federal government, the State of California, the County of Riverside, the City of Perris, or any local government or other public agency, provided that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use.

Residential Floor Area means all of the square footage of living area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The determination of Residential Floor Area shall be made by reference to the building permit(s) issued for such Assessor's Parcel.

Residential Property means all Assessor's Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

Special Tax means the special tax to be levied in each fiscal year on each Assessor's Parcel of Taxable Property within the District to fund the Special Tax Requirement.

Special Tax Requirement means that amount required in any fiscal year for the District to: (i) pay debt service on all Outstanding Bonds; (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) pay directly for acquisition or construction of the District facilities eligible under the Act to the extent that the inclusion of such amount does not increase the Special Tax levy on Undeveloped Property; (vi) pay for reasonably anticipated Special Tax delinquencies based on the delinquency rate for the Special Tax levy in the previous fiscal year; less (vii) a credit for funds available to reduce the annual Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture.

State means the State of California.

Taxable Property means all of the Assessor's Parcels within the boundaries of the District which are not exempt from the Special Tax pursuant to law or Section E below.

Taxable Property Owner Association Property means all Assessor's Parcels of Property Owner Association Property that are not exempt pursuant to Section E below.

Taxable Public Property means all Assessor's Parcels of Public Property that are not exempt pursuant to Section E below.

Trustee means the trustee or fiscal agent under the Indenture.

Undeveloped Property means, for each fiscal year, all Taxable Property not classified as Developed Property, Taxable Public Property or Taxable Property Owner Association Property.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each fiscal year, all Taxable Property within the District shall be classified as Developed Property, Taxable Public Property, Taxable Property Owner Association Property, or Undeveloped Property, and shall be subject to Special Taxes in accordance with the rate and method of apportionment determined pursuant to Sections C and D below.

C. MAXIMUM SPECIAL TAX

1. Developed Property

(a) Maximum Special Tax

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property shall be the greater of (i) the amount derived by application of the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

(b) Assigned Special Tax

The Fiscal Year 2002/03 Assigned Special Tax for each Land Use Class is shown below in Table 1.

TABLE 1
Assigned Special Tax for Developed Property in
Community Facilities District No. 2002-1
Fiscal Year 2002/03

Land Use Class	Description	Residential Floor Area (Sqft.)	Assigned Special Tax
1	Residential Property	Greater than 2,749 sqft.	\$1,537 per unit
2	Residential Property	2,500 to 2,749 sqft.	\$1,390 per unit
3	Residential Property	2,250 to 2,499 sqft.	\$1,349 per unit
4	Residential Property	2,000 to 2,249 sqft.	\$1,243 per unit
5	Residential Property	1,750 to 1,999 sqft.	\$1,202 per unit
6	Residential Property	1,500 to 1,749 sqft.	\$1,112 per unit
7	Residential Property	Less than 1,500 sqft.	\$982 per unit
8	Non-Residential Property	NA	\$8,122 per acre

(c) Backup Special Tax

The Fiscal Year 2002/03 Backup Special Tax for an Assessor's Parcel of Developed Property shall equal \$9,315 per Acre.

(d) Increase in the Assigned Special Tax and Backup Special Tax

On each July 1, commencing on July 1, 2003, the Assigned Special Tax and the Backup Special Tax shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous fiscal year.

2. Undeveloped Property, Taxable Public Property, and Taxable Property Owner Association Property

(a) Maximum Special Tax

The Fiscal Year 2002/03 Maximum Special Tax for Undeveloped Property, Taxable Public Property, and Taxable Property Owner Association Property shall be \$9,363 per Acre.

(b) Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2003, the Maximum Special Tax for Undeveloped Property, Taxable Public Property, and Taxable Property Owner Association Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous fiscal year.

D. METHOD OF APPORTIONMENT OF SPECIAL TAX

Commencing with Fiscal Year 2002/03 and for each following fiscal year, the Council shall determine the Special Tax Requirement and shall levy the Special Tax until the total Special Tax levy equals the Special Tax Requirement. The Special Tax shall be levied each fiscal year as follows:

First: The Special Tax shall be levied on each Assessor's Parcel of Developed Property in an amount equal to 100% of the applicable Assigned Special Tax;

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax for Undeveloped Property;

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased Proportionately from the Assigned Special Tax up to the Maximum Special Tax for each such Assessor's Parcel;

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Public Property and Taxable Property Owner Association Property at up to the Maximum Special Tax for Taxable Public Property and Taxable Property Owner Association Property.

Notwithstanding the above the Council may, in any fiscal year, levy Proportionately less than 100% of the Assigned Special Tax in step one (above), when (i) the Council is no longer required to levy the Special Tax pursuant to steps two through four above in order to meet the Special Tax Requirement; and (ii) all authorized the District Bonds have already been issued or the Council has covenanted that it will not issue any additional District Bonds (except refunding bonds) to be supported by the Special Tax.

Further notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent as a consequence of delinquency or default by the owner of any other Assessor's Parcel within the District.

E. EXEMPTIONS

No Special Tax shall be levied on up to 30.7 Acres of Public Property and/or Property Owner Association Property. Tax-exempt status will be irrevocably assigned by the CFD Administrator in the chronological order in which property becomes Public Property or Property Owner Association Property. However, should an Assessor's Parcel no longer be classified as Public Property or Property Owner Association Property its tax-exempt status will be revoked.

Public Property or Property Owner Association Property that is not exempt from the Special Tax under this section shall be subject to the levy of the Special Tax and shall be taxed Proportionately as part of the fourth step in Section D above, at up to 100% of the applicable Maximum Special Tax for Taxable Public Property or Taxable Property Owner Association Property.

F. APPEALS AND INTERPRETATIONS

Any landowner or resident who feels that the amount of the Special Tax levied on their Assessor's Parcel is in error may submit a written appeal to the District. The CFD Administrator shall review the appeal and if the CFD Administrator concurs, the amount of the Special Tax levied shall be appropriately modified.

The Council may interpret this Rate and Method of Apportionment of Special Tax for purposes of clarifying any ambiguity and make determinations relative to the annual administration of the Special Tax and any landowner or resident appeals. Any decision of the Council shall be final and binding as to all persons.

G. MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ordinary ad valorem property taxes; provided, however, that the District may directly bill the Special Tax, may collect Special Taxes at a

different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

H. PREPAYMENT OF SPECIAL TAX

The following definition applies to this Section H:

CFD Public Facilities means either \$4,631,646 in 2002 dollars, which shall increase by the Construction Inflation Index on July 1, 2003, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to provide the public facilities to be provided by the District under the authorized bonding program for the District, or (ii) shall be determined by the Council concurrently with a covenant that it will not issue any more Bonds to be supported by Special Tax levied under this Rate and Method of Apportionment as described in Section D.

Construction Fund means an account specifically identified in the Indenture to hold funds, which are currently available for expenditure to acquire or construct public facilities eligible under the Act.

Construction Inflation Index means the annual percentage change in the Engineering News Record Building Cost Index for the City of Los Angeles, measured as of the calendar year, which ends in the previous fiscal year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Engineering News Record Building Cost Index for the City of Los Angeles.

Future Facilities Costs means the CFD Public Facilities minus (i) public facility costs previously paid from the Construction Fund, (ii) moneys currently on deposit in the Construction Fund, and (iii) moneys currently on deposit in an escrow fund that are expected to be available to finance facilities costs.

Outstanding Bonds means all Previously Issued Bonds, which are deemed to be outstanding under the Indenture after the first interest and/or principal payment date following the current fiscal year.

Previously Issued Bonds means all Bonds that have been issued by the District prior to the date of prepayment.

