

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



ITEM
8.2
(ID # 6244)

MEETING DATE:
Tuesday, January 30, 2018

FROM : EXECUTIVE OFFICE:

SUBJECT: EXECUTIVE OFFICE: Issuance of the County of Riverside Community Facilities District No. 89-1 (Mountain Cove) Special Tax Bonds, Series 2018 (the "Series 2018 Bonds"), All Districts. [\$91,500 - 100% Bond Proceeds] (Vote on Separately)

RECOMMENDED MOTION: That the Board, acting ex officio as the legislative body of Community Facilities District No. 89-1 of the County of Riverside:

1. Approve and adopt Resolution No. CFD 2018-01;
 - (a) authorizing the issuance of Community Facilities District No. 89-1 Series 2018 Special Tax Bonds in an aggregate principal amount not to exceed \$4,300,000,
 - (b) authorizing the execution and delivery of an Indenture and an Escrow Agreement, and all other matters related thereto.

ACTION: Policy


Stephanie Pesi 1/18/2018

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Tavaglione, Washington and Ashley
Nays: None
Absent: None
Date: January 30, 2018
xc: E.O.

Kecia Harper-Ihem
Clerk of the Board

By: 
Deputy

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 91,500	\$ 0	\$ 91,500	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: 100% CFD 89-1 Bond Proceeds			Budget Adjustment: No	
			For Fiscal Year: 17/18	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

Community Facilities District No. 89-1 (Mountain Cove) was established in 1989 and at a special election on July 11, 1989, a landowner election was held, authorizing the community facilities district ("CFD" or "District") to incur bonded indebtedness. In 2000, the property owners in the District approved an amended Rate and Method of Apportionment of Special Tax for the CFD, and in 2001, the District issued bonds to fund a portion of the cost to acquire additional public infrastructure consisting of sanitary sewer, water, storm drain, and roadway facilities.

On September 26, 2006, the District issued \$10.435 million in special tax refunding bonds (the "Prior Bonds") to refund and defease the 2001 Bonds. The Prior Bonds are currently outstanding in the par amount of \$5,095,000 and are callable on any interest payment date at par or 100%.

The District is comprised of 1,320 developed single-family residential parcels and had a FY 2016-17 estimated value-to-lien of 95 to 1. In light of current attractive interest rates, the opportunity has arisen for the County to refund the outstanding Prior Bonds on March 1, 2018 and thereby reduce future special tax levies on the property within the CFD through the direct placement of refunding bonds (the "2018 Refunding Bonds") to Opus Bank.

The par amount of the 2018 Refunding Bonds is currently estimated to be \$4.190 million, but not to exceed \$4.3 million, generating approximately \$1.044 million in gross savings to taxpayers in the CFD, or 3.62% of net present value savings totaling approximately \$184,000. The annual savings will begin in fiscal year 2018-2019. The term of the 2018 Refunding Bonds will remain the same as that of the Prior Bonds, with a final maturity date of September 1, 2025.

The estimated principal amount of \$4.190 million of the proposed 2018 Refunding Bonds will provide proceeds of approximately \$4,036,275. The true interest cost of the 2018 Refunding Bonds is estimated at 2.78%, and the cost of issuance including all fees and charges paid to third parties with respect to the 2018 Refunding Bonds is estimated at \$91,500. The total payment amount including all debt service payments and projected fees and charges paid to third parties to the final maturity of the 2018 Refunding Bonds in 2025 is estimated at \$4,750,000. The foregoing information constitutes good faith estimates only and the actual interest cost, finance charges, amount of proceeds and total payment amount may vary from

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STATE OF CALIFORNIA**

those presently estimated due to variations from these estimates in the timing of closing of the 2018 Refunding Bonds, the actual principal amount and amortization of the 2018 Refunding Bonds. The Board is asked to approve the Resolution authorizing the issuance of the 2018 Refunding Bonds with a maximum true interest cost of 3% and maximum par amount of \$4.3 million.

If approved, staff recommends issuing approximately \$4.190 million in fixed interest rate bonds. The anticipated net interest cost is 2.78%. The average annual debt service is anticipated to be approximately \$622,251.

The proposed sale and issuance of the 2018 Refunding Bonds has been reviewed and approved by the County's Debt Advisory Committee.

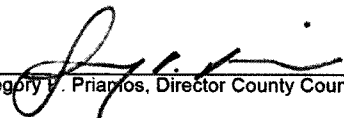
Impact on Citizens and Businesses

The property owners of developed parcels within the boundaries of this District are currently being assessed taxes for this project. After the refinancing, the special tax levy will be reduced to reflect the refunding debt service.

SUPPLEMENTAL:

Additional Fiscal Information

See the attached financing documents.



Gregory T. Priaplos, Director County Counsel 1/19/2018

RESOLUTION NO. CFD 2018-01

A RESOLUTION OF THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 89-1 OF THE COUNTY OF RIVERSIDE AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$4,300,000 AGGREGATE PRINCIPAL AMOUNT OF COMMUNITY FACILITIES DISTRICT NO. 89-1 OF THE COUNTY OF RIVERSIDE SPECIAL TAX BONDS, SERIES 2018, AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE AND AN ESCROW AGREEMENT 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. 89-1 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. 89-1 of the County of Riverside Special Tax Refunding Bonds, Series 2006 (the "Series 2006 Bonds"), in the aggregate principal amount of \$10,435,000;

WHEREAS, the legislative body of the District now desires to refund the Series 2006 Bonds through the issuance of bonds in an aggregate principal amount not to exceed \$4,300,000 designated as the "Community Facilities District No. 89-1 of the County of Riverside Special Tax Refunding Bonds, Series 2018" (the "Series 2018 Bonds"); and

WHEREAS, the Series 2006 Bonds were issued pursuant to the Indenture, dated as of September 1, 2006 (the "Original Indenture"), by and between the Community Facilities District and The Bank of New York Mellon Trust Company, N.A., formerly The Bank of New York Trust Company, N.A., as trustee (the "Trustee") (capitalized undefined terms used herein have the meanings ascribed thereto in the Original Indenture);

WHEREAS, in order to effect the issuance of the Series 2018 Bonds and the refunding and redemption of the Prior Bonds, the legislative body of the District desires to execute and deliver an Indenture (the "Indenture") and an Escrow Agreement (the "Escrow Agreement") with The Bank of New York Mellon Trust Company, N.A. in substantially the forms presented herein; and

FORM APPROVED COUNTY COUNSEL
BY: Dale Gardner 1/22/18
DATE
DALE A. GARDNER

01.30.18 8.2

WHEREAS, the Community Facilities District has been presented with a term sheet (the "Term Sheet") from Opus Bank, a California commercial bank (the "Purchaser"), pursuant to which the Purchaser has agreed to purchase the Bonds through a direct placement; and

WHEREAS, the Community Facilities District has determined that a private placement sale of the Bonds to the Purchaser will result in a lower overall cost to the Community Facilities District than a public sale; and;

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

- (a) the Indenture;
- (b) the Term Sheet; and
- (c) the Escrow Agreement; and

WHEREAS, the Community Facilities District desires to authorize the issuance of the Series 2018 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 2018 Bonds;

NOW, THEREFORE, THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE ACTING EX OFFICIO AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 89-1 OF THE COUNTY OF RIVERSIDE, in regular session assembled on January 30, 2018, 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 2018 Bonds, in an aggregate principal amount of not to exceed \$4,300,000, on the terms and conditions set forth in, and subject to the limitations specified in, the Indenture, is hereby authorized and approved. The Series 2018 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.

