
INDENTURE

by and between

**CITY OF CALABASAS
COMMUNITY FACILITIES DISTRICT NO. 2001-1**

and

**U.S. BANK NATIONAL ASSOCIATION,
as Trustee**

Dated as of December 1, 2017

**Relating to
City of Calabasas
Community Facilities District No. 2001-1
Special Tax Refunding Bonds
Series 2017**

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INDENTURE

THIS INDENTURE (the “Indenture”) is dated as of December 1, 2017, by and between CITY OF CALABASAS COMMUNITY FACILITIES DISTRICT NO. 2001-1, a community facilities district organized and existing under and by virtue of the laws of the State of California (the “Community Facilities District”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States, as trustee (the “Trustee”).

WITNESSETH:

WHEREAS, the City Council (the “City Council”) of the City of Calabasas (the “City”) has formed the Community Facilities District under the provisions of the Mello-Roos Community Facilities District Act of 1982 (the “Act”); and

WHEREAS, pursuant to the Act, the Community Facilities District was formed to refinance facilities located in and previously financed by Community Facilities District No. 4 of the County of Los Angeles, through the refunding of the outstanding principal amount of Community Facilities District No. 4 of the County of Los Angeles Improvement Area B Special Tax Bonds Series 1992A (the “County Bonds”); and

WHEREAS, on or about May 31, 2006, the City Council, by and through the Community Facilities District, issued its “City of Calabasas Community Facilities District No. 2001-1, Special Tax Refunding Bonds, Series 2006” in the principal amount of \$26,535,000, of which \$_____ principal amount is currently outstanding (the “Prior Bonds”), the proceeds of which were used to refund, on an advance basis, all outstanding City of Calabasas Community Facilities District No. 2001-1 Special Tax Refunding Bonds, Series 2001, which were originally issued on August 1, 2001; and

WHEREAS, the City Council, is authorized under the Act to annually levy special taxes within the Community Facilities District sufficient to pay debt service on bonds, the proceed of which are used to refund the Prior Bonds, and to pay certain administrative costs, which special taxes are secured by a continuing lien against all nonexempt real property in the Community Facilities District, and to issue bonds secured by the special taxes under the Act; and

WHEREAS, in order to provide the moneys required to refund and redeem the Prior Bonds, the Community Facilities District desires to provide for the issuance of City of Calabasas Community Facilities District No. 2001-1, Special Tax Refunding Bonds, Series 2017 (the “Series 2017 Bonds”), in the aggregate principal amount of not to exceed \$_____; and

WHEREAS, the Community Facilities District desires to provide for the issuance of additional bonds (the “Additional Bonds”) upon the security of the unpaid special taxes on a parity with the Series 2017 Bonds, provided that said issuance is in accordance with the Act and this Indenture (the Series 2017 Bonds and any such Additional Bonds being collectively referred to as the “Bonds”); and

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and 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 the 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 received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the 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, of any Supplemental Indenture and of any certificate, opinion or other document herein or therein 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 2017 Bonds issued hereunder in accordance with the provisions of Section 3.05 and 3.06.

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

“**Administrative Expenses**” means costs directly related to the administration of the Community Facilities District, consisting of the costs of computing the Special Taxes and preparing the annual Special Tax schedules and the costs of collecting the Special Taxes, the costs of remitting the Special Taxes to the Trustee, the fees and costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under this Indenture, the costs incurred by the Community Facilities District in complying with the disclosure provisions of any continuing disclosure undertaking and this Indenture, including those related to public inquiries regarding the Special Tax and disclosures to Owners, the costs of the Community Facilities District related to an appeal of the Special Tax, any amounts required to be rebated to the federal government in order for the Community Facilities District to comply with Section 6.09, an allocable share of the salaries of the staff of the City, or of any member thereof, providing services on behalf of the Community Facilities District directly related to the foregoing and a proportionate amount of general administrative overhead of the City, or of any member thereof, related thereto, and the costs of foreclosure of delinquent Special Taxes.

“**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 any mandatory sinking fund redemptions due in such Bond Year).

“Auditor” means the auditor/controller of the County of Los Angeles.

“Authorized Denomination” shall mean \$_____, the principal amount of Bonds, or any integral multiple thereof.

“Authorized Representative” means (a) with respect to the Community Facilities District, the Mayor, the Mayor Pro Tem, the Clerk of the City, the City Manager and the Finance Director of the City, and any other Person designated as an Authorized Representative of the Community Facilities District in a Written Certificate of the Community Facilities District filed with the Trustee, and (b) with respect to the Trustee, the President, any Vice President, any Assistant Vice President or any Trust Officer of the Trustee, and when used with reference to any act or document also means any other Person authorized to perform such act or sign any document by or pursuant to a resolution of the Board of Directors of the Trustee or the by-laws of the Trustee.

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

“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 City of Calabasas Community Facilities District No. 2001-1 Special Tax Bonds issued hereunder, which includes the Series 2017 Bonds and any Additional Bonds.

“Business Day” means a day which is not (a) a Saturday, Sunday or legal holiday, (b) a day on which banking institutions in the State of California, 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.

“City” means the City of Calabasas, and any successor thereto.

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

“Closing Date” means the date upon which the Series 2017 Bonds are delivered to the Initial Purchaser, being _____, 2017.

“Code” means the Internal Revenue Code of 1986.

“Community Facilities District” means City of Calabasas Community Facilities District No. 2001-1, and any successor thereto.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Community Facilities District relating to the authorization, issuance, sale and delivery of the Bonds, including but not limited to printing expenses, rating agency fees, filing and recording fees, initial fees, expenses and charges of the Trustee and its counsel, including the Trustee’s first annual

administrative fee, fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of the Bonds and any other cost, charge or fee in connection with the original issuance of the Bonds.

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

“Escrow Bank” means U.S. Bank National Association, a national banking association organized and existing under the laws of the United States, or any successor thereto, as Escrow Bank under the Refunding Escrow Agreement.

“Event of Default” means an event defined as such in Section 7.01.

“Federal Securities” means (a) 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), and (b) obligations of any agency, department or instrumentality of the United States of America the timely payment of principal of and interest on which are fully guaranteed by the United States of America.

“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 designated in a Written Certificate of the Community Facilities District delivered to the Trustee.

“Foreclosure Proceeds” means (i) any delinquent special taxes previously levied to pay the principal of and interest on the Prior Bonds and deposited with the Trustee and (ii) any amounts realized through foreclosure actions commenced with respect to such delinquent special taxes and deposited with the Trustee in accordance with this Indenture.

“Indenture” means this Indenture, 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 domination of the Community Facilities District or the City, (c) does not have any substantial interest, direct or indirect, with or in the Community Facilities District or the City, 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 City as an officer or employee thereof, but who may be regularly retained to make reports to the Community Facilities District or the City.

“Information Services” means Financial Information, Inc.’s “Daily Called Bond Service”, 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Services Called Bond Service, 55 Broad Street, 28th Floor, New York, New York 10004; “Moody’s Investors Service Municipal and Government”, 5250 77 Center Drive, Suite 150, Charlotte, North Carolina 28217, Attention: Municipal News Reports; Standard & Poor’s “Called Bond Record”, 25 Broadway, 3rd Floor, New York, New York 10004; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such services providing information with respect to called bonds as the Community Facilities District may designate in a Written Certificate of the Community Facilities District delivered to the Trustee.

“Initial Purchaser” means _____ the original purchaser of the Series 2017 Bonds from the Community Facilities District.

“Interest Payment Dates” means March 1 and September 1 of each year, commencing March 1, 2018, so long as any Bonds remain Outstanding.

