

**SUBMITTAL TO THE BOARD OF SUPERVISORS,  
COMMUNITY FACILITIES DISTRICT'S LEGISLATIVE BODY  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

337



**FROM:** Executive Office

**SUBMITTAL DATE:**  
January 16, 2013

**SUBJECT:** Refunding of the County of Riverside Community Facilities District No. 05-8 (Scott Road) Special Tax Bonds, Series 2008 (**Vote on Separately**)

**RECOMMENDED MOTION:** That the Board acting ex officio as the legislative body of Community Facilities District No. 05-8 of the County of Riverside, (1) approve and adopt Resolution No. CFD 2013-01; (a) authorizing the issuance of Community Facilities District No. 05-8 Series 2013 Special Tax Bonds in an aggregate principal amount not to exceed \$16,000,000, (b) authorizing the execution and delivery of an Indenture, a Bond Purchase Agreement, an Escrow Agreement, and a Continuing Disclosure Agreement, and (c) authorizing the preparation of an Official Statement and all other matters related thereto.

Continued on page 2

*Stephanie Persi*

Stephanie Persi, Senior Management Analyst

**FINANCIAL DATA**

Current F.Y. Total Cost:	\$ 200,000	In Current Year Budget:	Yes
Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
Annual Net County Cost:	\$ 0	For Fiscal Year:	2012-13

**SOURCE OF FUNDS:** CFD 05-8 Bond Proceeds

Positions To Be Deleted Per A-30	<input type="checkbox"/>
Requires 4/5 Vote	<input type="checkbox"/>

**C.E.O. RECOMMENDATION:**

**APPROVE**

BY: *Ivan M. Chand*

Ivan M. Chand

1/23/2013

County Executive Office Signature

**MINUTES OF THE BOARD OF SUPERVISORS – COMMUNITY FACILITIES DISTRICT**

On motion of Supervisor Ashley, seconded by Supervisor Stone and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Stone, Benoit, and Ashley  
Nays: None  
Absent: Tavaglione  
Date: January 29, 2013  
xc: CFD, E.O.

Kecia Harper-Ihem  
Clerk of the Board  
By: *Kecia Harper-Ihem*  
Deputy

Prev. Agn. Ref.:

District:  
3/5 & 3/1

Agenda Number:

8-1

ATTACHMENTS FILED  
WITH THE CLERK OF THE BOARD

FORM APPROVED COUNTY COUNSEL

1/16/13

DATE

BY DALE A. GARDNER

Policy

Policy

Consent

Consent

Dept Recomm.:

Per Exec. Ofc.:

RE: Refunding of the County of Riverside Community Facilities District No. 05-8  
(Scott Road) Special Tax Bonds, Series 2008

Date January 16, 2013

Page 2

**BACKGROUND:** Community Facilities District No. 05-8 (Scott Road) was formed on April 18, 2006, to finance improvements along Scott Road including: i) the widening of Scott Road between Antelope Road and Briggs Road to four lanes, ii) the widening of the interchange at Interstate 215 and Scott Road and the modification of the ramps to meet future traffic demands including all associated appurtenances and any rights-of-way, and iii) the full width improvement to Scott Road from Antelope Road to Highway 79 including all associated appurtenances and any rights-of-way.

On the same date, a landowner election was held, authorizing the community facilities district ("CFD") to incur bonded indebtedness. On January 8, 2008, the County of Riverside Community Facilities District No. 05-8 (Scott Road) Special Tax Bonds, Series 2008 (the "Series 2008 Bonds") were issued in the amount of \$11,585,000, with a final maturity of September 1, 2038 and an interest rate of 7.25%. The par amount of the Series 2008 Bonds currently outstanding is \$11,585,000.

Current market conditions allow for a full refunding of the Series 2008 Bonds through the issuance of Community Facilities District 05-8 (Scott Road) of the County of Riverside Special Tax Bonds, Series 2013. Estimated savings from the refunding are currently in excess of 15% of the refunded par. Together with an additional portion of new money based on development that has occurred in the District since the original bonds were issued, the savings will be applied towards financing the remaining phases of the project. This exceeds the Board Policy B-24 requirement of at least 3% net present value savings. In addition, this refunding will not extend the maturity date per that policy. The new money portion of the Series 2013 Bonds will have a term of 30 years. Property owners will not see a change in this special assessment on their property tax bills.

If approved, staff recommends issuing approximately \$16 million in fixed interest rate bonds. The savings will average about \$140,000 annually through the life of the bonds. The average annual debt service is anticipated to be about \$1.1 million.

This has been recommended for approval by the Debt Advisory Committee.

**RESOLUTION NO. CFD 2013-01**

**A RESOLUTION OF THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD) OF THE COUNTY OF RIVERSIDE AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$17,500,000 AGGREGATE PRINCIPAL AMOUNT OF COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD) OF THE COUNTY OF RIVERSIDE SPECIAL TAX BONDS, SERIES 2013, AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE, AN ESCROW AGREEMENT, A BOND PURCHASE AGREEMENT AND A CONTINUING DISCLOSURE AGREEMENT AND THE PREPARATION OF AN OFFICIAL STATEMENT AND OTHER MATTERS RELATED THERETO**

**WHEREAS**, the Board of Supervisors (the "Board of Supervisors") of the County of Riverside (the "County") has formed Community Facilities District No. 05-8 (Scott Road) of the County of Riverside (the "Community Facilities District") under the Mello-Roos Community Facilities Act of 1982 (the "Act");

**WHEREAS**, pursuant to the Act, the Board of Supervisors is the *ex officio* legislative body (the "Legislative Body") of the Community Facilities District;

**WHEREAS**, the Community Facilities District is authorized under the Act to levy special taxes (the "Special Taxes") to finance certain public facilities (the "Facilities") and to issue bonds payable from the Special Taxes;

**WHEREAS**, in order to provide funds to finance certain of the Facilities, the Community Facilities District previously issued its Community Facilities District No. 05-8 (Scott Road) of the County of Riverside Special Tax Bonds, Series 2008 (the "Prior Bonds"), in the aggregate principal amount of \$11,585,000;

**WHEREAS**, the Community Facilities District is authorized under the Act to issue bonds payable from the Special Taxes in order to refund the Prior Bonds;

**WHEREAS**, the Community Facilities District desires to refund the Prior Bonds;

**WHEREAS**, the Community Facilities District desires to finance certain of the remaining Facilities;

**WHEREAS**, in order to provide a portion of the moneys required to refund the Prior Bonds and finance such Facilities, the Community Facilities District desires to provide for the issuance of the Community Facilities District No. 05-8 (Scott Road) of the County of Riverside

FORM APPROVED COUNTY COUNSEL  
BY: *Dale A. Gardner*  
DALE A. GARDNER  
1/16/13  
DATE

Special Tax Bonds, Series 2013 (the "Series 2013 Bonds"), in the aggregate principal amount of not to exceed \$17,500,000;

**WHEREAS**, in order to provide for the authentication and delivery of the Series 2013 Bonds, to establish and declare the terms and conditions upon which the Series 2013 Bonds are to be issued and secured and to secure the payment of the principal thereof, premium, if any, and interest thereon, the Community Facilities District proposes to enter into an Indenture with The U.S. Bank National Association, as trustee (the "Trustee") (such Indenture, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Indenture");

**WHEREAS**, the moneys to defease and redeem the Prior Bonds will be applied to such purpose pursuant to an Escrow Agreement by and between the Community Facilities District and The U.S. Bank National Association, as prior trustee and as escrow bank (such Escrow Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Escrow Agreement");

**WHEREAS**, E. J. De La Rosa & Co., Inc. (the "Underwriter"), has presented the Community Facilities District with a proposal, in the form of a Bond Purchase Agreement, to purchase the Series 2013 Bonds from the Community Facilities District (such Bond Purchase Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Purchase Agreement");

**WHEREAS**, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12") requires that, in order to be able to purchase or sell the Series 2013 Bonds, the underwriter thereof must have reasonably determined that the Community Facilities District has, or one or more appropriate obligated persons have, undertaken in a written agreement or contract for the benefit of the holders of the Series 2013 Bonds to provide disclosure of certain financial information and certain material events on an ongoing basis;

**WHEREAS**, in order to cause such requirement to be satisfied, the Community Facilities District desires to enter into a Continuing Disclosure Agreement with the Trustee (such Continuing Disclosure Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Continuing Disclosure Agreement");

**WHEREAS**, a form of the Preliminary Official Statement to be distributed in connection with the public offering of the Series 2013 Bonds has been prepared (such Preliminary Official Statement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Preliminary Official Statement");

**WHEREAS**, there have been prepared and submitted to this meeting forms of:

- (a) the Indenture;
- (b) the Escrow Agreement;

- (c) the Purchase Agreement;
- (d) the Continuing Disclosure Agreement; and
- (e) the Preliminary Official Statement;

WHEREAS, the Community Facilities District desires to authorize the issuance of the Series 2013 Bonds and the execution of such documents and the performance of such acts as may be necessary or desirable to effect the issuance of the Series 2013 Bonds;

**NOW, THEREFORE, THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE ACTING *EX OFFICIO* AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD) OF THE COUNTY OF RIVERSIDE,** in regular session assembled on January 29, 2013, does hereby resolve, find, determine and order as follows:

**Section 1.** The foregoing recitals are true and correct.

**Section 2.** Subject to the provisions of Section 3 hereof, the issuance of the Series 2013 Bonds, in an aggregate principal amount of not to exceed \$17,500,000, on the terms and conditions set forth in, and subject to the limitations specified in, the Indenture, is hereby authorized and approved. The Series 2013 Bonds shall be dated, shall bear interest at the rates, shall mature on the dates, shall be subject to call and redemption, shall be issued in the form and shall be as otherwise provided in the Indenture, as the same shall be completed as provided in this Resolution.

**Section 3.** The Indenture, in substantially the form submitted to this meeting and made a part hereof as though set forth herein, be and the same is hereby approved. Each of the Chairman of the Legislative Body, and such other members of the Legislative Body as the Chairman may designate, the County Executive Officer of the County, the Assistant County Executive Officer of the County and the Chief Deputy Executive Officer of the County, and such other officers of the County as the County Executive Officer may designate (the "Authorized Officers") is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name of the Community Facilities District, to execute and deliver the Indenture in the form submitted to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Indenture by such Authorized Officer; provided, however, that such changes, insertions and omissions shall not authorize an aggregate principal amount of Series 2013 Bonds in excess of \$17,500,000, shall not result in a final maturity date of the Series 2013 Bonds later than September 1, 2042 and shall not result in a true interest cost for the Series 2013 Bonds in excess of 6.50%.

**Section 4.** The refunding of the Prior Bonds is hereby approved. Such refunding shall be accomplished by paying the interest due and payable on the Prior Bonds to and including March 1, 2013 and redeeming the Prior Bonds on March 1, 2013 by paying the redemption price thereof. In accordance with Section 53363.8 of the Act, the Legislative Body hereby designates the following costs and expenses as the "designated costs of issuing the Bonds:"

(a) all expenses incident to the calling, retiring, or paying of the Prior Bonds and incident to the issuance of the Series 2013 Bonds, including the charges of any agent in connection with the issuance of the Series 2013 Bonds or in connection with the redemption or retirement of the Prior Bonds;

(b) the interest upon the Prior Bonds from the date of sale of the Series 2013 Bonds to the date upon which the Prior Bonds will be paid pursuant to call; and

(c) any premium necessary in the calling or retiring of the Prior Bonds.

**Section 5.** The Escrow Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved. Each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name of the Community Facilities District, to execute and deliver the Escrow Agreement in the form presented to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Escrow Agreement by such Authorized Officer.

**Section 6.** The Purchase Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved. Each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name of the Community Facilities District, to execute and deliver the Purchase Agreement in the form presented to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Purchase Agreement by such Authorized Officer; provided, however, that such changes, insertions and omissions shall not result in an aggregate underwriter's discount (not including any original issue discount) from the principal amount of the Series 2013 Bonds in excess of 1.50% of the aggregate principal amount of the Series 2013 Bonds. The Legislative Body hereby finds and determines that the sale of the Series 2013 Bonds at negotiated sale as contemplated by the Purchase Agreement will result in a lower overall cost.

**Section 7.** The Continuing Disclosure Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved. Each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name of the Community Facilities District, to execute and deliver the Continuing Disclosure Agreement in the form presented to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Continuing Disclosure Agreement by such Authorized Officer.

**Section 8.** The Preliminary Official Statement, in substantially the form presented to this meeting and made a part hereof as though set forth in full herein, with such changes, insertions and omissions therein as may be approved by an Authorized Officer, be and the same is hereby approved, and the use of the Preliminary Official Statement in connection with the offering and sale of the Series 2013 Bonds is hereby authorized and approved. The Authorized Officers are

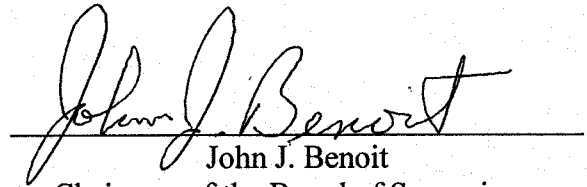
each hereby authorized to certify on behalf of the Community Facilities District that the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 (except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12).

**Section 9.** The preparation and delivery of a final Official Statement (the "Official Statement"), and its use in connection with the offering and sale of the Series 2013 Bonds, be and the same is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement, with such changes, insertions and omissions as may be approved by an Authorized Officer, such approval to be conclusively evidenced by the execution and delivery thereof. Each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name of the Community Facilities District, to execute the final Official Statement and any amendment or supplement thereto.

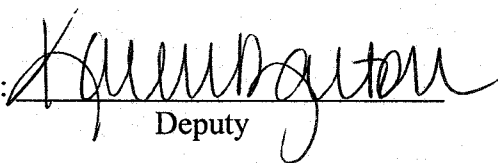
**Section 10.** The assessed values of the property within the Community Facilities District are set forth in the Preliminary Official Statement and the value-to-lien information with respect thereto is set forth therein and, based thereon, the Legislative Body, for purposes of Section 53345.8 of the Act, hereby finds and determines that the value of the real property that would be subject to the Special Tax to pay debt service on the Series 2013 Bonds will be at least three times the principal amount of the Series 2013 Bonds to be sold and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act on property within the Community Facilities District or a special assessment levied on property within the Community Facilities District.

**Section 11.** The officers of the County, acting *ex officio* on behalf of the Community Facilities District, are, and each of them is, hereby authorized and directed to do any and all things, and to execute and deliver any and all documents which said officers may deem necessary or advisable in order to accomplish the purposes of this Resolution and not inconsistent with the provisions hereof.

**ADOPTED, SIGNED AND APPROVED** this 29th day of January, 2013, by the Board of Supervisors of the County of Riverside, acting *ex officio* as the Legislative Body of Community Facilities District No. 05-8 (Scott Road) of the County of Riverside.

  
\_\_\_\_\_  
John J. Benoit  
Chairman of the Board of Supervisors

ATTEST:  
Kecia Harper-Ihem  
Clerk of the Board of Supervisors

By:   
\_\_\_\_\_  
Deputy



STATE OF CALIFORNIA )  
 )  
COUNTY OF RIVERSIDE ) ss.

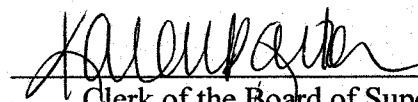
I, Kecia Harper-Ihem, Clerk of the Board of Supervisors of the County of Riverside, California, acting *ex officio* as the Clerk of the Legislative Body for Community Facilities Districts for the County of Riverside, do hereby certify that the foregoing Resolution No. CFD 2013-01 was duly adopted by the Board of Supervisors of said County, acting *ex officio* as the Legislative Body of Community Facilities District No. 05-8 (Scott Road) of the County of Riverside, at a meeting of said Board held on the 29th day of January, 2013, and that it was so adopted by the following vote:

AYES: Jēffries, Stone, Benoit and Ashley

NOES: None

ABSTAIN: None

ABSENT: Tavaglione

 , Deputy  
Clerk of the Board of Supervisors  
of the County of Riverside, *ex officio* the  
Clerk of the Legislative Body

STATE OF CALIFORNIA )  
 )  
COUNTY OF RIVERSIDE )      ss.

I, Kecia Harper-Ihem, Clerk of the Board of Supervisors of the County of Riverside, California, acting *ex officio* as the Clerk of the Legislative Body for Community Facilities Districts for the County of Riverside, do hereby certify that the above and foregoing is a full, true and correct copy of Resolution No. CFD 2013-01 of the Board of Supervisors of said County, acting *ex officio* as the legislative body of Community Facilities District No. 05-8 (Scott Road) of the County of Riverside, and that the same has not been amended or repealed.