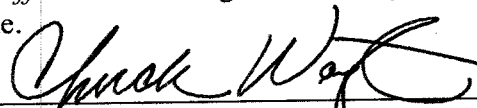
Section 3. The Indenture, the Escrow Agreement and the Term Sheet, in substantially the forms submitted to this meeting and made a part hereof as though set forth herein, be and the same is hereby approved. Each of the Chairman of the Legislative Body, and such other members of the Legislative Body as the Chairman may designate, the County Executive Officer of the County, the Chief Assistant County Executive Officer of the County, the Deputy County Executive Officer of the County and the County Finance Director 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, the Escrow Agreement and the Term Sheet in the forms 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, the Escrow Agreement and the Term Sheet by such Authorized Officer; provided, however, that such changes, insertions and omissions shall not authorize an aggregate principal amount of Series 2018 Bonds in excess of \$4,300,000, shall not result in a final

maturity date of the Series 2018 Bonds later than September 1, 2025 and shall not result in an initial true interest cost for the Series 2018 Bonds in excess of 3.00%.

Section 4. Stradling Yocca Carlson & Rauth, a Professional Corporation ("SYCR") shall act as bond counsel with respect to the issuance of the Series 2018 Bonds. Fieldman Rolapp & Associates, Inc. ("Fieldman") shall act as financial advisor with respect to the issuance of the Series 2018 Bonds. Albert A. Webb Associates ("Webb") shall act as special tax consultant with respect to the issuance of the Series 2018 Bonds. Each of the Authorized Officers is authorized to execute an agreement with each of SYCR, Fieldman and Webb to act in their respective capacities with respect to the issuance of the Series 2018 Bonds and to pay for the cost of such services, together with other Costs of Issuance (as defined in the Indenture), with Series 2018 Bond proceeds.

Section 5. 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 30th day of January, 2018, by the Board of Supervisors of the County of Riverside, acting *ex officio* as the Legislative Body of Community Facilities District No. 89-1 of the County of Riverside.

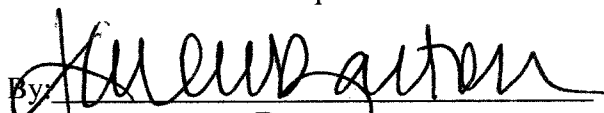


Chairman of the Board of Supervisors, acting *ex officio* as the Chairman of the Legislative Body

ATTEST:

Kecia Harper-Ihem


Clerk of the Board of Supervisors

By: 
Deputy

STATE OF CALIFORNIA)
) ss.
COUNTY OF RIVERSIDE)

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 2018-01 was duly adopted by the Board of Supervisors of said County, acting *ex officio* as the Legislative Body of Community Facilities District No. 89-1 of the County of Riverside, at a meeting of said Board held on the 30th day of January, 2018, and that it was so adopted by the following vote:

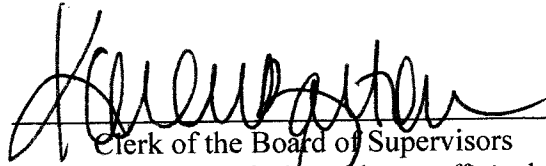
AYES: Jeffries, Tavaglione, Washington, Perez and Ashley
NOES: None
ABSTAIN: None
ABSENT: None


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

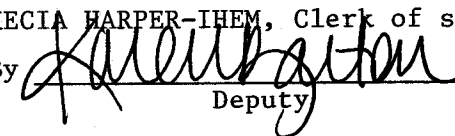
STATE OF CALIFORNIA)
) ss.
COUNTY OF RIVERSIDE)

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 2018-01 of the Board of Supervisors of said County, acting *ex officio* as the legislative body of Community Facilities District No. 89-1 of the County of Riverside, and that the same has not been amended or repealed.

Dated: January 30, 2018

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

The foregoing is certified to be a true copy of a resolution duly adopted by said Board of Supervisors on the date therein set forth.

KECIA HARPER-IHEM, Clerk of said Board
By  _____
Deputy

**COMMUNITY FACILITIES DISTRICT NO. 89-1
OF THE COUNTY OF RIVERSIDE
SPECIAL TAX REFUNDING BONDS, SERIES 2018**

ESCROW AGREEMENT

This ESCROW AGREEMENT (the "Escrow Agreement"), made and entered into as of February 1, 2018, by and between Community Facilities District No. 89-1 of the County of Riverside (the "District"), and The Bank of New York Mellon Trust Company, N.A. (the "Escrow Bank"), a national banking association organized and existing under the laws of the United States of America and being qualified to accept and administer the escrow hereby created,

WITNESSETH:

WHEREAS, the District has heretofore issued its Community Facilities District No. 89-1 of the County of Riverside Special Tax Refunding Bonds, Series 2006 (the "Prior Bonds"), pursuant to the terms of that certain Trust Indenture dated as of September 1, 2006 (the "Prior Indenture"), by and between the District and The Bank of New York Mellon Trust Company, N.A., as trustee thereunder; and

WHEREAS, the District has determined to cause the issuance and sale of its 2018 Special Tax Refunding Bonds (the "CFD Bonds") for the purpose of providing moneys to The Bank of New York Mellon Trust Company, N.A. (the "Prior Trustee") as trustee under the Prior Indenture, which will be sufficient (when combined with moneys to be provided from the District and the Prior Trustee) to redeem on March 1, 2018 (the "Redemption Date") the Prior Bonds maturing on and after September 1, 2018 at a redemption price equal to 100% of the principal amount to be redeemed (the "Redemption Price") plus interest accrued to the Redemption Date; and

WHEREAS, pursuant to Section 2 of this Escrow Agreement, the District will cause a prescribed portion of the proceeds of the CFD Bonds to be set aside with the Escrow Bank, together with certain funds held by the District and the Prior Trustee with respect to the Prior Bonds to be set aside with the Escrow Bank, in order to provide for the payment of the Redemption Price of the Prior Bonds, such proceeds and funds to be deposited in an escrow fund to be created hereunder to be known as the Escrow Fund to be maintained by the Escrow Bank (the "Escrow Fund") to be held uninvested in the Escrow Fund, and such amount has been certified by Grant Thornton, LLP to be sufficient to pay when and as due the Redemption Price of the Prior Bonds set forth in Schedule II hereto;

NOW, THEREFORE, the District and the Escrow Bank hereby agree as follows:

SECTION 1. Establishment and Maintenance of Escrow Fund. The Escrow Bank agrees to establish and maintain, until the Prior Bonds have been paid in full, a fund designated as the "Escrow Fund," and to hold the moneys therein at all times as a special and separate escrow fund (wholly segregated from all other securities, investments or moneys on deposit with the Escrow Bank). All moneys in the Escrow Fund are hereby irrevocably pledged, subject to the provisions of Section 2 hereof, to secure the payment when due of the Redemption Price of the Prior Bonds.

SECTION 2. Funding of the Escrow Fund.