1. PREPAYMENT IN FULL

The obligation of an Assessor's Parcel to pay the Special Tax may be prepaid and permanently satisfied as described herein; provided that a prepayment may be made only for Assessor's Parcels of Developed Property or Undeveloped Property for which a building permit has been issued, and only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount of such Assessor's Parcel. The CFD Administrator may charge a reasonable fee for providing this service. Prepayment must be made not less than 45 days prior to the next occurring date that notice of redemption of Bonds from the proceeds of such prepayment may be given to the Trustee pursuant to the Indenture.

The Special Tax Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

Bond Redemption Amount	
plus	Redemption Premium
plus	Future Facilities Prepayment Amount
plus	Defeasance Amount
plus	Prepayment Administrative Fees and Expenses
plus	Reserve Fund Credit
plus	Capitalized Interest Credit
Total:	equals Prepayment Amount

As of the proposed date of prepayment, the Special Tax Prepayment Amount (defined below) shall be calculated as follows:

PARAGRAPH:

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. For Assessor's Parcels of Developed Property, compute the Assigned Special Tax and Backup Special Tax applicable for the Assessor's Parcel to be prepaid. For Assessor's Parcels of Undeveloped Property (for which a building permit has been issued) to be prepaid, compute the Assigned Special Tax and Backup Special Tax for that Assessor's Parcel as though it was already designated as Developed Property, based upon the building permit, which has already been issued for that Assessor's Parcel.
3. (a) Divide the Assigned Special Tax computed pursuant to paragraph 2 by the total estimated Assigned Special Taxes for the District based on the Developed Property Special Taxes which could be charged in the current fiscal year on all expected development through build out of the District, excluding any Assessor's Parcels which have been prepaid, and

(b) Divide the Backup Special Tax computed pursuant to paragraph 2 by the estimated total Backup Special Taxes at build out of the District, excluding any Assessor's Parcels which have been prepaid.
4. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "Bond Redemption Amount").
5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium (expressed as a percentage), if any, on the Outstanding Bonds to be redeemed (the "Redemption Premium").
6. Compute the current Future Facilities Costs
7. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the amount determined pursuant to paragraph 6 to compute the amount of Future Facilities Costs to be prepaid (the "Future Facilities Amount").
8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current fiscal year until the earliest redemption date for the Outstanding Bonds.
9. Determine the Special Tax levied on the Assessor's Parcel in the current fiscal year, which has not yet been paid.

10. Compute the minimum amount the CFD Administrator reasonably expects to derive from the reinvestment of the Special Tax Prepayment Amount less the Future Facilities Amount and the Administrative Fees and Expenses from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.
11. Add the amounts computed pursuant to paragraphs 8 and 9 and subtract the amount computed pursuant to paragraph 10 (the "Defeasance Amount").
12. Verify the administrative fees and expenses of the District, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "Administrative Fees and Expenses").
13. If reserve funds for the Outstanding Bonds, if any, are at or above 100% of the reserve requirement (as defined in the Indenture) on the prepayment date, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the "Reserve Fund Credit"). No Reserve Fund Credit shall be granted if reserve funds are below 100% of the reserve requirement.
14. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current fiscal year, a capitalized interest credit shall be calculated by multiplying the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the "Capitalized Interest Credit").
15. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 7, 11 and 12, less the amounts computed pursuant to paragraphs 13 and 14 (the "Prepayment Amount").
16. From the Prepayment Amount, the amounts computed pursuant to paragraphs 4, 5, 11, 13 and 14 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make debt service payments. The amount computed pursuant to paragraph 7 shall be deposited into the Construction Fund. The amount computed pursuant to paragraph 12 shall be retained by the District.

The Special Tax Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of Bonds. In such cases, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next prepayment of bonds or to make debt service payments.

As a result of the payment of the current fiscal year's Special Tax levy as determined under paragraph 9 (above), the CFD Administrator shall remove the current fiscal year's Special Tax levy for such Assessor's Parcel from the County tax rolls. With respect to any Assessor's Parcel that is prepaid, the Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of the Special Tax and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Assigned Special Taxes that may be levied on Taxable Property within the District both prior to and after the proposed prepayment is at least 1.1 times the maximum annual debt service on all Outstanding Bonds.

1. PREPAYMENT IN PART

The Special Tax on an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a building permit has been issued may be partially prepaid. The amount of the prepayment shall be

calculated as in Section H.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = P_E \times F.$$

These terms have the following meaning:

PP = the partial prepayment

P_E = the Special Tax Prepayment Amount calculated according to Section H.1

F = the percentage by which the owner of the Assessor's Parcel(s) is partially prepaying the Special Tax.

The owner of any Assessor's Parcel who desires such prepayment shall notify the CFD Administrator of such owner's intent to partially prepay the Special Tax and the percentage by which the Special Tax shall be prepaid. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax for an Assessor's Parcel within thirty (30) days of the request and may charge a reasonable fee for providing this service. With respect to any Assessor's Parcel that is partially prepaid, the City shall (i) distribute the funds remitted to it according to Section H.1, and (ii) indicate in the records of the District that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage (1.00 - F) of the remaining Maximum Special Tax, shall continue to be levied on such Assessor's Parcel pursuant to Section D.

I. TERM OF SPECIAL TAX

The Special Tax shall be levied for a period not to exceed fifty years commencing with Fiscal Year 2002/03.

City of Perris
Community Facilities District No. 2006-1, Meritage Homes

SPECIAL TAX RATE AND METHOD OF APPORTIONMENT

A Special Tax shall be levied on all Taxable Property within the boundaries Community Facilities District No. 2006-1 (Meritage Homes) of the City of Perris (the "District") and collected according to the tax liability determined by the Council, through the application of this Modified Rate and Method of Apportionment of the Special Tax to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings.

Acre or Acreage means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, other recorded County parcel map, or other similar instrument. An Acre means 43,560 square feet of land.

Act means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

Administrative Fees or Administrative Expenses means the following actual or reasonably estimated costs directly related to the administration of the District including, but not limited to: the costs of computing the Special Taxes; the costs of preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the City, the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, the District, or any designee thereof complying with arbitrage rebate requirements, including without limitation rebate liability costs and periodic rebate calculations; the costs to the City, the District, or any designee thereof complying with disclosure or reporting requirements of the City or the District, associated with applicable federal and State laws; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs to the City, the District, or any designee thereof related to an appeal of the Special Tax; and the City's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or the District for any other administrative purposes of the District, including attorney's fees and other costs related to commencing and pursuing any foreclosure of delinquent Special Taxes.

Annual Special Tax means the Special Tax actually levied in any Fiscal Year on any Assessor's Parcel.

Assessor means the Assessor of the County of Riverside.

Assessor's Parcel means a lot or parcel in the District shown on an Assessor's Parcel Map with an assigned Assessor's Parcel Number.

Assessor's Parcel Map means an official map of the Assessor designating parcels by Assessor's Parcel Number.

Assessor's Parcel Number means the number assigned to an Assessor's Parcel by the County for purposes of identification.

Backup Special Tax means a one-time special tax that may be required to be paid prior to the approval of a proposed land use, entitlement change or permit issuance, subject to the conditions and as set forth in Section E.

Backup Special Tax Fund means the fund (regardless of its name) established pursuant to the Indenture in which Backup Special Taxes are deposited.

Bonds means any bonds or other indebtedness (as defined in the Act) of the District, whether in one or more series, secured by the levy of Special Taxes.

Builder means a home builder other than the Developer acting as the builder of Residential Units within the District.

Building Permit means a building permit for the construction of one or more Residential Units within the District issued by the City.