“Investor Letter” means a letter in the form of Exhibit B attached hereto executed by the Initial Purchaser.

“Moody’s” means Moody’s Investors Service, Inc., a corporation duly organized and existing under and by virtue of 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.

“Office of the Trustee” means the office of the Trustee in Los Angeles, California, at which at any particular time corporate trust business shall be administered, or such other office as it shall designate, except that with respect to presentation of Bonds for payment, transfer or exchange, the term shall mean the corporate trust office of U.S. Bank National Association in St. Paul, Minnesota or any other office specified by the Trustee.

“Ordinance” means any ordinance adopted by the City Council levying the Special Taxes.

“Outstanding,” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 11.09) all Bonds previously, or contemporaneously, authenticated and delivered by the Trustee under this Indenture except:

- (a) Bonds previously 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, including Bonds (or portions of Bonds) disqualified under Section 11.09; and
- (c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to this Indenture.

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

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

- (a) The following obligations may be used as Permitted Investments for all purposes, including defeasance investments in refunding escrow accounts.
 - (1) Cash (insured at all times by the Federal Deposit Insurance Corporation),

(2) Obligations of, or obligations guaranteed as to principal and interest by, the U.S. or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the U.S. including:

- U.S. treasury obligations
- All direct or fully guaranteed obligations
- Farmers Home Administration
- General Services Administration
- Guaranteed Title XI financing
- Government National Mortgage Association (GNMA)
- State and Local Government Series

Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

(b) The following obligations may be used as Permitted Investments for all purposes other than defeasance investments in refunding escrow accounts.

(1) 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

(2) 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
- Senior debt obligations of other Government Sponsored Agencies

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

(4) 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;

(5) Investments in a money market fund rated “AAAm” or “AAAm-G” or better by S&P;

(6) 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 A(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; and

(7) Municipal Obligations rated “Aaa/AAA” or general obligations of States with a rating of “A2/A” or higher by both Moody’s and S&P.

(c) The value of the above investments shall be determined as follows:

(1) For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued at fair market value. The Trustee shall determine the fair market value based on accepted industry standards and from accepted industry providers. Accepted industry providers shall include but are not limited to pricing services provided by Financial Times Interactive Data Corporation, Merrill Lynch, Citigroup Global Markets Inc., Bear Stearns, or Lehman Brothers.

(2) As to certificates of deposit and bankers’ acceptances: the face amount thereof, plus accrued interest thereon; and

(3) As to any investment not specified above: the value thereof established by prior agreement among the Community Facilities District and the Trustee.

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

“Prior Bonds” means the City of Calabasas Community Facilities District No. 2001-1, Special Tax Refunding Bonds, Series 2006, issued under the Prior Indenture.

“Prior Indenture” means the Indenture, dated as of May 1, 2006, by and between the Community Facilities District and U.S. Bank National Association, as trustee.

“Prior Trustee” means the U.S. Bank National Association, as trustee under the Prior Indenture.

“Qualified Institutional Buyer” shall have the meaning assigned to such term in Rule 144A of the Securities Act of 1933, as amended.

“Rate and Method” means the rate and method of apportionment of the Special Taxes approved by the qualified electors of the Community Facilities District, as it may be amended in accordance with its terms.

“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 thereto in the Tax Certificate.

“Record Date” means the 15th calendar day of the month preceding each 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.

“Refunding Escrow Agreement” means that certain Refunding Escrow Agreement, dated as of December 1, 2017, between the Community Facilities District and the Escrow Bank, as originally executed and as it may be amended or supplemented from time to time.

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

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

“Reserve Requirement” means, as of the date of any calculation, a minimum of 20% of Average Annual Debt Service.

“Resolution of Formation” means Resolution No. 2001-706, adopted by the City Council on June 20, 2001.

“S&P” means S&P Global Ratings, a division of The McGraw-Hill Companies, Inc., a corporation duly organized and existing under and by virtue of 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 2017 Bonds, and any Additional Bonds issued pursuant to a Supplemental Indenture and identified as a separate Series of Bonds.

“**Series 2017 Bonds**” means the City of Calabasas Community Facilities District No. 2001-1 Special Tax Refunding Bonds, Series 2017, 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 scheduled payments and any prepayments thereof, interest and penalties thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes, which shall be limited to the amount of said lien and interest and penalties thereon.

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

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

“**Tax Certificate**” means the Tax Certificate executed by the Community Facilities District at the time of issuance of the Series 2017 Bonds relating to the requirements of Section 148 of the Code, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

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

“**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 Authorized Representative. Any such certificate or request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

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. 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 of California. 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 “City of Calabasas Community Facilities District No. 2001-1 Special Tax Bonds”, each Series thereof to bear such additional designation as may be necessary or appropriate to distinguish such Series from every other Series of Bonds.

Section 2.02 Terms of Series 2017 Bonds. (a) The Series 2017 Bonds shall be designated “City of Calabasas Community Facilities District No. 2001-1 Special Tax Refunding Bonds, Series 2017”. The aggregate principal amount of Series 2017 Bonds that may be issued and Outstanding under this Indenture shall not exceed \$[Not To Exceed Amount], except as may be otherwise provided in Section 2.09.

(b) The Series 2017 Bonds shall be issued in fully registered form without coupons in Its Authorized Denomination, so long as no Series 2017 Bond shall have more than one maturity date. The Series 2017 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 and shall bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) at the rates per annum as follows:

Maturity Date (September 1)	Principal Amount	Interest Rate
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
20__*		

* Term Bonds

(c) Interest on the Series 2017 Bonds shall be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) a Series 2017 Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it shall bear interest from such Interest Payment Date, (ii) a Series 2017 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 2017 Bond is in default as of the date of authentication thereof, in which event interest thereon shall be payable from the date to which interest has previously been paid or duly provided for. Interest shall be paid in lawful money of the United States on each Interest Payment Date. Interest shall be paid by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Series 2017 Bond Owners 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 2017 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 2017 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 2017 Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof upon maturity or earlier redemption at the Office of the Trustee. Payment of principal of any Series 2017 Bond shall be made only upon presentation and surrender of such Bond at the Office of the Trustee.

(e) The Series 2017 Bonds shall be subject to redemption as provided in Article IV.

(f) The Series 2017 Bonds shall be in substantially the form set forth in Exhibit A hereto, with appropriate or necessary insertions, omissions and variations as permitted or required hereby.

Section 2.03 Limitation on Transfer of Bonds. [The Series 2017 Bonds will be issued as physical certificated instruments (and shall not be held in a book-entry only system) initially registered in the name of the Initial Purchaser.] The Bonds of each Series will be initially issued as one Bond in the aggregate principal amount of the applicable Series of Bonds.

Notwithstanding any other provision of this Indenture, the Series 2017 Bonds may not be registered in the name of, or transferred to, any person except a Qualified Institutional Buyer. The Initial Purchaser of the Series 2017 Bonds shall execute and deliver an investor letter in the form set forth in Exhibit B hereto with only those revisions approved in writing by the Community Facilities District.

Section 2.04 Transfer and Exchange of Bonds. Any Bond may, in accordance with its terms, be transferred upon the Registration Books by the Person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Whenever any Bond or Bonds shall be 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 in a like aggregate principal amount, in any Authorized Denomination. The Trustee shall require the Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

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

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

Section 2.05 Registration Books. The Trustee will 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 as hereinbefore provided.

Section 2.06 Execution of Bonds. The Bonds shall be executed in the name and on behalf of the Community Facilities District with the facsimile signature of the Mayor of the City, or, in the absence of the Mayor, the Mayor Pro Tem of the City, and attested by the manual or facsimile signature of the Clerk of the City. The Bonds shall then be delivered to the Trustee for authentication by it. In case any of such officers of the City 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 City although at the nominal date of such Bonds any such Person shall not have been such officer of the City.