Dated: January 29, 2013

\_\_\_\_\_, Deputy  
Clerk of the Board of Supervisors  
of the County of Riverside, *ex officio* the  
Clerk of the Legislative Body

---

---

**INDENTURE**

**by and between**

**COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD)  
OF THE COUNTY OF RIVERSIDE**

**and**

**U.S. BANK NATIONAL ASSOCIATION,  
AS TRUSTEE**

**Dated as of \_\_\_\_\_ 1, 2013**

**Relating to  
Community Facilities District No. 05-8 (Scott Road)  
of the County of Riverside  
Special Tax Bonds**

---

---

ARTICLE I	DEFINITIONS; EQUAL SECURITY .....	3
Section 1.01.	Definitions .....	3
Section 1.02.	Equal Security.....	10
ARTICLE II	THE BONDS .....	11
Section 2.01.	Authorization of Bonds .....	11
Section 2.02.	Terms of Series 2013 Bonds.....	11
Section 2.03.	Execution of Bonds .....	12
Section 2.04.	Authentication of Bonds.....	13
Section 2.05.	Registration Books .....	13
Section 2.06.	Transfer and Exchange of Bonds.....	13
Section 2.07.	Book-Entry System.....	13
Section 2.08.	Bonds Mutilated, Lost, Destroyed or Stolen .....	15
Section 2.09.	Temporary Bonds .....	16
ARTICLE III	DELIVERY OF SERIES 2013 BONDS; APPLICATION OF AMOUNTS; ADDITIONAL BONDS.....	17
Section 3.01.	Issuance of Series 2013 Bonds .....	17
Section 3.02.	Application of Proceeds of Amounts.....	17
Section 3.03.	Costs of Issuance Fund .....	17
Section 3.04.	Improvement Fund .....	18
Section 3.05.	Conditions for the Issuance of Additional Bonds.....	19
Section 3.06.	Procedure for the Issuance of Additional Bonds .....	21
Section 3.07.	Additional Bonds.....	21
ARTICLE IV	REDEMPTION OF BONDS.....	22
Section 4.01.	Redemption of Series 2013 Bonds .....	22
Section 4.02.	Notice of Redemption.....	23
Section 4.03.	Selection of Bonds for Redemption.....	23
Section 4.04.	Partial Redemption of Bonds.....	24
Section 4.05.	Effect of Notice of Redemption.....	24
ARTICLE V	SECURITY FOR BONDS; FLOW OF FUNDS; INVESTMENTS.....	25
Section 5.01.	Pledge .....	25
Section 5.02.	Special Tax Fund.....	25
Section 5.03.	Bond Fund .....	26
Section 5.04.	Redemption Fund .....	26

Section 5.05.	Reserve Fund .....	27
Section 5.06.	Rebate Fund .....	28
Section 5.07.	Administrative Expense Fund .....	28
Section 5.08.	Earnings Fund.....	29
Section 5.09.	Investment of Moneys .....	29
ARTICLE VI	COVENANTS .....	31
Section 6.01.	Collection of Special Tax Revenues.....	31
Section 6.02.	Foreclosure .....	31
Section 6.03.	Compliance with Act .....	32
Section 6.04.	Punctual Payment .....	32
Section 6.05.	Extension of Payment of Bonds .....	32
Section 6.06.	Against Encumbrances; Defense of Pledge.....	32
Section 6.07.	Tax Covenants .....	32
Section 6.08.	Continuing Disclosure .....	33
Section 6.09.	Non-Cash Payments of Special Taxes.....	33
Section 6.10.	Reduction in Special Taxes .....	33
Section 6.11.	Accounting Records .....	33
Section 6.12.	State Reporting .....	33
Section 6.13.	Annual Reports to the California Debt and Investment Advisory Commission .....	34
Section 6.14.	Further Assurances .....	34
ARTICLE VII	EVENTS OF DEFAULT AND REMEDIES .....	35
Section 7.01.	Events of Default .....	35
Section 7.02.	Foreclosure .....	35
Section 7.03.	Other Remedies .....	35
Section 7.04.	Remedies Not Exclusive.....	36
Section 7.05.	Application of Net Special Tax Revenues After Default .....	36
Section 7.06.	Power of Trustee to Enforce .....	36
Section 7.07.	Owners' Direction of Proceedings .....	37
Section 7.08.	Limitation on Owners' Right to Sue.....	37
Section 7.09.	Absolute Obligation.....	37
Section 7.10.	Termination of Proceedings.....	37
Section 7.11.	No Waiver of Default .....	38

ARTICLE VIII	TRUSTEE.....	39
Section 8.01.	Duties and Liabilities of Trustee .....	39
Section 8.02.	Qualifications; Removal and Resignation; Successors .....	39
Section 8.03.	Liability of Trustee .....	40
Section 8.04.	Right to Rely on Documents and Opinions .....	42
Section 8.05.	Accounting Records and Financial Statements .....	42
Section 8.06.	Preservation and Inspection of Documents .....	42
Section 8.07.	Compensation and Indemnification.....	42
ARTICLE IX	SUPPLEMENTAL INDENTURES .....	44
Section 9.01.	Supplemental Indentures .....	44
Section 9.02.	Effect of Supplemental Indenture.....	45
Section 9.03.	Endorsement of Bonds; Preparation of New Bonds.....	45
Section 9.04.	Amendment of Particular Bonds .....	45
ARTICLE X	DEFEASANCE .....	46
Section 10.01.	Discharge of Indenture .....	46
Section 10.02.	Bonds Deemed To Have Been Paid .....	46
Section 10.03.	Unclaimed Moneys.....	47
ARTICLE XI	MISCELLANEOUS .....	48
Section 11.01.	Successor Is Deemed Included in All References to Predecessor .....	48
Section 11.02.	Limitation of Rights.....	48
Section 11.03.	Destruction of Bonds .....	48
Section 11.04.	Severability of Invalid Provisions .....	48
Section 11.05.	Notices .....	48
Section 11.06.	Evidence of Rights of Owners.....	49
Section 11.07.	Disqualified Bonds .....	50
Section 11.08.	Money Held for Particular Bonds.....	50
Section 11.09.	Funds and Accounts.....	50
Section 11.10.	Business Days.....	50
Section 11.11.	Waiver of Personal Liability.....	50
Section 11.12.	Interpretation .....	51
Section 11.13.	Conflict with Act .....	51
Section 11.14.	Conclusive Evidence of Regularity .....	51

Section 11.15. Governing Laws .....51  
Section 11.16. Execution in Several Counterparts .....51  
EXHIBIT A - PERMITTED INVESTMENTS..... A-1  
EXHIBIT B - FORM OF SERIES 2013 BOND .....B-1

## INDENTURE

**THIS INDENTURE** (this "Indenture"), dated as of \_\_\_\_\_ 1, 2013, is by and between COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD) OF THE COUNTY OF RIVERSIDE, a community facilities district organized and existing under the laws of the State of California (the "Community Facilities District"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee").

### WITNESSETH:

**WHEREAS**, the Board of Supervisors of the County of Riverside has established the Community Facilities District under the provisions of the Mello-Roos Community Facilities Act of 1982 (the "Act");

**WHEREAS**, the Community Facilities District is authorized under the Act to levy special taxes (the "Special Taxes") to pay for the costs of certain public facilities (the "Facilities") and to authorize the issuance of bonds payable from the Special Taxes;

**WHEREAS**, in order to provide funds to finance certain of the Facilities, the Community Facilities District previously issued its Community Facilities District No. 05-8 (Scott Road) of the County of Riverside Special Tax Bonds, Series 2008 (the "Prior Bonds"), in the aggregate principal amount of \$11,585,000;

**WHEREAS**, the Community Facilities District is authorized under the Act to issue bonds payable from the Special Taxes in order to refund the Prior Bonds;

**WHEREAS**, the Community Facilities District desires to refund the Prior Bonds;

**WHEREAS**, the Community Facilities District desires to finance certain of the remaining Facilities;

**WHEREAS**, in order to provide a portion of the moneys required to refund the Prior Bonds and finance such Facilities, the Community Facilities District desires to provide for the issuance of the Community Facilities District No. 05-8 (Scott Road) of the County of Riverside Special Tax Bonds, Series 2013 (the "Series 2013 Bonds"), in the aggregate principal amount of \$ \_\_\_\_\_;

**WHEREAS**, the Community Facilities District desires to provide for the issuance of additional bonds (the "Additional Bonds") payable from the Special Taxes on a parity with the Series 2013 Bonds, provided that said issuance is in accordance with the Act and this Indenture (the Series 2013 Bonds and any such Additional Bonds being collectively referred to as the "Bonds");

**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 secured and to secure the payment of the principal thereof, premium, if any, and interest thereon, the Community Facilities District has authorized the execution and delivery of this Indenture; and



**WHEREAS**, the Community Facilities District has determined that all acts and proceedings required by law necessary to make the Bonds, when executed by the Community Facilities District, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal special obligations of the Community Facilities District, 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 has been in all respects duly authorized;

**NOW, THEREFORE, THIS INDENTURE WITNESSETH**, 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 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 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 whereof is hereby acknowledged, the Community Facilities District 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; EQUAL SECURITY

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

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

“**Additional Bonds**” means Bonds other than Series 2013 Bonds issued hereunder in accordance with the provisions of Sections 3.05 and 3.06.

“**Administrative Expense Fund**” means the fund by that name established and held by the Trustee pursuant to Section 5.07.

“**Administrative Expenses**” means costs related to the administration of the Community Facilities District, including but not limited to, the cost of administering the levy and collection of the Special Tax and all other administrative costs of the Community Facilities District, including, but not limited to, the fees and expenses of the Trustee (including any fees and expenses of its counsel), the expenses of the Community Facilities District or the County in carrying out the Community Facilities District’s duties hereunder including annual audits, the fees and expenses of its special tax consultants and its legal counsel, and costs incurred in the levying and collection of the Special Tax, the costs incurred in the foreclosure of parcels delinquent in the payment of Special Taxes or in connection with obtaining security for payment of Special Taxes in lieu of foreclosure, costs associated with the creation and dissemination of continuing disclosure, fees incurred in connection with the calculation of arbitrage rebate due to the federal government, amounts payable to the federal government as arbitrage rebate and all other costs of the Community Facilities District, the County or the Trustee incurred in connection with the discharge of their respective duties hereunder, including, in the case of the County, in any way reasonably related to the administration of the Community Facilities District (other than costs of any consultant or firm of financial consultants appointed by the Community Facilities District or the County incurred in connection with the prepayment of the Special Tax).

“**Administrator**” means, with respect to the Community Facilities District, the County Executive Officer, and any other Person designated as an Administrator of the Community Facilities District in a Written Certificate of the Community Facilities District filed with the Trustee.

“**Annual Debt Service**” means, for each Bond Year, the sum of (a) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of mandatory sinking fund redemptions), and (b) the principal amount of the Outstanding Bonds due in such Bond Year (including by reason of mandatory sinking fund redemptions).

“**Appraised Value**” means the value of all or any portion of the Taxable Property, as set forth in a Qualified Appraisal Report prepared by a Qualified Appraiser.

**“Assessed Value”** means, with respect to all or any portion of the Taxable Property, as of any date, the assessed value thereof, as such value is shown on the most recently equalized assessment roll.

**“Auditor”** means the Auditor/Controller of the County.

**“Authorized Denominations”** means (a) with respect to the Series 2013 Bonds, \$100,000 and integral multiples of \$5,000 in excess thereof, and (b) with respect to each Series of Additional Bonds, the authorized denominations for such Series of Additional Bonds specified in the Supplemental Indenture pursuant to which such Additional Bonds are issued.

**“Available Special Taxes”** means, for any Fiscal Year, the sum of (a) the amount of Maximum Special Taxes that may be levied for such Fiscal Year, pursuant to the Rate and Method and the Act, on all Taxable Property, less (b) the Projected Administrative Expenses in such Fiscal Year.

**“Average Annual Debt Service”** means the average of the Annual Debt Service for all Bond Years, including the Bond Year in which the calculation is made.

**“Board of Supervisors”** means the Board of Supervisors of the County.

**“Bond Counsel”** means a firm of nationally recognized bond counsel selected by the Community Facilities District.

**“Bond Fund”** means the fund by that name established and held by the Trustee pursuant to Section 5.03.

**“Bond Year”** means each twelve-month period beginning on September 2 in each year and extending to the next succeeding September 1, both dates inclusive, except that the first Bond Year shall begin on the Closing Date and end on September 1, 2013.

**“Bonds”** means the Community Facilities District No. 05-8 (Scott Road) of the County of Riverside Special Tax Bonds issued hereunder, and includes the Series 2013 Bonds and any Additional Bonds.

**“Book-Entry Bonds”** means the Bonds of a Series registered in the name of the Depository, or the Nominee thereof, as the registered owner thereof pursuant to the terms and provisions of Section 2.07.

**“Business Day”** means a day which is not (a) a Saturday, Sunday or legal holiday in the State, (b) a day on which banking institutions in the State, or in any state in which the Office of the Trustee is located, are required or authorized by law (including executive order) to close, or (c) a day on which the New York Stock Exchange is closed.

**“Cede & Co.”** means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to a Series of Book-Entry Bonds.

**“Closing Date”** means the date upon which the Series 2013 Bonds are delivered to the Original Purchaser, being \_\_\_\_\_, 2013.

**“Code”** means the Internal Revenue Code of 1986.

**“Community Facilities District”** means Community Facilities District No. 05-8 (Scott Road) of the County of Riverside, a community facilities district organized and existing under the laws of the State, and any successor thereto.

**“Continuing Disclosure Agreement”** means the Continuing Disclosure Agreement, dated as of \_\_\_\_\_ 1, 2013, by and between the Community Facilities District and the Trustee, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

**“Corresponding Bond Year”** means, with respect to any Fiscal Year, the Bond Year that commences in such Fiscal Year.

**“Costs of Issuance”** means all items of expense directly or indirectly payable by or reimbursable to the Community Facilities District or the County relating to the authorization, sale, issuance and delivery of the Bonds, including but not limited to printing expenses, rating agency fees, filing and recording fees, initial fees, expenses and charges of the Trustee and its counsel, including the Trustee’s first annual administrative fee, fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of the Bonds and any other cost, charge or fee in connection with the original issuance of the Bonds.

**“Costs of Issuance Fund”** means the fund by that name established and held by the Trustee pursuant to Section 3.03.

**“County”** means the County of Riverside, and any successor thereto.

**“Defeasance Securities”** means (a) non-callable direct obligations of the United States of America (“United States Treasury Obligations”), and (b) evidences of ownership of proportionate interests in future interest and principal payments on United States Treasury Obligations held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying United States Treasury Obligations are not available to any Person claiming through the custodian or to whom the custodian may be obligated.

**“Depository”** means DTC, and its successors as securities depository for any Series of Book-Entry Bonds, including any such successor appointed pursuant to Section 2.07.

**“DTC”** means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York.

**“Earnings Fund”** means the fund by that name established and held by the Trustee pursuant to Section 5.08.

**“Escrow Agreement”** means the Escrow Agreement, dated as of \_\_\_\_\_ 1, 2013, by and between the Community Facilities District and U.S. Bank National Association, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

**“Escrow Bank”** means U.S. Bank National Association, as prior trustee and as escrow bank under the Escrow Agreement, and any successor thereto.

**“Event of Default”** means any event or circumstance specified in Section 7.01.

**“Facilities”** means the facilities authorized to be financed by the Community Facilities District, as more particularly described in the Resolution of Formation.

**“Fiscal Year”** means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period hereafter selected and designated as the official fiscal year period of the Community Facilities District.

**“Improvement Fund”** means the fund by that name established and held by the Trustee pursuant to Section 3.04.

**“Indenture”** means this Indenture, dated as of \_\_\_\_\_ 1, 2013, by and between the Community Facilities District and U.S. Bank National Association, as Trustee, as originally executed and as it may be amended or supplemented from time to time by any Supplemental Indenture.

**“Independent Consultant”** means any consultant or firm of such consultants selected by the Community Facilities District and who, or each of whom (a) is generally recognized to be qualified in the financial consulting field, (b) is in fact independent and not under the control of the Community Facilities District or the County, (c) does not have any substantial interest, direct or indirect, with or in the Community Facilities District or the County, or any owner of real property in the Community Facilities District, or any real property in the Community Facilities District, and (d) is not connected with the Community Facilities District or the County as an officer or employee thereof, but who may be regularly retained to make reports to the Community Facilities District or the County.

**“Interest Payment Dates”** means March 1 and September 1 of each year, commencing September 1, 2013, so long as any Bonds remain Outstanding.

**“Legislative Body”** means the Board of Supervisors, acting *ex officio* as the Legislative Body of the Community Facilities District.

**“Letter of Representations”** means the Letter of Representations from the Community Facilities District to the Depository, in which the Community Facilities District makes certain representations with respect to issues of its securities for deposit by the Depository.

**“Maximum Annual Debt Service”** means the largest Annual Debt Service for any Bond Year, including the Bond Year the calculation is made.

**“Moody’s”** means Moody’s Investors Service, Inc., a corporation duly organized and existing under the laws of the State of Delaware, and its successors and assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Community Facilities District.

**“Net Special Tax Revenues”** means Special Tax Revenues, less amounts required to pay Administrative Expenses.

**“Nominee”** means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.07.

**“Non-Proceeds Account”** means the account by that name within the Improvement Fund established and held by the Trustee pursuant to Section 3.04.

**“Office of the Trustee”** means (a) the principal corporate trust office of the Trustee in Los Angeles, California, or such other office as may be specified to the Community Facilities District by the Trustee in writing, and (b) with respect to presentation of Bonds for payment or for registration of transfer and exchange, the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted.

**“Ordinance”** means Ordinance No. 852 adopted by the Board of Supervisors on May 2, 2006, as originally adopted and as it may be amended from time to time.

**“Original Purchaser”** means the original purchaser of the Series 2013 Bonds from the Community Facilities District.

**“Other CFD Bonds”** means, as of the date of determination, any and all bonds, notes or other evidences of indebtedness, other than the Bonds, then outstanding issued under the Act and payable at least partially from special taxes to be levied on parcels of Taxable Property.

**“Outstanding”** means, when used as of any particular time with reference to Bonds, subject to the provisions of Section 11.07, all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation, (b) Bonds with respect to which all liability of the Community Facilities District shall have been discharged in accordance with Section 10.01, and (c) Bonds in lieu of which other Bonds shall have been authenticated and delivered by the Trustee pursuant to Section 2.08.

**“Owner”** means, with respect to a Bond, the Person in whose name such Bond is registered on the Registration Books.

**“Participant”** means any entity which is recognized as a participant by DTC in the book-entry system of maintaining records with respect to Book-Entry Bonds.