(a) The District agrees that, not later than [February 20, 2018] (the "Closing Date"), the District will cause to be transferred to the Escrow Bank for deposit in the Escrow Fund:

(i) from The Bank of New York Mellon Trust Company, N.A., trustee (the "Trustee") under the Bond Indenture (the "Indenture") dated as of February 1, 2018, between the District and the Trustee, the amount of \$ _____ from the proceeds of sale of the CFD Bonds; and

(ii) from the Prior Trustee the sum of \$ _____, from amounts held under the Prior Indenture on account of the Prior Bonds.

(b) The District hereby directs the Escrow Bank to hold such funds uninvested in the Escrow Fund as cash.

SECTION 3. Payment and Redemption of the Prior Bonds. The District hereby requests and irrevocably instructs the Escrow Bank to transfer, subject to the provisions of Section 2 hereof, all moneys deposited in the Escrow Fund, to the Prior Trustee to pay the Redemption Price of the outstanding Prior Bonds on the Redemption Date. Upon payment in full of the Prior Bonds, the Escrow Bank shall transfer any moneys remaining in the Escrow Fund to the District and, after provision for payment of amounts due the Prior Trustee and the Escrow Bank pursuant to Section 6 and 11 hereof, this Escrow Agreement shall terminate. The Escrow Fund cash flow for the Escrow Fund is set forth in Schedule II attached hereto.

SECTION 4. Notices of Defeasance and Redemption of the Prior Bonds. The District hereby instructs the Escrow Bank to mail, first class, postage prepaid, a notice to the Prior Bondowners in the form attached hereto as Schedule I-A stating that the defeasance of the Prior Bonds has occurred. The Escrow Bank represents that it has provided, by not later than 30 days prior to the Redemption Date a conditional notice of redemption in substantially the form attached hereto as Schedule I-B of redemption with respect to the Prior Bonds in accordance with the procedures set forth in Section 4.3 of the Prior Indenture.

SECTION 5. Notice of Possible Deficiencies. If at any time the Escrow Bank has actual knowledge that the moneys in the Escrow Fund will not be sufficient to make all payments required by Section 3 hereof, the Escrow Bank shall notify the District in writing as soon as is reasonably practicable, of such fact, the amount of such deficiency and if known, the reason therefor; provided, however, that the District shall have no liability for any such deficiency.

SECTION 6. Fees and Costs. The Escrow Bank's fees and costs for all duties to be carried out by it under the Escrow Agreement have been included in its fees and costs as Trustee for the CFD Bonds under the Indenture. The parties hereto agree that the duties and obligations of the Escrow Bank shall be as expressly provided herein, and no implied duties or obligations shall be read into this Escrow Agreement against the Escrow Bank. The fees of and the costs incurred by the Escrow Bank shall in no event be deducted or payable from, or constitute a lien against, the Escrow Fund.

SECTION 7. Merger or Consolidation. Any company into which the Escrow Bank may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Bank

may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under this Escrow Agreement, shall be the successor of such Escrow Bank without the execution or filing of any paper or any further act, notwithstanding anything herein to the contrary.

SECTION 8. Severability. If any section, paragraph, sentence, clause or provision of this Escrow Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence, clause or provisions shall not affect any of the remaining provisions of this Escrow Agreement.

SECTION 9. Execution of Counterparts. This Escrow Agreement may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which shall together constitute but one and the same instrument.

SECTION 10. Applicable Law. This Escrow Agreement shall be governed by and construed in accordance with the laws of the State of California.

SECTION 11. Indemnification. The District agrees to indemnify, hold harmless and defend the Escrow Bank, its officers, employees, directors, and agents, to the extent permitted by law from and against any and all losses, damages, claims, actions, liabilities, costs and expenses of whatever nature, kind or character (including, without limitation, attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) which may be imposed on, or incurred by or asserted against the Escrow Bank directly or indirectly arising out of or related to any claim, suit, investigation, proceeding or action commenced or threatened as a result of the execution by the Escrow Bank of this Escrow Agreement, the performance of its obligations hereunder, or of the payment of the Prior Bonds; provided, however, that this indemnification shall not cover any losses or expenses incurred by the Escrow Bank as a result of its negligence or willful misconduct. The agreements of the District hereunder shall survive the discharge of the Prior [Resolution][Indenture] and the payment of the Redemption Price and the resignation or removal of the Prior Trustee.

SECTION 12. Immunities and Liability of Escrow Bank.

(a) The Escrow Bank undertakes to perform only such duties as are expressly and specifically set forth in this Escrow Agreement, and no implied duties or obligations shall be read into this Escrow Agreement against Escrow Bank.

(b) The Escrow Bank shall not have any liability hereunder except to the extent of its own negligence or willful misconduct. In no event shall the Escrow Bank be liable for any special, indirect or consequential damages, even if the Escrow Bank or the District knows of the possibility of such damages. The Escrow Bank shall have no duty or responsibility under this Escrow Agreement in the case of any default in the performance of the covenants or agreements contained in the resolutions and trust agreements relating to the Prior Bonds. The Escrow Bank is not required to resolve conflicting demands to money or property in its possession under this Escrow Agreement.

(c) The Escrow Bank may consult with counsel of its own choice, and the opinion of such counsel shall be full and complete authorization to take or suffer in good faith any action hereunder in accordance with such opinion of counsel.

(d) The Escrow Bank shall not be responsible for any of the recitals or representations contained herein.

(e) The Escrow Bank may become the owner of, or acquire any interest in, any of the Prior Bonds with the same rights that it would have if it were not the Escrow Bank and may engage or be interested in any financial or other transaction with the District.

(f) The Escrow Bank shall not be liable for the accuracy of any calculations provided as to the sufficiency of the moneys deposited with it to pay the prescribed Prior Bonds.

(g) The Escrow Bank shall not be liable for any action or omission of the District under this Escrow Agreement.

(h) Whenever in the administration of this Escrow Agreement the Escrow Bank shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or willful misconduct on the part of the Escrow Bank, be deemed to be conclusively proved and established by a certificate of any authorized representative of the District, and such certificate shall, in the absence of negligence or willful misconduct on the part of the Escrow Bank, be full warrant to the Escrow Bank for any action taken or suffered in good faith by it under the provisions of this Escrow Agreement.

(i) The Escrow Bank may conclusively rely, as to the truth and accuracy of the statements and correctness of the opinions and the calculations provided to it in connection with this Escrow Agreement and shall be protected in acting, or refraining from acting, upon any written notice, instruction, request, certificate, document or opinion furnished to the Escrow Bank in compliance with this Escrow Agreement and reasonably believed by the Escrow Bank to have been signed or presented by the proper party, and it need not investigate any fact or matter stated in such notice, instruction, request, certificate or opinion.

(j) The Escrow Bank shall incur no liability for losses arising from any investment made pursuant to this Agreement.

(k) No provision of this 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.

(l) The liability of the Escrow Bank to make the payments required by this Agreement shall be limited to the moneys in the Escrow Fund.

SECTION 13. Termination and Modification of Agreement. Upon final payment in full of the principal of and interest on the Prior Bonds pursuant to this Escrow Agreement, all obligations of the Escrow Bank under this Escrow Agreement shall cease and terminate, except for the obligation of the Escrow Bank to pay or cause to be paid to the owners of the Prior Bonds not presented for payment all sums due thereon and the obligation of the District to pay to the Escrow Bank any amounts due and owing to the Escrow Bank hereunder. This Escrow Agreement may not be amended or modified in any manner which is materially adverse to the Owners of the Prior Bonds without the unanimous prior written consent of the Owners of the Prior Bonds.