Building Square Footage means all of the square footage of usable area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, or similar area. The determination of Building Square Footage shall be made by reference to the Building Permit(s) issued for such Assessor's Parcel.

Calendar Year means the period commencing January 1 of any year and ending the following December 31.

CFD No. 2006-1 means the Community Facilities District No. 2006-1 (Meritage Homes) of the City of Perris.

CFD Administrator means an authorized representative of the City, or designee thereof, responsible for determining the Special Tax Requirement, for preparing the Annual Special Tax roll and/or calculating the Backup Special Tax.

CFD Formation means the date at which the City Council approved the formation of the District in accordance with the provisions of the Act.

City means the City of Perris, California.

Council means the City Council of the City acting as the legislative body of the District under the Act.

County means the County of Riverside, California.

Debt Service means for each Fiscal Year, the total amount of principal and interest payable on any Outstanding Bonds during the Calendar Year commencing on January 1 of such Fiscal Year.

Developed Property means for each Fiscal Year, all Taxable Property, exclusive of Provisional Undeveloped Property, for which a Building Permit for new construction or renovations was issued prior to April 1 of the previous Fiscal Year.

Developer means Meritage Homes, and their successors, if any, acting as the developer of the property in the District.

Development Plan means a plan of (i) the actual number of Residential Units and (ii) the proposed number of Residential Units to be built within the District as provided by the Developer or Builder(s). The Development Plan shall include the number, Building Square Footage, and base sales price of the Residential Units. The Developer or Builder shall file with the City a Development Plan each Fiscal Year as of March 1 or prior to the issuance of any Building Permits if there is a change in the number and square footage of the Residential Units. If the Development Plan is not submitted on or before April 1, the CFD Administrator shall then prepare or cause to be prepared a Development Plan.

Exempt Property means Assessor's Parcels designated as being exempt from Special Taxes pursuant to Section J.

Expected Land Uses means the total number of Residential Units and Building Square Footage expected to be constructed within the District, as determined from time-to-time by the CFD Administrator by applying the steps described in Section E below. The Expected Land Uses at CFD Formation are summarized in Exhibit A hereto; the CFD Administrator shall update Exhibit A if (i) a Mandatory Maximum Special Tax Reduction is applied in accordance with Section H below; or (ii) a change occurs to the Development Plan that would change the number of Residential Units within each Land Use Classification as shown in Exhibit A.

Expected Maximum Special Tax Revenues means the amount of annual revenue that would be available if the Maximum Special Tax was levied on the Expected Land Uses. The Expected Maximum Special Tax Revenues as of CFD Formation are shown in Exhibit A to this Rate and Method of Apportionment.

Facilities means facilities, fees or improvements authorized to be funded by the District.

Final Bond Sale means the last series of Bonds that will be issued on behalf of the District (excluding any Bond refundings), as determined in the sole discretion of the City.

Final Subdivision Map means a subdivision of the District property created by recordation of a final map or parcel map, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 1352 or lot line adjustment that creates individual lots for which building permits may be issued without further subdivision.

Fiscal Year means the period starting on July 1 and ending the following June 30.

Indenture means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which the District Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

Land Use Class means any of the classes listed in Table 1 under Section C below.

Lot means a parcel created by a Final Subdivision on which a single family residential home can be constructed.

Mandatory Maximum Special Tax Reduction means a mandatory reduction of a portion of the Maximum Special Tax prior to the issuance of bonds as set forth in Section H below.

Maximum Annual Debt Service means the largest Debt Service for any Calendar Year.

Maximum Special Tax means the amount of Special Tax, determined in accordance with Section C below, which may be levied in any Fiscal Year on any Assessor's Parcel of Taxable Property.

Outstanding Bonds means all the District Bonds, which are deemed to be outstanding under the Indenture.

Partial Prepayment Amount means a prepayment of a portion of the Special Tax Obligation applicable to a parcel of Taxable Property as set forth in Section G.2 below.

Property Owner Association Property means any Assessor's Parcel within the boundaries of the District owned in fee by a property owner association, including any master or sub-association.

Property Tax Burden means the total estimated amount of taxes a residential owner would expect to pay including ad valorem property taxes, special assessments, fees and charges placed on the County property tax bill.

Proportionately or Proportionate means for Developed Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels of Developed Property. For Undeveloped Property, "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Undeveloped Property. The term "Proportionately" may similarly be applied to other categories of Taxable Property as listed in Section D below.

Provisional Undeveloped Property means all Assessor's Parcels of Public Property, Property Owner Association Property or property that would otherwise be classified as Exempt Property pursuant to the provisions of Section J, but cannot be classified as Exempt Property because to do so would reduce the Acreage of all Taxable Property below the required minimum Acreage as set forth in Section J.

Public Property means any property within the boundaries of the District, which is owned by, or irrevocably offered for dedication to the federal government, the State of California, the County, the City or any other public agency; provided however that any property owned by a public agency and leased to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in accordance with its use.

Residential Unit means each separate residential dwelling unit that comprises an independent facility capable of conveyance or rental separate from adjacent residential dwelling units.

Special Tax means any special tax levied within the District pursuant to the Act and this Rate and Method of Apportionment.

Special Tax Obligation means the total obligation of an Assessor's Parcel of Taxable Property to pay the Special Tax for the remaining life of the District.

Special Tax Requirement means that amount required in any Fiscal Year to: (i) pay regularly scheduled Debt Service on all Outstanding Bonds; (ii) pay periodic costs on the Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on the Outstanding Bonds; (iii) pay Administrative Fees and Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) accumulate funds to pay directly for acquisition or construction of facilities provided that the inclusion of such amount does not cause an increase in the Special Tax to be levied on Undeveloped Property, and (vi) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year; less (vii) a credit for funds available to reduce the annual Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture.

State means the State of California.

Taxable Property means all of the Assessor's Parcels within the boundaries of the District, which are not exempt from the levy of the Special Tax pursuant to law or Section J below.

Trustee means the trustee or fiscal agent under the Indenture.

Undeveloped Property means, for each Fiscal Year, all Taxable Property not classified as Developed Property or Provisional Undeveloped Property.

B. LAND USE CLASSIFICATION

Each Fiscal Year, beginning with Fiscal Year 2006/07, each Assessor's Parcel within the District shall be classified as Taxable Property or Exempt Property. In addition, all Taxable Property shall be classified as Developed Property, Undeveloped Property or Provisional Undeveloped Property, and all such Taxable Property shall be subject to the levy of Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Sections C, D and E below. Furthermore, each Assessor's Parcels of Developed Property shall be further classified to its applicable Land Use Class based on its Building Square Footage.

C. MAXIMUM SPECIAL TAX RATES

1. DEVELOPED PROPERTY

The Maximum Special Tax applicable to an Assessor's Parcel classified as Developed Property for Fiscal Year 2006/07 shall be determined pursuant to Table 1 below.