**“Participating Underwriter”** has the meaning ascribed to such term in the Continuing Disclosure Agreement.

**“Permitted Investments”** is defined in Exhibit A hereto.

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

**“Prior Bonds”** means the Community Facilities District No. 05-8 (Scott Road) of the County of Riverside Special Tax Bonds, Series 2008, issued under the Prior Indenture.

**“Prior Indenture”** means the Bond Indenture, dated as of January 1, 2008, by and between the Community Facilities District and U.S. Bank National Association, as trustee.

**“Projected Administrative Expenses”** means (a) for Fiscal Year 2012-13, \$70,000, and (b) for any subsequent Fiscal Year, the amount resulting from increasing the Projected Administrative Expenses on each July 1, from and including July 1 immediately following the end of the then current Fiscal Year to and including the July 1 in such Fiscal Year by 2% of the amount in effect for the previous Fiscal Year.

**“Proceeds Account”** means the account by that name within the Improvement Fund established and held by the Trustee pursuant to Section 3.04.

**“Qualified Appraisal Report”** means a real estate appraisal report which (a) has been prepared by a Qualified Appraiser, (b) uses a date of value that is no earlier than three months prior to the date on which the value reported in such appraisal report is used in accordance with the provisions of this Indenture, (c) is prepared in accordance with the applicable standards of the Appraisal Institute for such reports, and (d) is prepared in accordance with the applicable guidelines of the California Debt and Investment Advisory Commission for such reports, as such guidelines are in effect on the Closing Date.

**“Qualified Appraiser”** means a real estate appraiser selected by the Community Facilities District and having an “MAI” designation from the Appraisal Institute.

**“Rate and Method”** means the rate and method of apportionment of the Special Taxes approved by the qualified electors of the Community Facilities District.

**“Rebate Fund”** means the fund by that name established and held by the Trustee pursuant to Section 5.06.

**“Rebate Requirement”** has the meaning ascribed to such term in the Tax Certificate.

**“Record Date”** means, with respect to interest payable on any Interest Payment Date, the 15th calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day.

**“Redemption Fund”** means the fund by that name established and held by the Trustee pursuant to Section 5.04.

**“Redemption Price”** means the aggregate amount of principal of and premium, if any, on the Bonds upon the redemption thereof pursuant hereto.

**“Registration Books”** means the records maintained by the Trustee for the registration of ownership and registration of transfer of the Bonds pursuant to Section 2.05.

**“Reserve Fund”** means the fund by that name established and held by the Trustee pursuant to Section 5.05.

**“Reserve Requirement”** means, as of the date of any calculation, the least of (a) 10% of the original aggregate principal amount of the Bonds (excluding Bonds refunded with the proceeds of subsequently issued Bonds), (b) Maximum Annual Debt Service, and (c) 125% of Average Annual Debt Service.

**“Resolution of Formation”** means Resolution No. 2006-092, adopted by the Board of Supervisors on April 6, 2006.

**“S&P”** means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation duly organized and existing under the laws of the State of New York, and its successors and assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Community Facilities District.

**“Series”** means the initial series of Bonds executed, authenticated and delivered on the date of initial issuance of the Bonds and identified pursuant to this Indenture as the Series 2013 Bonds, and any Additional Bonds issued pursuant to a Supplemental Indenture and identified as a separate Series of Bonds.

**“Series 2013 Bonds”** means the Community Facilities District No. 05-8 (Scott Road) of the County of Riverside Special Tax Bonds, Series 2013, issued hereunder.

**“Special Tax Fund”** means the fund by that name established and held by the Trustee pursuant to Section 5.02.

**“Special Tax Revenues”** means the proceeds of the Special Taxes received by or on behalf of the Community Facilities District, including any prepayments thereof, interest and penalties thereon, proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes and proceeds of any security for payment of Special Taxes taken in lieu of foreclosure after payment of administrative costs and attorneys’ fees payable from proceeds of such redemption, sale or security.

**“Special Taxes”** means the special taxes levied within the Community Facilities District pursuant to the Act, the Ordinance and this Indenture.

**“State”** means the State of California.



**“Supplemental Indenture”** means any supplemental indenture amendatory of or supplemental to this Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

**“Tax Certificate”** means the Tax Certificate executed by the Community Facilities District at the time of issuance of the Series 2013 Bonds relating to the requirements of Section 148 of the Code, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

**“Taxable Property”** has the meaning ascribed thereto in the Rate and Method.

**“Trustee”** means U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, or any successor thereto as Trustee hereunder, substituted in its place as provided herein.

**“Verification Report”** means, with respect to the deemed payment of Bonds pursuant to Section 10.02(a), a report of a nationally recognized certified public accountant, or firm of such accountants, verifying that the Defeasance Securities and cash, if any, deposited in connection with such deemed payment satisfy the requirements of Section 10.02(a).

**“Written Certificate”** and **“Written Request”** of the Community Facilities District mean, respectively, a written certificate or written request signed in the name of the Community Facilities District by an Administrator. 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.

**Section 1.02. 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 Community Facilities District, the Trustee and the Owners from time to time of all Bonds authorized, executed, issued and delivered hereunder and then Outstanding to secure the full and final payment of the principal of, premium, if any, and interest on all Bonds which may from time to time be authorized, executed, issued and delivered hereunder, subject to the agreements, conditions, covenants and provisions contained herein; and all agreements and covenants set forth herein to be performed by or on behalf of the Community Facilities District shall be for the equal and proportionate benefit, protection and security of all Owners of the Bonds without distinction, preference or priority as to security or otherwise of any Bonds over any other Bonds by reason of the number or date thereof or the time of authorization, sale, execution, issuance or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein.

## ARTICLE II

### THE BONDS

**Section 2.01. Authorization of Bonds.** (a) The Community Facilities District hereby authorizes the issuance of the Bonds under and subject to the terms of this Indenture, the Act and other applicable laws of the State. The Bonds may consist of one or more Series of varying denominations, dates, maturities, interest rates and other provisions, subject to the provisions and conditions contained herein. The Bonds shall be designated generally as the "Community Facilities District No. 05-8 (Scott Road) of the County of Riverside Special Tax Bonds," each Series thereof to bear such additional designation as may be necessary or appropriate to distinguish such Series from every other Series of Bonds.

(b) The Bonds shall be special obligations of the Community Facilities District, payable, as provided herein, solely from Net Special Tax Revenues and the other assets pledged therefor hereunder. Neither the faith and credit nor the taxing power of the Community Facilities District (except to the limited extent set forth herein), the County or the State, or any political subdivision thereof, is pledged to the payment of the Bonds.

**Section 2.02. Terms of Series 2013 Bonds.** (a) The Series 2013 Bonds shall be designated "Community Facilities District No. 05-8 (Scott Road) of the County of Riverside Special Tax Bonds, Series 2013." The aggregate principal amount of Series 2013 Bonds that may be issued and Outstanding under this Indenture shall not exceed \$\_\_\_\_\_, except as may be otherwise provided in Section 2.08.

(b) The Series 2013 Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof, so long as no Series 2013 Bond shall have more than one maturity date. The Series 2013 Bonds shall be dated as of the Closing Date, shall be issued in the aggregate principal amount of \$\_\_\_\_\_, shall mature on September 1 of each year, shall bear interest at the rates per annum (calculated on the basis of a 360-day year comprised of twelve 30-day months) and shall be in the principal amounts as follows:

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
--	-----------------------------------	--------------------------------

(c) Interest on the Series 2013 Bonds shall be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) a Series 2013 Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event interest thereon shall be payable from such Interest Payment Date, (ii) a Series 2013 Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from the Closing Date, or (iii) interest on any Series 2013 Bond is in default as of the date of authentication thereof, in which event interest thereon shall be payable from the date to which interest has previously been paid or duly provided for. Interest shall be paid in lawful money of the United States on each Interest Payment Date. Interest shall be paid by check of the Trustee mailed by first-class mail, postage prepaid, on each Interest Payment Date to the Owners of the Series 2013 Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date, or by wire transfer at the written request of an Owner of not less than \$1,000,000 aggregate principal amount of Series 2013 Bonds, which written request is received by the Trustee on or prior to the Record Date. Notwithstanding the foregoing, interest on any Series 2013 Bond which is not punctually paid or duly provided for on any Interest Payment Date shall, if and to the extent that amounts subsequently become available therefor, be paid on a payment date established by the Trustee to the Person in whose name the ownership of such Series 2013 Bond is registered on the Registration Books at the close of business on a special record date to be established by the Trustee for the payment of such defaulted interest, notice of which shall be given to such Owner not less than ten days prior to such special record date.

(d) The principal of the Series 2013 Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof upon maturity or earlier redemption at the Office of the Trustee.

(e) The Series 2013 Bonds shall be subject to redemption as provided in Article IV.

(f) The Series 2013 Bonds shall be in substantially the form set forth in Exhibit B hereto, with appropriate or necessary insertions, omissions and variations as permitted or required hereby.

(g) The Series 2013 Bonds shall initially be issued as Book-Entry Bonds.

**Section 2.03. Execution of Bonds.** The Bonds shall be executed in the name and on behalf of the Community Facilities District with the manual or facsimile signature of the Chairman of the Legislative Body, attested by the manual or facsimile signature of the Clerk of the Legislative Body. The Bonds shall then be delivered to the Trustee for authentication by it. In case any of such officers who shall have signed or attested any of the Bonds shall cease to be such officers before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee, or issued by the Community Facilities District, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Community Facilities District as though those who signed and attested the same had continued to be such officers, and also any Bonds may be signed and attested on behalf of the Community Facilities District by such Persons as at the actual date of execution of such Bonds shall be the proper officers of the Legislative Body although at the nominal date of such Bonds any such Person shall not have been such officer of the Legislative Body.

**Section 2.04. Authentication of Bonds.** Only such of the Bonds as shall bear thereon a certificate of authentication substantially in the form as that set forth in Exhibit B hereto for the Series 2013 Bonds, 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 executed, authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

**Section 2.05. Registration Books.** The Trustee shall keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the Bonds, which shall be open to inspection during regular business hours and upon reasonable notice by the Community Facilities District; 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 such records, the ownership of the Bonds.

**Section 2.06. Transfer and Exchange of Bonds.** (a) Any Bond may be transferred upon the Registration Books by the Person in whose name it is registered, in person or by such Person's duly authorized attorney, upon surrender of such Bond to the Trustee for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Whenever any Bond or Bonds shall be so surrendered for transfer, the Community Facilities District shall execute and the Trustee shall authenticate and shall deliver a new Bond or Bonds of the same Series and maturity in a like aggregate principal amount, in any Authorized Denomination. The Trustee shall require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

(b) The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of the same Series and maturity of other Authorized Denominations. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

(c) The Trustee shall not be obligated to make any transfer or exchange of Bonds of a Series pursuant to this Section during the period established by the Trustee for the selection of Bonds of such Series for redemption, or with respect to any Bonds of such Series selected for redemption.

**Section 2.07. Book-Entry System.** (a) Prior to the issuance of a Series of Bonds, the Community Facilities District may provide that such Series of Bonds shall initially be issued as Book-Entry Bonds, and in such event, the Bonds of such Series for each maturity date shall be in the form of a separate single fully-registered Bond (which may be typewritten). Upon initial issuance, the ownership of each such Bond of such Series shall be registered in the Registration Books in the name of the Nominee, as nominee of the Depository. The Series 2013 Bonds shall initially be issued as Book-Entry Bonds.

Payment of principal of, and interest and premium, if any, on, any Book-Entry Bond registered in the name of the Nominee shall be made on the applicable payment date by wire transfer of New York clearing house or equivalent next day funds or by wire transfer of same day funds to the account of the Nominee. Such payments shall be made to the Nominee at the address which is, on the Record Date, shown for the Nominee in the Registration Books.

(b) With respect to Book-Entry Bonds, the Community Facilities District and the Trustee shall have no responsibility or obligation to any Participant or to any Person on behalf of which such a Participant holds an interest in such Book-Entry Bonds. Without limiting the immediately preceding sentence, the Community Facilities District and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any ownership interest in Book-Entry Bonds, (ii) the delivery to any Participant or any other Person, other than an Owner as shown in the Registration Books, of any notice with respect to Book-Entry Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in Book-Entry Bonds of a maturity to be redeemed in the event such Book-Entry Bonds are redeemed in part, (iv) the payment to any Participant or any other Person, other than an Owner as shown in the Registration Books, of any amount with respect to principal of, or premium, if any, or interest on Book-Entry Bonds, or (v) any consent given or other action taken by the Depository as Owner.

(c) The Community Facilities District and the Trustee may treat and consider the Person in whose name each Book-Entry Bond is registered in the Registration Books as the absolute Owner of such Book-Entry Bond for the purpose of payment of principal of, and premium, if any, and interest on such Bond, for the purpose of selecting any Bonds, or portions thereof, to be redeemed, for the purpose of giving notices of redemption and other matters with respect to such Book-Entry Bond, for the purpose of registering transfers with respect to such Book-Entry Bond, for the purpose of obtaining any consent or other action to be taken by Owners and for all other purposes whatsoever, and the Community Facilities District and the Trustee shall not be affected by any notice to the contrary.

(d) In the event of a redemption of all or a portion of a Book-Entry Bond, the Depository, in its discretion (i) may request the Trustee to authenticate and deliver a new Book-Entry Bond, or (ii) if the Depository is the sole Owner of such Book-Entry Bond, shall make an appropriate notation on the Book-Entry Bond indicating the date and amounts of the reduction in principal thereof resulting from such redemption, except in the case of final payment, in which case such Book-Entry Bond must be presented to the Trustee prior to payment.

(e) The Trustee shall pay all principal of, and premium, if any, and interest on the Book-Entry Bonds only to or "upon the order of" (as that term is used in the Uniform Commercial Code as adopted in the State) the respective Owner, as shown in the Registration Books, or such Owner's respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the obligations with respect to payment of principal of, and premium, if any, and interest on the Book-Entry Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the Registration Books, shall receive an authenticated Book-Entry Bond. Upon delivery by the Depository to the Owners, the Community Facilities District and the Trustee of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Indenture shall refer to such nominee of the Depository.

(f) In order to qualify the Book-Entry Bonds for the Depository's book-entry system, the Community Facilities District shall execute and deliver to the Depository a Letter of Representations. The execution and delivery of a Letter of Representations shall not in any way impose upon the Community Facilities District or the Trustee any obligation whatsoever with

respect to Persons having interests in such Book-Entry Bonds other than the Owners, as shown on the Registration Books. Such Letter of Representations may provide the time, form, content and manner of transmission, of notices to the Depository. In addition to the execution and delivery of a Letter of Representations by the Community Facilities District, the Community Facilities District and the Trustee shall take such other actions, not inconsistent with this Indenture, as are reasonably necessary to qualify Book-Entry Bonds for the Depository's book-entry program.

(g) In the event the Community Facilities District determines that it is in the best interests of the Beneficial Owners that they be able to obtain certificated Bonds and that such Bonds should therefore be made available, and notifies the Depository and the Trustee of such determination, the Depository will notify the Participants of the availability through the Depository of certificated Bonds. In such event, the Trustee shall transfer and exchange certificated Bonds as requested by the Depository and any other Owners in appropriate amounts. In the event (i) the Depository determines not to continue to act as securities depository for Book-Entry Bonds, or (ii) the Depository shall no longer so act and gives notice to the Trustee of such determination, then the Community Facilities District shall discontinue the Book-Entry system with the Depository. If the Community Facilities District determines to replace the Depository with another qualified securities depository, the Community Facilities District shall prepare or direct the preparation of a new single, separate, fully-registered Bond of the appropriate Series for each maturity date of such Book-Entry Bonds, registered in the name of such successor or substitute qualified securities depository or its nominee. If the Community Facilities District fails to identify another qualified securities depository to replace the Depository, then the Book-Entry Bonds shall no longer be restricted to being registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such Bonds shall designate, in accordance with the provisions of Sections 2.06, 2.08 and 2.09. Whenever the Depository requests the Community Facilities District to do so, the Community Facilities District shall cooperate with the Depository in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Book-Entry Bonds to any Participant having Book-Entry Bonds credited to its account with the Depository, and (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Book-Entry Bonds.

(h) Notwithstanding any other provision of this Indenture to the contrary, if the Depository is the sole Owner of the Bonds of a Series, so long as any Book-Entry Bond of such Series is registered in the name of the Nominee, all payments of principal of, and premium, if any, and interest on such Book-Entry Bond and all notices with respect to such Book-Entry Bond shall be made and given, respectively, as provided in the Letter of Representations or as otherwise instructed by the Depository.

(i) In connection with any notice or other communication to be provided to Owners pursuant to this Indenture by the Community Facilities District or the Trustee, with respect to any consent or other action to be taken by Owners of Book-Entry Bonds, the Trustee shall establish a record date for such consent or other action and give the Depository notice of such record date not less than 15 calendar days in advance of such record date to the extent possible.

**Section 2.08. Bonds Mutilated, Lost, Destroyed or Stolen.** If any Bond shall become mutilated, the Community Facilities District, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of the same Series

and maturity in a like principal amount 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 canceled by it and delivered to, or upon the order of, the Community Facilities District. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence and indemnity satisfactory to the Trustee shall be given, the Community Facilities District, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of the same Series and maturity in a like aggregate principal amount in lieu of and in replacement for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been selected for redemption, instead of issuing a replacement Bond, the Trustee may pay the same without surrender thereof). The Community Facilities District may require payment by the Owner of a sum not exceeding the actual cost of preparing each replacement Bond issued under this Section and of the expenses which may be incurred by the Community Facilities District and the Trustee. Any Bond of a Series issued under the provisions of this Section in lieu of any Bond of such Series alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Community Facilities District whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Indenture with all other Bonds of such Series secured by this Indenture.