IN WITNESS WHEREOF, Community Facilities District No. 89-1 of The County of Riverside and The Bank of New York Mellon Trust Company, N.A., as Escrow Bank, have caused this Escrow Agreement to be executed each on its behalf by duly authorized officers as of the day and year first above written.

COMMUNITY FACILITIES DISTRICT NO. 89-1
OF THE COUNTY OF RIVERSIDE

President of the Board of Directors of The County of
Riverside, acting as the legislative body of
Community Facilities District No. 89-1 of The County
of Riverside

ATTEST:

Deputy Secretary of the Board of Directors of
The County of Riverside, acting as the
legislative body of Community Facilities
District No. 89-1 of The County of Riverside

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Escrow Bank

By: _____
Its: Authorized Officer

SCHEDULE I-A

FORM OF NOTICE OF DEFEASANCE

NOTICE OF DEFEASANCE OF

\$\$10,435,000

**COMMUNITY FACILITIES DISTRICT NO. NO. 89-1
OF THE COUNTY OF RIVERSIDE
SPECIAL TAX REFUNDING BONDS, SERIES 2006**

Notice is hereby given to the holders of all of the outstanding \$10,435,000 Community Facilities District No. 89-1 of the County of Riverside Special Tax Refunding Bonds, Series 2006 maturing on and after September 1, 2018 (the "Refunded Bonds") (i) that there has been deposited with The Bank of New York Mellon Trust Company, N.A., as Escrow Bank (the "Escrow Bank"), moneys under the Escrow Agreement, dated as of February 1, 2018, between Community Facilities District No. 89-1 of the County of Riverside (the "District") and the Escrow Bank (the "Escrow Agreement"), which will provide moneys which shall be sufficient and available to redeem on March 1, 2018 the Refunded Bonds maturing on and after September 1, 2018 at a redemption price (expressed as a percentage of the principal amount of the Refunded Bonds to be redeemed) equal to 100% plus interest accrued to the date of redemption; (ii) that the Escrow Bank has been irrevocably instructed to redeem on March 1, 2018 such Refunded Bonds; and (iii) that the Refunded Bonds are deemed to be paid in accordance with Section 9.1 of the Trust Indenture dated as of September 1, 2006, by and between the District and The Bank of New York Mellon Trust Company, N.A., as trustee, pursuant to which the Refunded Bonds were issued.

Dated this day [20th of February, 2018].

COMMUNITY FACILITIES DISTRICT NO. 89-1 OF
THE COUNTY OF RIVERSIDE

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.
as Escrow Bank

SCHEDULE I-B
FORM OF CONDITIONAL NOTICE OF REDEMPTION
CONDITIONAL NOTICE OF REDEMPTION OF
\$10,435,000
COMMUNITY FACILITIES DISTRICT NO. NO. 89-1
OF THE COUNTY OF RIVERSIDE
SPECIAL TAX REFUNDING BONDS, SERIES 2006

Notice is hereby given to the holders of all of the outstanding \$10,435,000 Community Facilities District No. 89-1 of the County of Riverside Special Tax Refunding Bonds, Series 2006 maturing on and after September 1, 2018 listed below (the "Refunded Bonds"), that such Refunded Bonds have been called for redemption prior to maturity on March 1, 2018 (the "Redemption Date") in accordance with their terms at a redemption price equal to 100% of the principal amount thereof, plus interest accrued to the date of redemption. The source of the funds to be used for such redemption shall be moneys deposited with The Bank of New York Mellon Trust Company, N.A., as Escrow Bank, which shall be held uninvested.

<i>Maturity Date (September 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>CUSIP No.</i>	<i>Redemption Price</i>
2018	\$550,000	4.000%	76911FQM9	100%
2019	575,000	4.000	76911FQN7	100
2020	595,000	4.125	76911FQP2	100
2021	620,000	4.125	76911FQQ0	100
2022	645,000	4.125	76911FQR8	100
2023	675,000	4.250	76911FQS6	100
2024	765,000	4.250	76911FQT4	100
2025	730,000	4.250	76911FQU1	100

The redemption of the Refunded Bonds on the Redemption Date is conditioned upon the successful issuance of refunding bonds on or about February 20, 2018. If the successful issuance of refunding bonds does not occur on or about February 20, 2018, the Escrow Bank shall give written notice to the Refunded Bondholders that the redemption of Refunded Bonds is cancelled and that this notice of conditional redemption of the Refunded Bonds is rescinded and the Refunded Bonds will remain outstanding.

If the redemption of the Refunded Bonds occurs as scheduled, the redemption price of the Refunded Bonds shall become due and payable on March 1, 2018 and after March 1, 2018 interest on such Refunded Bonds shall cease to accrue and be payable.

Owners of the Refunded Bonds will receive payment of the redemption price to which they are entitled upon presentation and surrender thereof at the principal corporate trust office of The Bank of New York Mellon Trust Company, N.A., Los Angeles, California.

Dated this ___ day of _____ 2018.

COMMUNITY FACILITIES DISTRICT NO. 89-1 OF
THE COUNTY OF RIVERSIDE

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Escrow Bank

SCHEDULE II

<u>Payment Date</u>	<u>Principal Redeemed</u>	<u>Interest</u>	<u>Premium</u>	<u>Debt Payment</u>
-------------------------	-------------------------------	-----------------	----------------	-------------------------

Cash deposited on _____, 2018 in the Escrow Fund in the amount of \$ _____
and held uninvested in the Escrow Fund.

INDENTURE

by and between

COMMUNITY FACILITIES DISTRICT NO. 89-1

OF THE COUNTY OF RIVERSIDE

and

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
AS TRUSTEE**

Dated as of February 1, 2018

**Relating to
Community Facilities District No. 89-1
of the County of Riverside
Special Tax Refunding Bonds, Series 2018**

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INDENTURE

THIS INDENTURE (this "Indenture"), dated as of February 1, 2018, is by and between **COMMUNITY FACILITIES DISTRICT NO. 89-1 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 **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, 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. 89-1 of the County of Riverside Special Tax Refunding Bonds, Series 2006 (the "Prior Bonds"), in the aggregate principal amount of \$10,435,000;

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, in order to provide a portion of the moneys required to refund the Prior Bonds, the Community Facilities District desires to provide for the issuance of the Community Facilities District No. 89-1 of the County of Riverside Special Tax Refunding Bonds, Series 2018 (the "Series 2018 Bonds"), in the aggregate principal amount of \$4,190,000;

WHEREAS, the Community Facilities District desires to provide for the issuance of additional refunding bonds (the "Additional Bonds") payable from the Special Taxes on a parity with the Series 2018 Bonds, provided that said issuance is in accordance with the Act and this Indenture (the Series 2018 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 2018 Bonds issued hereunder in accordance with the provisions of Sections 3.04 and 3.05.

“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).

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

“Authorized Denominations” means (a) with respect to the Series 2018 Bonds when issued, \$250,000 and any integral multiple of \$1 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.

“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, 2018.

“Bonds” means the Community Facilities District No. 89-1 of the County of Riverside Special Tax Refunding Bonds issued hereunder, and includes the Series 2018 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 2018 Bonds are delivered to the Original Purchaser, being [February 20, 2018].

“Code” means the Internal Revenue Code of 1986.