**Table 1
Maximum Special Tax Rates
Fiscal Year 2006/07**

Land Use Class	Building Square Footage	Maximum Special Tax
1	Less than 2,300 Sq. Ft.	\$2,454 per Residential Unit
2	2,300 to 2,600 Sq. Ft.	\$2,585 per Residential Unit
3	Greater than 2,600 Sq. Ft.	\$2,707 per Residential Unit

Each July 1, commencing July 1, 2007, the Maximum Special Tax for Developed Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

2. PROVISIONAL UNDEVELOPED PROPERTY UNDEVELOPED PROPERTY.

The Maximum Special Tax for Provisional Undeveloped Property and Undeveloped Property shall be \$17,008 per Acre for Fiscal Year 2006/07. On July 1st of each Fiscal Year, commencing July 1, 2007, the Maximum Special Tax for Provisional Undeveloped Property and Undeveloped Property shall increase by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

D. METHOD OF APPORTIONMENT

For each Fiscal Year, commencing Fiscal Year 2006/07, the CFD Administrator shall calculate the Annual Special Tax on all Taxable Property in accordance with the following steps:

Step 1: The Annual Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property in an amount up to 100% of the applicable Maximum Special Tax as necessary to satisfy the Special Tax Requirement;

Step 2: If additional monies are needed to satisfy the Special Tax Requirement after Step 1 has been completed, the Annual Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Special Tax;

Step 3: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the Annual Special Tax shall be levied in equal percentages on each Assessor's Parcel of Provisional Undeveloped Property at up to 100% of the Maximum Special Tax for Provisional Undeveloped Property.

Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Developed Property for which an occupancy permit for private residential use has been issued be increased from the previous Fiscal Year by more than ten percent as a consequence of delinquency or default by the owner of any other Assessor's Parcel within The District, except for those Assessor Parcel's of Developed Property whose owners are also delinquent or in default on their Special Tax payments for one or more properties within the District.

E. CALCULATION, PAYMENT, APPLICATION, AND RELEASE OF BACKUP SPECIAL TAX

The Maximum Special Taxes set forth in Section C were calculated based on the Expected Land Uses at CFD Formation. Each Fiscal Year or upon submittal of a Development Plan, the CFD Administrator shall review all applicable Final Subdivision Maps and the Development Plan of the District to confirm that the Final Subdivision Maps and Development Plan reflect the number and size of Residential Units that were anticipated at the time of CFD Formation.

Prior to Final Bond Sale

If, prior to the issuance of the Final Bond Sale, a change to the Expected Land Uses (“Land Use/Entitlement Change”) is submitted by the Developer or Builder that will result in a reduction in the Expected Maximum Special Tax Revenues or a Mandatory Maximum Special Tax Reduction is applied pursuant to Section H of this Rate and Method of Apportionment, or any combination thereof, no action shall be required pursuant to this Section E, provided that the reduction in Expected Maximum Special Tax Revenues does not reduce the amount of Maximum Special Taxes less Administrative Expenses for each Fiscal Year that may be levied on Taxable Property to less than 1.1 times the annual Debt Service on all Outstanding Bonds. The CFD Administrator shall update Exhibit A to show the reduced Expected Maximum Special Tax Revenues, and the reduced Expected Maximum Special Tax Revenues shall be the amount used by the City to make future decisions with respect to Bonds.

Subsequent to Final Bond Sale

If a proposed Land Use/Entitlement Change or Development Plan submitted by the Developer or Builder would reduce the amount of Maximum Special Taxes less Administrative Expenses for each Fiscal Year that may be levied on Taxable Property to less than 1.1 times the annual Debt Service on all Outstanding Bonds, the following steps shall be applied:

Step 1: By reference to Exhibit A (which shall be updated by the CFD Administrator in accordance with this Section E each time a Land Use/Entitlement change is processed, the Development Plan is changed or a Mandatory Maximum Special Tax Reduction is applied) and by computing the Maximum Special Tax rates in accordance with Section C for the current Fiscal Year, the CFD Administrator shall calculate the Expected Maximum Special Tax Revenues for the District.

Step 2: The CFD Administrator shall calculate the Maximum Special Tax revenues that could be collected from the District if the Land Use/Entitlement Change is approved or the Development Plan is changed (“Proposed Maximum Special Tax Revenues”);

Step 3: If the amount determined in the second step is higher than that calculated in the first step, the Land Use/Entitlement Change may be approved or the Development Plan may change without further action. If the revenues calculated in the Step 2 are less than those calculated in Step 1, the Developer or Builder shall pay a one-time Backup Special Tax in an amount equal to the difference in the Maximum Special Tax Revenues calculated in Steps 1 and 2 utilizing the methodology set forth in Section G. The Backup Special Tax required by this Step shall be paid prior to the approval of the proposed Land Use/Entitlement Change or the issuance of additional Building Permits.

If multiple Land Use/Entitlement Changes are proposed at one time, the CFD Administrator may consider the combined effect of all Land Use/Entitlement Changes to determine if a reduction in Expected Maximum Special Tax Revenues necessitates implementation of Step 3. If the CFD Administrator determines that there is a reduction in Expected Maximum Special Tax Revenues, and all of the Land Use/Entitlement Changes are being proposed by the same property owner, the CFD Administrator shall determine the amount to be prepaid (pursuant to Step 3) by analyzing the combined effects of all of the proposed Land Use/Entitlement Changes. Notwithstanding the foregoing, if the CFD Administrator analyzes the combined effects of all the proposed Land

Use/Entitlement Changes, and the City subsequently does not approve any one or more of the proposed Land Use/Entitlement Changes, then the CFD Administrator shall again apply the three steps set forth above to determine the combined effect of the multiple Land Use/Entitlement Changes that were approved simultaneously by the City.

Step 4: Application/Release of Backup Special Taxes

Any Backup Special Tax payments received (less Prepayment Administrative Fees and Expenses) shall be deposited into the Backup Special Tax Fund and disbursed pursuant to the Indenture and this Section as described below. The Maximum Special Taxes applicable to Developed Property shall not be reduced or relieved as a result of payment of the Backup Special Tax.

a. Prior to Release of Backup Special Taxes

Prior to the release of the Backup Special Taxes or the redemption of Bonds as described below, the CFD Administrator shall annually calculate the amount required to be withdrawn from the Backup Special Tax Fund to pay (i) interest on the Bond Redemption Amount computed pursuant to Section G and (ii) a pro rata amount of principal scheduled to be paid on the Bonds, such amount to be in proportion to the quotient computed pursuant to paragraph 3 of Section G.

b. Release of Backup Special Taxes

At the earlier of (i) three years from the date of Bond issuance or (ii) all expected Building Permits for Residential Units have been issued (i.e. buildout), the CFD Administrator shall calculate the Expected Maximum Special Tax Revenues.

If the Expected Maximum Special Tax Revenue is less than the sum of the Administrative Expenses for each Fiscal Year that may be levied on Taxable Property and 1.1 times the Maximum Annual Debt Service on all Outstanding Bonds, then to the extent necessary to meet the preceding coverage test, money then on deposit in the Backup Special Tax Fund shall be used to redeem Bonds on the next available redemption date. The Administrative Expenses and Debt Service on the Bonds shall be as determined by the CFD Administrator. Upon a receipt of a written request from the Developer or Builder who paid such Backup Special Tax, any moneys remaining in the Backup Special Tax Fund shall be returned after Bonds have been redeemed.

If the Expected Maximum Special Tax Revenues are greater than or equal to the sum of the Administrative Expenses for each Fiscal Year that may be levied on Taxable Property and 1.1 times the Maximum Annual Debt Service on all Outstanding Bonds, then upon a receipt of a written request from the Developer or Builder who paid such Backup Special Tax, any moneys remaining in the Backup Special Tax Fund shall be returned.

If Backup Special Taxes have been paid by more than one Developer or Builder, the amount of the Backup Special Taxes returned to each shall be Proportionate to the amount paid by each.

F. COLLECTION OF SPECIAL TAXES

Collection of the Annual Special Tax shall be made by the County in the same manner as ordinary ad valorem property taxes are collected and the Annual Special Tax shall be subject to the same penalties and the same lien priority in the case of delinquency as ad valorem taxes; provided, however, that the Council may provide for (i) other means of collecting the Special Tax, including direct billings thereof to the property owners; and (ii) judicial foreclosure of delinquent Special Taxes.