**Section 2.09. Temporary Bonds.** The Bonds of a Series may be issued in temporary form exchangeable for definitive Bonds of such Series when ready for delivery. Any temporary Bonds may be printed, lithographed or typewritten, shall be of such Authorized Denominations as may be determined by the Community Facilities District, shall be in fully-registered form without coupons and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Community Facilities District and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Community Facilities District issues temporary Bonds of a Series it shall execute and deliver definitive Bonds of such Series as promptly thereafter as practicable, and thereupon the temporary Bonds of such Series may be surrendered, for cancellation, at the Office of the Trustee and the Trustee shall authenticate and deliver, in exchange for such temporary Bonds, an equal aggregate principal amount of definitive Bonds of such Series and maturities in Authorized Denominations. Until so exchanged, the temporary Bonds of such Series shall be entitled to the same benefits under this Indenture as definitive Bonds of such Series authenticated and delivered hereunder.

## ARTICLE III

### DELIVERY OF SERIES 2013 BONDS; APPLICATION OF AMOUNTS; ADDITIONAL BONDS

**Section 3.01. Issuance of Series 2013 Bonds.** The Community Facilities District may, at any time, execute the Series 2013 Bonds and deliver the same to the Trustee. The Trustee shall, on the Closing Date, authenticate the Series 2013 Bonds and deliver the Series 2013 Bonds to the Original Purchaser upon receipt of a Written Request of the Community Facilities District and upon receipt of the purchase price therefor.

**Section 3.02. Application of Proceeds of Amounts.** (a) On the Closing Date, the proceeds of the sale of the Series 2013 Bonds received by the Trustee, \$ \_\_\_\_\_, shall be deposited by the Trustee as follows:

(i) the Trustee shall deposit the amount of \$ \_\_\_\_\_ in the Costs of Issuance Fund;

(ii) the Trustee shall deposit the amount of \$ \_\_\_\_\_ in the Reserve Fund, which is equal to the Reserve Requirement;

(iii) the Trustee shall deposit the amount of \$ \_\_\_\_\_ in the Proceeds Account; and

(iv) the Trustee shall transfer the amount of \$ \_\_\_\_\_ to the Escrow Bank, to be applied to the redemption of the Prior Bonds in accordance with the provisions of the Escrow Agreement.

(b) On the Closing Date, the Trustee shall deposit the amount transferred to the Trustee by the Escrow Bank, \$ \_\_\_\_\_, in the Proceeds Account.

**Section 3.03. Costs of Issuance Fund.** (a) The Trustee shall establish and maintain a separate fund designated the "Costs of Issuance Fund." On the Closing Date, the Trustee shall deposit in the Costs of Issuance Fund the amount required to be deposited therein pursuant to Section 3.02. There shall be deposited in the Cost of Issuance Fund the portion, if any, of the proceeds of the sale of any Additional Bonds required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Bonds are issued.

(b) The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Written Request of the Community Facilities District stating (i) the Person to whom payment is to be made, (ii) the amount to be paid, (iii) the purpose for which the obligation was incurred, (iv) that such payment is a proper charge against the Costs of Issuance Fund, and (v) that such amounts have not been the subject of a prior disbursement from the Costs of Issuance Fund, in each case together with a statement or invoice for each amount requested thereunder. On the last Business Day that is no later than six months after the Closing Date, the Trustee shall transfer any amount remaining in the Costs of Issuance Fund to the Bond Fund and, upon making such transfer, the Costs of Issuance Fund shall be closed.



(c) If the Costs of Issuance Fund has been closed in accordance with the provisions hereof, the Costs of Issuance Fund shall be reopened and reestablished by the Trustee in connection with the issuance of any Additional Bonds, if so provided in the Supplemental Indenture pursuant to which such Additional Bonds are issued.

**Section 3.04. Improvement Fund.** (a) The Trustee shall establish and maintain a separate fund designated the "Improvement Fund." Within the Improvement Fund, the Trustee shall establish and maintain a separate account designated the "Proceeds Account" and a separate account designated the "Non-Proceeds Account." On the Closing Date, the Trustee shall deposit in the Proceeds Account the amount specified in Section 3.02. There shall additionally be deposited in the Proceeds Account the portion, if any, of the proceeds of the sale of any Additional Bonds required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Bonds are issued. There shall be deposited in the Non-Proceeds Account the amounts required to be transferred thereto pursuant to subsection (d) of Section 5.02.

(b) The moneys in the Proceeds Account shall be used and withdrawn by the Trustee from time to time to pay the costs of the Facilities upon submission to the Trustee of a Written Request of the Community Facilities District stating (i) the Person to whom payment is to be made, (ii) the amount to be paid, (iii) the purpose for which the obligation was incurred, (iv) that such payment constitutes a cost of the Facilities and is a proper charge against the Proceeds Account, and (v) that such amounts have not been the subject of a prior disbursement from the Proceeds Account, in each case together with a statement or invoice for each amount requested thereunder.

Upon the filing of a Written Certificate of the Community Facilities District stating (i) that the portion of the Facilities to be financed from the Proceeds Account has been completed and that all costs of such Facilities have been paid, or (ii) that such portion of the Facilities has been substantially completed and that all remaining costs of such portion of the Facilities have been determined and specifying the amount to be retained therefor, the Trustee shall (A) if the amount remaining in the Proceeds Account (less any such retention) is equal to or greater than \$25,000, transfer the portion of such amount equal to the largest integral multiple of \$5,000 that is not greater than such amount to the Redemption Fund, to be applied to the redemption of Bonds, and (B) after making the transfer, if any, required to be made pursuant to the preceding clause (A), transfer all of the amount remaining in the Proceeds Account (less any such retention) to the Bond Fund, to be applied to the payment of interest on the Bonds.

(c) The moneys in the Non-Proceeds Account shall be used and withdrawn by the Trustee from time to time to pay the costs of the Facilities upon submission to the Trustee of a Written Request of the Community Facilities District stating (i) the Person to whom payment is to be made, (ii) the amount to be paid, (iii) the purpose for which the obligation was incurred, (iv) that such payment constitutes a cost of the Facilities and is a proper charge against the Non-Proceeds Account, and (v) that such amounts have not been the subject of a prior disbursement from the Non-Proceeds Account, in each case together with a statement or invoice for each amount requested thereunder.

The moneys in the Non-Proceeds Account shall be transferred by the Trustee from time to time to the Administrative Expense Fund, the Bond Fund, the Reserve Fund, the Rebate Fund

or the Redemption Fund as requested, and in the amount specified, in a Written Request of the Community Facilities District submitted to the Trustee.

**Section 3.05. Conditions for the Issuance of Additional Bonds.** The Community Facilities District may at any time issue one or more Series of Additional Bonds (in addition to the Series 2013 Bonds) payable from Net Special Tax Revenues as provided herein on a parity with all other Bonds theretofore issued hereunder, but only subject to the following conditions, which are hereby made conditions precedent to the issuance of such Additional Bonds:

(a) upon the issuance of such Additional Bonds, no Event of Default shall have occurred and be continuing hereunder;

(b) the issuance of such Additional Bonds shall have been authorized under and pursuant to the Act and under and pursuant hereto and shall have been provided for by a Supplemental Indenture which shall specify the following:

(i) the purposes for which the proceeds of such Additional Bonds are to be applied, which purposes may only include one or more of (A) providing funds to pay costs of the Facilities, (B) providing funds to refund any Bonds previously issued hereunder, (C) providing funds to pay Costs of Issuance incurred in connection with the issuance of such Additional Bonds, and (D) providing funds to make any deposit to the Reserve Fund required pursuant to paragraph (viii) below;

(ii) the principal amount and designation of such Series of Additional Bonds and the interest rate to be borne by each maturity of such Additional Bonds;

(iii) that such Additional Bonds shall be payable as to interest on the Interest Payment Dates, except that the first installment of interest may be payable on either March 1 or September 1 and shall be for a period of not longer than twelve months;

(iv) the date, the maturity date or dates and the dates on which mandatory sinking fund redemptions, if any, are to be made for such Additional Bonds; provided, however, that each such maturity date and date on which a mandatory sinking fund redemption is to be made shall be a September 1 and, provided, further, that serial maturities of serial Bonds or mandatory sinking fund redemptions for term Bonds, or any combination thereof, shall be established to provide for the redemption or payment of such Additional Bonds on or before their respective maturity dates;

(v) the Authorized Denominations of such Additional Bonds;

(vi) the redemption premiums and terms, if any, for such Additional Bonds;

(vii) the form of such Additional Bonds;

(viii) the amount, if any, to be deposited from the proceeds of sale of such Additional Bonds in the Reserve Fund; provided, however, that the amount on deposit in the Reserve Fund at the time that such Additional Bonds become Outstanding shall be at least equal to the Reserve Requirement; and

(ix) such other provisions that are appropriate or necessary and are not inconsistent with the provisions hereof;

(c) The Community Facilities District shall have received a certificate from one or more Independent Consultants that, taken together, certify that:

(i) on the basis of the parcels of land and improvements existing in the Community Facilities District as of the January 1 preceding the proposed issuance of such Additional Bonds, for each Fiscal Year that Bonds will be Outstanding, the amount of the Available Special Taxes that may be levied on all Taxable Property in such Fiscal Year is at least equal to 110% of Annual Debt Service for the Corresponding Bond Year on all Outstanding Bonds; and

(ii) the sum of (A) the Assessed Value of parcels of Taxable Property for which a Qualified Appraisal Report has not been provided, plus (B) the Appraised Value of parcels of Taxable Property for which a Qualified Appraisal Report has been provided, as such Appraised Value is shown in such Qualified Appraisal Report, is at least three times the sum of (I) the aggregate principal amount of Outstanding Bonds, plus (II) the aggregate principal amount of all fixed lien special assessments levied on parcels of Taxable Property, based upon information from the most recent Fiscal Year for which such information is available, plus (III) the sum of a portion of the aggregate principal amount of Other CFD Bonds, which portion shall be equal to the aggregate principal amount of such Other CFD Bonds multiplied by a fraction, the numerator of which is the amount of special taxes levied for such Other CFD Bonds on parcels of Taxable Property, and the denominator of which is the total amount of special taxes levied for such Other CFD Bonds on all parcels of land (such fraction to be determined based upon the maximum special taxes which could be levied in the year in which maximum annual debt service on such Other CFD Bonds occurs), based upon information from the most recent Fiscal Year for which such information is available.

Notwithstanding the foregoing, if (i) such Additional Bonds are being issued to refund previously issued Bonds, and (ii) Annual Debt Service in each Bond Year, calculated for all Bonds that will be Outstanding after the issuance of such Additional Bonds, will be less than or equal to Annual Debt Service in such Bond Year, calculated for all Bonds which are Outstanding immediately prior to the issuance of such Additional Bonds, the receipt of the certificate described in paragraph (c), above, shall not be a condition precedent to the issuance of such Additional Bonds.

Nothing contained herein shall limit the issuance of any special tax bonds payable from Special Taxes if, after the issuance and delivery of such special tax bonds, none of the Bonds theretofore issued hereunder will be Outstanding.

**Section 3.06. Procedure for the Issuance of Additional Bonds.** At any time after the sale of any Additional Bonds in accordance with the Act, such Additional Bonds shall be executed by the Community Facilities District for issuance hereunder and shall be delivered to the Trustee and thereupon shall be authenticated and delivered by the Trustee, but only upon receipt by the Trustee of the following:

(a) a certified copy of the Supplemental Indenture authorizing the issuance of such Additional Bonds;

(b) a Written Request of the Community Facilities District as to the delivery of such Additional Bonds;

(c) a Written Certificate of the Community Facilities District stating that the conditions precedent to the issuance of such Additional Bonds specified in Section 3.05 have been satisfied;

(d) an opinion of Bond Counsel substantially to the effect that (i) this Indenture and all Supplemental Indentures have been duly authorized, executed and delivered by, and constitute the valid and binding obligations of, the Community Facilities District, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and by the application of equitable principles and by the exercise of judicial discretion in appropriate cases and subject to the limitations on legal remedies against political subdivisions in the State), (ii) such Additional Bonds constitute valid and binding special obligations of the Community Facilities District and are enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and by the application of equitable principles and by the exercise of judicial discretion in appropriate cases and subject to the limitations on legal remedies against political subdivisions in the State), and (iii) the issuance of such Additional Bonds, in and of itself, will not adversely affect the exclusion of interest on the Bonds Outstanding prior to the issuance of such Additional Bonds from gross income for federal income tax purposes;

(e) the proceeds of the sale of such Additional Bonds; and

(f) such further documents or money as are required by the provisions hereof or by the provisions of the Supplemental Indenture authorizing the issuance of such Additional Bonds.

**Section 3.07. Additional Bonds.** So long as any of the Bonds remain Outstanding, the Community Facilities District shall not issue any Additional Bonds or obligations payable from Special Tax Revenues, except pursuant to Sections 3.05 and 3.06.

**ARTICLE IV**

**REDEMPTION OF BONDS**

**Section 4.01. Redemption of Series 2013 Bonds.** (a) *Optional Redemption.* The Series 2013 Bonds maturing on or after September 1, 20\_\_ shall be subject to optional redemption, in whole on any date or in part in Authorized Denominations on any Interest Payment Date on or after September 1, 20\_\_, from any source of available funds, at a Redemption Price equal to the principal amount of the Series 2013 Bonds to be redeemed plus accrued interest thereon to the date of redemption, without premium.

The Community Facilities District shall give the Trustee written notice of its intention to redeem Series 2013 Bonds pursuant to this subsection not less than 45 days prior to the applicable redemption date, unless such notice shall be waived by the Trustee.

(b) *Mandatory Redemption from Special Tax Prepayments.* The Series 2013 Bonds shall be subject to mandatory redemption, in whole or in part, on any Interest Payment Date on or after September 1, 2013, from and to the extent of any prepaid Special Taxes deposited in the Redemption Fund, at the following respective Redemption Prices (expressed as percentages of the principal amount of the Series 2013 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
September 1, 2013 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 thereafter	100%

(c) *Mandatory Sinking Fund Redemption.* The Series 2013 Bonds maturing September 1, 20\_\_ shall be subject to mandatory sinking fund redemption, in part, on September 1 in each year, commencing September 1, 20\_\_, at a Redemption Price equal to the principal amount of the Series 2013 Bonds to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

Sinking Fund Redemption Date (September 1)	Principal Amount to be <u>Redeemed</u>
--	--

(Maturity)

If some but not all of the Series 2013 Bonds maturing on September 1, 20\_\_ are redeemed pursuant to Section 4.01(a), the principal amount of Series 2013 Bonds maturing on September 1, 20\_\_ to be redeemed pursuant to Section 4.01(c) on any subsequent September 1 shall

be reduced, by \$5,000 or an integral multiple thereof, as designated by the Community Facilities District in a Written Certificate of the Community Facilities District filed with the Trustee; provided, however, that the aggregate amount of such reductions shall not exceed the aggregate amount of Series 2013 Bonds maturing on September 1, 20\_\_ redeemed pursuant to Section 4.01(a). If some but not all of the Series 2013 Bonds maturing on September 1, 20\_\_ are redeemed pursuant to Section 4.01(b), the principal amount of Series 2013 Bonds maturing on September 1, 20\_\_ to be redeemed pursuant to Section 4.01(c) on any subsequent September 1 shall be reduced by the aggregate principal amount of the Series 2013 Bonds maturing on September 1, 20\_\_ so redeemed pursuant to Section 4.01(b), such reduction to be allocated among redemption dates as nearly as practicable on a *pro rata* basis in amounts of \$5,000 or integral multiples thereof, as determined by the Trustee, notice of which determination shall be given by the Trustee to the Community Facilities District.

**Section 4.02. Notice of Redemption.** The Trustee on behalf and at the expense of the Community Facilities District 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 and to the Original Purchaser at least 30 but not more than 60 days prior to the date fixed for redemption. Such notice shall state the date of the notice, the redemption date, the redemption place and the Redemption Price and shall designate the CUSIP numbers, if any, the Bond numbers and the maturity or maturities of the Bonds to be redeemed (except in the event of redemption of all of the Bonds of such maturity or maturities in whole), and shall require that such Bonds be then surrendered at the 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 date fixed for redemption. Neither the failure to receive any notice so mailed, nor any defect in such notice, shall affect the validity of the proceedings for the redemption of the Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption. With respect to any notice of any optional redemption of Bonds, unless at the time such notice is given the Bonds to be redeemed shall be deemed to have been paid within the meaning of Section 10.02, such notice shall state that such redemption is conditional upon receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys that, together with other available amounts held by the Trustee, are sufficient to pay the Redemption Price of, and accrued interest on, the Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Community Facilities District shall not be required to redeem such Bonds. In the event a notice of redemption of Bonds contains such a condition and such moneys are not so received, the redemption of Bonds as described in the conditional notice of redemption shall not be made and the Trustee shall, within a reasonable time after the date on which such redemption was to occur, give notice to the Persons and in the manner in which the notice of redemption was given, that such moneys were not so received and that there shall be no redemption of Bonds pursuant to such notice of redemption.

**Section 4.03. Selection of Bonds for Redemption.** Whenever provision is made in this Indenture for the redemption of less than all of the Bonds, the Trustee shall select the Bonds to be redeemed from all Bonds not previously called for redemption (a) with respect to any optional redemption of Bonds of a Series, among maturities of Bonds of such Series as directed in a Written Request of the Community Facilities District, (b) with respect to any redemption pursuant to Section 4.01(b) and the corresponding provision of any Supplemental Indenture pursuant to which Additional Bonds are issued, among maturities of all Series of Bonds on a *pro rata* basis as nearly

as practicable, and (c) with respect to any other redemption of Additional Bonds, among maturities as provided in the Supplemental Indenture pursuant to which such Additional Bonds are issued, and by lot among Bonds of the same Series with the same maturity in any manner which the Trustee in its sole discretion shall deem appropriate. For purposes of such selection, all Bonds shall be deemed to be comprised of separate \$5,000 denominations and such separate denominations shall be treated as separate Bonds which may be separately redeemed.