Section 2.07 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 A hereto for the Series 2017 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 or on behalf 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 2.08 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 its Authorized Denomination 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 of 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.

Section 2.09 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 like tenor and Series in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and delivered to, or upon the

order of, the Community Facilities District. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence and indemnity satisfactory to the Trustee shall be given, the Community Facilities District, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and Series 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 2.10 Registration of Series 2017 Bonds. The Series 2017 Bonds shall be delivered only to a Holder that has executed and delivered to the Trustee an Investor Letter. Series 2017 Bonds shall be owned by and registered in the name of one single Holder. The Trustee shall not register the transfer of any Series 2017 Bond unless the Bond Trustee receives an Investor Letter from the proposed transferee. Initially, the Series 2017 Bonds shall be issued to and registered in the name of _____, as Initial Purchaser, or otherwise registered in whatever name or names the Initial Purchaser, or its nominee, shall designate, which shall have executed and delivered to the Trustee an Investor Letter. Notwithstanding any other provision hereof, Series 2017 Bonds may not be registered in the name of, or transferred to, any person except a Qualified Institutional Buyer. All Series 2017 Bonds shall be in fully registered form in denominations authorized by this Indenture.

ARTICLE III

ISSUANCE OF BONDS; APPLICATION OF PROCEEDS

Section 3.01 Issuance of Series 2017 Bonds. The Community Facilities District may, at any time, execute the Series 2017 Bonds and deliver the same to the Trustee. The Trustee shall authenticate the Series 2017 Bonds and deliver the Series 2017 Bonds to the Initial 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 the Series 2017 Bonds; Transfers from Prior Bonds Indenture. On the Closing Date, the proceeds of the sale of the Series 2017 Bonds received by the Trustee in the amount of \$_____ plus Special Taxes on hand and other available amounts held by the Trustee & the District of \$_____, totaling \$_____, shall be deposited by the Trustee as follows:

- (a) The Trustee shall deposit the amount of \$_____ in the Reserve Fund representing 50% of the Reserve Requirement.
- (b) The Trustee shall deposit the amount of \$_____ in the Costs of Issuance Fund for payment of the costs of issuance for the Series 2017 Bonds.
- (c) The Trustee shall deposit the amount of \$_____ in the Administrative Expense Fund.
- (d) The Trustee shall transfer to U.S. Bank National Association for deposit in the Refunding Escrow established under the Refunding Escrow Agreement the amount of \$_____.

The Trustee may establish a temporary fund or account in its records to facilitate and record such deposits and transfer.

Section 3.03 Costs of Issuance Fund. The Trustee shall establish and maintain a separate fund designated the “Costs of Issuance Fund”. On the Closing Date there shall be deposited in the Costs of Issuance Fund the amount specified in Section 3.02(c). There shall additionally 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.

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 (a) the Person to whom payment is to be made, (b) the amount to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment is a proper charge against the Costs of Issuance Fund, and (e) 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 June 1, 2018, all amounts, if any, remaining in the Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Reserve Fund to the extent the amount on deposit therein is less than the Reserve Requirement and such remainder to the Bond Fund, and the Costs of Issuance Fund shall be closed.

Section 3.04 [Reserved].

[Intentionally Left Blank].

Section 3.05 Conditions for the Issuance of Additional Bonds. The Community Facilities District may at any time issue one or more Series of Additional Bonds (in addition to the Series 2017 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) 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:

(1) The proceeds of the sale of such Additional Bonds shall be applied for the purpose of providing funds to refund any Bonds issued hereunder;

(2) The principal amount and designation of such Series of Additional Bonds and the denomination or denominations of the Additional Bonds;

(3) The date, the maturity date or dates, the interest payment dates and the dates on which mandatory sinking fund redemptions, if any, are to be made for such Additional Bonds; provided, that (i) the serial Bonds of such Series of Additional Bonds shall be payable as to principal annually on September 1 of each year in which principal falls due, and the term Bonds of such Series of Additional Bonds shall have annual mandatory sinking fund redemptions on September 1, (ii) the Additional Bonds shall be payable as to interest semiannually on March 1 and September 1 of each year, 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 and the interest shall be payable thereafter semiannually on March 1 and September 1, (iii) all Additional Bonds of a

Series of like maturity shall be identical in all respects, except as to number or denomination, and (iv) 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;

(4) The redemption premiums and terms, if any, for such Additional Bonds;

(5) The form of such Additional Bonds;

(6) The amount to be deposited from the proceeds of sale of such Additional Bonds in the Reserve Fund; provided, that the Reserve Fund shall be at least equal to the Reserve Requirement, and an amount at least equal to the Reserve Requirement shall thereafter be maintained in the Reserve Fund; and

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

(b) Upon the issuance of such Additional Bonds, the Community Facilities District shall be in compliance with all agreements, conditions, covenants and terms contained herein and in all Supplemental Indentures required to be observed or performed by it;

(c) In connection with such refunding of Outstanding Bonds, Annual Debt Service in each Bond Year, calculated for all Bonds to be Outstanding after the issuance of such Additional Bonds, shall be less than Annual Debt Service in such Bond Year, calculated for all Bonds Outstanding immediately prior to the issuance of such Additional Bonds; and

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

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

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

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

(c) An opinion of Bond Counsel substantially to the effect that (i) the 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 of California), (ii) such Additional Bonds constitute valid and binding special obligations of the Community Facilities District payable solely from Net Special Tax Revenues as provided herein

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 of California), 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;

(d) The proceeds of the sale of such Additional Bonds; and

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

Section 3.07 Additional Bonds. So long as any of the Bonds remain Outstanding, the Community Facilities District shall not issue any Additional Bonds or obligations payable from Net Special Tax Revenues on a parity with the Bonds, except pursuant to Sections 3.05 and 3.06. So long as any of the Bonds remain Outstanding, the Community Facilities District shall not issue any obligations payable from Net Special Tax Revenues on a basis senior to the Bonds. The Community Facilities District may issue obligations payable from Net Special Tax Revenues on a basis subordinate to the Bonds, without complying with Sections 3.05 and 3.06.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01 Redemption of Series 2017 Bonds. (a) *Optional Redemption.* The Series 2017 Bonds shall be subject to optional redemption, in whole or in part, on any date on or after September 1, 20__, from any source of available funds, at a redemption price equal to the principal amount of the Series 2017 Bonds to be redeemed, without premium.

The Community Facilities District shall give the Trustee written notice of its intention to redeem Series 2017 Bonds pursuant to this subsection not less than 60 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 2017 Bonds shall be subject to mandatory redemption, in whole or in part, on any Interest Payment Date, from and to the extent of any prepayment of Special Taxes, at the following respective Redemption Prices (expressed as percentages of the principal amount of the Series 2017 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

Redemption Dates	Redemption Price
Interest Payments Dates from March 1, 2018 through March 1, 20__ September 1, 20__ and thereafter	

(c) *Mandatory Sinking Fund Redemption.* The Series 2017 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 2017 Bonds to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

**Sinking Fund
Redemption Date
(September 1)**

**Principal Amount
to be
Redeemed**

20__ (maturity)

If some but not all of the Series 2017 Bonds maturing on September 1, 20__ are redeemed pursuant to Section 4.01(a), the principal amount of Series 2017 Bonds maturing on September 1, 20__ to be redeemed pursuant to Section 4.01(c) on any subsequent September 1 shall be reduced, by \$5,000 or an integral multiple thereof, as designated by the Community Facilities District in a Written Certificate of the Community Facilities District filed with the Trustee; provided, however, that the aggregate amount of such reductions shall not exceed the aggregate amount of Series 2017 Bonds maturing on September 1, 20__ redeemed pursuant to Section 4.01(a). If some but not all of the Series 2017 Bonds maturing on September 1, 20__ are redeemed pursuant to Section 4.01(b), the principal amount of Series 2017 Bonds maturing on September 1, 20__ to be redeemed pursuant to Section 4.01(c) on any subsequent September 1 shall be reduced by the aggregate principal amount of the Series 2017 Bonds maturing on September 1, 20__ so redeemed pursuant to Section 4.01(b), such reduction to be allocated among redemption dates as nearly as practicable on a *pro rata* basis in amounts of \$5,000 or integral multiples thereof, as determined by the Trustee, notice of which determination shall be given by the Trustee to the Community Facilities District filed with the Trustee.