“Community Facilities District” means Community Facilities District No. 89-1 of the County of Riverside, a community facilities district organized and existing under the laws of the State, and any successor thereto.

“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 filing and recording fees, initial fees, expenses and charges of the Trustee and its counsel, including the Trustee’s acceptance fee and first annual administrative fee, fees of the Original Purchaser and its counsel, CDIAAC charges, 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.

“Default Rate” shall have the meaning set forth in Section 2.02(b) hereof.

“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.

“Determination of Taxability” means and shall be deemed to have occurred on the first to occur of the following:

(i) on that date when the Community Facilities District files any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability shall have occurred;

(ii) on the date when the Original Purchaser notifies the Community Facilities District that it has received a written opinion from Bond Counsel to the effect that an Event of Taxability has occurred, which notice shall be accompanied by a copy of such opinion of Bond Counsel, unless, within 180 days after receipt by the Community Facilities District of such notification and copy of such opinion from the Original Purchaser, the Community Facilities District shall deliver to the Original Purchaser a ruling or determination letter issued to or on behalf of the Community Facilities District by the Commissioner or any District Director of the Internal Revenue Service (or any other governmental official exercising the same or a substantially similar function from time to

time) to the effect that, after taking into consideration such facts as form the basis for the opinion that an Event of Taxability has occurred, an Event of Taxability shall not have occurred;

(iii) on the date when the Community Facilities District shall be advised in writing by the Commissioner or any District Director of the Internal Revenue Service (or any other government official or agent exercising the same or a substantially similar function from time to time) that, based upon any review or audit or upon any other ground whatsoever, an Event of Taxability has occurred; or

(iv) on that date when the Community Facilities District shall receive notice from the Original Purchaser that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed the interest on the Series 2018 Bonds as includable in the gross income of an owner or former owner of the Loan due to the occurrence of an Event of Taxability;

provided, however, that no Determination of Taxability shall occur under subparagraph (iii) or subparagraph (iv) above unless the Community Facilities District has been afforded the opportunity, at its expense, to contest any such assessment,

and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined; provided further, however, that upon demand from the Original Purchaser, the Community Facilities District shall reimburse an owner or former owner of the Series 2018 Bonds for any payments, including any taxes, interest, penalties or other charges, such owner or former owner of the Series 2018 Bonds shall be obligated to make as a result of the Determination of Taxability.

“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 February 1, 2018, by and between the Community Facilities District and The Bank of New York Mellon Trust Company, N.A., as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Escrow Bank” means The Bank of New York Mellon Trust Company, N.A., a national banking association organized and existing under the laws of the United States of America, 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.

“Event of Taxability” means a change in law or fact or the interpretation thereof, or the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by the Community Facilities District or the failure to take any action by the Community Facilities District or the making by the Community Facilities District of any misrepresentation in this Indenture or the certificate regarding federal arbitrage which has been executed and delivered by the Community Facilities District in connection with the closing of the Series 2018 Bonds) which has the effect of causing interest paid or payable on the Series 2018 Bonds to be includable, in whole or in part, in the gross income of the holder of the Series 2018 Bonds for federal income tax purposes.

“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.

“Indenture” means this Indenture, dated as of February 1, 2018, by and between the Community Facilities District and The Bank of New York Mellon Trust Company, N.A., 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, 2018, 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.

“Office of the Trustee” means the designated 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.

“Ordinance” means Ordinance No. 680.2 adopted by the Board of Supervisors on August 9, 2005, as originally adopted and as it may be amended from time to time.

“Original Purchaser” means, with respect to the Series 2018 Bonds, Opus Bank, a California commercial bank, and its successors and assigns.

“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. Initially, the Owner shall mean the Original Purchaser.

“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.

“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.

“Prepayment Account” means the account by that name within the Redemption Fund established and held by the Trustee pursuant to Section 5.04.

“Prior Bonds” means the Community Facilities District No. 89-1 of the County of Riverside Special Tax Bonds, Series 2006, issued under the Prior Indenture.

“Prior Indenture” means the Indenture, dated as of September 1, 2006, by and between the Community Facilities District and The Bank of New York Mellon Trust Company, N.A., as trustee.

“Prior Trustee” means The Bank of New York Mellon Trust Company, N.A. (formerly Wells Fargo Bank, N.A.), as trustee under the Prior Indenture.

“Purchaser Letter” means a letter substantially in the form attached hereto as Exhibit C delivered by the Original Purchaser and each subsequent purchaser of the Bonds to the Community Facilities District to the effect, among other things, that such purchaser (a) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the Bonds, (b) is acquiring the Bonds for its own loan account for the purpose of lending and not with a view to the distribution thereof, and (c) has no present intention of selling, negotiating, transferring, or otherwise disposing of the Bonds so purchased.

“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 10% of Average Annual Debt Service calculated on the Closing Date.

“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 2018 Bonds, and any Additional Bonds issued pursuant to a Supplemental Indenture and identified as a separate Series of Bonds.

“Series 2018 Bonds” means the Community Facilities District No. 89-1 of the County of Riverside Special Tax Refunding Bonds, Series 2018, 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.

“Taxable Period” means the period for which interest on the Loan is includable in the gross income of the owner thereof, commencing on the Taxable Date.

“Taxable Rate” means the annual interest rate of 3.84%.

“Tax Certificate” means the Tax Certificate executed by the Community Facilities District at the time of issuance of the Series 2018 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.

“Trustee” means The Bank of New York Mellon Trust Company, N.A., 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. 89-1 of the County of Riverside Special Tax Refunding 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 2018 Bonds.

(a) The Series 2018 Bonds shall be designated "Community Facilities District No. 89-1 of the County of Riverside Special Tax Refunding Bonds, Series 2018." The aggregate principal amount of Series 2018 Bonds that may be issued and Outstanding under this Indenture shall not exceed \$4,190,000, except as may be otherwise provided in Section 2.08.

(b) The Series 2018 Bonds shall be issued in fully registered form without coupons in Authorized Denominations, so long as no Series 2018 Bond shall have more than one maturity date. The Series 2018 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:

<i>Maturity Date (September 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
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(c) Interest on the Series 2018 Bonds shall be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) a Series 2018 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 2018 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 2018 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 wire per instructions provided by the Original Purchaser prior to the Closing Date on each Interest Payment Date to the Owners of the Series

2018 Bonds. Notwithstanding the foregoing, interest on any Series 2018 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 2018 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 2018 Bonds shall be payable by wire as set forth in Section 2.02(c) in lawful money of the United States of America upon presentation and surrender thereof solely at maturity or earlier redemption at the Office of the Trustee; provided, however, that no presentment or surrender is required for mandatory sinking fund payments.

(e) The Series 2018 Bonds shall be subject to redemption as provided in Article IV.

(f) The Series 2018 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 2018 Bonds shall initially be registered in the Registration Books in the name of the Original Purchaser of the Series 2018 Bonds and shall not be delivered as Book-Entry Bonds.

(h) Upon the occurrence and continuation of an Event of Default, the unpaid principal balance of the 2018 Bonds shall, if elected by the Original Purchaser, bear interest at a rate per annum equal to 5.78% (the "Default Rate"). If so imposed by the Original Purchaser, the Default Rate shall remain in effect until such time as the applicable Event of Default is cured to the satisfaction of the Original Purchaser. Any unpaid interest on the Series 2018 Bonds, including Default Rate interest, shall accrue until paid. In connection therewith, Original Purchaser acknowledges that the levy of Special Taxes sufficient to fund Default Rate interest is limited by Section 53321(d) of the Act and Special Taxes cannot be levied beyond the final date specified in the CFD proceedings.