**Section 4.04. Partial Redemption of Bonds.** Upon surrender of any Bonds redeemed in part only, the Community Facilities District shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Community Facilities District, a new Bond or Bonds of the same Series in Authorized Denominations in an aggregate principal amount equal to the unredeemed portion of the Bonds surrendered.

**Section 4.05. Effect of Notice of Redemption.** Notice having been mailed as aforesaid, and moneys for the Redemption Price, and the interest to the applicable date fixed for redemption, having been set aside with the Trustee, the Bonds shall become due and payable on said date, and, upon presentation and surrender thereof at the Office of the Trustee, said Bonds shall be paid at the Redemption Price thereof, together with interest accrued and unpaid to said date.

If, on said date fixed for redemption, moneys for the Redemption Price of all the Bonds to be redeemed, together with interest to said date, shall be held by the Trustee so as to be available therefor on such date, and, if notice of redemption thereof shall have been mailed as aforesaid and not canceled, then, from and after said date, interest on said Bonds shall cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed without liability to such Owners for interest thereon.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions hereof shall be canceled upon surrender thereof and destroyed.

## ARTICLE V

### SECURITY FOR BONDS; FLOW OF FUNDS; INVESTMENTS

**Section 5.01. Pledge.** Subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms, the provisions of this Indenture and the Act, the Community Facilities District hereby pledges to the Owners, and grants thereto a lien on and a security interest in, all of the Net Special Tax Revenues and any other amounts held in the Special Tax Fund, the Bond Fund and the Reserve Fund. Said pledge shall constitute a first lien on and security interest in such assets, which shall immediately attach to such assets and be effective, binding and enforceable against the Community Facilities District, its successors, purchasers of any of such assets, creditors and all others asserting rights therein, to the extent set forth in, and in accordance with, this Indenture, irrespective of whether those parties have notice of the pledge of, lien on and security interest in such assets and without the need for any physical delivery, recordation, filing or further act.

**Section 5.02. Special Tax Fund.** (a) The Trustee shall establish and maintain a separate fund designated the "Special Tax Fund." As soon as practicable after the receipt by the Community Facilities District of any Special Tax Revenues, the Community Facilities District shall transfer such Special Tax Revenues to the Trustee for deposit in the Special Tax Fund; provided, however, that with respect to any such Special Tax Revenues that represent prepaid Special Taxes that are to be applied to the redemption of Bonds in accordance with the provisions hereof, said prepaid Special Taxes shall be identified as such in a Written Certificate of the Community Facilities District delivered to the Trustee at the time such prepaid Special Taxes are transferred to the Trustee, the portion of such prepaid Special Taxes to be applied to the Redemption Price of the Bonds to be so redeemed shall be identified in such Written Certificate of the Community Facilities District and shall be deposited by the Trustee in the Redemption Fund and the portion of such prepaid Special Taxes to be applied to the payment of interest on the Bonds to be so redeemed shall be identified in such Written Certificate of the Community Facilities District and shall be deposited by the Trustee in the Bond Fund.

(b) Upon receipt of a Written Request of the Community Facilities District, the Trustee shall withdraw from the Special Tax Fund and transfer to the Administrative Expense Fund the amount specified in such Written Request of the Community Facilities District as the amount necessary to be transferred thereto in order to have sufficient amounts available therein to pay Administrative Expenses.

(c) On the Business Day immediately preceding each Interest Payment Date, after having made any requested transfer to the Administrative Expense Fund, the Trustee shall make the following transfers in the following order of priority:

(i) *Bond Fund.* The Trustee shall withdraw from the Special Tax Fund and transfer to the Bond Fund, Net Special Tax Revenues in the amount, if any, necessary to cause the amount on deposit in the Bond Fund to be equal to the principal and interest due on the Bonds on such Interest Payment Date; and



(ii) *Reserve Fund.* After having made any transfers required to be made pursuant to the preceding paragraph (i), the Trustee shall withdraw from the Special Tax Fund and transfer to the Reserve Fund, Net Special Tax Revenues in the amount, if any, necessary to cause the amount on deposit in the Reserve Fund to be equal to the Reserve Requirement.

(d) On each September 2, after having made any requested transfer pursuant to subsection (b) of this Section and any transfers required to be made pursuant to subsection (c) of this Section, the Trustee shall transfer any remaining amounts in the Special Tax Fund to the Non-Proceeds Account.

**Section 5.03. Bond Fund.** (a) The Trustee shall establish and maintain a separate fund designated the “Bond Fund.” The Trustee shall deposit in the Bond Fund from time to time the amounts required to be deposited therein pursuant to Section 5.02(c). There shall additionally be deposited in the Bond Fund the portion, if any, of the proceeds of the sale of Additional Bonds required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Bonds are issued.

(b) In the event that, on the Business Day prior to an Interest Payment Date, amounts in the Bond Fund are insufficient to pay the principal, if any, of and interest on the Bonds due and payable on such Interest Payment Date, including principal due and payable by reason of mandatory sinking fund redemption of such Bonds, the Trustee shall withdraw from the Reserve Fund, to the extent of any funds therein, the amount of such insufficiency, and shall transfer any amounts so withdrawn to the Bond Fund.

(c) On each Interest Payment Date, the Trustee shall withdraw from the Bond Fund for payment to the Owners of the Bonds the principal, if any, of and interest on the Bonds then due and payable, including principal due and payable by reason of mandatory sinking fund redemption of such Bonds.

(d) In the event that, on an Interest Payment Date, amounts in the Bond Fund are insufficient to pay the principal, if any, of and interest on the Bonds due and payable on such Interest Payment Date, including principal due and payable by reason of mandatory sinking fund redemption of such Bonds, the Trustee shall apply available funds therein in accordance with the provisions of Section 7.05.

**Section 5.04. Redemption Fund.** (a) The Trustee shall establish and maintain a special fund designated the “Redemption Fund.” As soon as practicable after the receipt by the Community Facilities District of prepaid Special Taxes, but in any event not later than ten Business Days after such receipt, the Community Facilities District shall transfer the portion of such prepaid Special Taxes to be applied to the Redemption Price of the Bonds to be redeemed from such prepaid Special Taxes to the Trustee for deposit in the Redemption Fund. The Trustee shall deposit in the Redemption Fund amounts received from the Community Facilities District in connection with the Community Facilities District’s exercise of its rights to optionally redeem Series 2013 Bonds pursuant to Section 4.01(a) and any other amounts required to be deposited therein pursuant to Section 5.05 or pursuant to any Supplemental Indenture.

(b) Amounts in the Redemption Fund shall be disbursed therefrom (i) to pay the Redemption Price of Series 2013 Bonds redeemed pursuant to Section 4.01(b) and to pay the Redemption Price of Additional Bonds redeemed under the corresponding provisions of the Supplemental Indenture pursuant to which such Additional Bonds are issued, and (ii) to pay the Redemption Price of Series 2013 Bonds redeemed pursuant to Section 4.01(a) and to pay the Redemption Price of Additional Bonds redeemed under the corresponding provisions of the Supplemental Indenture pursuant to which such Additional Bonds are issued.

(c) In lieu of the optional redemption of Bonds otherwise to be redeemed pursuant hereto from amounts on deposit in the Redemption Fund, amounts on deposit in the Redemption Fund may, no later than 45 days prior to the date on which such Bonds are to be so redeemed, be used and withdrawn by the Trustee, upon the Written Request of the Community Facilities District, for the purchase of such Bonds at public or private sale at a purchase price (including brokerage and other charges, but excluding accrued interest, which is payable from the Bond Fund) that shall not exceed the Redemption Price of such Bonds.

**Section 5.05. Reserve Fund.** (a) The Trustee shall establish and maintain a special fund designated the "Reserve Fund." On the Closing Date, the Trustee shall deposit in the Reserve Fund the amount specified in Section 3.02. The Trustee shall deposit in the Reserve Fund from time to time the amounts required to be deposited therein pursuant to Section 5.02(c). There shall additionally be deposited in the Reserve Fund, in connection with the issuance of Additional Bonds, the amount required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Bonds are issued.

(b) Except as otherwise provided in this Section, all amounts deposited in the Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of (i) making transfers to the Bond Fund in accordance with Section 5.03(b) in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of and interest on the Bonds, and (ii) redeeming Bonds in accordance with the provisions of this Section.

(c) Whenever Bonds are to be redeemed pursuant to Section 4.01(a) or Section 4.01(b) or the corresponding provisions of a Supplemental Indenture, a proportionate share, determined as provided below, of the amount on deposit in the Reserve Fund shall, on the date on which amounts to redeem such Bonds are deposited in the Redemption Fund or otherwise deposited with the Trustee pursuant to Section 10.02, be transferred by the Trustee from the Reserve Fund to the Redemption Fund or to such deposit held by the Trustee and shall be applied to the redemption of said Bonds; provided, however, that such amount shall be so transferred only if and to the extent that the amount remaining on deposit in the Reserve Fund will be at least equal to the Reserve Requirement (excluding from the calculation thereof said Bonds to be redeemed). Such proportionate share shall be equal to the largest integral multiple of the minimum Authorized Denomination for said Bonds that is not larger than the amount equal to the product of (i) the amount on deposit in the Reserve Fund on the date of such transfer, times (ii) a fraction, the numerator of which is the principal amount of Bonds to be so redeemed and the denominator of which is the principal amount of Bonds to be Outstanding on the day prior to the date on which such Bonds are to be so redeemed.

(d) Whenever the balance in the Reserve Fund exceeds the amount required to redeem or pay the Outstanding Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Trustee shall, upon receipt of a Written Request of the Community Facilities District, transfer the amount in the Reserve Fund to the Bond Fund or Redemption Fund, as applicable, to be applied, on the next succeeding Interest Payment Date to the payment and redemption of all of the Outstanding Bonds.

(e) If as a result of the scheduled payment of principal of or interest on the Outstanding Bonds, the Reserve Requirement is reduced, the Trustee shall transfer to the Bond Fund an amount equal to the amount by which the amount on deposit in the Reserve Fund exceeds such reduced Reserve Requirement.

**Section 5.06. Rebate Fund.** (a) The Trustee shall establish and maintain a special fund designated the "Rebate Fund." There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Certificate, as specified in a Written Request of the Community Facilities District. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement, for payment to the United States of America. Notwithstanding defeasance of the Bonds pursuant to Article X or anything to the contrary contained herein, all amounts required to be deposited into or on deposit in the Rebate Fund shall be governed exclusively by this Section and by the Tax Certificate (which is incorporated herein by reference). The Trustee shall be deemed conclusively to have complied with such provisions if it follows the written directions of the Community Facilities District, and shall have no liability or responsibility to enforce compliance by the Community Facilities District with the terms of the Tax Certificate. The Trustee may conclusively rely upon the Community Facilities District's determinations, calculations and certifications required by the Tax Certificate. The Trustee shall have no responsibility to independently make any calculation or determination or to review the Community Facilities District's calculations.

(b) Any funds remaining in the Rebate Fund after payment in full of all of the Bonds and after payment of any amounts described in this Section, shall, upon receipt by the Trustee of a Written Request of the Community Facilities District, be withdrawn by the Trustee and remitted to the Community Facilities District.

(c) On or before November 1 of each year, the Community Facilities District shall deliver to the Trustee a Written Certificate of the Community Facilities District specifying the amount of the then applicable Rebate Requirement. Any amount in the Rebate Fund in excess of the Rebate Requirement on November 1 of each year shall be withdrawn from the Rebate Fund by the Trustee and shall be deposited in the Earnings Fund.

**Section 5.07. Administrative Expense Fund.** (a) The Trustee shall establish and maintain a special fund designated the "Administrative Expense Fund." The Trustee shall deposit in the Administrative Expense Fund the amounts transferred from the Special Tax Fund and required to be deposited therein pursuant to Section 5.02(b).

(b) The moneys in the Administrative Expense Fund shall be used and withdrawn by the Trustee from time to time to pay the Administrative Expenses upon submission of a Written Request of the Community Facilities District stating (i) the Person to whom payment is to be made,

(ii) the amount to be paid, (iii) the purpose for which the obligation was incurred and that such purpose constitutes an Administrative Expense, (iv) that such payment is a proper charge against the Administrative Expense Fund, and (v) that such amounts have not been the subject of a prior disbursement from the Administrative Expense Fund; in each case together with a statement or invoice for each amount requested thereunder.

(c) To the extent moneys are not otherwise available therefor in the Earnings Fund, amounts in the Administrative Expense Fund shall, at the Written Request of the Community Facilities District, be transferred by the Trustee to the Rebate Fund.

**Section 5.08. Earnings Fund.** (a) The Trustee shall establish and maintain a special fund designated the "Earnings Fund." The Trustee shall deposit in the Earnings Fund the amounts required to be deposited therein pursuant to Section 5.06 or Section 5.09.

(b) At least annually on or before November 1 of each year, if the amount on deposit in the Rebate Fund is less than the Rebate Requirement, the Community Facilities District shall deliver to the Trustee a Written Request of the Community Facilities District directing the Trustee to transfer from the Earnings Fund to the Rebate Fund the amount specified in such Written Request (which shall be an amount sufficient to cause the amount on deposit in the Rebate Fund to be equal to the Rebate Requirement), and the Trustee shall so transfer such amount. On November 2 of each year, after having made any requested transfer to the Rebate Fund, the Trustee shall transfer any amount in the Earnings Fund, first, to the Reserve Fund in the amount, if any, necessary to cause the amount on deposit in the Reserve Fund to be equal to the Reserve Requirement and, second, to the Special Tax Fund.

**Section 5.09. Investment of Moneys.** (a) Except as otherwise provided herein, all moneys in any of the funds or accounts established pursuant to this Indenture and held by the Trustee shall be invested by the Trustee solely in Permitted Investments, as directed in writing by the Community Facilities District two Business Days prior to the making of such investment. Moneys in all funds and accounts held by the Trustee shall be invested in Permitted Investments maturing not later than the date on which it is estimated that such moneys will be required for the purposes specified in this Indenture; provided, however, that Permitted Investments in which moneys in the Reserve Fund are so invested shall mature no later than the earlier of five years from the date of investment or the final maturity date of the Bonds and, provided, further, that if such Permitted Investments may be redeemed at par so as to be available on each Interest Payment Date, any amount in the Reserve Fund may be invested in such redeemable Permitted Investments maturing on any date on or prior to the final maturity date of the Bonds. Absent timely written direction from the Community Facilities District, the Trustee shall invest any funds held by it in Permitted Investments described in paragraph 6 of the definition thereof.

(b) Subject to the provisions of Section 5.06, all interest, profits and other income received from the investment of moneys in any fund or account established pursuant to this Indenture (other than the Reserve Fund) shall be retained therein. Subject to the provisions of Section 5.06, all interest, profits or other income received from the investment of moneys in the Reserve Fund shall, prior to the date on which a Written Certificate of the Community Facilities District is delivered to the Trustee pursuant to subsection (b) of Section 3.04, be transferred to the Proceeds Account and, thereafter, shall be transferred to the Earnings Fund; provided, however,

that, notwithstanding the foregoing, any such transfer shall be made from the Reserve Fund only if and to the extent that, after such transfer, the amount on deposit in the Reserve Fund is at least equal to the Reserve Requirement.

(c) Permitted Investments acquired as an investment of moneys in any fund or account established under this Indenture shall be credited to such fund or account. For the purpose of determining the amount in any fund or account, all Permitted Investments credited to such fund shall be valued by the Trustee at the market value thereof, such valuation to be performed not less frequently than semiannually on or before each February 15 and August 15.

(d) The Trustee may act as principal or agent in the making or disposing of any investment. Upon the Written Request of the Community Facilities District, the Trustee shall sell or present for redemption any Permitted Investments so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investments are credited, and the Trustee shall not be liable or responsible for any loss resulting from any investment made or sold pursuant to this Section. For purposes of investment, the Trustee may commingle moneys in any of the funds and accounts established hereunder.

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

## ARTICLE VI

### COVENANTS

**Section 6.01. Collection of Special Tax Revenues.** (a) The Community Facilities District shall comply with all requirements of the Act, the Ordinance and this Indenture so as to assure the timely collection of Special Tax Revenues, including without limitation, the enforcement of delinquent Special Taxes; provided, however, that the Community Facilities District shall have the right to waive delinquency penalties and redemption penalties in accordance with the provisions of subdivision (e) of Section 53340 of the Act.

(b) Prior to August 1 of each year, the Community Facilities District shall ascertain from the County Assessor the relevant parcels on which the Special Taxes are to be levied, taking into account any parcel splits during the preceding and then current year. The Community Facilities District shall effect the levy of the Special Taxes each Fiscal Year in accordance with the Ordinance by each August 10, or otherwise 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 Community Facilities District for inclusion on the next real property tax roll. Upon the completion of the computation of the amounts of the levy, the Community Facilities District shall prepare or cause to be prepared, and shall transmit to the Auditor, such data as the Auditor requires in order to include the levy of the Special Taxes on the next real property tax roll.

(c) The Community Facilities District shall fix and levy the amount of Special Taxes within the Community Facilities District in each Fiscal Year in accordance with the Rate and Method and, subject to the limitations in the Rate and Method as to the maximum Special Tax that may be levied, in an amount sufficient to yield Special Tax Revenues in the amount required for (i) the payment of principal of and interest on any Outstanding Bonds becoming due and payable during the Bond Year commencing in such Fiscal Year, (ii) any necessary replenishment of the Reserve Fund, and (iii) the payment of Administrative Expenses estimated to be paid from such Special Tax Revenues, taking into account the balances in the funds and accounts established hereunder.