G. PREPAYMENT OF SPECIAL TAX OBLIGATION

Property owners may prepay and permanently satisfy the Special Tax Obligation by a cash settlement with the City as permitted under Government Code Section 53344. Prepayment is permitted only under the following conditions:

The following definitions apply to this Section G:

CFD Public Facilities Costs means \$3,483,000 in 2006 dollars, which shall increase by the Construction Inflation Index on July 1, 2007, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to acquire or construct the facilities to be financed under the authorized Mello-Roos financing program for the District, or (ii) shall be determined by the Council concurrently with a covenant that it will not issue any more the District Bonds (except refunding bonds) to be supported by Special Taxes.

Construction Fund means the fund (regardless of its name) established pursuant to the Indenture to hold funds, which are currently available for expenditure to acquire or construct the facilities or pay fees.

Construction Inflation Index means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, measured as of the Calendar Year, which ends in the previous Fiscal Year. In the event this index ceases to be published, the Inflation Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

Future Facilities Costs means the CFD Public Facilities Costs minus (i) costs previously paid from the Construction Fund to acquire or construct the facilities, (ii) monies currently on deposit in the Construction Fund, and (iii) monies currently on deposit in an escrow or other earmarked fund that are expected to be available to finance CFD Public Facilities Costs.

Outstanding Bonds means all Previously Issued Bonds, which remain outstanding as of the first interest and/or principal payment date following the current Fiscal Year excluding Bonds to be redeemed at a later date with proceeds of prior prepayments of Maximum Special Taxes.

Previously Issued Bonds means all the District Bonds that have been issued prior to the date of prepayment.

1. PREPAYMENT IN FULL

The Special Tax Obligation applicable to an Assessor's Parcel may be prepaid and the obligation of the Assessor's Parcel to pay any Special Tax permanently satisfied as described herein, provided that a prepayment may be made with respect to a particular Assessor's Parcel only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Special Tax Obligation shall provide the CFD Administrator with written notice of intent to prepay and the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the Prepayment Amount for such Assessor's Parcel within thirty (30) days of the request and may charge a reasonable fee for providing this service. Prepayment must be made more than 60 days prior to any redemption date for the District Bonds to be redeemed with the proceeds of such prepaid Special Taxes, unless a shorter period is acceptable to the Trustee and the City.

The Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

Bond Redemption Amount	
plus	Redemption Premium
plus	Future Facilities Prepayment Amount
plus	Defeasance Amount
plus	Prepayment Administrative Fees and Expenses
less	Reserve Fund Credit
less	Capitalized Interest Credit
Total: equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

PARAGRAPH NO.:

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. For Assessor's Parcels of Developed Property, determine the Maximum Special Tax. For Assessor's Parcels of Undeveloped Property for which a Building Permit has been issued, compute the Maximum Special Tax for that Assessor's Parcel as though it was already designated as Developed Property, based upon the Building Permit which has already been issued for that Assessor's Parcel.
3. Divide the Maximum Special Tax computed pursuant to paragraph 2 by the total estimated Maximum Special Taxes for the District based on the Developed Property Special Taxes which could be levied in the current Fiscal Year on all expected development through build-out of the District as determined by the CFD Administrator, excluding any Assessor's Parcels for which the Special Tax Obligation has been prepaid.
4. Multiply the quotient computed pursuant to paragraph 3 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "Bond Redemption Amount").
5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium (expressed as a percentage), if any, on the Outstanding Bonds to be redeemed at the first available call date (the "Redemption Premium").
6. Compute the current Future Facilities Costs.
7. Multiply the quotient computed pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to compute the amount of Future Facilities Costs to be prepaid (the "Future Facilities Prepayment Amount").
8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.
9. Compute the amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Amount and the Prepayment Administrative Fees and Expenses from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.

10. Take the amount computed pursuant to paragraph 8 and subtract the amount computed pursuant to paragraph 9 (the “Defeasance Amount”).
11. Verify the administrative fees and expenses of the District, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming the District, and the costs of recording any notices to evidence the prepayment and the redemption (the “Prepayment Administrative Fees and Expenses”).
12. If reserve funds for the Outstanding Bonds, if any, are at or above 100% of the reserve requirement (as defined in the Indenture) on the prepayment date, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the “Reserve Fund Credit”). No Reserve Fund Credit shall be granted if reserve funds are below 100% of the reserve requirement.
13. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the quotient computed pursuant to paragraph 3 by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the “Capitalized Interest Credit”).
14. The Special Tax Obligation is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 7, 10, and 11, less the amounts computed pursuant to paragraphs 12 and 13 (the “Prepayment Amount”).
15. From the Prepayment Amount, the sum of the amounts computed pursuant to paragraphs 4, 5, and 10, less the amounts computed pursuant to paragraphs 12, and 13 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make Debt Service payments. The amount computed pursuant to paragraph 7 shall be deposited into the Construction Fund. The amount computed pursuant to paragraph 11 shall be retained by the District.

The Prepayment Amount may be sufficient to redeem an amount other than a \$5,000 increment of the District Bonds. In such cases, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to redeem the District Bonds to be used with the next prepayment of the District Bonds.

The CFD Administrator will confirm that all previously levied Special Taxes have been paid in full. With respect to any Assessor's Parcel that is prepaid in full, once the CFD Administrator has confirmed that all previously levied Special Taxes have been paid, the Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor's Parcel, and the Special Tax Obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the aggregate amount of Maximum Special Taxes less Administrative Expenses that may be levied on Taxable Property, respectively, after the proposed prepayment is at least 1.1 times the maximum annual Debt Service on all Outstanding Bonds.

2. PARTIAL PREPAYMENT

The Special Tax on an Assessor's Parcel of Developed Property or Undeveloped Property for which a building permit has been issued may be partially prepaid. The amount of the prepayment shall be calculated as in Section G.1.; except that a partial prepayment shall be calculated according to the following formula:

$$PP = P_E \times F.$$

These terms have the following meaning:

PP = the partial prepayment.

P_E = the Prepayment Amount calculated according to Section G.1.

F = the percentage by which the owner of the Assessor's Parcel(s) is partially prepaying the Special Tax.

The owner of any Assessor's Parcel who desires such prepayment shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Special Tax, (ii) the percentage by which the Special Tax shall be prepaid, and (iii) the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax for an Assessor's Parcel within sixty (60) days of the request and may charge a reasonable fee for providing this service.

With respect to any Assessor's Parcel that is partially prepaid, the City shall (i) distribute the funds remitted to it according to Section G.1., and (ii) indicate in the records of the District that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage (1.00 - F) of the remaining Maximum Special Tax, shall continue to be levied on such Assessor's Parcel pursuant to Section C.

Notwithstanding the foregoing, no partial prepayment shall be allowed unless the amount of Maximum Special Taxes less Administrative Expenses for each Fiscal Year that may be levied on Taxable Property, respectively, after the proposed partial prepayment is at least 1.1 times the annual Debt Service on all Outstanding Bonds.

H. MANDATORY MAXIMUM SPECIAL TAX REDUCTION

Prior to the issuance of Bonds, the Property Tax Burden shall be calculated pursuant to the Land Secured Financing Policy adopted pursuant to City Council Resolution in effect at the time of CFD Formation (the "Goals and Policies") on Developed Property by the CFD Administrator. The Maximum Special Tax on Developed Property set forth in Section C.1 of this Rate and Method of Apportionment shall be reduced if it is reasonably determined by the CFD Administrator that the Property Tax Burden exceeds the maximum level allowed in the Goals and Policies.