In the event a Determination of Taxability occurs, the Community Facilities District shall pay to the Original Purchaser interest on the Series 2018 Bonds amount outstanding during the Taxable Period at the Taxable Rate.

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 2018 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.

(d) Notwithstanding the foregoing, a Bondowner may only transfer the Bonds so long as the Bonds are transferred to a new Bondowner who has delivered a Purchaser Letter (in the form attached as Exhibit C hereto) to the Community Facilities District. An Owner of the Bonds may only transfer Bonds in whole to an "accredited investor" within the meaning of Section 2(a)(15) of the Securities Act of 1933, as amended (the "Securities Act") or a "qualified institutional buyer" as defined in Rule 144A(a)(1) promulgated under the Securities Act; provided that such transferee executes a Purchaser Letter in the form attached as Exhibit C hereto) to the Community Facilities District. Any transfer of Bonds that is not made in accordance with this Section 2.06(d) shall be null and void.

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 2018 Bonds shall be initially delivered in the form of a separate single fully registered Series 2018 Bond (which may be typewritten) for each maturity. The Series 2018 Bonds shall be registered in the Registration Books in the name of the Original Purchaser of the Series 2018 Bonds and shall not be delivered as Book-Entry Bonds. Upon the request of the Owners of all Outstanding Series 2018 Bonds, the Community Facilities District may elect to convert the Series 2018 Bonds to Book-Entry Bonds and such Series 2018 Bonds shall become subject to the provisions of this Section 2.07.

(b) 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.

(c) 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.

(d) 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.

(e) 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.

(f) 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.

(g) 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.

(h) 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.

(i) 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.

(j) 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 destroyed in accordance with the Trustee's retention policy then in effect. 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 2018 BONDS; APPLICATION OF AMOUNTS; ADDITIONAL BONDS

Section 3.01 Issuance of Series 2018 Bonds. The Community Facilities District may, at any time, execute the Series 2018 Bonds and deliver the same to the Trustee. The Trustee shall, on the Closing Date, authenticate the Series 2018 Bonds and deliver the Series 2018 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 2018 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; and

(iii) the Trustee shall transfer the amount of \$ _____, including \$ _____ received from the Prior Trustee, to the Escrow Bank, to be applied to the redemption of the Prior Bonds in accordance with the provisions of the Escrow Agreement.

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 Conditions for the Issuance of Additional Bonds. Subject to the conditions set forth herein, Additional Bonds may only be issued to refund or defease the Series 2018 Bonds or other Additional Bonds. The Community Facilities District may at any time issue one or more Series of Additional Bonds (in addition to the Series 2018 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 refund any Bonds previously issued hereunder, (B) providing funds to pay Costs of Issuance incurred in connection with the issuance of such Additional Bonds, and (C) 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; and

(c) 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.

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 3.05 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 3.04 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 3.06 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 3.04 and 3.05.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01 Redemption of Series 2018 Bonds.

(a) Optional Redemption. The Series 2018 Bonds maturing on or after September 1, 2023 shall be subject to optional redemption, in whole or in part in Authorized Denominations on any date on or after March 1, 2023, from any source of available funds, at a Redemption Price equal to the principal amount of the Series 2018 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 2018 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 2018 Bonds shall be subject to mandatory redemption, in whole or in part, on any date, from and to the extent of any prepaid Special Taxes deposited in the Prepayment Account of the Redemption Fund, at a Redemption Price equal to the principal amount of the Series 2018 Bonds to be redeemed plus accrued interest thereon to the date of redemption, without premium.

(c) Mandatory Sinking Fund Redemption. The Series 2018 Bonds 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 2018 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:

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

If some but not all of the Series 2018 Bonds are redeemed pursuant to Section 4.01(a) or (b), the principal amount of Series 2018 Bonds to be redeemed pursuant to Section 4.01(c) on any subsequent September 1 shall be reduced by reducing the Series 2018 Bonds with the latest maturity date first.

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, (c) with respect to any redemption pursuant to Section 4.01(c) 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 (d) 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 randomly 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 Prepayment Account of 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.

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.

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." Within the Redemption Fund, the Trustee shall establish and maintain a separate account designated the "Prepayment Account." 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 Prepayment Account. 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 2018 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 Prepayment Account shall be disbursed therefrom for the payment of the Redemption Price of Series 2018 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. Amounts in the Redemption Fund (other than amounts in the Prepayment Account) shall be disbursed therefrom for the payment of the Redemption Price of Series 2018 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.

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), Section 4.01(b), Section 4.01(c) 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. Any interest or profits or other income received with respect to investments held in the Reserve Fund 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.

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 if 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, with the consent of the Original Purchaser, 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 2018 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 2018 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 2018 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 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 6.09 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 6.10 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 6.11 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 6.12 Annual Reports to the California Debt and Investment Advisory Commission. Not later than October 30 of each year, commencing October 30, 2018 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 the Original Purchaser. 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 6.13 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, including failure to provide required on-going financial reporting, 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 30 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.

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 statement with respect to the funds and accounts it holds under this Indenture; provided, however, that the Trustee shall not be obligated to deliver a statement 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 from and against any costs, claims, damages, 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 in order 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.

(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 and rights 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. 89-1, Series 2018
Attention: Special District Administrator

If to the Trustee:

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California _____
Attention:

If to the Original Purchaser:

Opus Bank
131 W. Commonwealth Avenue
Fullerton, CA 92832
DL-LoanServiceDepartment@opusbank.com
Loan No. 53000008392

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.

Section 11.17 Dispute Resolution; No Sovereign Immunity.

(a) Judicial Reference. In the event of any action, proceeding or hearing (hereinafter, a "Claim") based upon or arising out of, directly or indirectly, this Indenture or any of the related documents, any dealings between the Community Facilities District or the Original Purchaser relating to the subject matter of the transactions contemplated by this Indenture or any related transactions, and/or the relationship that is being established between the Community Facilities District

and the Original Purchaser, the Community Facilities District and the Original Purchaser hereby agree that each Claim shall be determined by a consensual general judicial reference (the "Reference") pursuant to the provisions of Section 638 *et seq.* of the California Code of Civil Procedure, as such statutes may be amended or modified from time to time. Upon a written request, or upon an appropriate motion by either the Original Purchaser or the Community Facilities District, as applicable, any pending action relating to any Claim and every Claim shall be heard by a single Referee (as defined below) who shall then try all issues (including any and all questions of law and questions of fact relating thereto), and issue findings of fact and conclusions of law and report a statement of decision. The Referee's statement of decision will constitute the conclusive determination of the Claim. The Community Facilities District and the Original Purchaser agree that the Referee shall have the power to issue all legal and equitable relief appropriate under the circumstances before the Referee. The Community Facilities District and the Original Purchaser shall promptly and diligently cooperate with one another, as applicable, and the Referee, and shall perform such acts as may be necessary to obtain prompt and expeditious resolution of all Claims in accordance with the terms of this Section 11.17. Either the Community Facilities District or the Original Purchaser, as applicable, may file the Referee's findings, conclusions and statement with the clerk or judge of any appropriate court, file a motion to confirm the Referee's report and have judgment entered thereon. If the report is deemed incomplete by such court, the Referee may be required to complete the report and resubmit it. The Community Facilities District and the Original Purchaser, as applicable, will each have such rights to assert such objections as are set forth in Section 638 *et seq.* of the California Code of Civil Procedure.