(d) The Special Taxes shall be payable and be collected in the same manner and at the same time and in the same installment 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 ad valorem taxes on real property.

**Section 6.02. Foreclosure.** Pursuant to Section 53356.1 of the Act, the Community Facilities District hereby covenants with and for the benefit of the Owners that it will commence appropriate judicial foreclosure proceedings against parcels with total Special Tax delinquencies in excess of \$5,000 (not including interest and penalties thereon) by the October 1 following the close of each Fiscal Year in which the last of such Special Taxes were due and will commence appropriate judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the October 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Taxes levied in such Fiscal Year, and diligently pursue to completion such foreclosure proceedings; provided, however, that, notwithstanding the foregoing,

the Community Facilities District may elect to accept payment from a property owner of at least the enrolled amount but less than the full amount of the penalties, interest, costs and attorneys' fees related to a Special Tax delinquency, if permitted by law. Notwithstanding the foregoing, in certain instances the amount of a Special Tax delinquency on a particular parcel is so small that the cost of appropriate foreclosure proceedings will far exceed the Special Tax delinquency and in such cases foreclosure proceedings may be delayed by the Community Facilities District until there are sufficient Special Tax delinquencies accruing to such parcel (including interest and penalties thereon) to warrant the foreclosure proceedings cost.

**Section 6.03. Compliance with Act.** The Community Facilities District shall comply with all applicable provisions of the Act.

**Section 6.04. Punctual Payment.** The Community Facilities District shall punctually pay or cause to be paid the principal, premium, if any, and interest 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 Net Special Tax Revenues and other assets pledged for such payment as provided in this Indenture and received by the Community Facilities District or the Trustee.

**Section 6.05. Extension of Payment of Bonds.** The Community Facilities District 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 Community Facilities District 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 6.06. Against Encumbrances; Defense of Pledge.** The Community Facilities District shall not create, or permit the creation of, any pledge of, lien on, security interest in or charge or other encumbrance upon the assets pledged under this Indenture, except as permitted hereby. The Community Facilities District shall at all times, to the extent permitted by law, defend, preserve and protect said pledge of such assets, and the lien thereon and security interest therein created hereby, against all claims and demands of all Persons whomsoever.

**Section 6.07. Tax Covenants.** (a) The Community Facilities District shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Series 2013 Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the Community Facilities District shall comply with the requirements of the Tax Certificate, which is incorporated herein as if fully set forth herein. This covenant shall survive payment in full or defeasance of the Series 2013 Bonds.

(b) In the event that at any time the Community Facilities District is of the opinion that for purposes of this Section it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Trustee in any of the funds or accounts established hereunder, the

Community Facilities District shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

(c) Notwithstanding any provisions of this Section, if the Community Facilities District shall provide to the Trustee an opinion of Bond Counsel to the effect that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Series 2013 Bonds, the Trustee may conclusively rely on such opinion in complying with the requirements of this Section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

**Section 6.08. Continuing Disclosure.** Each of the Community Facilities District and the Trustee shall comply with and carry out all of the provisions of the Continuing Disclosure Agreement applicable to it. Notwithstanding any other provision of this Indenture, failure of the Community Facilities District or the Trustee to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; provided, however, that the Trustee may (and, at the written direction of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Series 2013 Bonds, and upon receipt of indemnification reasonably satisfactory to the Trustee, shall) or any Owner or Beneficial Owner of the Series 2013 Bonds may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

**Section 6.09. Non-Cash Payments of Special Taxes.** The Community Facilities District shall not authorize owners of taxable parcels within the Community Facilities District to satisfy Special Tax obligations by the tender of Bonds unless the Community Facilities District shall have first obtained a report of an Independent Consultant certifying that doing so would not result in the Community Facilities District having insufficient Special Tax Revenues to pay the principal of and interest on all Outstanding Bonds when due.

**Section 6.10. Reduction in Special Taxes.** The Community Facilities District shall not initiate proceedings under the Act to modify the Rate and Method if such modification would adversely affect the security for the Bonds. If an initiative is adopted that purports to modify the Rate and Method in a manner that would adversely affect the security for the Bonds, the Community Facilities District shall, to the extent permitted by law, commence and pursue reasonable legal actions to prevent the modification of the Rate and Method in a manner that would adversely affect the security for the Bonds.

**Section 6.11. Accounting Records.** The Community Facilities District shall keep or cause to be kept appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the Special Taxes, which records shall be available for inspection by the Trustee at reasonable hours and under reasonable conditions.

**Section 6.12. State Reporting.** If at any time the Trustee fails to pay principal or interest due on any scheduled payment date for the Bonds, or if funds are withdrawn from the Reserve Fund to pay principal of or interest on the Bonds, the Trustee shall notify the Community Facilities District in writing of such failure or withdrawal, and the Community Facilities District shall notify the California Debt and Investment Advisory Commission of such failure or withdrawal within ten days of the failure to make such payment or the date of such withdrawal.



**Section 6.13. Annual Reports to the California Debt and Investment Advisory Commission.** Not later than October 30 of each year, commencing October 30, 2013 and continuing until the October 30 following the final maturity of the Bonds, the Community Facilities District shall supply to the California Debt and Investment Advisory Commission the information required to be provided thereto pursuant to Section 53359.5(b) of the Act. Such information shall be made available to any Owner upon written request to the Community Facilities District accompanied by a fee determined by the Community Facilities District to pay the costs of the Community Facilities District in connection therewith. The Community Facilities District shall in no event be liable to any Owner or any other Person in connection with any error in any such information.

**Section 6.14. Further Assurances.** The Community Facilities District shall make, execute and deliver any and all such further agreements, 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 rights and benefits provided in this Indenture.

## ARTICLE VII

### EVENTS OF DEFAULT AND REMEDIES

**Section 7.01. 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 Community Facilities District to observe and perform any of the other covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, if such failure shall have continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the Community Facilities District by the Trustee, or to the Community Facilities District and the Trustee by the Owners of not less than 5% in aggregate principal amount of the Bonds at the time Outstanding; provided, however, that, if in the reasonable opinion of the Community Facilities District the failure stated in the notice can be corrected, but not within such 30 day period, such failure shall not constitute an Event of Default if corrective action is instituted by the Community Facilities District within such 30 day period and the Community Facilities District shall thereafter diligently and in good faith cure such failure in a reasonable period of time; or

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

**Section 7.02. Foreclosure.** If an Event of Default shall occur under Section 7.01(a) or Section 7.01(b) then, and in each and every such case during the continuance of such Event of Default, the Trustee may, or at the written direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, and upon being indemnified to its satisfaction therefor, shall, commence foreclosure against any parcels of land in the Community Facilities District with delinquent Special Taxes, as provided in Section 53356.1 of the Act.

**Section 7.03. Other Remedies.** If an Event of Default shall have occurred and be continuing, the Trustee shall have the right:

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

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

**Section 7.04. Remedies Not Exclusive.** No remedy herein conferred upon or reserved to the Trustee or to the Owners of the 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.

**Section 7.05. Application of Net Special Tax Revenues After Default.** If an Event of Default shall occur and be continuing, all Net Special Tax Revenues and any other funds thereafter received by the Trustee under any of the provisions of this Indenture shall be applied by the Trustee as follows and in the following order:

(a) to the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Owners and payment of reasonable fees, charges and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under this Indenture;

(b) to the payment of the principal and interest then due with respect to the Bonds (upon presentation of the 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 Indenture, as follows:

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

*Second:* to the payment to the Persons entitled thereto of the unpaid principal of any Bonds which shall have become due, whether at maturity or by call for redemption, with interest on the overdue principal at the rate borne by the respective Bonds on the date of maturity or redemption, and, if the amount available shall not be sufficient to pay in full all the 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 Trustee to the Special Tax Fund.

**Section 7.06. Power of Trustee to Enforce.** All rights of action under this Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of the Owners of such Bonds, subject to the provisions of this Indenture.

**Section 7.07. Owners' Direction of Proceedings.** Anything in this Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable satisfaction, to direct the method of conducting all remedial proceedings taken by the Trustee; provided, however, that such direction shall not be otherwise than in accordance the provisions of this Indenture, the Act and other applicable law and, provided, further, that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Owners not parties to such direction.

**Section 7.08. Limitation on Owners' Right to Sue.** No Owner of any Bonds shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture, the Act or any other applicable law with respect to such Bond, unless (a) such Owner shall have 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 the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name, (c) such Owner or said Owners shall have tendered to the Trustee indemnity reasonably satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request, and (d) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

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 any remedy hereunder or under law; it being understood and intended that no one or more Owners shall have any right in any manner whatever by such Owner's or Owners' action to affect, disturb or prejudice the security of this Indenture or the rights of any other Owners, or to enforce any right under the Bonds, this Indenture, the Act or other applicable law with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners, subject to the provisions of this Indenture.

**Section 7.09. Absolute Obligation.** Nothing in this Indenture or the Bonds contained shall affect or impair the obligation of the Community Facilities District, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective Owners at their respective dates of maturity, or upon call for redemption, as herein provided, but only out of the Net Special Tax Revenues and other assets herein pledged therefor, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

**Section 7.10. Termination of Proceedings.** In case any proceedings taken by the Trustee or any one or more 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 Trustee or the Owners, then in every such case the Community Facilities District, the Trustee and the 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 Community

Facilities District, the Trustee and the Owners shall continue as though no such proceedings had been taken.

**Section 7.11. No Waiver of Default.** No delay or omission of the Trustee or of any Owner to exercise any right or power arising upon the occurrence of any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or an acquiescence therein, and every power and remedy given by this Indenture to the Trustee or to the Owners may be exercised from time to time and as often as may be deemed expedient.

## ARTICLE VIII

### TRUSTEE

**Section 8.01. Duties and Liabilities of Trustee.** The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in this Indenture. The Trustee shall, during the existence of any Event of Default which has not been cured or waived, exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

**Section 8.02. Qualifications; Removal and Resignation; Successors.** (a) The Trustee initially a party hereto and any successor thereto shall at all times be a trust company, national banking association or bank having trust powers in good standing in or incorporated under the laws of the United States or any state thereof, having (or if such trust company, national banking association or bank is a member of a bank holding company system, its parent bank holding company shall have) a combined capital and surplus of at least \$75,000,000, and subject to supervision or examination by a federal or state agency. If such trust company, national banking association or bank publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining agency above referred to, then for the purpose of this subsection the combined capital and surplus of such trust company, national banking association or bank shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

(b) The Community Facilities District may, by an instrument in writing, upon at least 30 days' notice to the Trustee, remove the Trustee initially a party hereto and any successor thereto unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee initially a party hereto and any successor thereto if (i) at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing), or (ii) the Trustee shall cease to be eligible in accordance with subsection (a) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee.

(c) The Trustee may at any time resign by giving written notice of such resignation by first-class mail, postage prepaid, to the Community Facilities District, and to the Owners at the respective addresses shown on the Registration Books. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of subsection (a) of this Section, the Trustee shall resign immediately in the manner and with the effect specified in this Section.

(d) Upon removal or resignation of the Trustee, the Community Facilities District shall promptly appoint a successor Trustee by an instrument in writing. Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee; provided, however, that any successor Trustee shall be

qualified as provided in subsection (a) of this Section. If no qualified successor Trustee shall have been appointed and have accepted appointment within 45 days following notice of removal or notice of resignation as aforesaid, the removed or resigning Trustee or any Owner (on behalf of such Owner and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice, if any, as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the Community Facilities District and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Written Request of the Community Facilities District or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the successor Trustee shall, within 15 days after such acceptance, mail, by first-class mail postage prepaid, a notice of the succession of such Trustee to the trusts hereunder to the Owners at the addresses shown on the Registration Books.

(e) Any trust company, national banking association or bank into which the Trustee may be merged or converted or with which it may be consolidated or any trust company, national banking association or bank resulting from any merger, conversion or consolidation to which it shall be a party or any trust company, national banking association or bank to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such trust company, national banking association or bank shall be eligible under subsection (a) of this Section, shall be the successor to such Trustee, without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

**Section 8.03. Liability of Trustee.** (a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the Community Facilities District, and the Trustee shall not assume responsibility for the correctness of the same or incur any responsibility in respect thereof, other than as expressly stated herein in connection with the respective duties or obligations herein or in the Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds.

(b) The Trustee makes no representations as to the validity or sufficiency of this Indenture or of any Bonds, or in respect of the security afforded by this Indenture and the Trustee shall incur no responsibility in respect thereof. The Trustee shall be under no responsibility or duty with respect to the issuance of the Bonds for value, the application of the proceeds thereof except to the extent that such proceeds are received by it in its capacity as Trustee, or the application of any moneys paid to the Community Facilities District or others in accordance with this Indenture.

(c) The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

(d) No provision of this Indenture or any other document related hereto shall require the Trustee to risk or advance its own funds.

(e) The Trustee may execute any of its powers or duties hereunder through attorneys, agents or receivers and shall not be answerable for the actions of such attorneys, agents or receivers if selected by it with reasonable care.

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

(g) The immunities and protections extended to the Trustee also extend to its directors, officers, employees and agents.

(h) Before taking action under Article VII, under this Article or upon the direction of the Owners, the Trustee may require indemnity satisfactory to the Trustee be furnished to it to protect it against all fees and expenses, including those of its attorneys and advisors, and protect it against all liability it may incur.

(i) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

(j) The Trustee may become the Owner of Bonds with the same rights it would have if it were not Trustee and, to the extent permitted by law, may act as 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, whether or not such committee shall represent the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

(k) The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

(l) The Trustee shall not be liable for the failure to take any action required to be taken by it hereunder if and to the extent that the Trustee's taking such action is prevented by reason of an act of God, terrorism, war, riot, strike, fire, flood, earthquake, epidemic or other, similar occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care.

(m) The Trustee shall not be deemed to have knowledge of an Event of Default hereunder unless it has actual knowledge thereof.

(n) 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.



**Section 8.04. Right to Rely on Documents and Opinions.** (a) The Trustee shall be protected in acting upon any notice, requisition, resolution, request, consent, order, certificate, report, opinion, bonds or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) Whenever in the administration of the duties imposed upon it by this Indenture the Trustee 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 be deemed to be conclusively proved and established by a Written Certificate of the Community Facilities District, and such Written Certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Written Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

(c) The Trustee may consult with counsel, who may be counsel to the Community Facilities 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.

**Section 8.05. 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 prudent corporate trust industry standards, in which accurate entries shall be made of all transactions made by it relating to the proceeds of the Bonds, the Special Tax Revenues received by it and all funds and accounts established by it pursuant to this Indenture. Such books of record and account shall be available for inspection by the Community Facilities District during regular business hours and upon reasonable notice and under reasonable circumstances as agreed to by the Trustee. The Trustee shall deliver to the Community Facilities District a monthly accounting of the funds and accounts it holds under this Indenture; provided, however, that the Trustee shall not be obligated to deliver an accounting for any fund or account that (a) has a balance of zero, and (b) has not had any activity since the last reporting date.

**Section 8.06. Preservation and Inspection of Documents.** All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject during business hours and upon reasonable notice to the inspection of the Community Facilities District, the Owners and their agents and representatives duly authorized in writing.

**Section 8.07. Compensation and Indemnification.** The Community Facilities District shall pay to the Trustee from time to time from Special Tax Revenues all reasonable compensation pursuant to a pre-approved fee letter for all services rendered under this Indenture, and also all reasonable expenses, charges, legal and consulting fees pursuant to a pre-approved fee letter and other disbursements pursuant to a pre-approved fee letter and those of its attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Indenture. The Community Facilities District shall, to the extent permitted by law, from Special Tax Revenues, indemnify and save the Trustee harmless against any costs, claims, expenses and liabilities which it may incur in the exercise and performance of its powers and duties hereunder (including reasonable legal fees and expenses of counsel retained by the Trustee in connection with the performance of its duties hereunder), including the enforcement of any remedies and the defense of any suit, and which

are not due to its negligence or its willful misconduct. The duty of the Community Facilities District to indemnify the Trustee shall survive the resignation or removal of the Trustee and the termination and discharge of this Indenture.

## ARTICLE IX

### SUPPLEMENTAL INDENTURES

**Section 9.01. Supplemental Indentures.** (a) This Indenture and the rights and obligations of the Community Facilities District, the Trustee and the Owners hereunder may be modified or amended from time to time and at any time by a Supplemental Indenture, which the Community Facilities District and the Trustee may enter into when there are filed with the Trustee the written consents of the Owners of a majority of the aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 11.07. No such modification or amendment shall (i) extend the fixed maturity of any Bond, reduce the amount of principal thereof or the rate of interest thereon, extend the time of payment thereof or alter the redemption provisions thereof, without the consent of the Owner of each Bond so affected, (ii) permit any pledge of, or the creation of any lien on, security interest in or charge or other encumbrance upon the assets pledged under this Indenture prior to or on a parity with the pledge contained in, and the lien and security interest created by, this Indenture or deprive the Owners of the pledge contained in, and the lien and security interest created by, this Indenture, except as expressly provided in this Indenture, without the consent of the Owners of all of the Bonds then Outstanding, or (iii) modify or amend this Section without the prior written consent of the Owners of all Bonds then Outstanding.