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, to the Initial 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, the Bond numbers and the maturity or maturities (except in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, 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 among maturities from all Bonds not previously called for redemption (a) with respect to any optional redemption of Bonds of a Series, among maturities of Bonds of such Series as directed in a Written Request of the Community Facilities District, (b) with respect to any redemption pursuant to Section 4.01(b) and the corresponding provision of any Supplemental Indenture pursuant to which Additional Bonds are issued, among maturities of all Series of Bonds on a *pro rata* basis as nearly as practicable, and (c) with respect to any other redemption of Additional Bonds, among maturities as provided in the Supplemental Indenture pursuant to which such Additional Bonds are issued, and by lot among Bonds of the same Series with the same maturity in any manner which the Trustee in its sole discretion shall deem appropriate and fair. [For purposes of such selection, all Bonds shall be deemed to be comprised of separate Authorized 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 Authorized Denominations equal in aggregate principal amount representing 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 in the Redemption Fund, 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, all of the Net Special Tax Revenues and any other amounts (including proceeds of the sale of the Bonds) held in the Bond

Fund, the Reserve Fund and the Redemption Fund are hereby 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 this Indenture and the Act. Said pledge shall constitute a first lien on such assets.

Section 5.02 Special Tax Fund. 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, but in any event no later than ten Business Days after such receipt, the Community Facilities District shall transfer such Special Tax Revenues to the Trustee for deposit in the Special Tax Fund; provided, however, that any portion of any such Special Tax Revenues that represents prepaid Special Taxes that are to be applied to the payment of the Redemption Price of Bonds in accordance with the provisions hereof shall be identified to the Trustee as such by the Community Facilities District and shall be deposited in the Redemption Fund.

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. From each December 1 until the following September 2, the amounts so requested may not exceed \$150,000.

On the Business Day immediately preceding each Interest Payment Date, after having made any requested transfer to the Administrative Expense Fund, the Trustee shall withdraw from the Special Tax Fund and transfer, first, 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, second, 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. The Trustee shall establish and maintain a separate fund designated the “Bond Fund”. There shall be deposited in the Bond Fund the amount, if any, required to be deposited therein pursuant to Section 3.02(a) and the amount of any Foreclosure Proceeds. There shall be deposited in the Bond Fund the amounts required to be deposited therein pursuant to Section 5.02. There shall additionally be deposited in the Bond Fund 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.

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.

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.

Section 5.04 Redemption Fund. The Trustee shall establish and maintain a special fund designated the “Redemption Fund”. As soon as practicable after the receipt by the Community Facilities District of prepaid Special Taxes, but in any event not later than ten Business Days after such receipt, the Community Facilities District shall transfer such prepaid Special Taxes to the Trustee for deposit in the Redemption Fund. Additionally, 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 2017 Bonds pursuant to Section 4.01(a) and any other amounts required to be deposited therein pursuant to Section 3.04 or Section 5.05 or pursuant to any Supplemental Indenture.

Amounts in the Redemption Fund shall be disbursed therefrom for the payment of the Redemption Price of Series 2017 Bonds redeemed pursuant to Section 4.01(a) or Section 4.01(b) and to pay the Redemption Price of Additional Bonds redeemed under the Supplemental Indenture pursuant to which such Additional Bonds are issued.

Section 5.05 Reserve Fund. The Trustee shall establish and maintain a special fund designated the “Reserve Fund”. The Trustee shall deposit in the Reserve Fund the amount specified in Section 3.02(b). 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.

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 making transfers to the Bond Fund 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 or, in accordance with the provisions of this Section, for the purpose of redeeming Bonds from the Bond Fund. Transfers shall be made from the Reserve Fund to the Bond Fund in the event of a deficiency in the Bond Fund, in accordance with Section 5.03.

So long as no Event of Default shall have occurred and be continuing, any amount in the Reserve Fund in excess of the Reserve Requirement on February 15 and August 15 of each year shall be withdrawn from the Reserve Fund by the Trustee and shall be deposited in the Bond Fund. Notwithstanding the foregoing before any such deposit shall be made, such amount shall be available for the payment of any rebate that may be owed under the Code, as specified in a Written Request of the Community Facilities District delivered to the Trustee.

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.

Whenever Bonds are to be redeemed pursuant to Section 4.01(a) or Section 4.01(b) or the corresponding provisions of a Supplemental Indenture, a proportionate share, determined as provided below, of the amount on deposit in the Reserve Fund shall, on the Business Day prior to the date on which such Bonds are to be redeemed, be transferred by the Trustee from the Reserve Fund to the Redemption Fund 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 \$5,000 that is not larger than the amount equal to the product of (a) the amount on deposit in the Reserve Fund on the date five Business Days prior to the date notice of redemption of such Bonds is required to be given pursuant to the provisions hereof, times (b) 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.

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 hereof 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 be withdrawn by the Trustee and remitted to the Community Facilities District.

Section 5.07 Administrative Expense Fund. The Trustee shall establish and maintain a special fund designated the “Administrative Expense Fund.” The Trustee shall deposit in the Administrative Expense Fund the amount specified in Section 3.02(d). There shall additionally be deposited in the Administrative Expense Fund the amounts transferred from the Special Tax Fund and required to be deposited therein pursuant to Section 5.02.

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 (a) the Person to whom payment is to be made, (b) the amount to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment is a proper charge against the Administrative Expense Fund, and (e) 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.

Section 5.08 Investment of Moneys. 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; 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 clause B(5) of the definition thereof. The Trustee may rely upon any investment direction by the Community Facilities District as a certification to it that such investment constitutes a Permitted Investment.

The Community Facilities District acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Community Facilities District the right to

receive brokerage confirmations of security transactions as they occur, the Community Facilities District specifically will not receive such confirmations to the extent permitted by law. The Trustee will furnish the Community Facilities District periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder.

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 shall be retained therein.

Permitted Investments acquired as an investment of moneys in any fund established under this Indenture shall be credited to such fund. For the purpose of determining the amount in any fund, 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. In making any valuations of Permitted Investments, the Trustee may utilize such securities pricing services as may be available to it, including those within its regular accounting system and rely thereon.

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 is 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.

Section 5.09 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 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 10 days of the failure to make such payment or the date of such withdrawal.

ARTICLE VI

COVENANTS

Section 6.01 Collection of Special Tax Revenues. The Community Facilities District shall comply with all requirements of the Act so as to assure the timely collection of Special Tax Revenues, including without limitation, the enforcement of delinquent Special Taxes.

Prior to August 1 of each year, the Community Facilities District shall ascertain from the County of Los Angeles 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 that the Bonds are Outstanding, or otherwise such that the computation of the levy is complete before the final date on which 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 to include the levy of the Special Taxes on the next real property tax roll.