(b) Selection of Referee; Powers. The parties to the Reference proceeding shall select a single neutral referee (the "Referee"), who shall be a retired judge or justice of the courts of the State of California, or a federal court judge, in each case, with at least ten (10) years of judicial experience in civil matters. The Referee shall be appointed in accordance with Section 638 of the California Code of Civil Procedure (or pursuant to comparable provisions of federal law if the dispute falls within the exclusive jurisdiction of the federal courts). If within ten (10) days after the request or motion for the Reference, the parties to the Reference proceeding cannot agree upon a Referee, then any party to such proceeding may request or move that the Referee be appointed by the Presiding Judge of the Riverside County Superior Court, or of the U.S. District Court for the Central District of California. The Referee shall determine all issues relating to the applicability, interpretation, legality and enforceability of this Section 11.17(b).

(c) Provisional Remedies, Self Help and Foreclosure. No provision of this Section 11.17 shall limit the right of either the Community Facilities District or the Original Purchaser, as the case may be, to obtain or oppose provisional or ancillary remedies, including without limitation injunctive relief, writs of possession, the appointment of a receiver, and/or additional or supplementary remedies from a court of competent jurisdiction during the pendency of any Reference. The exercise of, or opposition to, any such remedy does not waive the right of the Community Facilities District or the Original Purchaser to the Reference pursuant to this Section 11.17(c).

(d) Costs and Fees. Promptly following the selection of the Referee, the parties to such Reference proceeding shall each advance equal portions of the estimated fees and costs of the Referee. In the statement of decision issued by the Referee, the Referee shall award costs, including reasonable attorneys' fees, to the prevailing party, if any, and may order the Referee's fees to be paid or shared by the parties to such Reference proceeding in such manner as the Referee deems just

(e) No Sovereign Immunity. The Community Facilities District hereby represents that they do not possess and the Community Facilities District agrees that they will not invoke a claim

of sovereign immunity for disputes arising out of contractual claims relating to the Bonds or this Indenture.

Section 11.18 Additional Provisions and Rights While the Bonds are Owned by the Original Purchaser. The following provisions shall apply so long as the Original Purchaser is the Owner of 100% of the Bonds:

(a) Notwithstanding any other provision of this Indenture, the Original Purchaser shall have the right to consent to an amendment of this Indenture effecting the removal and replacement of the Trustee.

(b) The Community Facilities District shall inform the Original Purchaser promptly upon the occurrence of a Determination of Taxability or an Event of Default.

(c) The Original Purchaser is hereby expressly made a third-party beneficiary of this Indenture.

(d) The Community Facilities District shall pay or reimburse the Original Purchaser for any and all charges, fees, costs and expenses that Original Purchaser may reasonably pay or incur in connection with any amendment, waiver, or other action requested by the Community Facilities District with respect to or related to this Indenture whether or not executed or completed.

(e) The Bonds shall not be rated, shall not have a CUSIP number, shall not be issued pursuant to an offering document, and shall be registered in the name of the Original Purchaser.

(f) Role of Original Purchaser. The Community Facilities District acknowledges that (i) the Original Purchaser is acting solely for its own loan account and not as a fiduciary for the Community Facilities District or in the capacity of broker, dealer, municipal securities underwriter or municipal advisor, (ii) the Original Purchaser has not provided, and will not provide, financial, legal (including securities law), tax, accounting or other advice to or on behalf of the Community Facilities District with respect to this Loan Agreement, (iii) the Original Purchaser has expressed no view regarding the legal sufficiency of its representations for purposes of compliance with any legal requirements applicable to any other party, if any, or the correctness of any legal interpretation made by counsel to any other party, if any, with respect to any such matters, and (iv) the Community Facilities District has sought and obtained financial, legal, tax, accounting and other advice (including as it relates to structure, timing, terms and similar matters) with respect to the financing effectuated through this Loan Agreement from its financial, legal and other advisors (and not from the Original Purchaser) to the extent that the Community Facilities District desired to obtain such advice.

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. 89-1 OF THE COUNTY OF
RIVERSIDE**

[SEAL]

By: _____
Chairman of the Legislative Body of
Community Facilities District No. 89-1 of
the County of Riverside

ATTEST:

Clerk of the Legislative Body of Community
Facilities District No. 89-1 of the County of
Riverside

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., AS TRUSTEE**

By: _____
Authorized Signatory

EXHIBIT A

PERMITTED INVESTMENTS

“Permitted Investments” means the following, to the extent that such securities are otherwise eligible legal investments of the Community Facilities District:

(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 at the time of deposit 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 "Aaa/AAA" at the time of purchase or general obligations of states with a rating at the time of purchase 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 2018 BOND

THE TRANSFER OF THIS BOND IS RESTRICTED AND MAY ONLY BE TRANSFERRED PURSUANT TO THE REQUIREMENTS SET FORTH IN SECTION 2.06 OF THE INDENTURE. THE PURCHASER OF THIS BOND MUST BE AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF REGULATION D UNDER THE SECURITIES ACT OF 1933, AS AMENDED OR A "QUALIFIED INSTITUTIONAL BUYER" WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT OF 1933 AND WILL BE REQUIRED TO EXECUTE AND DELIVER AN PURCHASER LETTER THAT WILL, AMONG OTHER THINGS RESTRICT TRANSFER OF THIS BOND.

No. _____

\$ _____

**COMMUNITY FACILITIES DISTRICT NO. 89-1
OF THE COUNTY OF RIVERSIDE
SPECIAL TAX REFUNDING BOND, SERIES 2018**

INTEREST RATE
%

MATURITY DATE
September 1, 20__

DATED DATE
February __, 2018

REGISTERED OWNER:

PRINCIPAL AMOUNT:

Community Facilities District No. 89-1 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, 2018 (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. 89-1 of the County of Riverside Special Tax Refunding Bonds, Series 2018" (the "Series 2018 Bonds") in the aggregate principal amount of \$_____. The Series 2018 Bonds are issued pursuant to the Indenture, dated as of September 1, 2018 (the "Indenture"), by and between the Community Facilities District and The Bank of New York Mellon Trust Company, N.A., 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 2018 Bonds, but solely for the purpose of refunding or defeasing outstanding Series 2018 Bonds or other Additional Bonds. The Series 2018 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 2018 Bonds shall be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) a Series 2018 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 2018 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 2018 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 wire on each Interest Payment Date to the Owners of the Series 2018 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 2018 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 2018 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 2018 Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof but solely upon maturity or earlier redemption at the Office of the Trustee; presentation is not required for mandatory sinking fund payments.

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 2018 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 2018 Bond or any portion thereof shall be given as provided in the Indenture.

The Series 2018 Bonds are issuable as fully-registered Bonds without coupons in Authorized Denominations.

Upon the occurrence and during the continuance of an Event of Default, the interest rate with respect to the Bonds shall increase to the Default Rate.

From and after the Date of Taxability, if applicable, the interest rate with respect to the Bonds shall increase to the Taxable Rate.