(b) This Indenture and the rights and obligations of the Community Facilities District, the Trustee and the Owners hereunder may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Community Facilities District and the Trustee may enter into without the consent of any Owners for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Community Facilities District in this Indenture contained other covenants and agreements thereafter 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 Community Facilities District;

(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, provided that such modification or amendment does not materially adversely affect the rights or interests of the Owners hereunder;

(iii) to provide for the issuance of one or more Series of Additional Bonds, and to provide the terms and conditions under which such Series of Additional Bonds may be issued, subject to and in accordance with the provisions of Article III;

(iv) to permit the qualification of this Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect;

(v) to cause interest on the Bonds to be excludable from gross income for purposes of federal income taxation by the United States of America; and

(vi) in any other respect whatsoever as the Community Facilities District may deem necessary or desirable, provided that such modification or amendment does not materially adversely affect the rights or interests of the Owners hereunder.

(c) Promptly after the execution by the Community Facilities District and the Trustee of any Supplemental Indenture, the Trustee shall mail a notice (the form of which shall be furnished to the Trustee by the Community Facilities District), by first-class mail, postage prepaid, setting forth in general terms the substance of such Supplemental Indenture, to the Owners at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

**Section 9.02. Effect of Supplemental Indenture.** Upon the execution of any Supplemental Indenture pursuant to this Article, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Community Facilities District, the Trustee and the Owners 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 such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

**Section 9.03. Endorsement of Bonds; Preparation of New Bonds.** Bonds delivered after the effective date of any Supplemental Indenture pursuant to this Article may and, if the Community Facilities District so determines, shall bear a notation by endorsement or otherwise in form approved by the Community Facilities District and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand of the Owner of any Bond Outstanding at the time of such effective date and presentation of such Bond for such purpose at the Office of the Trustee a suitable notation shall be made on such Bonds. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the Community Facilities District and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the Community Facilities District and authenticated by the Trustee and, in that case, upon demand of the Owner of any Bond Outstanding at the time of such effective date, and presentation of such Bond for such purpose at the Office of the Trustee, such a new Bond in equal principal amount of the same Series, interest rate and maturity shall be exchanged for such Owner's Bond so surrendered.

**Section 9.04. Amendment of Particular Bonds.** The provisions of this Article shall not prevent any Owner from accepting any amendment or modification as to any particular Bond owned by it, provided that due notation thereof is made on such Bond.

## ARTICLE X

### DEFEASANCE

**Section 10.01. Discharge of Indenture.** (a) If the Community Facilities District shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Bonds the principal thereof and the interest and premium, if any, thereon at the times and in the manner stipulated herein and therein, then the Owners shall cease to be entitled to the pledge of the Net Special Tax Revenues and the other assets as provided herein, and all agreements, covenants and other obligations of the Community Facilities District hereunder shall thereupon cease, terminate and become void and this Indenture shall be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Community Facilities District all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the Community Facilities District all money or securities held by it pursuant hereto which are not required for the payment of the principal of and interest and premium, if any, on the Bonds.

(b) Subject to the provisions of subsection (a) of this Section, when any Bond shall have been paid and if, at the time of such payment, the Community Facilities District shall have kept, performed and observed all of the covenants and promises in such Bonds and in this Indenture required or contemplated to be kept, performed and observed by it or on its part on or prior to that time, then this Indenture shall be considered to have been discharged in respect of such Bond and such Bond shall cease to be entitled to the pledge of the Net Special Tax Revenues and the other assets as provided herein, and all agreements, covenants and other obligations of the Community Facilities District hereunder shall cease, terminate, become void and be completely discharged and satisfied as to such Bond.

(c) Notwithstanding the discharge and satisfaction of this Indenture or the discharge and satisfaction of this Indenture in respect of any Bond, those provisions of this Indenture relating to the maturity of the Bonds, interest payments and dates thereof, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds, and the duties of the Trustee in connection with all of the foregoing, shall remain in effect and shall be binding upon the Trustee and the Owners of such Bond, and the Trustee shall continue to be obligated to hold in trust any moneys or investments then held by the Trustee for the payment of the principal of and interest and premium, if any, on such Bond, and to pay to the Owner of such Bond the funds so held by the Trustee as and when such payment becomes due.

**Section 10.02. Bonds Deemed To Have Been Paid.** (a) If moneys shall have been set aside and held by the Trustee for the payment or redemption of any Bond and the payment of the interest thereon to the maturity or redemption date thereof, such Bond shall be deemed to have been paid within the meaning and with the effect provided in Section 10.01. Any Outstanding Bond shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in Section 10.01 if (i) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the Community Facilities District shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail, on a date in accordance with the provisions of Section 4.02 notice of redemption of such Bond on said redemption date, said notice to be given in accordance with Section 4.02, (ii) there shall have been

deposited with the Trustee either (A) money in an amount which shall be sufficient, or (B) Defeasance Securities, the principal of and the interest on which when due, and without any reinvestment thereof, together with the money, if any, deposited therewith, will provide moneys which shall be sufficient to pay when due the interest to become due on such Bond on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and premium, if any, on such Bond, and (iii) in the event such Bond is not by its terms subject to redemption within the next succeeding 60 days, the Community Facilities District shall have given the Trustee, in form satisfactory to it, irrevocable instructions to mail as soon as practicable, a notice to the Owner of such Bond that the deposit required by clause (ii) above has been made with the Trustee and that such Bond is deemed to have been paid in accordance with this Section and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and premium, if any, on such Bond.

(b) No Bond shall be deemed to have been paid pursuant to clause (ii) of subsection (a) of this Section unless the Community Facilities District shall have caused to be delivered to the Community Facilities District and the Trustee (i) an executed copy of a Verification Report with respect to such deemed payment, addressed to the Community Facilities District and the Trustee, in form and in substance acceptable to the Community Facilities District and the Trustee, (ii) a copy of the escrow agreement entered into in connection with the deposit pursuant to clause (ii)(B) of subsection (a) of this Section resulting in such deemed payment, which escrow agreement shall be in form and in substance acceptable to the Community Facilities District and the Trustee and which escrow agreement shall provide that no substitution of Defeasance Securities shall be permitted except with other Defeasance Securities and upon delivery of a new Verification Report, and no reinvestment of Defeasance Securities shall be permitted except as contemplated by the original Verification Report or upon delivery of a new Verification Report, and (iii) a copy of an opinion of Bond Counsel, dated the date of such deemed payment and addressed to the Community Facilities District and the Trustee, in form and in substance acceptable to the Community Facilities District and the Trustee, to the effect that such Bond has been paid within the meaning and with the effect expressed in this Indenture, this Indenture has been discharged in respect of such Bond and all agreements, covenants and other obligations of the Community Facilities District hereunder as to such Bond have ceased, terminated, become void and been completely discharged and satisfied.

**Section 10.03. Unclaimed Moneys.** Subject to the escheat laws of the State, any moneys held by the Trustee in trust for the payment and discharge of the principal of, or premium or interest on, any Bond which remain unclaimed for two years after the date when such principal, premium or interest has become payable, if such moneys were held by the Trustee at such date, or for two years after the date of deposit of such moneys if deposited with the Trustee after the date when such principal, premium or interest become payable, shall be repaid by the Trustee to the Community Facilities District as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owner of such Bond shall look only to the Community Facilities District for the payment of such principal, premium or interest.

## ARTICLE XI

### MISCELLANEOUS

**Section 11.01. Successor Is Deemed Included in All References to Predecessor.**

Whenever in this Indenture either the Community Facilities District or the Trustee 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 Indenture contained required hereby to be performed by or on behalf of the Community Facilities District or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

**Section 11.02. Limitation of Rights.** Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any Person other than the Trustee, the Community Facilities District and the Owners of the Bonds, any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained, and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Trustee, the Community Facilities District and the Owners of the Bonds.

**Section 11.03. Destruction of Bonds.** Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the Community Facilities District of any Bonds, the Trustee shall, in lieu of such cancellation and delivery, destroy such Bonds.

**Section 11.04. Severability of Invalid Provisions.** If any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Community Facilities District hereby declares that it would have entered into this Indenture and each and every other Section, subsection, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, subsections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

**Section 11.05. Notices.** Any written notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication to be given hereunder shall be given to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the Community Facilities District:

County Executive Officer  
County of Riverside  
4080 Lemon Street, 4th Floor  
Riverside, California 92501  
Ref.: CFD No. 05-8, Series 2013  
Attention: Special District Administrator

If to the Trustee:

U.S. Bank National Association  
633 West Fifth Street, 24th Floor  
Los Angeles, California 90071  
Attention: Corporate Trust Department

Each such notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication hereunder shall be deemed delivered to the party to whom it is addressed (a) if given by courier or delivery service or if personally served or delivered, upon delivery, (b) if given by telecopier, upon the sender's receipt of an appropriate answerback or other written acknowledgment, (c) if given by registered or certified mail, return receipt requested, deposited with the United States mail postage prepaid, 72 hours after such notice is deposited with the United States mail, or (d) if given by any other means, upon delivery at the address specified in this Section.

**Section 11.06. Evidence of Rights of Owners.** Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Owners in Person or by an 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, or of the holding by any Person of Bonds transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and the Community Facilities District if made in the manner provided in this Section.

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 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 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.

The ownership of Bonds shall be proved by the Registration Books.

Any request, consent, or other instrument or writing of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Community Facilities District in accordance therewith or reliance thereon.



**Section 11.07. 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 known by the Trustee to be owned or held by or for the account of the Community Facilities District, or by any other obligor on the Bonds, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Community Facilities District or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Community Facilities District or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon request of the Trustee, the Community Facilities District shall specify in a certificate to the Trustee those Bonds disqualified pursuant to this Section and the Trustee may conclusively rely on such certificate.

**Section 11.08. Money Held for Particular Bonds.** The money held by the Trustee for the payment of the interest, principal or premium due on any date with respect to particular Bonds (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto, subject, however, to the provisions of Section 10.03 but without any liability for interest thereon.

**Section 11.09. Funds and Accounts.** Any fund or account required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with prudent corporate trust industry standards to the extent practicable, and with due regard for the requirements hereof and for the protection of the security of the Bonds and the rights of every Owner thereof. The Trustee may establish any such additional funds or accounts as it deems necessary to perform its obligations hereunder.

**Section 11.10. Business Days.** If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Indenture and, unless otherwise specifically provided in this Indenture, no interest shall accrue for the period from and after such nominal date

**Section 11.11. Waiver of Personal Liability.** No member, officer, agent or employee of the Community Facilities District or the County shall be individually or personally liable for the payment of the principal of or premium or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by any applicable provision of law or by this Indenture.

**Section 11.12. Interpretation.** (a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of Articles and Sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words “herein,” “hereof,” “hereby,” “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 11.13. Conflict with Act.** In the event of any conflict between any provision of this Indenture and any provision of the Act, the provision of the Act shall prevail over the provision of this Indenture.

**Section 11.14. Conclusive Evidence of Regularity.** Bonds issued pursuant to this Indenture shall constitute evidence of the regularity of all proceedings under the Act relative to their issuance and the levy of the Special Taxes.

**Section 11.15. Governing Laws.** This Indenture shall be governed by and construed in accordance with the laws of the State.

**Section 11.16. Execution in Several Counterparts.** This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

**IN WITNESS WHEREOF**, the Community Facilities District has caused this Indenture to be signed in its name by its representative thereunto duly authorized, and the Trustee, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

**COMMUNITY FACILITIES DISTRICT  
NO. 05-8 (SCOTT ROAD) OF THE  
COUNTY OF RIVERSIDE**

[SEAL]

By: \_\_\_\_\_  
Chairman of the Legislative Body of  
Community Facilities District No. 05-8  
(Scott Road) of the County of Riverside

ATTEST:

\_\_\_\_\_  
Clerk of the Legislative Body of Community  
Facilities District No. 05-8 (Scott Road)  
of the County of Riverside

**U.S. BANK NATIONAL ASSOCIATION,  
AS TRUSTEE**

By: \_\_\_\_\_  
Authorized Officer

## EXHIBIT A

### PERMITTED INVESTMENTS

**“Permitted Investments”** means the following:

(1) 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);

(2) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- Export-Import Bank
- Rural Economic Community Development Administration
- U.S. Maritime Administration
- Small Business Administration
- U.S. Department of Housing & Urban Development (PHAs)
- Federal Housing Administration
- Federal Financing Bank;

(3) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC)
- Obligations of the Resolution Funding Corporation (REFCORP)
- Senior debt obligations of the Federal Home Loan Bank System;

(4) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks (which may include the Trustee and its affiliates) which have a rating on their short term certificates of deposit on the date of purchase of “P-1” by Moody’s and “A-1” or “A-1+” by S&P and maturing not more than 360 calendar days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);

(5) Commercial paper which is rated at the time of purchase in the single highest classification, “P-1” by Moody’s and “A-1+” by S&P and which matures not more than 270 calendar days after the date of purchase;

(6) Investments in a money market fund rated “AAAm” or “AAAm-G” or better by S&P, including a fund for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee provide investment advisory or other management services;

(7) Pre-refunded Municipal Obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(a) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's or S&P or any successors thereto; or

(b) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (1) or (2) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(8) Municipal obligations rated "Aa/AA1" or general obligations of states with a rating of "A2/A" or higher by both Moody's and S&P;

(9) Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "Aa3" by Moody's and "AA-" by S&P; provided, that, by the terms of the investment agreement:

(a) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days' prior notice;

(b) the investment agreement shall state that it is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks *pari passu* with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

(c) the Trustee or the Community Facilities District receive the opinion of domestic counsel that such investment agreement is legal, valid and binding and enforceable against the provider in accordance with its terms and of foreign counsel (if applicable);

(d) the investment agreement shall provide that if during its term (i) the provider's rating by either Moody's or S&P falls below "Aa3" or "AA-," respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (A) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the Trustee or a holder of the collateral, collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to Moody's and

S&P to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (B) repay the principal of and accrued but unpaid interest, on the investment, and (ii) the provider's rating by either Moody's or S&P is withdrawn or suspended or falls below "A3" or "A-," respectively, the provider must, at the direction of the Community Facilities District or the Trustee, within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Trustee;

(e) the investment agreement shall state, and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the holder of collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the holder of collateral is in possession); and

(f) the investment agreement must provide that if during its term (i) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the Community Facilities District or the Trustee, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Trustee, and (ii) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc., the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Trustee.

(10) The Local Agency Investment Fund maintained by the Treasurer of the State; and

(11) The investment pool maintained by the Treasurer of the County.

**EXHIBIT B**

**FORM OF SERIES 2013 BOND**

No. \_\_\_\_\_

\$ \_\_\_\_\_

**COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD)  
OF THE COUNTY OF RIVERSIDE  
SPECIAL TAX BOND, SERIES 2013**

<b>INTEREST RATE</b>	<b>MATURITY DATE</b>	<b>DATED DATE</b>	<b>CUSIP</b>
%	September 1, 20__	_____, 2013	

**REGISTERED OWNER:**

**PRINCIPAL AMOUNT:**

Community Facilities District No. 05-8 (Scott Road) of the County of Riverside (the "Community Facilities District"), for value received, hereby promises to pay, solely from the sources hereinafter described, to the Registered Owner identified above or registered assigns (the "Registered Owner"), on the Maturity Date identified above or on any earlier redemption date, the Principal Amount identified above in lawful money of the United States of America; and to pay interest thereon at the Interest Rate identified above in like lawful money from the date hereof payable semiannually on March 1 and September 1 in each year, commencing September 1, 2013 (the "Interest Payment Dates"), until payment of such Principal Amount in full.

This Bond is one of a series of a duly authorized issue of bonds approved by the qualified electors of the Community Facilities District, pursuant to the Mello-Roos Community Facilities Act of 1982, constituting Sections 53311 *et seq.* of the California Government Code (the "Act"), and issued for the purpose of providing a portion of the amounts required to refund certain previously issued obligations of the Community Facilities District, and is one of the series of bonds designated "Community Facilities District No. 05-8 (Scott Road) of the County of Riverside Special Tax Bonds, Series 2013" (the "Series 2013 Bonds") in the aggregate principal amount of \$ \_\_\_\_\_. The Series 2013 Bonds are issued pursuant to the Indenture, dated as of \_\_\_\_\_ 1, 2013 (the "Indenture"), by and between the Community Facilities District and U.S. Bank National Association, as trustee (said entity or any successor thereto as trustee under the Indenture, the "Trustee"), and this reference incorporates the Indenture herein, and by acceptance hereof the owner of this Bond assents to said terms and conditions. Pursuant to and as more particularly provided in the Indenture, additional bonds ("Additional Bonds") may be issued by the Community Facilities District on a parity with the Series 2013 Bonds. The Series 2013 Bonds and any Additional Bonds are collectively referred to as the "Bonds." The Indenture is entered into, and this Bond is issued under, the Act and the laws of the State of California.

Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Indenture.

Interest on the Series 2013 Bonds shall be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) a Series 2013 Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event interest thereon shall be payable from such Interest Payment Date, (ii) a Series 2013 Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from the Closing Date, or (iii) interest on any Series 2013 Bond is in default as of the date of authentication thereof, in which event interest thereon shall be payable from the date to which interest has previously been paid or duly provided for. Interest shall be paid in lawful money of the United States on each Interest Payment Date. Interest shall be paid by check of the Trustee mailed by first-class mail, postage prepaid, on each Interest Payment Date to the Owners of the Series 2013 Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. Notwithstanding the foregoing, interest on any Series 2013 Bond which is not punctually paid or duly provided for on any Interest Payment Date shall, if and to the extent that amounts subsequently become available therefor, be paid on a payment date established by the Trustee to the Person in whose name the ownership of such Series 2013 Bond is registered on the Registration Books at the close of business on a special record date to be established by the Trustee for the payment of such defaulted interest, notice of which shall be given to such Owner not less than ten days prior to such special record date. The principal of the Series 2013 Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof upon maturity or earlier redemption at the Office of the Trustee.