The Community Facilities District shall fix and levy the amount of Special Taxes within the Community Facilities District 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 the amount required for the payment of principal of and interest on any Outstanding Bonds becoming due and payable during the ensuing year, the amount required for any necessary replenishment of the Reserve Fund and the amount estimated to be sufficient to pay the Administrative Expenses during such year, taking into account the balances in the funds and accounts established hereunder.

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 of the Bonds that it will determine or cause to be determined, no later than August 15 of each year, whether or not any owners of property within the Community Facilities District are delinquent in the payment of Special Taxes and, if such delinquencies exist, the Community Facilities District will order and cause to be commenced no later than October 1, and thereafter diligently prosecute, an action in the superior court to foreclose the lien of any Special Taxes or installment thereof not paid when due; provided, however, that the Community Facilities District shall not be required to order the commencement of foreclosure proceedings if (a) the total Special Tax delinquency in the Community Facilities District for such Fiscal Year is less than 5% of the total Special Tax levied in such Fiscal Year, and (b) the amount then on deposit in the Reserve Fund is equal to the Reserve Requirement. Notwithstanding the foregoing, if the Community Facilities District determines that any single property owner in the Community Facilities District is delinquent in excess of \$25,000 in the payment of the Special Tax, then it will diligently institute, prosecute and pursue foreclosure proceedings against such property owner.

Section 6.03 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 6.04 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 6.05 Against Encumbrances. The Community Facilities District shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Special Tax Revenues and other assets pledged under this Indenture while any of the Bonds are Outstanding, except as permitted by this Indenture.

Section 6.06 Power to Issue Bonds and Make Pledge. The Community Facilities District is duly authorized pursuant to the Act to issue the Bonds and to enter into this Indenture and to pledge the Net Special Tax Revenues and other assets pledged under this Indenture in the manner and to the extent provided in this Indenture. The Bonds and the provisions of this Indenture are and will be the legal, valid and binding special obligations of the Community Facilities District in accordance with their terms, and the Community Facilities District and the Trustee (subject to the provisions of Article VIII) shall at all times, to the extent permitted by law, defend, preserve and protect said pledge of Net Special Tax Revenues and other assets and all the rights of the Bond Owners under this Indenture against all claims and demands of all Persons whomsoever.

Section 6.07 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 and all funds and accounts established by it pursuant to this Indenture. Such books of record and account shall be available for inspection by the Community Facilities District, during regular business hours and upon reasonable notice and under reasonable circumstances as agreed to by the Trustee. The Trustee shall deliver to the Community Facilities District a monthly accounting of the funds and accounts it holds under this Indenture.

Section 6.08 Compliance with Law. The Community Facilities District shall comply with all applicable provisions of the Act and all other laws insofar as applicable.

Section 6.09 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 2017 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 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 2017 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.

(d) Certain agreements, requirements and procedures contained or referred to in this Indenture and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Series 2017 Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Any such change may occur or action may be taken or omitted upon the advice or approval of Bond Counsel other than the Bond Counsel that rendered a final opinion with respect to the Series 2017 Bonds upon their original issuance only if the Community Facilities District, in addition to satisfying all other terms and conditions contained in such documents, obtains from such other Bond Counsel an opinion substantially to the effect that interest on the Series 2017 Bonds is excluded from gross income for federal income tax purposes.

Section 6.10 No Continuing Disclosure Obligation. The Series 2017 Bonds are exempt from Rule 15c2-12, promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), and neither the Community Facilities District nor the Trustee shall have any obligation to provide secondary market disclosure pursuant to Rule 15c2-12 or otherwise under this Indenture.

Section 6.11 Annual Reports to the California Debt and Investment Advisory Commission. Not later than October 30 of each year, commencing October 30, 2018 and until the October 30 following the final maturity of the Bonds, the Community Facilities District shall supply to the California Debt and Investment Advisory Commission the information required to be provided thereto pursuant to Section 53359.5(b) of the Act. Such information shall be made available to any Owner upon written request to the Community Facilities District accompanied by a fee determined by the Community Facilities District to pay the costs of the Community Facilities District in connection therewith. The Community Facilities District shall in no event be liable to any Owner or any other person or entity in connection with any error in any such information.

Section 6.12 State Reporting. If at any time principal or interest due on any scheduled payment date for the Bonds is not paid, or if funds are withdrawn from the Reserve Fund to pay principal of or interest on the Bonds, the Trustee shall notify the Community Facilities District in writing of such failure or withdrawal, and the Community Facilities District shall notify the California Debt and Investment Advisory Commission of such failure or withdrawal within ten days of the failure to make such payment or the date of such withdrawal.

Section 6.13 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 Bonds of the rights and benefits provided in this Indenture.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF BOND OWNERS

Section 7.01 Events of Default. The following events shall be Events of Default:

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

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

(c) Failure by the Community Facilities District to observe and perform any of the other covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, if such failure shall have continued for a period of 60 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 the Owners of not less than 25% in aggregate principal amount of the Bonds at the time Outstanding; provided, however, if in the reasonable opinion of the Community Facilities District the failure stated in the notice can be corrected, but not within such 60 day period, such failure shall not constitute an Event of Default if corrective action is instituted by the Community Facilities District within

such 60 day period and the Community Facilities District shall thereafter diligently and in good faith cure such failure in a reasonable period of time.

(d) The Community Facilities District or the City shall commence a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

Section 7.02 Foreclosure. If the Community Facility District fails to comply with its covenant to foreclose contained in Section 6.02, and if any 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 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 under Section 7.01, 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 Trustee's or Bond Owner's rights; 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 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 of the Bonds 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 of 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 Bond Fund.

Section 7.05 Trustee to Represent Bond Owners. The Trustee is hereby irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to the Owners under the provisions of the Bonds, this Indenture, the Act and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bond Owners, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee and such Owners under the Bonds, this Indenture, the Act or any other law. 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 7.06 Bond 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 hereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture, and 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 Bond Owners not parties to such direction.

Section 7.07 Limitation on Bond 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 Bonds, 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 against the costs, expenses and liabilities to be incurred in compliance with such request, and (d) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture or the rights of any other Owners of Bonds, 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 of the Outstanding Bonds, subject to the provisions of this Indenture.

Section 7.08 Absolute Obligation. Nothing in Section 7.07 or in any other provision of this Indenture or in 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 of the Bonds 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 and received by the Community Facilities District or the Trustee, 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 7.09 Termination of Proceedings. In case any proceedings taken by the Trustee or any one or more Bond Owners on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Bond Owners, then in every such case the Community Facilities District, the Trustee and the Bond Owners, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the Community Facilities District, the Trustee and the Bond Owners shall continue as though no such proceedings had been taken.

Section 7.10 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 7.11 No Waiver of Default. No delay or omission of the Trustee or of any Owner of the Bonds to exercise any right or power arising upon the occurrence of any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy given by this Indenture to the Trustee or to the Owners of the Bonds 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. (a) *Duties of Trustee Generally.* 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 persons own affairs.

(b) *Removal of Trustee.* The Community Facilities District may upon 30 days prior written notice remove the Trustee at any time unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee if 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 if at any time the Trustee shall cease to be eligible in accordance with subsection (e) 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 and thereupon shall appoint a successor Trustee by an instrument in writing.

(c) *Resignation of Trustee.* 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 Bond Owners at the respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the Community Facilities District shall promptly appoint a successor Trustee by an instrument in writing. The Trustee shall not be relieved of its duties until such successor Trustee has accepted appointment.