Any Series 2018 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 2018 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 2018 Bond or Series 2018 Bonds shall be so surrendered for transfer, the Community Facilities District shall execute and the Trustee shall authenticate and shall deliver a new Series 2018 Bond or Series 2018 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 2018 Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Series 2018 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.

IN WITNESS WHEREOF, the Community Facilities District has caused this Bond to be signed in its name and on its behalf by the [manual] signatures of the Chairman of the Legislative Body of Community Facilities District No. 89-1 of the County of Riverside, and attested to by the [facsimile] signature of the Clerk of the Legislative Body of Community Facilities District No. 89-1 of the County of Riverside, all as of the Dated Date identified above.

**COMMUNITY FACILITIES DISTRICT
NO. 89-1 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 2018 Bonds described in the within-mentioned Indenture and registered on the Registration Books.

Date: _____, 2018

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., AS TRUSTEE**

By: _____
Authorized Signatory

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.

EXHIBIT C

FORM OF PURCHASER LETTER

[Date]

County of Riverside
4080 Lemon Street, 4th Floor
Riverside, CA 92501-3651
Attention: County Finance Officer

Re: *Community Facilities District No. 89-1 of the County of Riverside Special Tax Refunding Bonds, Series 2018*

Ladies and Gentlemen:

The undersigned (the "Purchaser") hereby acknowledges receipt of the above-referenced bonds (the "Bonds"), dated [February 20, 2018], in fully registered form and in the aggregate principal amount of \$ _____, constituting all of the Bonds currently outstanding. The Bonds have been checked, inspected and approved by the Purchaser.

The undersigned acknowledges that the Bonds have been issued for the purpose of refunding the outstanding Community Facilities District No. 89-1 of the County of Riverside Special Tax Refunding Bonds, Series 2006 originally issued on September 26, 2006 in the aggregate principal amount of \$10,435,000. The undersigned further acknowledges that the Bonds are secured by a certain Indenture dated as of February 1, 2018 (the "Indenture"), between Community Facilities District No. 89-1 of the County of Riverside (the "District"), and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee").

In connection with the sale of the Bonds to the Purchaser, the Purchaser hereby makes the following representations upon which you may rely:

1. The Purchaser hereby certifies that it is [an "accredited investor" within the meaning of Section 2(a)(15) of the Securities Act of 1933 as amended (the "Act")][a "qualified institutional buyer" within the meaning of Rule 144A(a)(1) promulgated under the Act] and applicable state securities laws (a "Qualified Buyer").

2. The Bonds are being acquired by the Purchaser for its own loan account only and not with a present intent for any resale or distribution thereof, in whole or in part, to others; provided, however, that the Purchaser shall not be precluded from transferring or assigning its interest in the Bonds in accordance with the terms and conditions set forth in the Indenture. The Purchaser is not participating, directly or indirectly, in a distribution of the Bonds and will not take, or cause to be taken, any action that would cause the Purchaser to be deemed an "underwriter" of such Bonds as defined in Section 2(a)(11) of the Act. The Purchaser understands that the District has no obligation to register the Bonds for resale under the Act. The Purchaser further understands that the Bonds are being sold in a transaction that is exempt from the registration requirements of the Act. The Purchaser acknowledges that the District will not be entering into a continuing disclosure agreement for the Bonds pursuant to Section 15c2-12 of the Securities Exchange Act of 1934, as amended.

3. The Purchaser has received and carefully read all information and other items of disclosure relating to the District and the Bonds that the Purchaser has deemed material (the "Disclosure Items") for it to make an informed lending decision with respect to its purchase of the Bonds and, in connection therewith, has had access to all other materials, books, records, documents, and information relating to the District and the Bonds, and has been able to verify the accuracy of, and supplement, the information contained therein, but the District is obligated to provide certain on-going information to the Purchaser.

4. The Purchaser has had an opportunity to ask questions of, and receive satisfactory answers from, duly designated representatives of the District concerning the terms and conditions pursuant to which the offer to purchase the Bonds is being made, and is satisfied with the information provided in response to its requests, and is satisfied that its request for such information has been fully complied with by the District. The Purchaser further acknowledges that the District requires that, if the Bonds are disposed of by it, current information which meets the disclosure requirements of any applicable state and federal securities laws then in effect, concerning the Bonds must be furnished to any prospective purchaser, and that any disclosure document must be delivered to the District before the Bonds are offered for sale to any prospective purchaser, and further acknowledges that any current exemption from registration of the Bonds does not affect or diminish such requirements.

5. The Purchaser has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of making a loan of the proceeds of the Bond based upon (i) the information (including the information set forth in the Disclosure Items) furnished to it by the District; (ii) its or such representative's personal knowledge of the business and affairs of the District; (iii) the records, files, and plans of the District, to all of which it or such representative has had full access; (iv) such additional information as it or such representative may have requested and have received from the District; and (v) the independent inquiries and investigations undertaken by it or such representative.

6. The Purchaser represents that it can bear the economic risk of loss of the Bonds; it has adequate means for providing for its current needs and personal contingencies; and it has no need for liquidity with respect to the Bonds.

7. The purchase of the Bonds is not disproportionate to the Purchaser's net worth, and its purchase of the Bonds will not cause such overall commitment to become excessive.

8. No person has given any information or made any representation not contained in any Disclosure Items referred to above or otherwise provided to the Purchaser in writing by a person employed or authorized in writing by the District. The Purchaser understands and agrees that any information or representation not contained therein must not, and will not, be relied upon and that nothing contained therein should be construed as legal or tax advice to the Purchaser.

9. No person has made any direct or indirect representation or warranty of any kind to the Purchaser with respect to the economic return which may accrue to the Purchaser. The Purchaser has consulted with its own tax counsel and other advisors with respect to the Bonds.

10. The signatory of this letter is a duly authorized officer of the Purchaser with the authority to sign this letter on behalf of the Purchaser, and this letter has been duly authorized, executed, and delivered by the Purchaser.

11. The Purchaser acknowledges that it has the right to sell and transfer the Bonds to another Qualified Buyer in whole, subject to the delivery to the Trustee of a letter from the transferee to the same effect as this Letter of Representations, with no revisions except as may be approved in writing by the District. The Purchaser understands that the Trustee will not be required to accept for registration of transfer any Bonds unless such transferee is an Qualified Buyer and the letter is delivered to the Trustee, and failure to deliver such letter shall cause the purported transfer to be null and void. The Purchaser agrees to indemnify and hold harmless the District, the County of Riverside (the "County") and the Trustee with respect to any claim asserted against the District, the County or the Trustee that is based upon a sale, transfer or other disposition of the Bonds in violation of the provisions of the Indenture.

12. The Purchaser agrees that it will only offer, sell, pledge, transfer or exchange the Bond (or any legal or beneficial interest therein) (i) in accordance with an available exemption from the registration requirements of Section 5 of the Act, (ii) in accordance with any applicable state securities laws, and (iii) in accordance with the transfer restrictions set forth in the Bonds and the Indenture. The Purchaser further agrees that it will not transfer the Bonds to be held in a pool, trust or similar arrangement.

13. The Purchaser understands that the purchase of the Bonds involves significant credit risks.

14. The Purchaser has been informed that the Bonds (i) have not been and will not be registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any jurisdiction, (ii) will not be listed on any stock or other securities exchange and (iii) will carry no rating from any rating service.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture.

[PURCHASER]

By: _____