The Bonds are special obligations of the Community Facilities District, payable, as provided in the Indenture, solely from Net Special Tax Revenues and the other assets pledged therefor thereunder. Neither the faith and credit nor the taxing power of the Community Facilities District (except to the limited extent set forth in the Indenture), the County or the State, or any political subdivision thereof, is pledged to the payment of the Bonds.

Pursuant to and as more particularly provided in the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms, the provisions of the Indenture and the Act, the Community Facilities District pledges to the Owners, and grants thereto a lien on and a security interest in, all of the Net Special Tax Revenues and any other amounts held in the Special Tax Fund, the Bond Fund and the Reserve Fund. Said pledge constitutes a first lien on and security interest in such assets, which shall immediately attach to such assets and be effective, binding and enforceable against the Community Facilities District, its successors, purchasers of any of such assets, creditors and all others asserting rights therein, to the extent set forth in, and in accordance with, the Indenture, irrespective of whether those parties have notice of the pledge of, lien on and security interest in such assets and without the need for any physical delivery, recordation, filing or further act.

Pursuant to the Act and the Indenture, the principal of and interest on the Bonds are payable solely from the annual special tax authorized under the Act to be collected within the



Community Facilities District to finance specified public facilities (the "Special Tax"), after the payment therefrom of certain administrative expenses, and certain funds held under the Indenture. Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, all of the Net Special Tax Revenues (as defined in the Indenture) and any other amounts (including proceeds of the sale of the Bonds) held in the Bond Fund, the Reserve Fund and the Redemption Fund established under the Indenture are pledged to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms, the provisions of the Indenture and the Act. Said pledge constitutes a first lien on such assets.

The Series 2013 Bonds are subject to redemption on the dates, at the Redemption Prices and pursuant to the terms set forth in the Indenture. Notice of redemption of any Series 2013 Bond or any portion thereof shall be given as provided in the Indenture.

The Series 2013 Bonds are issuable as fully-registered Bonds without coupons in Authorized Denominations (\$100,000 and integral multiples of \$5,000 in excess thereof).

Any Series 2013 Bond may be transferred upon the Registration Books by the Person in whose name it is registered, in person or by such Person's duly authorized attorney, upon surrender of such Series 2013 Bond to the Trustee for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Whenever any Series 2013 Bond or Series 2013 Bonds shall be so surrendered for transfer, the Community Facilities District shall execute and the Trustee shall authenticate and shall deliver a new Series 2013 Bond or Series 2013 Bonds of the same maturity in a like aggregate principal amount, in any Authorized Denomination. The Trustee shall require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. The Series 2013 Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Series 2013 Bonds of the same maturity of other Authorized Denominations. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Indenture and the rights and obligations of the Community Facilities District, the Trustee and the Owners may be modified or amended in the manner, to the extent, and upon the terms provided in the Indenture.

The Indenture contains provisions permitting the Community Facilities District to make provision for the payment of the principal of and the interest and premium, if any, on any of the Bonds so that such Bonds shall no longer be deemed to be Outstanding under the terms of the Indenture.

All obligations of the Community Facilities District under the Indenture shall be special obligations of the Community Facilities District, payable solely from Special Tax Revenues and the other assets pledged therefor thereunder; provided, however, that all obligations of the Community Facilities District under the Bonds shall be special obligations of the Community Facilities District, payable solely from Net Special Tax Revenues and the other assets pledged therefor thereunder. Neither the faith and credit nor the taxing power of the Community Facilities District (except to the limited extent set forth herein and in the Indenture), the County

of Riverside or the State of California, or any political subdivision thereof, is pledged to the payment of the Bonds.

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the Trustee for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

**IN WITNESS WHEREOF**, the Community Facilities District has caused this Bond to be signed in its name and on its behalf by the facsimile signatures of the Chairman of the Legislative Body of Community Facilities District No. 05-8 (Scott Road) of the County of Riverside, by his facsimile signature, and attested to by the facsimile signature of the Clerk of the Legislative Body of Community Facilities District No. 05-8 (Scott Road) of the County of Riverside, all as of the Dated Date identified above.

**COMMUNITY FACILITIES DISTRICT  
NO. 05-8 (SCOTT ROAD) OF THE  
COUNTY OF RIVERSIDE**

By: \_\_\_\_\_  
Chairman of the Legislative Body

ATTEST:

\_\_\_\_\_  
Clerk of the Legislative Body

**CERTIFICATE OF AUTHENTICATION**

This is one of the Series 2013 Bonds described in the within-mentioned Indenture and registered on the Registration Books.

Date: \_\_\_\_\_, 2013

**U.S. BANK NATIONAL ASSOCIATION,  
AS TRUSTEE**

By: \_\_\_\_\_  
Authorized Officer

## ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_, whose address and social security or other tax identifying number is \_\_\_\_\_, the within-mentioned 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:

\_\_\_\_\_

Note: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

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

---

---

**ESCROW AGREEMENT**

**by and between**

**COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD)  
OF THE COUNTY OF RIVERSIDE**

**and**

**U.S. BANK NATIONAL ASSOCIATION,  
AS PRIOR TRUSTEE AND AS ESCROW BANK**

**Dated as of \_\_\_\_\_ 1, 2013**

**Relating to  
Community Facilities District No. 05-8 (Scott Road)  
of the County of Riverside  
Special Tax Bonds, Series 2008**

---

---

## ESCROW AGREEMENT

**THIS ESCROW AGREEMENT** (this "Escrow Agreement"), dated as of \_\_\_\_\_ 1, 2013, is by and between the COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD) OF THE COUNTY OF RIVERSIDE, a community facilities district organized and existing under the laws of the State of California (the "Community Facilities District"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as Prior Trustee (as defined herein) and as escrow bank (the "Escrow Bank").

### WITNESSETH:

**WHEREAS**, the Community Facilities District previously issued the Community Facilities District No. 05-8 (Scott Road) of the County of Riverside Special Tax Bonds, Series 2008 (the "Prior Bonds"), presently outstanding in the aggregate principal amount of \$11,585,000;

**WHEREAS**, the Prior Bonds were issued under the Bond Indenture, dated as of August 1, 2005 (the "Prior Indenture"), by and between the Community Facilities District and U.S. Bank National Association, as trustee (the "Prior Trustee");

**WHEREAS**, the Community Facilities District has determined that debt service savings can be achieved by refunding the Prior Bonds;

**WHEREAS**, in order to provide the funds required to refund the Prior Bonds, the Community Facilities District is issuing \$\_\_\_\_\_ aggregate principal amount of Community Facilities District No. 05-8 (Scott Road) of the County of Riverside Special Tax Bonds, Series 2013 (the "Series 2013 Bonds"), pursuant to the Indenture, dated as of \_\_\_\_\_ 1, 2013 (the "Indenture"), by and between the Community Facilities District and U.S. Bank National Association, as trustee (the "Trustee");

**WHEREAS**, the Community Facilities District has determined to apply a portion of the proceeds of the Series 2013 Bonds for the purpose of providing the funds necessary to pay the interest on the Prior Bonds due and payable on March 1, 2013 and to redeem the outstanding Prior Bonds on March 1, 2013 (the "Redemption Date") at a redemption price (the "Redemption Price") equal to 103% of the principal amount of the Prior Bonds being so redeemed; and

**WHEREAS**, the Prior Bonds are subject to redemption on the Redemption Date and the Community Facilities District has determined to provide for the call for redemption on the Redemption Date of the Prior Bonds outstanding on the Redemption Date;

**NOW, THEREFORE**, in consideration of the mutual promises and covenants herein contained, the Community Facilities District and the Escrow Bank agree as follows:

**Section 1. Definitions.** Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to such terms in the Prior Indenture.

**Section 2. The Refunding Fund.** (a) There is hereby established a fund (the "Refunding Fund") to be held as an irrevocably pledged escrow by the Escrow Bank, which the Escrow Bank shall keep separate and apart from all other funds of the Community Facilities District and the Escrow Bank and which shall be applied solely as provided in this Escrow Agreement. The Refunding Fund is established for the purpose of refunding the Prior Bonds and, for purposes of Section 53363.5 of the Mello-Roos Community Facilities Act of 1982, shall be deemed to be a fund in the treasury of the County of Riverside.

Pending application as provided in this Escrow Agreement, amounts on deposit in the Refunding Fund are hereby pledged and assigned solely to the payment of (i) the principal of and interest on the Prior Bonds coming due on and prior to the Redemption Date, and (ii) the Redemption Price on the Redemption Date, which amounts shall be held in trust by the Escrow Bank for the Owners of the Prior Bonds.

(b) The Escrow Bank, as the Prior Trustee, is hereby instructed to liquidate the investments held in the funds and accounts established under the Prior Indenture. Upon the issuance of the Series 2013 Bonds, the Escrow Bank, as the Prior Trustee, shall (i) transfer the amount of \$\_\_\_\_\_ from the Project Fund established under the Prior Indenture to the Trustee for deposit in the Proceeds Account established under the Indenture, and (ii) from the remaining amounts held in the funds and accounts established under the Prior Indenture, transfer the amount \$\_\_\_\_\_ to the Refunding Fund. Upon the issuance of the Series 2013 Bonds, the Escrow Bank shall deposit the amount of \$\_\_\_\_\_ received from the proceeds of the sale of the Series 2013 Bonds to the Refunding Fund, for a total of \$\_\_\_\_\_ transferred to and deposited in the Refunding Fund.

(c) As reflected in the certification of the nationally recognized firm of independent certified public accountants delivered in connection herewith, upon the deposit of moneys pursuant to Section 2(b) hereof, the moneys on deposit in the Refunding Fund will be at least equal to an amount sufficient to make the payments required by Section 4 hereof.

**Section 3. Use of Moneys.** (a) The Escrow Bank hereby acknowledges deposit of the moneys described in Section 2(b) hereof and agrees to hold such moneys uninvested.

(b) No moneys deposited with the Escrow Bank pursuant to this Escrow Agreement shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the Prior Bonds as provided in Section 4 hereof.

(c) The Owners of the Prior Bonds shall have a first and exclusive lien on the moneys in the Refunding Fund until such moneys are used and applied as provided in this Escrow Agreement.

(d) The Escrow Bank shall not be held liable for losses resulting from compliance with the provisions of this Escrow Agreement.

**Section 4. Payment of Prior Bonds.** From the moneys held in the Refunding Fund, the Escrow Bank, as the Prior Trustee, shall apply such amounts, as follows:

(a) on the Redemption Date, the Escrow Bank, as the Prior Trustee, shall pay interest on the Prior Bonds in accordance with the terms of the Prior Indenture;

(b) on the Redemption Date, the Escrow Bank, as the Prior Trustee, shall pay the Redemption Price in accordance with the terms of the Prior Indenture.

To the extent that the amount on deposit in the Refunding Fund on the Redemption Date is in excess of the amount necessary to make the required payments with respect to the Prior Bonds, as shown in the then applicable escrow verification of the nationally recognized firm of independent certified public accountants, such excess shall be transferred to the Trustee for deposit in the Special Tax Fund established under the Indenture.

**Section 5. Election.** The Community Facilities District hereby elects, pursuant to Section 9.1 of the Prior Indenture, that all obligations of the Community Facilities District under the Prior Indenture with respect to the Prior Bonds shall cease and terminate, except for the federal tax covenants of the Community Facilities District contained in Section 5.2(f) of the Prior Indenture.

**Section 6. Transfer of Amounts Remaining Under Prior Indenture.** On the business day next succeeding the date the Escrow Bank transfers amounts to the Refunding Fund pursuant to Section 2 hereof, the Escrow Bank, as the Prior Trustee, shall transfer any amounts remaining in the funds and accounts established under the Prior Indenture to the Trustee for deposit in the Special Tax Fund established under the Indenture.

**Section 7. No Authority to Make Investments.** The Escrow Bank shall have no power or duty to invest any funds held under this Escrow Agreement. The Escrow Bank shall have no power or duty to transfer or otherwise dispose of the moneys held hereunder except as provided in this Escrow Agreement.

**Section 8. Indemnity.** To the extent permitted by law, the Community Facilities District hereby agrees to indemnify, protect, save and keep harmless the Escrow Bank and its respective successors and assigns, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees, expenses and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Bank at any time in any way relating to or arising out of the execution and delivery of this Escrow Agreement by the Escrow Bank and the performance by the Escrow Bank of its duties hereunder; provided, however, that the Community Facilities District shall not be required to indemnify the Escrow Bank against the Escrow Bank's own negligence or willful misconduct, the negligence or willful misconduct of the Escrow Bank's respective successors or assigns or the material breach by the Escrow Bank or such successors or assigns of the terms of this Escrow Agreement. The indemnities contained in this Section shall survive the termination of this Escrow Agreement.

**Section 9. Responsibilities of Escrow Bank.** The recitals of fact contained in the "whereas" clauses herein shall be taken as the statements of the Community Facilities District, and the Escrow Bank assumes no responsibility for the correctness thereof. The Escrow Bank makes no representation as to the sufficiency of the uninvested moneys to accomplish the redemption of the Prior Bonds pursuant to the Prior Indenture. The Escrow Bank shall not be



liable in connection with the performance of its duties under this Escrow Agreement except for its own negligence, willful misconduct or default. The Escrow Bank may consult with counsel, who may or may not be counsel to the Community Facilities 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 of recognized standing in the field of law relating to municipal bonds) may be deemed to be conclusively established by a written certification of the Community Facilities District. Whenever the Escrow Bank shall deem it necessary or desirable that a matter specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of counsel of recognized standing in the field of law relating to municipal bonds be proved or established prior to taking, suffering or omitting any such action, such matter may be established only by a certificate signed by a nationally recognized firm of certified public accountants or such opinion of counsel of recognized standing in the field of law relating to municipal bonds. No provision of this Escrow Agreement shall require the Escrow Bank to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

The Escrow Bank may resign by giving written notice to the Community Facilities District, and upon receipt of such notice the Community Facilities District shall promptly appoint a successor Escrow Bank. If the Community Facilities District does not appoint a successor Escrow Bank within 30 days of receipt of such notice, the resigning Escrow Bank may 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 Refunding Fund to such successor Escrow Bank and be discharged of any further obligation or responsibility hereunder.

**Section 10. Amendments.** The Community Facilities District and the Escrow Bank may (but only with the consent of the Owners of all of the Prior Bonds) amend this Escrow Agreement or enter into agreements supplemental to this Escrow Agreement.

**Section 11. Compensation.** The Community Facilities District shall from time to time pay or cause to be paid to the Escrow Bank the agreed upon compensation for its services to be rendered hereunder, and reimburse the Escrow Bank for all of its reasonable advances in the exercise and performance of its duties hereunder; provided, however, that under no circumstances shall the Escrow Bank be entitled to any lien whatsoever on any moneys or obligations in the Refunding Fund for the payment of fees and expenses for services rendered or expenses incurred by the Escrow Bank under this Escrow Agreement or otherwise.

**Section 12. Severability.** If any one or more of the covenants or agreements provided in this Escrow Agreement on the part of the Community Facilities District or the Escrow Bank to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the

remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

**Section 13. Counterparts.** This Escrow Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

**Section 14. Governing Law.** This Escrow Agreement shall be construed under the laws of the State of California.

**IN WITNESS WHEREOF,** the parties hereto have executed this Escrow Agreement as of the date first above written.

**COMMUNITY FACILITIES DISTRICT  
NO. 05-8 (SCOTT ROAD) OF THE  
COUNTY OF RIVERSIDE**

By: \_\_\_\_\_

**U.S. BANK NATIONAL  
ASSOCIATION, AS PRIOR TRUSTEE  
AND AS ESCROW BANK**

By: \_\_\_\_\_  
Authorized Officer

---

---

**CONTINUING DISCLOSURE AGREEMENT**

**by and between**

**COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD)  
OF THE COUNTY OF RIVERSIDE**

**U.S. BANK NATIONAL ASSOCIATION,  
AS TRUSTEE**

**Dated as of \_\_\_\_\_ 1, 2013**

**Community Facilities District No. 05-8 (Scott Road)  
of the County of Riverside  
Special Tax Bonds, Series 2013**

---

---

## CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (this "Disclosure Agreement"), dated as of \_\_\_\_\_ 1, 2013, is by and between the COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD) OF THE COUNTY OF RIVERSIDE, a community facilities district organized and existing under and by virtue of the laws of the State of California (the "Community Facilities District"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as Trustee (the "Trustee").

### WITNESSETH:

WHEREAS, pursuant to the Indenture, dated as of \_\_\_\_\_ 1, 2013 (the "Indenture"), by and between the Community Facilities District and the Trustee, the Community Facilities District has issued the Community Facilities District No. 05-8 (Scott Road) of the County of Riverside Special Tax Bonds, Series 2013 (the "Series 2013 Bonds"), in the aggregate principal amount of \$ \_\_\_\_\_; and

WHEREAS, this Disclosure Agreement is being executed and delivered by the Community Facilities District and the Trustee for the benefit of the holders and beneficial owners of the Series 2013 Bonds and in order to assist the underwriters of the Series 2013 Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5);

NOW, THEREFORE, for and in consideration of the mutual premises and covenants herein contained, the parties hereto agree as follows:

**Section 1. Definitions.** Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Disclosure Agreement have the meanings herein specified. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Indenture.

**"Annual Report"** means any Annual Report provided by the Community Facilities District pursuant to, and as described in, Sections 2 and 3 hereof.

**"Annual Report Date"** means the date in each year that is the first day of the month following the ninth month after the end of the Community Facilities District's fiscal year, which date, as of the date of this Disclosure Agreement, is April 1.

**"Community Facilities District"** means Community Facilities District No. 05-8 (Scott Road) of the County of Riverside, a community facilities district organized and existing under the laws of the State, and any successor thereto.

**"Disclosure Representative"** means the County Executive Officer of the County of Riverside, or such other person as the Community Facilities District shall designate in writing to the Trustee from time to time.