If the Mandatory Maximum Special Tax Reduction is implemented, then the Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the lower Maximum Special Taxes.

I. TERM OF SPECIAL TAX

The Annual Special Tax shall be levied for a period of thirty-five (35) years after the last series of Bonds for the District has been issued, but shall not be levied for a period to exceed forty (40) Fiscal Years commencing with Fiscal Year 2006/07.

J. EXEMPTIONS

The CFD Administrator shall classify as Exempt Property (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels of Property Owner Association Property, or (iii) Assessor's Parcels which are used as places of worship and are exempt from ad valorem property taxes

because they are owned by a religious organization (iv) Assessor's Parcels developed or planned to be developed exclusively for any type of non-residential use, (v) Assessor's Parcels with public utility easement by the restriction, as determined reasonably by the CFD Administrator, provided that no such classification would reduce the sum of all Taxable Property in the District to less than 17.14 acres of Acreage. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the sum of all Taxable Property in the District to less than 17.14 acres of Acreage shall be classified as Provisional Undeveloped Property, and will continue to be subject to the District Special Taxes accordingly. Tax exempt status for this purpose of this paragraph will be assigned by the CFD Administrator in the chronological order in which property becomes eligible for classification as Exempt Property.

If the use of an Assessor's Parcel of Exempt Property changes so that such Assessor's Parcel is no longer classified as one of the uses set forth in the first paragraph of Section J above that would make such Assessor's Parcel eligible to be classified as Exempt Property, such Assessor's Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property.

K. APPEALS

Any landowner who pays the Special Tax and claims the amount of the Special Tax levied on his or her Assessor's Parcel is in error shall first consult with the CFD Administrator regarding such error not later than twelve (12) months after first having paid the first installment of the Special Tax that is disputed. If following such consultation, the CFD Administrator determines that an error has occurred, the CFD Administrator may amend the amount of the Special Tax levied on such Assessor's Parcel. If following such consultation and action, if any by the CFD Administrator, the landowner believes such error still exists, such person may file a written notice with the City Manager or designee of the City appealing the amount of the Special Tax levied on such Assessor's Parcel. Upon the receipt of such notice, the City Manager or designee may establish such procedures as deemed necessary to undertake the review of any such appeal. The City Manager or designee thereof shall interpret this Modified Rate and Method of Apportionment and make determinations relative to the administration of the Special Tax and any landowner appeals are herein specified. The decision of the City Manager or designee shall be final and binding as to all persons.

APPENDIX E

FORM OF BOND COUNSEL OPINION

Upon issuance of the Bonds, Aleshire & Wynder, LLP, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

Date of Delivery

Perris Joint Powers Authority
101 North "D" Street
Perris, California 92570

Re: Perris Joint Powers Authority Local Agency Revenue Bonds (CFD 2001-1 IA1, IA2 & IA3; CFD 2002-1; CFD 2006-1 Refunding), 2024 Series

Ladies and Gentlemen:

We have acted as bond counsel to the Perris Joint Powers Authority (the "Authority") in connection with the issuance by the Authority of \$_____ initial principal amount of Perris Joint Powers Authority Local Agency Revenue Bonds (CFD 2001-1 IA1, IA2 & IA3; CFD 2002-1; CFD 2006-1 Refunding), 2024 Series (the "Bonds") pursuant to Article 4 (commencing with Section 6584) of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, as amended (the "Act"), and an Indenture of Trust, dated as of May 1, 2024, by and between the Authority and U.S. Bank National Association, as trustee (the "Indenture"). The Bonds are being issued, in part, to purchase (a) Improvement Area No. 1 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds, 2024 Series ("2001-1 IA1 Bonds"), Improvement Area No. 2 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds ("2001-1 IA2 Bonds"), 2024 Series, and Improvement Area No. 3 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris Special Tax Bonds, 2024 Series ("2001-1 IA3 Bonds" and , together with the 2001-1 IA1 Bonds and 2001-1 IA2 Bonds, the "2001-1 Bonds"); (b) Community Facilities District No. 2002-1 (Willowbrook) of the City of Perris Special Tax Bonds, 2024 Series ("2002-1 Bonds"); and (c) Community Facilities District No. 2006-1 (Meritage Homes) of the City of Perris Special Tax Bonds, 2024 Series ("2006-1 Bonds" and, together with the 2001-1 Bonds and 2002-1 Bonds, the "District Bonds"), which are being issued to refund and/or cancel certain outstanding bonds of Community Facilities District No. 2001-1 (May Farms) of the City of Perris ("2001-1 District"), specifically of Improvement Area No. 1, Improvement Area No. 2, and Improvement Area No. 3 therein, Community Facilities District No. 2002-1 (Willowbrook) of the City of Perris (" 2002-1 District"), and Community Facilities District No. 2006-1 (Meritage Homes) of the City of Perris (" 2006-1 District," and collectively with the "2001-1 District and 2002-1 District, the "Districts"). We have examined the Act, the Indenture, the Tax Certificate dated the date hereof (the "Tax Certificate"), certificates of the Districts, the Authority, and such other certified proceedings, documents, opinions, and other papers as we deem necessary to render this opinion. We have assumed the genuineness of all documents and signatures presented to us and the enforceability against parties other than the Authority.

As to questions of fact material to our opinion, we have relied upon representations of the Authority contained in the Indenture and in certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify such facts by independent investigation. We have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate, including (without limitation) covenants and agreements, compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes.

Based upon the foregoing, and subject to the limitations below, and in reliance thereon, we are of the opinion, under existing law, as follows:

1. The Authority is a joint powers authority duly organized and validly existing under the laws of the State of California, with the power to adopt the resolution authorizing the issuance of the Bonds, enter into the Indenture, and perform the agreements on its part contained therein and issue the Bonds.
2. The Indenture has been duly approved by the Authority and constitutes a valid and binding obligation of the Authority enforceable against the Authority.
3. Pursuant to the Act, the Indenture creates a valid lien on the funds pledged by the Indenture for the security of the Bonds.
4. The Bonds have been duly authorized, executed and delivered by the Authority and are valid and binding special obligations of the Authority, payable solely from the sources provided therefor in the Indenture.
5. Assuming compliance with certain covenants discussed below, the interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, the interest portion is taken into account in determining annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on applicable corporations. The opinions set forth in the preceding sentence are subject to the condition that the Authority comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that such interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Authority has covenanted to comply with such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.
6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

Except as stated in the preceding two paragraphs, we express no opinion as to any federal or state tax consequences regarding ownership or disposition of the Bonds.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Our opinion speaks only as of its date and is not intended to, and may not be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this opinion. In addition, the rights and obligations under the Bonds and the Indenture and their enforceability may be subject to or limited by bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium, initiative and other laws relating to or affecting creditors' rights or the availability of a particular remedy, to the application of equitable principles and remedies, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public agencies in the State of California. We express no opinion with respect to any indemnification, penalty (including any remedy deemed to constitute a penalty), choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents. We undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto. We have not provided any financial advice.

We bring to your attention the fact that our legal opinions are an expression of professional judgment and are not a guarantee of a result and our opinions are not binding on the Internal Revenue Service. Our opinions are based on our review of existing law we deem relevant and in reliance upon the representations and covenants referenced above. Our engagement with respect to this matter has terminated as of the date hereof, and we do not undertake to advise you of any matters that may come to our attention subsequent to the date hereof that may affect our legal opinions expressed herein. We assume no duty to update our opinion.