(d) *Appointment of Successor Trustee.* 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 under any circumstances the successor Trustee shall be qualified as provided in subsection (e) of this Section. If no qualified successor Trustee shall have been appointed and have accepted appointment within 45 days following giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Bond Owner (on behalf of himself and all other Bond 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 to the predecessor Trustee an instrument indemnifying the predecessor Trustee for any costs or claims arising during the time the successor Trustee serves as Trustee hereunder, and after payment by the Community Facilities District of all unpaid fees and expenses of the predecessor Trustee, then 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 request of the successor Trustee, the Community Facilities District shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the Community Facilities District shall mail or cause the successor Trustee to mail, by first class mail postage prepaid, a notice of the succession of such Trustee to the trusts hereunder to each rating agency which then maintains a rating on the Bonds and to the Bond Owners at the addresses shown on the Registration Books. If the Community Facilities District fails to mail such notice within 15 days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Community Facilities District.

(e) *Qualifications of Trustee.* The Trustee shall be a trust company or bank having trust powers in good standing in or incorporated under the laws of the State of California, having (or if such bank or trust company 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 federal or state agency. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining agency above referred to, then for the purpose of this subsection the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

Section 8.02 Merger or Consolidation. Any bank or trust company into which the Trustee may be merged or converted or with which it may be consolidated or any bank or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank or trust company shall be eligible under subsection (e) of Section 8.01 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 make any representations as to the validity or sufficiency of this Indenture or of the Bonds or shall 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. The Trustee makes no representations as to the validity or sufficiency of the Indenture or of any Bonds, or in respect of the security afforded by the Indenture and the Trustee shall incur no responsibility in respect thereof. The Trustee shall be under no responsibility or duty with respect to: (i) the issuance of the Bonds for value, (ii) the application of the proceeds thereof except to the extent that such proceeds are received by it in its capacity as Trustee, or (iii) the application of any moneys paid to the Community Facilities District or others in accordance with this Indenture. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee shall not be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by the Indenture. 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 Bond Owners, whether or not such committee shall represent the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

(b) 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.

(c) 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.

(d) 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.

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

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

(g) 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.

(h) Before taking action under Article VII hereof 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 deemed to have knowledge of an Event of Default hereunder unless it has actual knowledge thereof.

(j) The Trustee is authorized and directed to execute the Refunding Escrow Agreement.

Section 8.04 Right to Rely on Documents. The Trustee shall be protected in acting upon any notice, 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. The Trustee may consult with counsel, who may be counsel of or 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.

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.

Section 8.05 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 8.06 Compensation and Indemnification. Subject to the provisions of Section 11.01, the Community Facilities District shall pay to the Trustee from time to time all reasonable compensation for all services rendered under this Indenture, and also all reasonable expenses, charges,

legal and consulting fees and other disbursements and those of its attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Indenture. Subject to the provisions of Section 11.01, the Community Facilities District further agrees, to the extent permitted by law, to indemnify and save the Trustee harmless against any liabilities, costs, claims or expenses, including those of its attorneys, which it may incur in the exercise and performance of its powers and duties hereunder and under any related documents, 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 termination and discharge of this Indenture.

ARTICLE IX

MODIFICATION OR AMENDMENT

Section 9.01 Amendments Permitted. (a) This Indenture and the rights and obligations of the Community Facilities District, the Owners of the Bonds and the Trustee 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 with the written consent of the Owners of a majority in aggregate principal amount of all Bonds then Outstanding, which shall have been filed with the Trustee. No such modification or amendment shall (i) extend the fixed maturity of any Bonds, or reduce the amount of principal thereof or the rate of interest borne thereby, or extend the time of payment, without the consent of the Owner of each Bond so affected, or (ii) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or (iii) permit the creation of any lien on the Net Special Tax Revenues and other assets pledged under this Indenture prior to or on a parity with the lien created by this Indenture or deprive the Owners of the Bonds of the lien created by this Indenture on such Net Special Tax Revenues and other assets (except as expressly provided in this Indenture), without the consent of the Owners of all of the Bonds then Outstanding. It shall not be necessary for the consent of the Bond Owners to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the Community Facilities District and the Trustee of any Supplemental Indenture pursuant to this subsection (a), 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 of the Bonds 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.

(b) This Indenture and the rights and obligations of the Community Facilities District, the Trustee and the Owners of the Bonds 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 Bond Owners for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Community Facilities District in this Indenture contained other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the Community Facilities District;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision contained in this Indenture;

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

(iv) to modify, amend or supplement this Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute;

(v) to modify, amend or supplement this Indenture in such manner as to cause interest on the Bonds to be excludable from gross income for purposes of federal income taxation by the United States of America; and

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

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 all Owners of Bonds Outstanding 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 execution 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 Bonds Outstanding at the time of such execution and presentation of his Bonds for the 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 upon demand of the Owners of any Bonds then Outstanding shall be exchanged at the Office of the Trustee, without cost to any Bond Owner, for Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amount of the same interest rate and maturity.

Section 9.04 Amendment of Particular Bonds. The provisions of this Article shall not prevent any Bond Owner from accepting any amendment as to the particular Bonds held by such Owner.

ARTICLE X

DEFEASANCE

Section 10.01 Discharge of Indenture. 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 of such Bonds 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 to the Owners of such Bonds hereunder shall thereupon cease, terminate and become void and 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 such Bonds.

Subject to the provisions of the above paragraph, when any of the Bonds 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 the Community Facilities District or on its part on or prior to that time, then this Indenture shall be considered to have been discharged in respect of such Bonds and such Bonds shall cease to be entitled to the lien of this Indenture and such lien and all covenants, agreements and other obligations of the Community Facilities District hereunder shall cease, terminate become void and be completely discharged as to such Bonds.

Notwithstanding the satisfaction and discharge of this Indenture or the discharge of this Indenture in respect of any Bonds, those provisions of this Indenture relating to the maturity of the Bonds, interest payments and dates thereof, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds, and the duties of the Trustee in connection with all of the foregoing, shall remain in effect and shall be binding upon the Trustee and the Owners of the Bonds 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 the Bonds, to pay to the Owners of Bonds the funds so held by the Trustee as and when such payment becomes due. Notwithstanding the satisfaction and discharge of this Indenture or the discharge of this Indenture in respect of any Bonds, those provisions of this Indenture contained in Section 8.06 relating to the compensation of the Trustee shall remain in effect and shall be binding upon the Trustee and the Community Facilities District.

Section 10.02 Bonds Deemed To Have Been Paid. If moneys shall have been set aside and held by the Trustee for the payment or redemption of any Bonds and the interest thereon at the maturity or redemption date thereof, such Bonds shall be deemed to have been paid within the meaning and with the effect provided in Section 10.01. Any Outstanding Bonds 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 (a) 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 Bonds on said redemption date, said notice to be given in accordance with Section 4.02, (b) there shall have been deposited with the Trustee either (i) money in an amount which shall be sufficient, or (ii) Federal Securities, the interest on and principal of which when paid will provide money which, together with the money, if any deposited with the Trustee at the same time, shall, as verified by an independent certified public accountant, be sufficient to pay when due the interest to become due on such Bonds 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 Bonds, and (c) in the event such Bonds are not by their 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 owners of such Bonds that the deposit required by clause (b) above has been made with the Trustee and that such Bonds, are 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 Bonds.

Section 10.03 Payment of Bonds After Discharge of Indenture. Notwithstanding any provisions of this Indenture, to the extent permitted by law, any moneys held by the Trustee in trust for the payment of the principal of, or premium or interest on, any Bonds and remaining unclaimed for two years after the date of deposit of such moneys, shall be repaid to the Community Facilities District free from the trusts created by this Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Community Facilities District, the Trustee may (at the cost of the Community Facilities District) first mail, by first class mail postage prepaid, to the Owners of Bonds which have not yet been paid, at the respective addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Community Facilities District of the moneys held for the payment thereof.