Respectfully submitted,

APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”), dated as of ____ 1, 2024, is executed and delivered by the Perris Joint Powers Authority (the “Authority”) and Willdan Financial Services, as dissemination agent, in connection with the issuance and delivery of the Perris Joint Powers Authority Local Agency Revenue Bonds (CFD 2001-1 IA1, IA2 & IA3; CFD 2002-1; CFD 2006-1 Refunding), 2024 Series (the “Bonds”). The Bonds are being issued pursuant to a resolution adopted by the Board of Directors of the Perris Joint Powers Authority (the “Authority”) on ____, 2024 and an Indenture of Trust by and between the Authority and U.S. Bank Trust Company, National Association, as Trustee, dated as of ____ 1, 2024 (the “Indenture”). The Authority covenants as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Authority, for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (as defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” shall mean any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“*Beneficial Owner*” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income purposes.

“*City*” shall mean the City of Perris, California.

“*Disclosure Representative*” shall mean the City Manager, Assistant City Manager or Finance Director of the City of Perris (the “City”), or his or her designee, or such other officer or employee as the Authority shall designate in writing to the Dissemination Agent from time to time.

“*Dissemination Agent*” shall mean, initially, Willdan Financial Services, or any successor Dissemination Agent designated in writing by the Authority which has filed with the then current Dissemination Agent a written acceptance of such designation.

“*District*” shall mean each of the following: (a) Community Facilities District No. 2001-1 (May Farms) of the City of Perris; (b) Community Facilities District No. 2002-1 (Willowbrook) of the City of Perris; and (c) Community Facilities District No. 2006-1 (Meritage Homes) of the City of Perris.

“*Financial Obligation*” means a: (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

“*Listed Events*” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“*Owners*” shall mean the registered owners of the Bonds as set forth in the registration books maintained by the Trustee.

“*Participating Underwriter*” shall mean Oppenheimer & Co. Inc., as the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“*Rate and Method of Apportionment*” means the Rate and Method of Apportionment of Special Taxes for each of the Taxing Jurisdictions.

“*Repository*” shall mean the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board, which can be found at <http://emma.msrb.org/>, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Rule*” shall mean 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.

“*Special Tax*” shall mean the special tax levied on property within a Taxing Jurisdiction in accordance with the Rate and Method of Apportionment for such Taxing Jurisdiction.

“*Tax-exempt*” shall mean that interest on the Bonds is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preferences or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

“*Taxing Jurisdiction*” shall mean each of the following: (a) Improvement Area No. 1 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris; (b) Improvement Area No. 2 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris; (c) Improvement Area No. 3 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris; (d) Community Facilities District No. 2002-1 (Willowbrook) of the City of Perris; and (e) Community Facilities District No. 2006-1 (Meritage Homes) of the City of Perris.

SECTION 3. Provision of Annual Reports.

(a) Not later than March 1 immediately following the end of the Authority’s fiscal year, commencing March 1, 2025, the Authority shall, provide or shall cause the Dissemination Agent to provide, to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement; provided, however, that the initial Annual Report shall consist solely of the Official Statement and audited financial statements of the Authority and the City, in each case, if any are prepared. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Authority and the City, in each case, if any are prepared, may be submitted separately from and later than the balance of the Annual Report if they are not available by the date required above for the filing of the Annual Report.

An Annual Report shall be provided at least annually notwithstanding any fiscal year longer than 12 calendar months. The Authority’s fiscal year (“Fiscal Year”) is currently effective from July 1 to the immediately succeeding June 30 of the following year. The Authority will promptly notify the Repository or the Municipal Securities Rulemaking Board and the Dissemination Agent of a change in the fiscal year dates.

(b) In the event that the Dissemination Agent is an entity other than the Authority, then the provisions of this Section 3(b) shall apply. Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repository, the Authority shall provide the Annual

Report to the Dissemination Agent. If by fifteen (15) Business Days prior to such date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Authority to determine if the Authority will be filing the Annual Report in compliance with subsection (a). The Authority shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the Authority and shall have no duty or obligation to review such Annual Report.

(c) If the Authority is the Dissemination Agent and the Authority is unable to provide to the Repository an Annual Report by the date required in subsection (a), the Authority shall, in a timely manner, send a notice to the Municipal Securities Rulemaking Board and the Repository, if any, in substantially the form attached to this Disclosure Agreement as Exhibit A. If the Dissemination Agent is other than the Authority and if the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repository by the date required in subsection (a), the Dissemination Agent shall, in a timely manner, send a notice to the Repository, in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall upon receipt, promptly file each Annual Report received under Section 3(b) with the Repository.

SECTION 4. Content of Annual Reports. The Authority's Annual Report shall contain or include by reference:

(a) Financial Statements. The audited financial statements of the Authority and the City for the most recent fiscal year of the City then ended, in each case, if such audited financial statements are prepared. If the audited financial statements (if prepared) are not available by the time the Annual Report is required to be filed, the Annual Report shall contain any unaudited financial statements of the Authority and the City, in each case, if any are prepared, in a format similar to the audited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available. Audited financial statements of the Authority and the City, in each case if any are prepared, shall be audited by such auditor as shall then be required or permitted by State law or the Indenture. Audited financial statements (if prepared) shall be prepared in accordance with generally accepted accounting principles as prescribed for governmental units by the Governmental Accounting Standards Board; provided, however, that the Authority and the City may from time to time, if required by federal or state legal requirements, modify the basis upon which its financial statements are prepared. In the event that the Authority or the City shall modify the basis upon which their respective financial statements, if any, are prepared, the Authority shall provide a notice of such modification to the Repository, including a reference to the specific federal or state law or regulation specifically describing the legal requirements for the change in accounting basis. If no financial statements of the Authority and the City are prepared, then none shall be included on the Annual Report.

The City's audited financial statements are provided solely to comply with the Securities Exchange Commission staff's interpretation of the Rule. The Bonds are special obligations of the Authority payable solely from and secured solely by the Revenues and Redemption Revenues and other funds and accounts pledged therefor in the Indenture. The Bonds are not a debt or liability of the City, the State of California or any political subdivisions thereof other than the Authority to the limited extent described in the Official Statement.

(b) Financial and Operating Data. The Annual Report shall contain or incorporate by reference the following information:

(i) the current Fiscal Year's total assessed valuation (per the County of Riverside Assessor's records) of all parcels within each Taxing Jurisdiction subject to the Special Tax for the applicable Taxing Jurisdiction, showing the assessed valuation for land value and improvement value, and total assessed value for such Taxing Jurisdiction.

(ii) an update of the estimated assessed value-to-lien ratio for each Taxing Jurisdiction based upon the then-outstanding principal amount of the applicable series of District Bonds, the most recent Special Tax levy and the assessed values of property within such Taxing Jurisdiction for the current fiscal year;

(iii) for the current Fiscal Year, the actual amount of the Special Tax levy and the maximum Special Tax levy pursuant to the Rate and Method of Apportionment within each Taxing Jurisdiction;

(iv) with respect to delinquencies within each Taxing Jurisdiction;

(a) delinquency information with respect to the most recent April 10 tax payment date (including, without limitation, the parcel number of each delinquent parcel, the identity of the property owner and the amount then delinquent) for each parcel delinquent in the payment of \$2,500 or more in Special Tax or any parcels under common ownership that are responsible for \$5,000 or more of Special Tax; and

(b) the total dollar amount of delinquencies with respect to the most recent December 10 tax payment date and, in the event that such total delinquencies with respect to the April 10 tax payment date exceed 5% of the Special Tax for the previous year, a list of all delinquent parcels, amounts of delinquencies, length of delinquency and status of any foreclosure proceedings of such parcels;

(v) the principal amount of any prepayments of the Special Tax for a Taxing Jurisdiction as of the date the applicable District transmitted the Special Tax amounts for such Taxing Jurisdiction to the County of Riverside for inclusion on the secured tax roll for the then current Fiscal Year (which is currently no later than August 10);

(vi) a current debt service schedule for the outstanding Bonds and the principal amount of the Bonds outstanding;

(vii) any changes to the Rates and Methods of Apportionment for the Taxing Jurisdictions of the Special Taxes approved or submitted to the qualified electors for approval prior to the filing of the Annual Report and a description of any parcels for which the Special Taxes have been prepaid in the Fiscal Year for which the Annual Report is being prepared; and

(viii) the balance in the Reserve Account (as defined in each Fiscal Agent Agreement) held under each Fiscal Agent Agreement (and a statement of the Reserve Requirement (as defined in each Fiscal Agent Agreement) for such Reserve Account) as of September 30 of the current Fiscal Year.

In addition to any of the information expressly required to be provided under paragraphs (a) or (b) of this Section, the Authority shall provide such further information, if any, as may be necessary to make the specifically required statements set forth in clauses (i) to (viii) under paragraph (b) of this Section, in the light of the circumstances under which they were made, not misleading.

(c) Any or all of the items listed in (a) or (b) above may be included by specific reference to other documents, including official statements of debt issues of the Authority or a District or related public entities, which have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Repository. The Authority shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The Authority shall notify the Dissemination Agent not more than eight (8) Business Days after the following events, and the Dissemination Agent shall file a notice with the Repository not more than ten (10) Business Days after the following events:

1. principal and interest payment delinquencies;
2. unscheduled draws on debt service reserves reflecting financial difficulties;
3. unscheduled draws on credit enhancements reflecting financial difficulties;
4. substitution of credit or liquidity providers, or their failure to perform;
5. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds;
6. defeasances;
7. tender offers;
8. bankruptcy, insolvency, receivership or similar proceedings;
9. ratings changes;
10. default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the Authority, any of which reflect financial difficulties.

(b) Additionally, the Authority shall provide the Dissemination Agent, and the Dissemination Agent shall promptly file with the Repository, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. The consummation of a merger, consolidation or acquisition involving an obligated person or sale of all or substantially all of the assets of the obligated persons or their person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination; of a definitive agreement relating to any such actions, other than pursuant to its term;
2. appointment of a successor or additional fiscal agent or the change of the name of a fiscal agent;
3. non-payment related defaults;
4. modifications to the rights of Bondholders;
5. Bond calls;
6. release, substitution or sale of property securing repayment of the Bonds; and
7. incurrence of a Financial Obligation of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Authority, any of which affect security holders, if material

(c) The Authority hereby agrees that the undertaking set forth in this Disclosure Agreement is the responsibility of the Authority and the Dissemination Agent shall not be responsible for determining whether the Authority's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

SECTION 6. Termination of Reporting Obligation. The obligations of the Authority and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Authority shall give notice of such termination in the same manner as for a Listed Event under Section 5(a).

SECTION 7. Dissemination Agent. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Willdan Financial Services. The Dissemination Agent may resign by providing (i) thirty days written notice to the Authority, and (ii) upon appointment of a new Dissemination Agent hereunder.

SECTION 8. Amendment.

(a) This Disclosure Agreement may be amended, by written agreement of the parties, without the consent of the Owners, if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law, or a change in the identity, nature or status of the Authority or the type of business conducted thereby, (2) this Disclosure Agreement as so amended would have complied with the requirements of the Rule as of the date of this Disclosure Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the Authority shall have delivered to the Dissemination Agent an opinion of a nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Authority and the Participating Underwriter, to the same effect as set forth in clause (2) above, (4) the Authority shall have delivered to the Dissemination Agent an opinion of nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Authority, to the effect that the amendment does not materially impair the interests of the Owners or Beneficial Owners, or such amendment shall have been approved by the Owners in the same manner as an amendment to the Indenture, and (5) the Authority shall have delivered copies of such opinion and amendment to the Repository and the Participating Underwriter.

(b) This Disclosure Agreement also may be amended by written agreement of the parties upon obtaining consent of Owners in the same manner as provided in the Indenture for amendments to the Indenture with the consent of the Owners of the Bonds; provided that the conditions set forth in Section 8(a)(1), (2) and (3) have been satisfied.

(c) To the extent any amendment to this Disclosure Agreement results in a change in the type of financial information or operating data provided pursuant to this Disclosure Agreement, the first Annual Report provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(d) If an amendment is made to the basis on which financial statements are prepared, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a quantitative and, to the extent reasonably feasible, qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Authority

shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

The Authority acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, as amended may apply to the Authority, and that under some circumstances compliance with this Disclosure Agreement, without additional disclosures or other action, may not fully discharge all duties and obligations of the Authority under such laws.

SECTION 10. Default. In the event of a failure of the Authority or the Dissemination Agent to comply with any provision of this Disclosure Agreement, any Owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority and/or the Dissemination Agent to comply with their respective obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Authority or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Authority agrees to indemnify and save the Dissemination Agent and its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. Any Dissemination Agent other than the Authority shall be paid (i) compensation by the Authority for its services provided hereunder in accordance with a schedule of fees to be mutually agreed to; and (ii) all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the Authority pursuant to this Disclosure Agreement. The obligations of the Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. No person shall have any right to commence any action against the Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Agreement. The Dissemination Agent shall not be liable under any circumstances for monetary damages to any person for any breach under this Disclosure Agreement.

The Dissemination Agent may file reports, notices and other information as required by this agreement electronically to the Repository. If the Authority is equipped to receive such information electronically, the Dissemination Agent will include the Authority in any simultaneous electronic dissemination of materials.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Authority, the Dissemination Agent, the Participating Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 14. Governing Law. This Disclosure Agreement shall be construed and governed in accordance with the laws of the State of California.

SECTION 15. Notices. Notices shall be provided, as required hereunder, to the applicable addressees below:

Authority: Perris Joint Powers Authority
101 North D Street
Perris, California 92570
Telephone: (951) 943-6100
Attention: Assistant City Manager

Dissemination Agent: Willdan Financial Services
27368 Via Industria, Suite 200
Temecula, CA 92590
Telephone: (951) 587-3500
Attention: District Administration

SECTION 16. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

SECTION 17. Merger. Any person succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the filing of any paper or any further act.

PERRIS JOINT POWERS AUTHORITY

By: _____
Executive Director

WILLDAN FINANCIAL SERVICES,
as Dissemination Agent

By: _____
Its: Authorized Agent

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Person: Perris Joint Powers Authority
Name of Bond Issue: Perris Joint Powers Authority Local Agency Revenue Bonds (CFD 2001-1 IA1, IA2 & IA3; CFD 2002-1; CFD 2006-1 Refunding), 2024 Series
Date of Issuance: _____, 2024

NOTICE IS HEREBY GIVEN that Perris Joint Powers Authority (the “Authority”) has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Agreement, dated as of _____ 1, 2024. [The Authority anticipates that the Annual Report will be filed by _____.]

Dated: _____

_____,
as Dissemination Agent

cc: City of Perris

APPENDIX G

DTC AND THE BOOK-ENTRY-ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, premium, if any, accreted value and interest on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC to the Authority which the Authority believes to be reliable, but the Authority and the Underwriter do not and cannot make any independent representations concerning these matters and do not take responsibility for the accuracy or completeness thereof. Neither the DTC, Direct Participants, Indirect Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each annual maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited through the facilities of DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial

Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as prepayments, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Bond Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered to DTC.

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.