ARTICLE XI

MISCELLANEOUS

Section 11.01 Special Obligations. All obligations of the Community Facilities District under this Indenture shall be special obligations of the Community Facilities District, payable solely from Special Tax Revenues and the other assets pledged therefor hereunder; 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 hereunder. Neither the faith and credit nor the taxing power of the Community Facilities District (except to the limited extent set forth herein), the City, or the State of California, or any political subdivision thereof, is pledged to the payment of the Bonds.

Section 11.02 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 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 11.03 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 11.04 Waiver of Notice; Requirement of Mailed Notice. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the Person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver. Whenever in this Indenture any notice shall be required to be given by mail, such requirement shall be satisfied by the deposit of such notice in the United States mail, postage prepaid, by first class mail.

Section 11.05 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 may, upon the Written Request of the Community Facilities District, in lieu of such cancellation and delivery, destroy such Bonds and deliver a certificate of such destruction to the Community Facilities District.

Section 11.06 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 11.07 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:

City of Calabasas Community Facilities District No. 2001-1
c/o City of Calabasas
100 Civic Center Way
Calabasas, CA 91302
Attention: City Clerk
Facsimile: (818) 224.1600

If to the Trustee:

U.S. Bank National Association
550 South Hope St., Suite 500
Los Angeles, CA 90071
Attention: Corporate Trust Services
Facsimile: (213) 615-6023

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 personally served or delivered, upon delivery, (b) if given by electronic communication, whether by telex, telegram or 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, (d) if given by overnight courier, with courier charges prepaid, 24 hours after delivery to said overnight courier, or (e) if given by any other means, upon delivery at the address specified in this Section.

Section 11.08 Evidence of Rights of Bond Owners. Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Bond Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Bond 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 11.09 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.

Section 11.10 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 11.11 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 of Section 6.07 and for the protection of the security of the Bonds and the rights of every Owner thereof.

Section 11.12 Payment on Non-Business Days. In the event any payment is required to be made hereunder on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day with the same effect as if made on such non-Business Day.

Section 11.13 Waiver of Personal Liability. No member, officer, agent or employee of the Community Facilities District or the City 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 officer, agent or employee from the performance of any official duty provided by law or by this Indenture.

Section 11.14 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 11.15 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 11.16 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 11.17 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 11.18 Governing Laws. This Indenture shall be governed by and construed in accordance with the laws of the State of California.

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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.

**CITY OF CALABASAS COMMUNITY
FACILITIES DISTRICT NO. 2001-1**

By: _____
City Manager

**U.S. BANK NATIONAL ASSOCIATION, as
Trustee**

By: _____
Authorized Officer

EXHIBIT A

FORM OF SERIES 2017 BOND

No. _____

\$ _____

[NO OFFERING CIRCULAR OR MEMORANDUM, OFFICIAL STATEMENT OR OTHER DISCLOSURE DOCUMENT HAS BEEN PREPARED OR PROVIDED BY THE DISTRICT IN CONNECTION WITH THE SERIES 2017 BONDS. UNLESS AND UNTIL SUCH A DISCLOSURE DOCUMENT HAS BE PREPARED AND PROVIDED BY THE DISTRICT IN CONNECTION WITH A TRANSFER, REOFFERING OR REMARKETING OF THE SERIES 2017 BONDS, THE SERIES 2017 BONDS MAY NOT BE TRANSFERRED OTHER THAN TO A QUALIFIED INSTITUTIONAL BUYER, AS DEFINED IN THE RULE 144A OF THE SECURITIES ACT OF 1933. ANY TRANSFEREE TO WHOM A TRANSFER HAS BEEN MADE PRIOR TO THE PREPARATION AND PROVISION OF SUCH A DISCLOSURE DOCUMENT SHALL BE DEEMED TO HAVE REPRESENTED TO THE DISTRICT THAT (A) IT IS SUCH A QUALIFIED INSTITUTIONAL BUYER, (B) IT HAS PURCHASED SERIES 2017 BONDS FOR INVESTMENT PURPOSES AND NOT AS AN UNDERWRITER AND DOES NOT PRESENTLY INTEND TO TRANSFER, OTHERWISE DISTRIBUTE OR SELL THE SERIES 2017 BONDS, AND (C) IT IS FAMILIAR WITH THE CONDITION, FINANCIAL AND OTHERWISE, OF THE DISTRICT, HAS OBTAINED ALL INFORMATION THAT IT REGARDS AS NECESSARY FOR ITS DECISION TO PURCHASE THE SERIES 2017 BONDS, AND HAS MADE ITS OWN CREDIT EVALUATION OF THE DISTRICT.

BY POSSESSION OF THIS SERIES 2017 BOND, THE OWNER CERTIFIES THAT IT IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN THE INDENTURE. THIS SERIES 2017 BOND MAY ONLY BE REGISTERED IN THE NAME OF, OR TRANSFERRED TO, A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN THE INDENTURE.]

**CITY OF CALABASAS
COMMUNITY FACILITIES DISTRICT NO. 2001-1
SPECIAL TAX REFUNDING BOND, SERIES 2017**

INTEREST RATE MATURITY DATE DATED DATE CUSIP

September 1, 20__ _____, 2017

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____ DOLLARS

The City of Calabasas Community Facilities District No. 2001-1, City of Calabasas, County of Los Angeles, State of California (the “Community Facilities District”), for value received, hereby promises to pay, solely from the Special Tax (as hereinafter defined) collected in the Community Facilities District or amounts in certain funds and accounts held under the Indenture (as hereinafter defined), 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 Rate of Interest identified above in like lawful money from the date hereof payable semiannually on March 1 and September 1 in each year, commencing [March 1, 2018] (the “Interest Payment Dates”), until payment of

such Principal Amount in full. This Bond shall bear interest from the Interest Payment Date next preceding the date of authentication of this Bond (unless this Bond is authenticated on or before an Interest Payment Date and after the fifteenth calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day, in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or prior to [February 15, 2018], in which event it shall bear interest from the Dated Date identified above; provided, however, that if, at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest hereon has previously been paid or duly provide for). The Principal Amount hereof is payable upon surrender hereof upon maturity or earlier redemption at the Office of the Trustee (as hereinafter defined). Interest hereon is payable by check of U.S. Bank National Association, as Trustee (the "Trustee"), mailed by first class mail on each Interest Payment Date to the Registered Owner hereof at the address of the Registered Owner as it appears on the Registration Books of the Trustee as of the close of business on the fifteenth calendar day of the month preceding such Interest Payment Date. "Office of the Trustee" means the office of the Trustee in Los Angeles, California, at which at any particular time corporate trust business shall be administered, or such other office as it shall designate, except that with respect to presentation of Bonds for payment, transfer or exchange, the term shall mean the corporate trust office of U.S. Bank National Association in St. Paul, Minnesota or any other office specified by the Trustee.

This Bond is one of a series of a duly authorized issue of bonds approved by the qualified electors of the Community Facilities District on June 20, 2001, 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 refinancing facilities previously financed by the Community Facilities District, through the refunding of the outstanding principal amount of City of Calabasas Community Facilities District No. 2001-1 Special Tax Refunding Bonds, and is one of the series of bonds designated "City of Calabasas Community Facilities District No. 2001-1 Special Tax Refunding Bonds, Series 2017" (the "Series 2017 Bonds") in the aggregate principal amount of \$_____. The Series 2017 Bonds are issued pursuant to an Indenture, dated as of December 1, 2017 (the "Indenture"), by and between the Community Facilities District and 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, the Community Facilities District shall not issue any additional bonds ("Additional Bonds") or obligations payable from Net Special Tax Revenues (as defined in the Indenture) on a parity with the Series 2017 Bonds, except as set forth in the Indenture. The Series 2017 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.

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 (the "Special Tax"), after the payment 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 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 2017 Bonds shall be subject to optional redemption and mandatory redemption, as specified in the Indenture.

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 Series 2017 Bonds designated for

redemption, at their respective addresses appearing on the Registration Books maintained by the Trustee, at least 30 but not more than 60 days prior to the redemption date; provided, however, that neither failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such Series 2017 Bonds or the cessation of the accrual of interest thereon. The redemption price of the Series 2017 Bonds to be redeemed shall be paid only upon presentation and surrender thereof at the Office of the Trustee. From and after the date fixed for redemption of any Series 2017 Bonds, interest on such Series 2017 Bonds will cease to accrue.

The Series 2017 Bonds are issuable as fully registered Bonds without coupons in its Authorized Denomination. [Subject to the limitations and upon payment of the charges, if any, provided in the Indenture, fully registered Series 2017 Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount and maturity of fully registered Series 2017 Bonds of other Authorized Denominations.]

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered Series 2017 Bond or Series 2017 Bonds, of Authorized Denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange for this Bond. The Community Facilities District and the Trustee may treat the Registered Owner of this Bond as its absolute owner hereof for all purposes, and the Community Facilities District and the Trustee shall not be affected by any notice to the contrary.

The Indenture and the rights and obligations of the Community Facilities District, the owners of the Bonds and the Trustee may be modified or amended from time to time and at any time in the manner, to the extent, and upon the terms provided in the Indenture; provided that no such modification or amendment shall (a) extend the fixed maturity of any Bonds, or reduce the principal thereof or the rate of interest borne thereby, or extend the time of payment, without the consent of the owner of such Bond, (b) reduce the percentage of Bonds the consent of the owners of which is required to effect any such amendment or modification, or (c) permit the creation of any lien on the Net Special Tax Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture, or deprive the Bonds owners of the lien created under the Indenture on such Net Special Tax Revenues and such other assets (except as expressly provided in the Indenture), without the consent of the owners of all outstanding Bonds.

The Indenture contains provisions permitting the Community Facilities District to make provision for the payment of interest on, and the principal and premium, if any, of 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 for that purpose under the Indenture; 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 so pledged. 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 City of Calabasas 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 facsimile signatures of the Mayor of the City of Calabasas and the City Clerk of the City of Calabasas, all as of the Dated Date identified above.

**CITY OF CALABASAS COMMUNITY
FACILITIES DISTRICT NO. 2001-1**

By: _____
Mayor of the City of Calabasas

Attest:

By: _____
City Clerk of the City of Calabasas

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Series 2017 Bonds described in the within-mentioned Indenture and registered on the Registration Books.

Date: _____

**U.S. BANK NATIONAL ASSOCIATION, 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(s) must be guaranteed by an eligible guarantor.

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 B

FORM OF INVESTOR LETTER

[To Come]

City of Calabasas
Community Facilities District No. 2001-1
Calabasas, California

Re: City of Calabasas Community Facilities District No. 2001-1
Special Tax Refunding Bonds, Series 2017

Ladies and Gentlemen:

The undersigned (the “Purchaser”) hereby acknowledges receipt of \$_____ principal amount of City of Calabasas Community Facilities District No. 2001-1 Special Tax Refunding Bonds, Series 2017 (the “Bonds”), issued under an Indenture, dated as of ____ 1, 2017 (the “Indenture”), between City of Calabasas Community Facilities District No. 2001-1 (the “District”), and U.S. Bank National Association, as Trustee (the “Trustee”). Capitalized terms not defined in this letter have the meanings given them in the Indenture.

This letter (the “Investor Letter”) is delivered to you in connection with the purchase of the Bonds by the Purchaser, and the Purchaser hereby makes the following representations upon which you may rely:

1. The Purchaser has authority to purchase the Bonds and to execute this Investor Letter and any other instruments and documents the Purchaser may be required to execute in connection with the purchase of the Bonds.
2. The Purchaser is a Qualified Institutional Buyer within the meaning of the Indenture, has sufficient knowledge and experience in financial and business matters, including the purchase and ownership of municipal bonds and other tax-exempt obligations similar to the Bonds to be able to evaluate the risks and merits of the investment represented by the Bonds, and can bear the economic risk of its investment in the Bonds. The Bonds are a financially suitable investment for the Purchaser consistent with its investment policies, needs and objectives. The Purchaser understands that it may be required to bear the risks of this investment in the Bonds for an indefinite time, as there may be no market for the Bonds.
3. The Purchaser is purchasing the Bonds solely for its own account and not with a view to, or in connection with, any distribution, resale, pledging, fractionalization, subdivision or other disposition thereof (subject to the understanding that disposition of Purchaser’s property will remain at all times within its control), and the Purchaser intends to hold the Bonds for its own account and does not intend at this time to dispose of all or any part of the Bonds. The Purchaser has directed the District not to obtain a CUSIP number for the Bonds, or apply for eligibility for the Bonds with The Depository Trust Company.

4. The Purchaser understands that the Bonds are not registered under the Securities Act of 1933, as amended, and that such registration is not legally required as of the date hereof. The Purchaser further understands that the Bonds (a) are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, (c) will not carry a rating from any rating service, (d) will not be assigned CUSIP numbers, and (e) will be delivered in a form that may not be readily marketable.
5. The Purchaser acknowledges that it has made its own inquiry and analysis with respect to the Bonds and security therefor, that it has received the documents executed or adopted by the District in connection with the Bonds and other documents it has requested, and that it has either been supplied with or been given access to information, including financial statements and other financial information, to which a reasonable investor would consider important in making investment decisions, and the Purchaser has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Bonds and the security therefor so that, as a reasonable investor, the Purchaser has been able to make its decision to purchase the Bonds.
6. Although the Purchaser does not intend at this time to dispose of all or any part of the Bonds, the Purchaser acknowledges that it has the right to sell and transfer the Bonds, in accordance with terms and conditions of the Indenture (including sales limited to Qualified Institutional Buyers as defined in the Indenture in the minimum denominations set forth therein). The Purchaser acknowledges that it is solely responsible for compliance, and covenants and agrees with the District that it will comply, with the Indenture and all applicable federal or state securities laws then in effect with respect to any subsequent sale, transfer or other disposition of the Bonds, including disclosure of material information (without involving the District in any manner). The Purchaser agrees to indemnify the District for any liabilities or costs incurred by the District (including attorney fees) in connection with any sale, transfer or other disposition of the Bonds in violation of such restrictions or laws.
7. The Purchaser acknowledges (a) that the Bonds are special obligations of the District, payable solely from Net Special Tax Revenues and the other assets pledged therefor under the Indenture; (b) that the Bonds are not obligations payable from the general revenues or other funds of the District, the City of Calabasas, the State of California, or any other political subdivision or public body, corporate or politic, of the State of California; and (c) that the District shall not be directly, indirectly, contingently or morally obligated to pay the principal of the Bonds or the interest thereon, or any other expenses related to the Bonds, except from funds provided under the Indenture and neither the faith and credit nor the taxing power of the District (except to the limited extent set forth in the Indenture), the City, or the State of California, or any political subdivision thereof, is pledged to the payment of the principal of or interest on the Bonds.

Dated: _____, 20__

Very truly yours,

By: _____

Title: Authorized Officer